

Notice of a public meeting of the

Audit & Governance Committee

To:	Councillors Ayre (Chair), Brooks (Vice-Chair), Potter, Barnes, D'Agorne, Fraser, Scott and Mr Whiteley (Co-opted Non-Statutory Member)
Date:	Wednesday, 11 February 2015
Time:	5.30 pm
Venue:	The George Hudson Board Room - 1st Floor West Offices (F045)

AGENDA

1. **Declarations of Interest**

Members are asked to declare:

- Any personal interests not included on the Register of Interests
- Any prejudicial interests or
- Any disclosable pecuniary interests

which they may have in respect of business on the agenda.

2. **Exclusion of Press and Public**

To consider the exclusion of the press and public from the meeting during consideration of Annex 1 to agenda item 20 on the grounds that it contains information relating to prevention, prosecution or investigation of crime. This information is classed as exempt under paragraph 7 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by the Local Government (Access to Information (Variation) Order 2006).

3. Minutes (Pages 1 - 14)

To approve and sign the minutes of the meetings of the Audit and Governance Committee held on 10 December 2014 and 15 January 2015.

4. Public Participation

At this point in the meeting members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the Committee's remit can do so. The deadline for registering is **5:00 pm on Tuesday 10 February 2015.**

Filming, Recording or Webcasting Meetings

Please note this meeting will be filmed and webcast and that includes any registered public speakers, who have given their permission. This broadcast can be viewed at <http://www.york.gov.uk/webcasts>.

Residents are welcome to photograph, film or record Councillors and Officers at all meetings open to the press and public. This includes the use of social media reporting, i.e. tweeting. Anyone wishing to film, record or take photos at any public meeting should contact the Democracy Officer (whose contact details are at the foot of this agenda) in advance of the meeting.

The Council's protocol on Webcasting, Filming & Recording of Meetings ensures that these practices are carried out in a manner both respectful to the conduct of the meeting and all those present. It can be viewed at http://www.york.gov.uk/downloads/download/3130/protocol_for_webcasting_filming_and_recording_of_council_meetings

5. Audit and Governance Committee Forward Plan to December 2015 (Pages 15 - 20)

This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to December 2015.

6. Lendal Bridge Trial (Pages 21 - 72)

This report covers the actions taken in respect of governance of major projects, including transport projects, as a result of the review of the trial closure of Lendal Bridge in 2013-2014.

7. Project Management Update (Pages 73 - 78)

This report presents an update on the council's approach to the management of programmes and projects.

8. Update Report on Adult Social Care (Pages 79 - 94)

This report provides an update on progress made by Adult Social Care against the recommendations designed by the External Auditors to assist the service to respond more effectively and quickly to the challenges posed by continuing demographic growth and financial constraints.

9. Local Government Association (LGA) Peer Review (Pages 95 - 132)

This report sets out the action plan that has been developed in response to the LGA Peer Review.

10. Proposed Governance Changes by Opposition Groups (Pages 133 - 138)

This report details a list of governance changes submitted by the Opposition Groups and Independent Members, and the Leader's response to the proposed changes.

11. Contract Procedure Rules (Pages 139 - 172)

This report invites Members to make recommendations to Council in relation to constitutional changes regarding the Contract Procedure Rules.

12. Access to Information Rules (Pages 173 - 194)

This report invites Members to make recommendations to Council in relation to constitutional changes regarding access to information rules.

13. Business Continuity (Pages 195 - 208)

This report sets out the Council's approach to business continuity and the current position of the Council with regards to identifying those service areas which provide critical services and progress towards the development of business continuity plans for these critical service areas.

14. Key Corporate Risk Monitor 3 for 2014/15 (Pages 209 - 232)

This paper presents an update on the key corporate risks for City of York Council and the present refreshed Key Corporate Risk Register 2015.

15. Mazars Audit Progress Report (Pages 233 - 256)

This report updates Members on progress made by Mazars in meeting its responsibilities as external auditor. It also includes key emerging national issues and developments which may be of interest to the Committee.

16. Mazars Annual Grants Report 2013/14 (Pages 257 - 262)

This report presents the Mazars Certification of Claims and Returns Annual Report for 2013/2014.

17. Update on Implementation of revised Transparency Code (Pages 263 - 266)

This report provides Members with an update on progress on the implementation of the revised Local Government Transparency Code.

18. Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2015/16 to 2019/20 (Pages 267 - 306)

This report presents the Treasury Management Strategy Statement and Prudential Indicators 2015/16 to 2019/20.

19. Information Security Update Report (Pages 307 - 314)

This report provides Members with an update on the adequacy and effectiveness of the Council's information security arrangements.

20. Internal Audit Plan Consultation and Counter Fraud Risk Assessment (Pages 315 - 332)

This report seeks Members' views on the priorities for internal audit for 2015/16, to inform the preparation of the annual audit plan. It also informs Members about potential fraud risks that the Council is exposed to, and proposed counter fraud activity to address those risks.

21. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

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For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 (01904) 551550

City of York Council

Committee Minutes

Meeting	Audit & Governance Committee
Date	10 December 2014
Present	Councillors Ayre (Chair), Brooks (Vice-Chair), Potter, Barnes, D'Agorne, Fraser and Scott and Mr Whiteley (Co-opted Non-Statutory Member)
In attendance	For item 14 (minute 52 refers) Councillors Aspden, Crisp, Steward, Williams and Wiseman

Chair's Comments

Thanks were expressed to Councillor Potter for her previous service as Chair of the Audit and Governance Committee and for the work that she had carried out in that role.

39. Declarations of Interest

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda. None were declared.

40. Minutes

Resolved: That the minutes of the meetings of 24 September 2014 and 2 October 2014 be approved and signed by the Chair as a correct record.

41. Public Participation

It was reported that there was one registration to speak at the meeting under the Council's Public Participation Scheme. Ms Gwen Swinburn spoke in respect of the following agenda items:

- Item 4 (Forward Plan) – a request for all audit reports to be included on the plan and for a standardised report to be put in place in respect of follow-up action

- Item 5 (Mazars Annual Audit Letter) – concerns were expressed regarding the figures in respect of Lendal Bridge
- Item 11 (Freedom of Information Update) – a request for future updates to include a breakdown by departments.
- Item 12 (Absence Management Update) – concerns were expressed regarding the assurance levels
- Item 14 (LGA Review) – a request for the recommendation in the cover report to be reworded.

42. **Forward Plan**

Consideration was given to a paper which presented the future plan of reports expected to be presented to the committee during the forthcoming year to September 2015.

Members were asked to identify any further items they wished to see added to the Forward Plan.

Members noted that it was proposed to include an item on the agenda for the next meeting regarding general governance matters. This had arisen in response to recent political changes and issues currently being discussed with Group Leaders. Members requested that a list of these issues be made available¹. *[This information has been included as a background paper with the online agenda papers for this meeting]*

Clarification was sought as to whether consideration of governance issues relating to Lendal Bridge fell within the remit of the Audit and Governance Committee. Officers explained which aspects would fall within the committee's remit and which would more appropriately be considered by a scrutiny committee.

Resolved: That the committee's Forward Plan for the period to September 2015 be approved subject to an item on the governance of Lendal Bridge being included on the agenda for the next meeting.

Reason: To ensure the committee receives regular reports in accordance with the functions of an effective audit committee and can seek assurances on any aspect of the Council's internal control environment in accordance with its roles and responsibilities.

Action Required

1. Make list available

JC

43. Mazars Annual Audit Letter 2013/14

Members considered a report from Mazars which summarised the outcome of the 2013/14 audit which had been carried out by Mazars.

Resolved: That Mazars Annual Audit Letter 2013/14 be noted.

Reason: To ensure that Members are informed of the findings of the audit.

44. Mazars Audit Progress Report

Members considered a report which updated them on progress made by Mazars in meeting its responsibilities as external auditor. The report also included key emerging national issues and developments.

An update was given on the situation in respect of the outstanding objection to the accounts in relation to the receipts arising from penalty charge notices for Lendal Bridge and Coppergate.

Members noted the Audit Commission's proposal to reduce audit fees by a further 25% from the 2015/16 audit.

Resolved: That the report be noted.

Reason: To ensure that Members are kept updated on the work of the external auditors and key emerging national issues and developments.

45. Scrutiny of Treasury Management Mid Year Review Report and Prudential Indicators 2014/15

Members considered a report which presented the Treasury Management Mid Year Review and Prudential Indicators 2014/15 report. The information provided an update of treasury management activity for the first six months of 2014/15.

Officers went through the key issues, including drawing Members' attention to the annex, which set out the Council's Prudential Indicators.

Resolved: That the Treasury Management mid year review and Prudential Indicators 2014/15, as detailed in Annex A of the report, be noted.

Reason: So that those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

46. Overview of National Risk Picture

Members considered a report which presented an update on the key and emerging risks facing the council. Members were asked to identify any further information they would wish to receive on these matters.

It was noted that the corporate risk register previously reported to the committee was now out of date and a refreshed register was under development and would be presented at the meeting in February 2015.

Resolved: (i) That the report be noted.

(ii) That the national risk landscape set out within the paper be noted when assessing the corporate risk register when it is presented to Members at their meeting in February 2015.

Reason: To provide a more informed view of risks nationally in comparison to locally identified risks.

47. Audit and Counter Fraud Monitoring Report

Members considered a report which provided an update on progress made in delivering the internal audit workplan for 2014/15 and on current counter fraud activity.

At the request of Members, officers explained the factors that were taken into account when determining the level of assurance given following an audit.

Members were pleased to note that Poppleton Primary School had been given a high assurance opinion following an audit and congratulated them on this achievement.

Officers were asked if it would be possible to include forthcoming audit reports in the committee's Forward Plan. They explained that it was sometimes difficult to determine how long an audit would take to complete because of factors outside of the Internal Audit Team's control. Further consideration could, however, be given to this issue. Members agreed on the importance of ensuring that the committee's focus was on those audit reports in which significant control weaknesses had been identified.

Members noted that a review of the Audit Charter had been carried out and a minor change was being proposed to clarify the fact that auditors would not be assigned to review areas where they had had any direct operational or managerial involvement within the last year.

- Resolved:
- (i) That the progress made in delivering the 2014/15 internal audit work programme, and the results of recent counter fraud activity be noted.
 - (ii) That the proposed changes to the Audit Charter, as detailed in Annex 4 of the report, be approved and the changes to audit opinions and recent counter fraud publications be noted.

- Reasons:
- (i) To enable Members to consider the implications of audit and counter fraud findings.
 - (ii) In accordance with the responsibility of the committee to consider reports dealing with the management of the internal audit function, and to comply with proper practice for internal audit.

48. Information Governance Progress Report

Members considered a report which provided an update on information governance developments since the last report to the committee on 25 June 2014.

Members were pleased to note that a draft data sharing protocol had been developed in conjunction with North Yorkshire County Council, North Yorkshire Police, the York Teaching Hospital Foundation Trust and North Yorkshire Fire and Rescue Service.

Resolved: That the progress made to maintain and develop the council's information governance framework be noted.

Reason: To enable Members to consider the effectiveness of the Council's information governance arrangements.

49. Freedom of Information (FOI) Update

Members considered a report which provided an update on the Council's progress and performance in responding to Freedom of Information requests.

Members' attention was drawn to the number of Freedom of Information requests that had been received, as detailed in the report, of the improvements that had been made in performance and of the costs incurred in responding to requests. Members were pleased to note the improvement in responding to requests.

Officers agreed that future reports would include a breakdown by directorate, reasons for late responses and the number of individuals and organisations that had submitted Freedom of Information requests.

Resolved: That the contents of the report be noted.

Reason: To ensure the Council meets the requirements of Freedom of Information legislation, and is open and transparent in its publishing of information.

50. Absence Management Update Report

Members considered a report which outlined the plans in place and actions undertaken in light of the concerns raised within the Annual Governance Statement relating to sickness absence management across the Council. The report had been requested by the Committee at its meeting on 25 June 2014.

It was noted that Internal Audit would be carrying out a follow-up review in the new year. Members questioned officers as to when the absence management module of iTrent would be implemented. Officers explained that work was taking place to identify the resources and timescales needed to implement the module.

Members were informed that sickness absence levels within the Council remained static although it was acknowledged that the results of the audit were disappointing.

Resolved: That the report be noted.

Reason: To enable Members to understand the key issues and the response to the recommendations to secure improvements in control arrangements around sickness absence.

51. Partnership Governance Update Report

Members considered a report that set out work that was ongoing as part of an action plan to ensure that the council has a methodology and approach to ensure that partnerships operate effectively.

Members' attention was drawn to the revised partnership guidance that was being prepared, the contents of which were detailed in paragraph 11 of the report.

Resolved: (i) That the work that was taking place to ensure that the council has a methodology and approach to ensure that partnerships operate effectively be noted.

- (ii) That the draft partnership guidance be included as an annex to the next Partnership Governance update report.
- (iii) That a further report be presented to the committee in April 2015.

Reason: To ensure that Members are kept updated on the work that is taking place in respect of governance arrangements for partnership working.

52. Local Government Association Review

Members considered a report that set out the context for a review carried out by the Local Government Association into member-officer relations. Mark Edgell from the Local Government Association was in attendance and gave details of the methodology used, the early findings of the review and of the recommendations for addressing the issues that had been identified.

The LGA representative stated that the written report would be available in approximately a week's time. The LGA would be able to arrange support in addressing the issues if required.

Members agreed that it was important that the report, when published, should be shared with all Members of Council.

Members expressed their thanks to those involved in carrying out the review.

- Resolved:
- (i) That the emerging findings of the review be noted.
 - (ii) That a special meeting of the Audit and Governance Committee be convened in January 2015 to receive the written LGA review report and to consider a way forward.

Reasons: (i) To update Members on the action that has been taken in response to the motion passed by Council.

- (ii) To consider the action required to address the issues that had been identified during the review.

Councillor Ayre, Chair

[The meeting started at 5.30 pm and finished at 8.30 pm].

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Meeting	Audit & Governance Committee
Date	15 January 2015
Present	Councillors Ayre (Chair), Brooks (Vice-Chair), Potter, Barnes, Fraser, Scott and Taylor (Substitute for Councillor D'Agorne) and Mr Whiteley (Co-opted Non-Statutory Member)
Apologies	Councillor D'Agorne

53. **Declarations of Interest**

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda. None were declared.

54. **Public Participation**

It was reported that there were two registrations to speak at the meeting under the council's Public Participation Scheme and that one Member of Council had also registered to speak.

Councillor Warters spoke on the following issues:

- He asked the Audit and Governance Committee to involve the external auditor in respect of the Community Stadium project.
- Referring to the LGA Review (agenda item 3) he expressed his concerns regarding a number of issues, including a politically dominated system, the lack of information that was available to non-Cabinet Members and a culture of secrecy.

Ms Andrea Dudding, UNISON representative, spoke in respect of agenda item 3 (LGA Review). She drew particular attention to those aspects of the report which related to Member/officer relations and stated that some members of staff had raised issues regarding this matter and that not all of them had received appropriate support from their managers. Some members of staff were also reluctant to report such incidents. She stated that this posed a significant risk to the organisation,

including reputational damage and an impact on morale. Ms Dudding also suggested that an independent analysis needed to be carried out to ascertain why the Council was receiving so many Freedom of Information requests, as this was a drain on resources. She urged that action be taken to address the recommendations in the LGA report.

Parish Councillor Martin, member of City of York Council Joint Standards Committee, spoke in respect of agenda item 3 (LGA Review). Commenting on recommendation o in the report, he stated that he supported the need for the Joint Standards Committee to review its way of working to enable it to become more effective and to promote high standards of conduct. The recommendations did not, however, give guidance as to how this could be achieved. It would be helpful if the Joint Standards Committee was made aware of specific problems that had arisen, guidance on how they could be tackled and expected outcomes.

55. LGA Review

Members gave consideration to the Local Government Association (LGA) Review Report which had been prepared in response to a Council Motion of 9 October 2014.

A verbal report from the LGA had been given at the previous meeting and Members were now asked to consider the written report and to agree the next steps in addressing the recommendations detailed in the LGA report.

Officers drew Members' attention to recommendations r and k within the LGA report. It was acknowledged that the Joint Standards Committee would also have a role to play in addressing some of the recommendations.

Copies of proposed recommendations were tabled for Members' consideration *[these are included with the online agenda papers for this meeting]*

Members agreed on the importance of putting in place an Action Plan which addressed the governance issues within the LGA review, the Peer Review and the Organisational Development Plan. It was agreed that Group Leaders should be involved in the development of the action plan. Members requested that

the draft action plan be presented to the Audit and Governance Committee for consideration at their next meeting and should include proposed actions, outcomes and timescales. Members agreed that they would also need to put in place arrangements for the monitoring of the plan.

Members also gave consideration to the establishing and membership of a cross party working group to progress some specific recommendations d-k. It was agreed that the membership of this working group should comprise Group Leaders and a representative of the Independent Members.

It was agreed that all Members of Council should have knowledge of the LGA review report and that the Action Plan should make reference as to how this would best be achieved, for example this may involve a meeting for all Members facilitated by a representative from the LGA.

- Resolved:
- (i) That the Local Government Association (LGA) report be received.
 - (ii) That, in line with the LGA recommendation (recommendation r), officers be instructed to develop one overall action plan that links the governance issues covered within the LGA Review, Peer Review and Organisational Development Plan. This is to be reported back to the February meeting of the Audit and Governance Committee, with a view to the committee reviewing, amending, approving and considering how best to monitor this plan, and that Group Leaders be involved in the development of this report. The action plan to set out clearly the proposed action, responsibility and, where possible, the measure of success. (It was noted that a number of recommendations may be best placed being considered elsewhere e.g. Joint Standards Committee).
 - (iii) That, as part of this action plan, in line with recommendation (k) of the LGA report, a cross party working group be established to take forward some specific recommendations

(recommendations d-k). This work to commence immediately.

- (iv) That the membership of the Cross Party Working Group be Group Leaders and a representative of the Independent Members. For the avoidance of doubt, the report of the Cross Party Working Group is to be reported back to the Audit and Governance Committee as part of resolution (ii) above.
- (v) That the LGA review report be formally circulated to all Council Members.

Reason: To progress work in addressing the recommendations arising from the LGA review.

Councillor Ayre, Chair

[The meeting started at 5.30 pm and finished at 6.20 pm].



Audit and Governance Committee11th February 2015

Report of the Director of CBSS (Portfolio of the Leader of the Council)

Audit & Governance Committee Forward Plan to December 2015**Summary**

1. This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to December 2015.

Background

2. There are to be six fixed meetings of the Committee in a municipal year. To assist members in their work, attached as an Annex is the indicative rolling Forward Plan for meetings to December 2015. This may be subject to change depending on key internal control and governance developments at the time. A rolling Forward Plan of the Committee will be reported at every meeting reflecting any known changes.
3. One amendment has been made to the Forward plan since the previous version was presented to the Committee in December 2014.
4. An additional Mazars Audit progress report has been added to the Agenda in April to provide members with an update on the Audit work they have carried out.

Consultation

5. The Forward Plan is subject to discussion by members at each meeting, has been discussed with the Chair of the Committee and key corporate officers.

Options

6. Not relevant for the purpose of the report.

Analysis

7. Not relevant for the purpose of the report.

Council Plan

8. This report contributes to the overall effectiveness of the council's governance and assurance arrangements contributing to an 'Effective Organisation'.

Implications

9.
 - (a) **Financial** - There are no implications
 - (b) **Human Resources (HR)** - There are no implications
 - (c) **Equalities** - There are no implications
 - (d) **Legal** - There are no implications
 - (e) **Crime and Disorder** - There are no implications
 - (f) **Information Technology (IT)** - There are no implications
 - (g) **Property** - There are no implications

Risk Management

10. By not complying with the requirements of this report, the council will fail to have in place adequate scrutiny of its internal control environment and governance arrangements, and it will also fail to properly comply with legislative and best practice requirements.

Recommendations

11.
 - (a) The Committee's Forward Plan for the period up to December 2015 be noted.

Reason

To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee.

- (b) Members identify any further items they wish to add to the Forward Plan.

Reason

To ensure the Committee can seek assurances on any aspect of the council's internal control environment in accordance with its roles and responsibilities.

Contact Details

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Ian Floyd
Director of CBSS
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**Report
Approved**



Date 11/02/2015

Specialist Implications Officers

Head of Civic, Democratic & Legal Services

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers:

None

Annex

Audit & Governance Committee Forward Plan to December 2015

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Audit & Governance Committee Draft Forward Plan to December 2015

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

- **Committee 15th April 2015**

Approval of Internal Audit Plan

Mazars Audit Progress Report

Internal Audit & Fraud Plan Progress Report including follow up of Audit Recommendations

Information Governance Annual Report

Changes to the Constitution (if any)

- **Committee June 2015**

Draft Annual Governance Statement

Annual Report of the Audit & Governance Committee

Mazars Audit Progress report

Annual Report of the Head of Internal Audit

Changes to the Constitution (if any)

- **Committee July 2015**

Draft Statement of Accounts 2014/15

Mazars Audit progress report

Scrutiny of the Treasury Management Annual Report 2014/15 and review of Prudential indicators

Key Corporate Risks Quarter 1 (including directorate risks)

Freedom of Information Update Report

Changes to the Constitution (if any)

- **Committee September 2015**

Final Statement of Accounts 2014/15

Mazars Audit Completion report

Key Corporate Risk Monitor Quarter 2 (including directorate risks)

Follow up of Internal & External Audit recommendations

Internal Audit & Fraud plan progress report

Changes to the Constitution (if any)

- **Committee December 2015**

Mazars Annual Audit Letter 2014/15

Mazars Audit Progress Report

Treasury Management Mid year review report 2015/16 and review of prudential indicators

Information Governance Update Report

Freedom of Information Update Report

Changes to the Constitution (if any)



Audit and Governance Committee

11 February 2015

Report of the Interim Director of City and Environmental Services

Lendal Bridge Trial**Summary**

1. This report covers the actions taken in respect of governance of major projects, including transport projects, as a result of the review of the trial closure of Lendal Bridge in 2013-2014. The report shows that the recommendations, where accepted, have been implemented and the management of large projects continues to develop.

Recommendations

2. That Members note this report.

Background

3. Immediately following the re-opening of the bridge in April 2014, the Chief Executive advised the Leader that she was commissioning a review of the management structures and processes relevant to the project. Crown Management Solutions (CMS) were commissioned to undertake this review; following a competitive procurement exercise in 2013 they had delivered a range of consultancy services to CYC including some 5 months of interim AD (HWT). This combination of knowledge and distance made them a strong choice for this piece of work. The Chief Executive was clear that this review should be based on honesty and 'no blame', to ensure that all those involved were able to speak freely and organisation learn from the experience. The brief for this work is at **Appendix One**.
4. Note that this work was commissioned alongside improvements to the project management system (see 1.3 and other paragraphs below) for transport and so the commission for this piece of work is also shown. These were two of several pieces of work commissioned at this time and the document has been edited to exclude irrelevant material.

5. The CMS report on the trial closure is attached **Appendix Two**. It has already been widely circulated after being tabled by the Chair of Economic and City Development Overview and Scrutiny Committee (ECDOSC) at its meeting of 12 November 2014. It sets out the findings from a review of the relevant documentation and conversations with a number of relevant officers and councillors. As requested by the Chief Executive it is focused on the lessons which might be learnt from the process of the trial; it does not aim to be a review of the effectiveness of the trial against its objectives, of which the most detailed study has been the Cabinet report of 6 May 2014 (contained within the reports pack at http://www.york.gov.uk/info/200621/transparency/827/council_webcasts/70).
6. This report was received by the Chief Executive and the new Director of City and Environmental Services (CES) in the summer. However, even before receipt a number of issues relating to project and programme management were clear to the new Director and the new (substantive) Assistant Director Transport, Highways and Waste. In particular, a more structured and robust management both of transport projects and the overall programme was needed. CMS were therefore commissioned to develop a project management system in a timeframe which overlapped the review itself.

Recommendations and response

7. The key findings of the review relate to management improvements. As noted in the report to Audit and Governance in November 2013 the methodologies, at the core of project management, need to ensure that the right mechanisms are in place for management, control and organisation. The key to the successful implementation of projects is the adoption of appropriate management tools such within frameworks. The response is therefore intended to deliver tools in what is in some cases a developing framework.
8. The report itself is largely narrative and so a table of recommendations was extracted, attached at **Appendix Three** with a current update on progress. This groups the outcomes of the report into three categories, related to governance, programme management and project management.

9. At the Chief Executive's request, an update on implementation was prepared in November 2014. This was also tabled by the Chair at the meeting of 12 November 2014 and circulated since; it is attached at **Appendix Four**.
10. The table at **Appendix Three** provides the latest update on implementation. Members are asked to note the following points:
 - The transport programme has been largely separated from the brownfield and infrastructure (major regeneration projects) programme. The exception would be very large transport projects such as the Outer Ring Road. Experience in other authorities shows that combining the two both swamps the regeneration work with transport projects and also confuses two overlapping but distinct sets of skills
 - The brownfield and infrastructure programme has been separately discussed with Members (see below)
 - The transport programme can have a volatile funding profile, from the small mainstream network improvement programme to very large funding projects, dedicated streams (e.g. the Local Sustainable Transport Fund) and partnership projects. There are overlaps between some transport investments and contracts for services, particularly with respect to buses
 - In addition, many local transport projects may have a mixed funding profile, including resources from planning gain, specific grant and the council's direct resources. Satisfying the timetabling and evidence requirements of funders is an important part of project management.
 - Project management, inside and beyond transport projects, is not an automatic skill but contains a set of techniques and practices which need to be formally adopted and monitored.
 - The Transport Programme Board now meets monthly and is chaired by the Assistant Director Highways, Transport and Waste. Member oversight is provided by regular reporting of schemes to the portfolio holder for Transport and all major

projects are subject to Cabinet Member or Cabinet approval before commencement.

Brownfield and infrastructure projects

11. The Council has had a series of brown field and infrastructure projects in varying stages of development for some time. Some of these are fundamental to its commitment to bringing forward brownfield sites for housing and employment, notably York Central. Others relate to key council assets such as the Guildhall while some, like Biovale, are the outcome of important partnerships furthering the economic potential of York. Over the summer of 2014, the new Director of CES and the departmental management team reviewed all these projects for deliverability and priority. This review recognised that circumstances change; in particular the current commercial issues surrounding important properties in the Castel Piccadilly area opens up opportunities which need to be explored, and the work Network Rail has undertaken on land ownership on York Central makes that development much more achievable.
12. The officer review was summarised in presentations to leading Members in November and December 2014, attached at **Appendix Five**. This identified the following major projects as priorities, based on progress, opportunities, partnerships and funding:
 - Outer Ring Road
 - Stadium
 - York Central and Station Gateway
 - Biovale
 - Guildhall
 - Fund of Funds
 - Public realm renewal
 - Castle Piccadilly
13. The review of these projects identified five further key requirements, set out in the presentation:
 - All projects should have a clear governance structure with identified resources

- Project Initiation Documents should show the governance structure and key milestones. As a project gathers weight (e.g. as funding is confirmed) further management safeguards are required including risk registers, financial arrangements etc
- Member oversight needs to be confirmed and clarified in each case
- A structure of gateways for decision making and project progress is to be put in place for each project
- The establishment of a Brownfield and Infrastructure Board, to oversee the whole programme and ensure projects are complying with these expectations

14. The current situation on the prioritised projects is summarised below and Members will note that whilst as reported to Audit and Governance in April 2014 that elected member attendance on boards is not in a decision making capacity, the most appropriate way of ensuring Cabinet Members who are decisions are briefed needs to be considered by each project and this is currently in development as detailed below.

Project	Current status	Next steps
Outer Ring Road	Awaiting final decisions from WYTF but preliminary funding for design work agreed. Project Board now set up and starts meeting in January 2015.	To determine best Member oversight of this project as funding is (probably) confirmed and formal decision to proceed made by Cabinet post budget.
Stadium	Planning application now submitted. Contractual discussions ongoing.	Planning consideration anticipated March-April 2015 and contractual decisions in June-July. Cross Party Group being established as requested by group leaders.
York Central and Station Gateway	These two projects now combined under one internal Project Board and one shared project board with Network Rail. CYC Member advisory group was established and first meeting being set. PID in place following MoU agreed with NR in September 2014.	Planning framework and transport assessment in train. Ongoing discussions with LCR LEP re infrastructure funding for YC and WYTF re multi-modal funding for Station & Gateway. Negotiation re vehicle for infrastructure funding underway.
Biovale	Primary lead with UoY. Funding sought from both LEPs with decisions anticipated in February.	Steering Group established, chaired by University and representation (Director CES) from CYC, together with support from Make it York. Next stages will

		depend on funding decisions.
Guildhall	Project under review for interim uses following funding decisions. Reported to Cabinet in December 2014.	The Outline Business case signed off by Cabinet released development funding to proceed with the design of the complex and the procurement of commercial operation.
Fund of Funds	Project to corral opportunities for investment in infrastructure to maximise impact.	Project initiation will depend on resources available to take this work forward after the budget.
Public realm renewal	Wayfinding consultation now complete and due for consideration by Cabinet. Work in Fossgate in detailed discussion with traders.	To be reviewed post election in light of need to maintain and improve all city centre public realm.
Castle Piccadilly and Southern Gateway	Officer review identified options in light of commercial property movement in the area. Shadow (officer) Board requested further work to be reported in early 2015 and enable informed recommendations to Members.	Depending on outcomes of next stage commercial evaluation decisions will be needed on investment in project management as part of the budget process, along with formal project initiation.

15. It should be noted that in some cases resources are still being clarified both for some of the substantive project and project management. (See paragraph 4 below.) The new Brownfield and Infrastructure Board had its first meeting on 27 January 2015.
16. The area most in flux relates to Member oversight, which is partly a reflection of changes in the Council control. Staffing & Urgency Committee on 10 November 2014 decided to establish a Member steering group for York Central, which its first meeting is being arranged. The Stadium Board, had three Consultative Councillors in membership until planning applications were submitted at which time members chose to withdraw from the Board, The Guildhall reports directly to Cabinet, and the next report is expected in December 2015. The Outer Ring Road and Biovale are still seeking funding and the Member oversight will need to be considered as funding is awarded and formal decisions to proceed are considered. Castle Piccadilly (or, more broadly, the Southern Gateway) project is still in very early stages, and will only become a formal project if and when resources are available for the next stage.

17. The overall programme has historically been reported to ECDOSC together with the transport programme. It would be appropriate to review this when resources are confirmed, probably at an early Cabinet of the new Council in June or July.

Resources

18. Effective and robust project management requires an upfront investment and ongoing funding and well managed projects will always be more cost effective in overall project spend. This basic truth is particularly important in the early stages of a project where viability, partnership arrangements, demand and potential funding all need to be considered but (usually) only the Council is in a position to consider committing the resources needed to explore the opportunities. Many organisations (not only in the public sector) tend to under-resource this process, leading to overlong project initiation, untested assumptions about delivery or failure to progress.
19. Officers have therefore reviewed the project management requirements of the prioritised projects in both transport and brownfield programmes. In the capital projects associated with the transport arena this is more straightforward as project management costs tend to be easier to identify. External arrangements generally reduce the risks of abortive work by staging funding. It is also usually evident that the project involves capital expenditure making the fees themselves capitalisable from an early stage.
20. Brownfield and infrastructure projects tend to be more complex with different risks involved, including the risks of initiation costs for projects which do not proceed (and therefore are harder to capitalise). York Central provides an interesting example illustrating the current workstreams being undertaken by the Council as part of unlocking some £30m (current estimate) of other public investment and £500m private investment to develop the site:
 - partnership with Network Rail including negotiation and relationship management, legal analysis of possible vehicles for capturing value uplift on the site, progressing joint project management arrangements
 - commercial capacity both to agree a vehicle above and understand the Council's own interests, alongside understanding

the viability assessments and their implications for development options

- planning and urban design knowledge to ensure the site will be developed within planning constraints and to deliver the Council's ambitions, but is not unduly delayed
 - transport knowledge to assess the impact of proposals
 - financial capacity to assess the requirements and opportunities for funding (from a range of sources including bid-writing, negotiation, lobbying and briefing) including the discussions with LCR LEP and WYTF.
 - basic project management expertise to ensure governance, documentation, milestone management etc.
 - scheduling and programme management (shared with NR) to articulate the required order of events over a multi-year programme from flood mitigation to station management
21. All of these workstreams (with related skills demands) are crucial to seeing the development of a site which has long been stymied by its complexity and the vagaries of the market. Despite its challenges the York Central, Station and Gateway project represents a major opportunity, both for York to maximise housing on brownfield land and for the regional economic benefits. Accessing the other public resources which will unlock this (approx) £600m development does require commitment by the key partners, Network Rail, CYC, and the National Railway Museum.
22. NR has committed some £51m to York Central (excluding works to the station itself, and of which £35m is to build the new signalling and training facilities). CYC has committed £10m to improve access to the site.
23. This brief case study illustrates the importance of properly resourcing the early stages of these complex projects. Officers have estimated the likely costs of supporting the priority projects and this is part of the ongoing current budget discussions.
24. Later stages of projects will more typically enable project management costs to be part of the overall project development as it gains momentum. This has been true, for instance in the Stadium project and the investment in the new roundabout and Park & Ride at Poppleton during 2014-15. Bids for resources should include a management element (typically constrained at some 5% of the

overall project cost), although this is not always sufficient for ongoing commercial and legal requirements which may need continuing additional support, depending on the complexity of the project.

Conclusions

25. This report has considered the implementation of recommendations arising from the review of the Lendal Bridge trial commissioned by the Chief Executive. It has highlighted that in the transport domain robust project and programme disciplines have now been normalised within the management of the function, overseen at a senior management level and enabling robust reporting to Members. In the area of complex regeneration projects a more flexible model is required and this is being developed as appropriate for prioritised projects alongside proper requirements for project initiation and reporting.

Options and Analysis

26. There are no options associated with this report.

Council Plan

27. Project management, member engagement and informed decision making will aid the delivery of Council priorities.

Implications

28. **Financial:** There are no implications associated with this report, individual projects will as necessary submit reports to decision making bodies detailing the implications of specific projects.
29. **Human Resources (HR):** There are no implications associated with this report, individual projects will as necessary submit reports to decision making bodies detailing the implications of specific projects.
30. **Equalities:** There are no implications associated with this report, individual projects will as necessary submit reports to decision making bodies detailing the implications of specific projects.
31. **Legal:** There are no implications associated with this report, individual projects will as necessary submit reports to decision making bodies detailing the implications of specific projects.

Risk Management

32. The failure to implement sound project management is and has proved to be a significant risk for the Council. The process of developing and implementing the Council approach to the project management should in itself be a process of continuous improvement and the actions that are being taken as detailed in this report are part of that process.

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**Report
Approved**



Date 2 February
2015

Specialist Implications Officer(s): None

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

None

Annexes

Appendix One: Brief for Lendal Bridge Review and Programme Management
Appendix Two: Report by Crown Management Solutions on the management implications of the trial closure of Lendal Bridge

Appendix Three: Action Plan arising from the management review of the trial closure of Lendal Bridge with January update

Appendix Four: November update on implementation of action plan

Appendix Five: Presentations to Member November 2014 regarding brownfield and infrastructure sites

Proposed Work Schedule

City Of York Council – City and Environmental Services

Schedule – Post Interim Assistant Director Role

Working to the Director and Assistant Director of City and Environmental Services

This proposal is prepared for York City Council in order to illustrate how Crown Management Solutions Limited (CMS) will provide services that result in:

- The formal adoption and embedding of an innovative Programme Management system that tracks delivery of capital and revenue schemes and projects against an agreed and defined profile.
- Delivery of a full review of the Lendal Bridge scheme trial, highlighting the history of its development, key issues relating to its delivery and lessons learned that could be taken forward into new scheme development and a cultural change programme.

Programme Management

CMS have already developed an outline programme management system within CES, which encompasses all capital and revenue based activity. This system, which has a proven track record in other organizations, will provide York with an ability to generate;

- Improvements in service delivery.
- Improvements in forward planning and contingency planning for the delivery of capital and revenue schemes.
- Improvements in measuring accurate progress against key targets and milestones.
- An agreed understanding of prioritisation of schemes and activities, which result in improved performance and efficiency.
- The introduction of new competitive and business based approaches to the securing and use of resources.

Stage 1 – The development of Systems

This stage in the introduction of new programme management systems into CES is complete. CMS has worked with officers, providing technical expertise in order to agree the framework of a new transparent programme management system, which has been adapted and is therefore, bespoke for York. The system has been developed with key officers involved in programme management and is considered to be deliverable and fit for purpose. In development of the system so far CMS has liaised in detail with CES Heads of Service and management staff in order to clearly benchmark the current activity within each department, providing a clear categorisation of activity. Alongside the new programme management system this work will be used to help develop future efficiency gains and may be used as a means of measuring performance of teams and individuals against defined objectives as part of the PDR process.

Stage 2 – Embedding the System

Although complete in technical content the new system needs to be embedded into CES working practises and its normal reporting protocols. In order to achieve this further work needs to be undertaken to develop a proposed ‘prioritisation’ of capital and revenue expenditure alongside an agreed format of future reporting content, detail and format. This will involve a rolling programme of ‘scoring schemes’ in order to introduce new ‘Gateways’ into the programme and prevent individual ideas for projects being developed without an agreed mandate or understanding of projected benefit or value for money comparison.

Any proposed reporting/scoring format needs to be formally agreed by Cabinet in order that members and senior management adopt and own the future reporting processes.

To achieve Stage 2 of full implementation further work needs to be undertaken to update the existing system, which was left with the Programme Manager in the Transport Department and which has not made significant progress since February 2014. It is clear that some governance and ownership issues have emerged in this aspect, as progress in relation to the adoption of the system has been slower since detailed assistance was withdrawn earlier this year. In order to fully achieve the goal of embedding the systems senior management may need to consider existing job roles and responsibilities across CES to ensure the system has ‘one owner’ or senior responsible officer who is fully accountable for its operation to the Director and Assistant Directors respectively.

CMS will be able to undertake some ‘hand holding’ in order to reinstate the momentum of development of the system. This will involve assisting officers to further develop the requesting of monthly updates on progress across departments and assisting with the production of newly formatted draft reports. Once this phase is complete CMS will produce the relevant Cabinet report and if required will assist in its presentation to members to achieve a positive outcome.

Stage 3 - Benefits and Anticipated Outcomes

The new approach to programme management will allow York to track progress of individual projects and schemes and monitor their progress against previously stated milestones. This will allow for knowledge based assessments to be made, creating flexibility and an element of competition at a programme level in terms of departments having to report accurately and frequently on their performance. In turn this approach will improve management efficiency as senior management will understand planned schedules, anticipate potential issues and be able to take steps to mitigate risk before it causes delay across the programme.

Once adopted a whole programme approach to delivery will assist York to:

- Undertake a more efficient project selection and prioritisation process.
- Understand, define and plot delivery profiles and timescales before schemes are developed.
- Fully understand and define the anticipated project outputs and outcomes of individual schemes and projects.

- Predict and anticipate delays in delivery, which can subsequently be tackled on a predictive and pro-active basis, minimising the actual delay.
- Reduce the time take to produce reports for senior management and cabinet as standard reporting formats are adopted.
- Provide the basis for evaluating actual outcome/impact of individual schemes.

The approach has a solid track record that has dramatically improved delivery of funded programmes in a variety of settings. This will take the department into a new era of expertise and provide confidence to regional and national funders that York delivers on time, on budget and to a high standard.

It is anticipated that this approach will also improve relationships for York across a range of settings. It will clearly assist in the achievement of an integrated 'One Council, One Voice' approach to delivery that can articulate its demands/needs and aspirations clearly, both internally and within the regional/national context. Relations with private sector developers could improve as the department is better able to manage peaks and troughs in its own delivery schedules, noting its aspirations for development and probable outcomes from its Local plan work and/or emerging sites. Linked to this is the higher-profile and improved positioning within the regional and national context where delivery of existing schemes and programmes is a key factor in attracting additional funds for example from the DfT, DCLG, ERDF, RGF and is particularly important in relation to York's positioning within the WYTF and North Yorkshire.

A final result of the cultural change programme will be that the Directorate of City and Environmental Services is better placed to evaluate the real impact of schemes and investments as end outcomes can be measured against the original anticipated benefit. This will build a 'corporate knowledge bank' alongside new expertise in assessing value for money for future investments.

Proposed Activity		
Embedding Programme Management	Outcome	Timescales (Concurrent)
Propose an improved approach to programme management, resulting in improved service delivery for CES.	Complete	December 2013
Review of existing programme management systems including workload and resource planning	Complete	February 2014
Skills assessment of current staff through individual and group meetings / interviews	Complete	February 2014
Working with targeted officers to ensure the system is operational and to create a performance framework in which Heads of Service are held to account by the appointed Programme Manager	Performance Framework of the System with Governance Agreed	End June 2014 3 days
Production of new reporting protocols and the production of draft reports for consideration.	New standard reporting protocols and formats agreed	July 2014 2 days

Embedding the programme management system to formal adoption and operational competence including reporting outcomes	Programme Management system fully operational	July 2 days
Contingency of a further 2 days technical support if required		2 days

Lendal Bridge Review

In September 2013 CYC began a six-month trial closure of Lendal Bridge, which was designed to form part of a wider traffic management programme. The pilot closure programme was agreed against a clear set of objectives relating to both improved traffic flow and increases in modal shift and use of public transport. A range of technical traffic data, some of which was not to be available until after the pilot period had ended, monitored the closure in terms of traffic flow and impacts on congestion.

The pilot closure programme introduced new enforcement measures with the objective of changing driver behaviour over a short period of time. It was always envisaged that the decision on whether to close the Bridge permanently would be made after full and detailed analysis of all the available data.

Closure of the Bridge attracted a high level of negative media interest and it was felt that the scheme was proving to be very unpopular with both local residents and visitors to York. The scheme also resulted in a higher level of PCN's being issued than had originally been anticipated. This resulted in a high number of appeals from individuals one of whom appealed to the traffic Adjudicator. Having heard the appeal the Adjudicator published their findings in favour of the appellant in April 2014 and as a result a decision to re-open the Bridge was made.

This trial could have potentially damaged the profile and reputation of York and as part of the decision to re-open the Bridge the Leader of CYC has called for a review. CMS have been asked to undertake the review and an overview format and proposed methodology and content has already been agreed.

The key objective of the review is to learn from the process and to highlight how these lessons can be taken forward into future scheme development.

Proposed Activity		
Review of Lendal Bridge	Outcome	Timescales (Concurrent)
To undertake a series of interviews with key staff and members to capture individual perceptions of the scheme and highlight learning points	Capture key staff perceptions	Mid-June 2014 4 days

To undertake an assessment of key written material which substantiates or conflicts with staff perceptions	Provide written evidence in the review	Mid-June 2014 3 days
To produce first draft report of the review outcomes and key lessons learned	Provide a management assessment of the key lessons learning	End June 2014 2 days
To produce an agreed public facing report on the outcome of the review	Final public report	End July 2 days

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**REPORT BY CROWN MANAGEMENT SOLUTIONS ON THE
MANAGEMENT IMPLICATIONS OF THE TRIAL CLOSURE OF
LENDAL BRIDGE**



Review of The Lendal Bridge Scheme

June 2014

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Introduction

In April 2014 Crown Management Solutions Ltd (CMS) were commissioned by City of York Council (CYC) to undertake a review of the events and decisions underpinning the Lendal Bridge scheme. The review was commissioned after the Leader of CYC took the decision to re-open the Bridge on 8th April 2014. The decision to re-open Lendal Bridge and cease all enforcement activity was taken in response to the publication of the Adjudicator decision that had upheld a number of appeals from members of the public and which was made public on 1st April 2014.

The closure and enforcement of Lendal Bridge perhaps represents one of the most significant traffic schemes introduced by CYC over the last few decades. The possibility for the scheme as an option for future traffic management activity was mentioned as far back as April 2011 and was included in the York Third Local Transport Plan, published at this time. Closure of the Bridge formed part of a wider approach to economic regeneration and was developed in order to deal with the anticipated growth patterns in traffic movements across the City of York as key sites, both commercial and housing were being developed.

Although acknowledged as a possible future traffic management tool much earlier, this review predominately focuses upon the timescale from autumn 2012 through to the launch of the scheme in late August 2013, the subsequent six month trial period and the final decision to abandon the scheme and re-open the Bridge in April 2014.

By April 2014 the closure of Lendal Bridge had attracted significant and predominately negative media interest at both a local, regional and national level and was appearing to also be highly unpopular with local York residents and businesses alike. The scheme had also generated a significant internal workload for CYC in terms of managing the high levels of appeals, Freedom of Information requests and individual complaints.



Methodology

This review draws its comments and recommendations from a number of one to one interviews held with key officers involved in the development and delivery of the scheme and the Cabinet Member in position at the time. It has also drawn upon a range of written evidence in order to highlight the process and key decisions that underpinned the scheme and a thorough desk search for evidence to substantiate individual recollections. This review only reports, in good faith, on the information and recollections that have been willingly submitted by officers and the Cabinet Member in position at that time. The review does not include any further exploration of potential evidence undertaken by CMS beyond this position or include additional bespoke searches of individual emails or files.

It is possible therefore that further enquiries may uncover new evidence, which has not been brought to bear or highlighted in this review and which may challenge some of the findings, recommendations and recollections highlighted.

Findings

Governance

The Lendal Bridge scheme suffered from a lack of governance and robust project management from the very start of its development phase. Indeed the transition from the original rationale and thinking behind the scheme, which appears to have been articulated in April 2011 in the Third Local Transport Plan, right through to its launch of the trial phase in August 2013 presents a picture of confusion and conflicting recollections. During the course of this review CMS were unable to find a single, clear and cohesive audit trail that plotted the progress of the scheme in a logical and transparent way.

CMS has found significant evidence that progress of the scheme was dependent upon a number of individual officers agreeing to deadlines for the delivery of key milestones. These agreements were made however, within a disparate and uncoordinated framework. Whilst Gantt charts predicting progress against milestones were produced, they were drawn in isolation to a detailed project plan and these charts appeared to have been abandoned as predicted delivery dates were missed. Moreover, there were no agreed stated objectives or deliverables upon which effective project management is dependent. This approach quickly led to a spiral of slippage from a political perspective and has not subsequently produced a clear audit trail of events.

There was no named and agreed Senior Responsible Officer for the scheme. Senior management took on elements of responsibility for sections of the scheme development but this was not set against a clear comprehensive project plan. As the development of the scheme was brought forward within the context of 'individual tasks' the responsibility for whole scheme progress appears to have been passed from one senior officer to another. There was no evidence of a critical path analysis of key tasks being delivered or any intelligent holistic project tracking by one nominated officer of overall progress. There was no accountable and responsible project board created to assist and support officers in the development of the scheme.

Individual officers were left to make seemingly critical decisions with no clear 'safety net' or checking procedures in place. CMS believes this led to working protocols that encouraged a significant number of individual and bespoke meetings which had no formal agendas, minutes or action points recorded.



The scheme was surrounded by a culture of individual and disparate meetings and decision-making processes. When meetings were held that involved senior Directors and the Cabinet Member they were not prepared for with agenda's, formal minute taking or the written recording of action points. During the course of this review CMS have found that officers and the Member attending these meetings have significantly differing recollections of their outcomes and action points. A search for written evidence has found individual notes and emails that were made at the time but which on historical reflection, can be interpreted in different ways.

Political Involvement

It appears that much of the scheme development was driven by political ambition and that as the development phase suffered slippage, critical milestones were imposed in order to achieve this ambition. Despite evidence that clearly demonstrates the scheme was discussed and considered during 2012, officers did not begin working in earnest on implementation until May 2013 when the scheme finally received full political approval.

It is difficult to find any evidence of boundaries being put in place to separate the political ambition and leadership for the scheme, from the day-to-day operational processes. As the development of the scheme progressed the Cabinet Member effectively behaved as the project manager, pushing forward deadlines, chasing progress and setting key targets. This position was not challenged by senior officers and facilitated a culture of pressurised and directive decision-making.

The development phase for the scheme was driven by a pre-set launch date, which officers felt was non-negotiable. Despite evidence to suggest that by the autumn of 2012 there was awareness amongst officers of the political ambition to launch the trial in August 2013, the scheme did not achieve full cabinet approval until May 2013. Officers were not protected in this position and not directed by senior management regarding the actual prioritisation of the scheme in relation to its formal status. This led to a position that during the last 3 months of development critical decisions were made under significant pressure as after receiving formal political approval officers felt the ambition date for launch on 27th August was not negotiable. Officers did report the difficulties in achieving the deadline at the time but it appears that no reassessment was undertaken of the actual position once political approval had been formally achieved. This meant that after this key milestone was achieved no realistic assessment was made of whether real progress to date meant the remaining timeframe was realistically achievable.



Project Management

The scheme was not placed within a clear prioritisation schedule. The critical development phases were being progressed during a major downsizing exercise, which had a direct impact on officers working on the scheme, upheaval from relocation of offices and within the context of other major schemes and projects requiring delivery. There is no evidence to demonstrate that the delivery of this scheme was actually given first priority or that any necessary and additional resources were allocated during this phase.

CMS have been unable to uncover any agreed project definition documents. There does not appear to be a single source of information covering the original scope, objectives, deliverables, critical path analysis and outcomes that were expected from the scheme and although analysis of the final data suggests the scheme did actually meet many of its original objectives, it is difficult to understand the detailed context and impact of the outcomes within the whole scheme rationale.

Inadequate resourcing in terms of the allocated funding and timescales after full cabinet approval meant that a number of potential design options were not brought forward. These options could have included changes to the road design upon approach, use of reactive bollards and bespoke road markings.

Although it became apparent very early in the trial that the predicted numbers of PCN's was significantly below the actual number, no active steps were taken to redress the balance. The lack of a pre-planned risk register meant that the response to the number of PCN's was not pre-planned and fully considered. Technical officer advice on how to redress this position was not accepted at the time and senior management appears to have been driven by a fear that the scheme would suffer a legal challenge if the options put forward were adopted. The Cabinet Member response was to focus the issue onto the scheme having inadequate signage, a position, which officers still maintain was not relevant to the high numbers of PCN's being issued.

The scheme did not appear to adopt the convention of educate, engineer and enforce which is associated with national safer roads strategy. Whilst this is not necessarily a requirement this best practice was highlighted as a possible route forward to the Cabinet member during the December 2013. Following the nationally based rationale adopted by the safer roads camera enforcement policy a proposal for spot fines was repeatedly put forward by officers as offering the best solution to the issue of PCN's but was rejected several times. Senior management appeared to be highly nervous of this approach raising both legal and political concerns.



The large numbers of PCN's being issued appears to have significantly contributed to the negative response by both the public and media. The Communications team reports that at its height the Lendal Bridge scheme required more intensive resource than any other previous project that can be recalled. Although a budget for one additional officer was made available for the short term this did not cover the additional communications requirement as the scheme grew in unpopularity.

As the trial progressed the pressure to respond to individual complaints by members of the public increased. This requirement was highly time consuming and resource intensive and took the focus away from overall management and seeking to learn from best practice elsewhere. The result was that officers became highly reactive to external pressures and opinion, which facilitated unplanned management decisions and a more significant loss of control.



Recommendations

Governance

It could be argued that the issue relating to the Lendal Bridge scheme was created as far back as when the manifesto reference to introduce new enforced traffic management schemes in York was made. Although not clearly articulated as a scheme within the manifesto it could be assumed that the Administration was fully committed to this longer-term vision and subsequent introduction of the Lendal Bridge scheme. It is difficult to highlight this phase in any detail, as many of the senior officers that were involved at this time are not available for comment. However recollections from the Cabinet member would suggest that in future more formal and effective communication processes should be adopted between senior management and members before political manifesto promises are made. Potential manifesto promises need to be communicated effectively with officers before they are published and that in return officers should feel empowered and protected to offer a realistic picture of what they anticipate is possible to deliver effectively within the manifesto timeframes.

If Members could feel confidence in delivery through the introduction of robust project and programme management systems, new working protocols could effectively be introduced. These protocols could set clearly articulated and accepted boundaries between political leadership and operational responsibility, enabling Members to have a defined point of contact with officers. This would prevent confusion in communication and responsibility and also remove the threat of the disparate responsibility and accountability.

Confidence from members in a future programme management system should also address the tension that can arise from projects and schemes receiving political 'in principle' agreements and subsequent full approval. This interim period of 3 to 4 months in the planning of the Lendal Bridge scheme proved critical and raised tension between political expectations that the scheme would be implemented and officers prioritising a scheme, which from their perspective did not have a formal approved status.

CYC should consider the introduction of a range of more formal audit trails. This would mean additional resource would be required to produce formal agendas, minutes and action points of meetings and briefings but would provide a clear reference point to ensure that all the attendees of meetings have a subsequent single understanding of the action points thereby significantly increasing efficiency. Minutes and action points need to be clear in their assignment so that individual officers understand their role and deadlines. To strengthen this point further, minutes of meetings should be agreed by the nominated Chair of those meetings prior to their circulation.



Programme Management

In future new schemes and projects should not be brought forward in isolation. Activities and ambitions should be set within a framework of a whole programme approach, which is coordinated and prioritised as each existing scheme progresses towards delivery. This would enable Members to assess choices on scheme ideas and fully appreciate the any possible multiplier effects as delivery of individual schemes and projects commence.

A realistic programme management approach is perhaps most efficiently achieved through the introduction of robust project management as a baseline. Time invested at the start of a scheme design and feasibility should ensure that;

- Adequate resources and funding streams are highlighted
- Each stage of a project development is set against realistic predictive milestones, including plotting of each stage from design through to delivery
- Realistic budgets and spend profiles are plotted, which can be tracked against timescales for delivery
- Expected outcomes and benefits are listed which would enable an estimate of benefit cost ratios to be introduced

Within CES a new Programme Delivery Board has already been created to provide new governance for transport schemes, with the inaugural meeting diaried to take place in mid July. In order to be fully affective this Board will need to agree a formal role and remit and reporting protocols. Membership needs to be at a senior level, with individual project managers reporting progress on their scheme. In future this approach will facilitate a clear understanding of delivery progress at a programme level. The programme and project management of non-transport projects is currently under a separate in-depth review process.

The new Programme Delivery Board should also deal with on going prioritisation of scheme delivery. This will demand a flexible and supportive approach, as inevitably some schemes will suffer slippage through a range of unforeseen circumstances that are beyond officer control. However the Board needs to ensure that slippage or increases in budget are transparently and pro-actively managed so that officers do not feel the need to hide unforeseen risks or make promises on deadlines, which cannot be realistically achieved.



The new Programme Delivery Board could also consider Member involvement. Invitations to attend, perhaps on a quarterly basis would enable members to feed in any political concerns direct with operational and technical officers within an informal setting and facilitate scrutiny and questioning of project managers within a structured environment. A quarterly longer meeting could facilitate this with an additional dedicated agenda item included. Minutes and action points of these discussions will create a clear audit trail of the decisions reached.

The lack of governance surrounding the Lendal Bridge project led to a contradictory mix of officers not being empowered to make technical and operational decisions that are within their expertise and job function alongside those same officers being left to make individual critical decisions that are not checked or set within a defined process driven framework. This leaves individual officers vulnerable and not protected by agreed process and transparent audit trails and facilitates a culture of individual task management, which is difficult to hold to account. The new Programme Delivery Board needs to ensure each project has a clear critical path analysis which highlights key decision points, auditing the rationale behind these decisions during the planning and delivery phases.

Project Management

Standard robust project management, which is designed to facilitate a series of transparent gateways and standards, would ensure that projects are not progressed unless they have been fully planned and costed with a detailed understanding of the overall deliverability of a project. This in turn would enable officers to practice realistic programme management best practice, enabling future comparisons between individual schemes and informed choices to be made. A robust programme management system would provide clarity on likely impacts across the whole programme if one individual project suffers slippage.

Project gateways should include an agreed transparent set of criteria, which ensures a scheme is planned and plotted throughout its life. These criteria should take account of broader factors, such as likely maintenance and whole life costs and also bring to play the need for marketing the project and the likely media and public response. It is recommended that the Communication team are given early sight of project plans so that, when required they can fully contribute to a communications plan and its required resources before a potentially high profile project is agreed.



Efficient project management will prevent over focus on one delivery issue. In the case of Lendal Bridge during the trial period a lack of management input allowed for a technical disagreement to emerge which effectively became support for the ongoing application of rigid enforcement versus pressure to change the signage. This focus prevented seeking an understanding of learning points from similar schemes elsewhere and an understanding that contravention rates in York were reasonably consistent with other similar enforced schemes with signing regimes appearing to have little impact on overall contravention rates.

At the height of the trial one officer had spent time observing the Bridge, watching drivers initially following the signs which placed them in the correct lane only to then divert from this lane and the clearly defined loop in order to drive over the Bridge. In their opinion having observed driver behavior the desired traffic flow was made clear through the signage but drivers still diverted over the Bridge. The focus on signage did not consider the potential confusing effect of additional signage at locations, which already displayed a range of traffic management information. An additional issue was the refusal from Satellite Navigation companies to re-programme their automated directions at this stage in the trial, which caused yet further driver confusion and complaints from motorists relying on their satellite technology.

New project management processes need to plan for risk and contingency during delivery to enable officers to consider a full suite of options rather than allowing for focus upon potentially reactive solutions.

In future it is perhaps worth considering a broader approach to scheme impact and response from the public. There is evidence to suggest that there are a number of residents in York who are deeply committed to the 'place' where they live and engage in pro-active responses to the actions of CYC. It could be argued that this position is further exacerbated by the fact that York still has a dedicated daily newspaper, whereby in comparison a number of similar sized towns and cities have either weekly or regional newspapers reporting on local issues.

CYC does invest heavily in consultation and has a track record of seeking opinion on future schemes in terms of their design but in the case of Lendal Bridge the trial was initiated with the almost immediate requirement for PCN's to be issued to offending drivers. There does not appear to have been a detailed consultation process, which highlighted this factor, and any general support for active traffic management schemes may have been given without this understanding. There are examples of other areas that have introduced enforced schemes, when driver behaviour has been monitored over a period of time, giving access to solid data before enforcement is introduced and had this approach been adopted it may have reduced the unpopularity of the scheme.



During the course of the review CMS felt that despite the failures associated with the scheme both officers and the Cabinet Member had acted with individual integrity and a genuine desire to deliver the best possible outcome for York. However, the positive benefits of this approach could not be realised due to inadequate governance, poor project management, unrealistic deadlines which led to a culture of reactive decision-making.



ACTION PLAN ARISING FROM THE MANAGEMENT REVIEW OF THE TRIAL CLOSURE OF LENDAL BRIDGE with January update

Ref	Recommendation	Response/Actions	Timing and lead officer	Progress as at January 2015
1	<i>Governance</i>			
1.1	More effective communication between senior officers and elected members before manifesto commitments are made	It is not appropriate for officers to comment on manifestos.		
		1.1.1 briefings for lead members on budget constraints in 14/15 and 15/16	Ongoing. Director CES with Director CBSS	Ongoing
1.2	Introduction of protocols which provide a clear point of contact for members and set clear boundaries between political leadership and operational responsibility	1.2.1 Ensure each project has a named officer for member contact	Ongoing as projects confirmed through initiation. Within Transport responsibility sits with AD Transport, Highways and Waste. For B&I projects sits with Director CES or other senior project sponsor.	Done. Reminders to members on best route for contact where appropriate

Appendix Three

		1.2.2 Ensure member oversight and liaison addressed at project initiation	Ongoing. All project sponsors have responsibility and now a specific element in Project Initiation Documents	Done in the new PID arrangements
		1.2.3 Review political oversight at any change of control	Ongoing for major projects. Most Transport capital projects remain the responsibility of the Portfolio Holder.	Underway in light of changed political make-up
		1.2.4 Provide good information for members on projects in their wards.	Ongoing. Responsibility of officers named at 1.2.1 above	Improving, particularly with regard to minor highway works
1.3	Ensure clarity about project stages, particularly between 'in principle' project agreement and formal operational approval	1.3.1 Contained within project management protocols	Ongoing and being refined as experience develops. Main responsibility sits with AD (for transport projects) and the Head of the Stadium Project Team (for B&I projects).	Formal gateway process now agreed (CMT November 2014) and being developed for B&I projects
		1.3.2 Dovetail as far as possible internal processes with those of external funders	Ongoing; responsibility sits with project managers or project sponsors.	Ongoing as LEP and Combined Authority decision processes emerge

Appendix Three

1.4	Introduce formal audit trails including formal chairing and minuting of project boards	1.4.1 Contained within project management protocols	Ongoing. Responsibility of project managers and Chairs of Boards. Will be monitored by the B&I Programme Board	
2	<i>Programme Management</i>			
2.1	Establish a programme to enable prioritisation	2.1.1 Introduce for Transport projects	By end September 2014: AD, TH&W	Done
		2.1.2 Introduce for major brownfield and regeneration projects	By end November 2014: Director CES	Completed, prioritisation based on deliverability and resources.
2.2	Introduce a robust project management system to underpin the programme	2.2.1 In Transport: implemented documented project management system including relevant initiation requirements and gateways	By end September 2014: AD, TH&W	Introduced in summer 2014 and will be fully operational for the 2015/16 programme
		2.2.2 Introduce similar procedures for complex regeneration projects where partnership is required	By end January 2015: Director CES	In development (see update on prioritised projects within Audit & Governance report)

Appendix Three

2.3	Introduce a Programme Delivery Board with senior leadership	2.3.1 Introduce a Transport Programme Board	By end July 2014: AD, TH&W	Done, meeting regularly since July, chaired by Assistance Director
		2.3.2 Introduce a Regeneration Board for complex projects	By end January 2015: Director CES	Entitled Brownfield and Infrastructure Board, chaired by Director, agreed by CMT in November and about to be established.
2.4	Ensure member oversight of the programme	2.4.1 Regular discussions with relevant Cabinet member	Immediate and ongoing	In place, with ongoing debate about best way to make this transparent and proactive.
		2.4.2 Regular reports on transport programme to ECDOSC	Continue	Done, most recently October 2014
		2.4.3 Reviews of members oversight of major projects	By end November 2014: Director CES	Included in project protocol and under current review, eg creation of new member group for York Central
		2.4.4 Regular reports on major sites to ECDOSC	Continue	Done, most recently to October meeting
3	<i>Project management</i>			
3.1	Ensure robust project management protocols	3.1.1 Introduce robust systems as at 2.2 above	See 2.2	See 2.2 above

Appendix Three

		3.1.2 Develop resourcing to enable project management	Provisional by end November 2014 for consideration in 15/16 budget in light of funding allocations	Ongoing for all projects, particularly where early costs (eg building partnerships) are not capitalisable. Noted as important issue in 15/16 budget.
		3.1.3 Ensure risk analysis allows recognition of points of weakness	Within project protocols and initiation.	Ongoing through project management and clear risk registers, particularly for complex projects as they become established, as used in the Stadium project. Expertise from that project being transferred to others.
3.2	Ensure appropriate consultation	The view that there does not appear to have been consultation on the Lendal Bridge trial is not accepted.		
		3.2.1 Review consultation on major schemes, particularly highways	Ongoing. Monitored by Portfolio Holder and Transport Programme Board	Ongoing and emphasised by Cabinet member. Improved consultation in place exemplified by ward member consultation on A19 Pinch Point scheme

Appendix Three

				and better liaison for ward members on minor highways works.
3.3	Promote proactive monitoring enabling data analysis to guide enforcement	3.2.1 Review introduction of new enforcement to ensure monitoring informs decision making	Ongoing. Approach to be trialled for Minster Badge, with report to be publically available by end October 2014.	Done and report available from 29 October 2014.
		3.2.2 Use publication schemes to assist reporting and public information	Ongoing as part of Project Initiation requirements.	Protocols for projects now require early creation of a publication scheme.

NOVEMBER UPDATE ON IMPLEMENTATION OF ACTION PLAN

IMPLEMENTATION OF THE MANAGEMENT REVIEW OF LENDAL BRIDGE TRIAL CLOSURE

Update November 2014

The report does not give numbered recommendations, though it divides the relevant section between governance, programme management and project management. This note follows that convention but numbers and articulates recommendations for ease of reference.

1. Governance

- 1.1 *More effective communication between senior officers and elected members before manifesto promises are made.* It is not appropriate for officers to comment on manifesto expectations, and so this recommendation is not accepted. Within the services covered by CES, senior managers have sought to ensure leading members are aware of the budget constraints and choices which will face any incoming Administration post May 2015.
- 1.2 *Introduction of protocols which provide a clear point of contact for members and set clear boundaries between political leadership and operational responsibility.* This is the case. Key projects (both within Transport and beyond) have a specific point of contact. Officers and members are expected to direct enquiries to that relevant person. Member governance and liaison is now explicitly considered at project initiation and, at the current time, major projects are being reviewed in the light of the changed political make-up of the Council. A stronger culture of engaging and informing ward members is also in place, particularly with regard to minor highways works.
- 1.3 *Ensure clarity about project stages, particularly between 'in principle' political agreement and formal operation approval.* This is dealt with by the project initiation protocols described below. In particular, ensuring that projects undergo a formal financial approval process is key to removing any doubt about their status, while ensuring that projects which are part of the Council's programme are progressing as required. This is particularly important for projects which require some work and investment by the Council to

win external funding to progress, such as several sustainable transport initiatives.

1.4 Introduce formal audit trails, including formal chairing and minuting of project boards. This is now in place, especially for larger projects and for the overall transport programme with remaining projects establishing these protocols. It should be noted that for several projects this was in place. It is now a requirement for expenditure.

2. Programme management

2.1 Establishment of a programme to enable prioritisation. This has been in place for transport since July and is now being established for major projects across CES.

2.2 A robust project management system to underpin the programme. For Transport schemes a documented project management system has been introduced, including formal initiation, critical path analysis, governance establishment, and gateway requirements to proceed to next stages. A similar process is now in place for more complex projects (such as York Central) which require partnership with other organisations. Gateways include in principle approval, business case approval and procurement decisions, and include achieving clarity about who are the decision makers in each case. A core objective of the process is to minimise the risk of reactive decision-making based on short-term considerations rather than a considered appraisal of the issues and options. The first full cycle to which this discipline is being applied is the 15/16 capital programme as the 14/15 programme is of course underway.

2.3 Introduce a Programme Delivery Board with senior leadership. A Transport Board was established in July, chaired by the Assistant Director, Highways, Transport and Waste. This board has the specific remit of ensuring robust project management, managing slippage and enabling transparency. An Infrastructure Delivery Board is being established, chaired by the Director CES with membership from CBSS and CANS, to provide a similar programme oversight of major projects.

2.4 *Ensure member oversight of the Programme.* The Capital Monitor is discussed with the Cabinet member for Transport biannually, and officers are reviewing ways to make this more transparent and proactive, including whether the lead member attends the Programme Board three monthly as the report suggests. Major projects are reported biannually to the ECDOSC committee. The objective for the future will be to focus on fewer large projects but have greater transparency of milestones and progress. This has been particularly difficult during the recession as York, in common with many places, has seen slower investment.

3. Project management

3.1 *Ensure robust project management protocols.* As at 2.2 above, this is now largely in place. For some larger schemes it has been important to dovetail these to the expectations of funders, such as the gateway system developed since September by the West Yorkshire Combined Authority and Leeds City Region Local Enterprise Partnership, from which the Council is aiming to win over £60m of capital for investment in York Central and Station Gateway and the Outer Ring Road over the next few weeks. The report notes that ensuring robust project and programme management is not 'free' but represents an overhead for which resources are required. Within the large transport projects, this is an element of capital funding; for the major infrastructure projects, discussions are needed as part of budget planning to ensure sufficient resource is available to progress and manage the work appropriately. The project management approach now contains a risk analysis which enables a stronger focus on potential solutions to challenges encountered during the project development.

3.2 *Ensure appropriate consultation.* The report suggests that the Lendal Bridge trial does not appear to have been subject to the same consultation as some schemes, but this is not accepted as accurate. There was extensive discussion before and during the trial, including public consultation sessions in the city centre, two business consultation sessions, leaflet drops with businesses, and a leaflet drop to all households in the city, alongside publicity in the press and social media. The Council, including its Transport

function, has historically a strong track record of consultation. The importance of consultation has been reviewed and reinforced consultation on schemes, illustrated by improved member relationships on the A19 pinch point scheme. One way of viewing the proposed Congestion Commission is an extended form of consultation and policy debate on approaches to traffic management in the city.

- 3.3 *Promote proactive monitoring enabling data analysis to guide enforcement* This recommendation is particularly relevant for transport schemes and has been adopted, for instance in the month-long and monitored introduction of enforcement of the new Minster Badge. Officers are also exploring experimental methods to test traffic schemes, such as those used in New York. Officers also note that consultation, monitoring and evidence-gathering all require time and resources in addition to the core project spend.

PRESENTATIONS TO MEMBERS NOVEMBER 2014 REGARDING BROWNFIELD AND INFRASTRUCTURE SITES



BROWNFIELD AND INFRASTRUCTURE PROJECT MANAGEMENT

Opposition Briefing
26 November 2014

Presented by Sarah Tanburn
Interim Director of City and Environmental Services





Brownfield and Infrastructure Project Management : moving to delivery

Core principles:-

- focus on projects which are achievable
- distinguish between major applications and projects, and between B&I projects and Transport programme
- projects are those where council has specific interests and intervention adds value
- such projects are almost always multi-year and with many external stakeholders
- project (and application) management is not free and needs specific skills



Brownfield and Infrastructure Project Management : moving to delivery

Element	Major funding sources
On site infrastructure required by growth eg schools, onsite roads, affordable housing, health, open space	Primarily funded by the site itself or a combination of local sites (section 106). Viability studies have taken our policy expectations into account though of course developers will still negotiate and the arguments around affordable housing are particularly complex.
Strategic Infrastructure	A significant proportion (c10%) is likely (but not guaranteed) to be secured through WYTF+ and LGF. A further element (maybe 40%) will come from the CIL. We are developing a strong narrative to support access to funding through the next 10 years.
Major projects with multi-year, multi-partner features	Many and various and may well include private sector, repayable resources.
Transport capital investment including BBAF, LSTF, Scarborough Rail Bridge etc	Primarily the WYTF+ and special government funds though some may be funded from the Council's resources.



Brownfield and Infrastructure Project Management : moving to delivery

Priorities

- Outer Ring Road
- Stadium
- York Central and Station Gateway
- Biovale
- Guildhall
- Fund of Funds
- Public realm renewal
- Castle Piccadilly



Brownfield and Infrastructure Project Management : moving to delivery

Key features of project management

- Objectives are well understood
- Clear line of governance to a defined Project Board which meets formally and regularly
- Appropriate and effective member oversight
- Establishment of milestones and monitoring of delivery
- Risk management, due diligence and resource monitoring
- Partnership structures (where required)
- Commercial, legal, HR confidentiality maintained
- Adequate resourcing to achieve objectives and support robust governance.





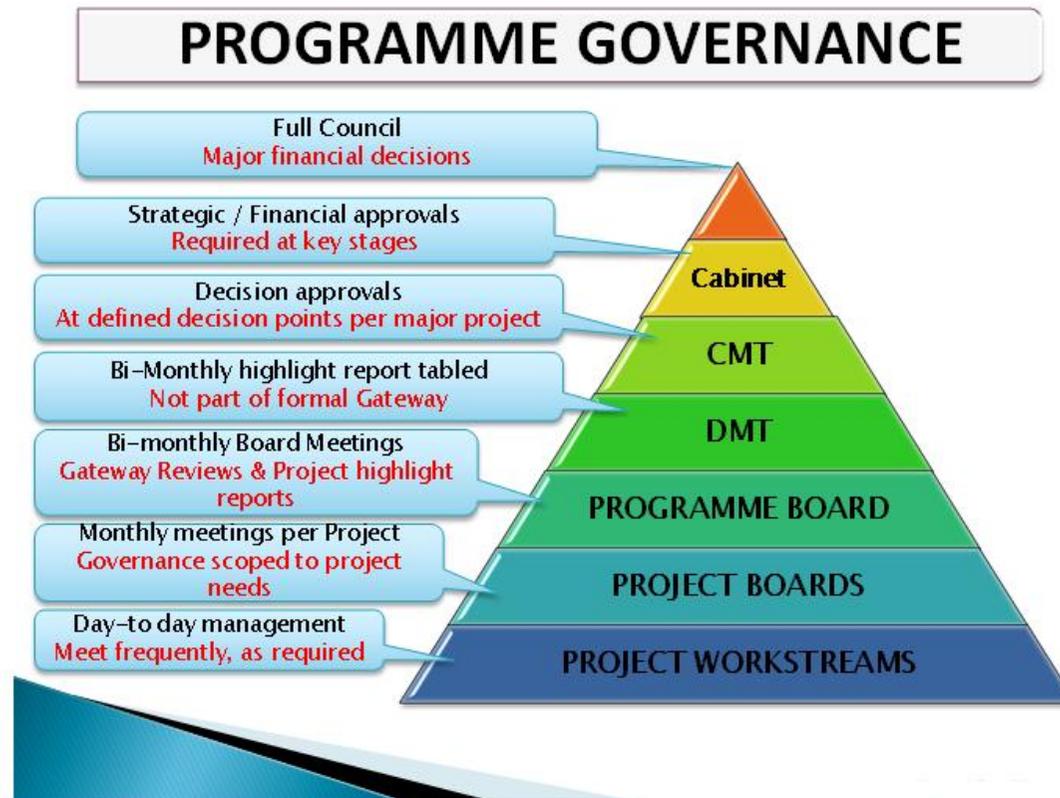
Brownfield and Infrastructure Project Management : moving to delivery

Programme management

- Overall manageability of programme
- Single brownfield and infrastructure programme board reviewing resources, timing, delivery
- Clear relationship with roles of asset management and transformation programmes
- Relationships with funders and partners across the programme
- Member oversight



Brownfield and Infrastructure Project Management : moving to delivery





Brownfield and Infrastructure Project Management : moving to delivery

What changes as a result of this approach?

- clarity about priorities
- focus on delivery of key projects and sites, including satisfying funders
- Lines of accountability from project manager through to senior management for delivery and resources
- introduction of gateways at key points (initiation, business case, procurement etc)
- relationship between programme and available project resources, leading to some HR proposals for change
- clarification and management of decision points including those for members.



Brownfield and Infrastructure Project Management : moving to delivery

Gateway Stage	Project stage completed	Member approval
1. Business Justification	PID / Outline Business Case	Forward plan schedule
2. Investment Decision	Full Business Case	Cabinet / council approval
3. Procurement / Delivery Strategy	Procurement strategy or delivery plan	
4. Contract award	Contract completion / award	Cabinet / Council approval
5. Financial close	Project Completion	
6. Transfer / Project Review	Contract Management / Review	



Brownfield and Infrastructure Project Management : moving to delivery

Member oversight

- Programme level: ECDSOC and Cabinet
- Project level: needs to fit the project and includes Cabinet and Council decisions
- Some still be established as projects initiated
- Subject to review



Audit and Governance Committee11th February 2015

Report of the Chief Executive

Project management update**Summary**

1. The purpose of this report is to provide an update on the approach to the management of programmes and projects.

Background

2. As part of the delivery of the council's 5 priorities, transformational work and infrastructure projects, the council have a large number of programmes and projects. These vary in scale from multi-million pound programmes that operate at a corporate level, e.g. Rewiring, major infrastructure projects, to small scale projects within directorates.
3. This paper is intended as an update off the back of two previous reports that have been to the Audit and Governance committee. The first, in November 2013, described the council's approach to programme and project management, namely operating the Managing Successful Programmes (MSP) and Prince2 methodologies and several specific key areas that have been strengthened to ensure a robust approach (including strong programme/project leadership, consistent documentation and the implementation of systems to assist with the organisation of projects and programmes). The second, in April 2014, described how project boards are set up and what elected members' roles are on project boards.
4. The focus of this report will be the general progress in terms of embedding sound project management practices in the organisation. It will then provide an example of where these practices have been implemented in the Rewiring Transformation programme.

General progress and strengthening of project management

5. The council operates the MSP and Prince2 methodologies as standard in programme and project management respectively and these provide a

framework within which programmes and projects operate. However, in order to ensure that projects and programmes are delivered most efficiently other methodologies are being investigated and employed where appropriate. An example of this is the adoption of Agile in ICT, for development projects.

6. Agile offers a more flexible approach to delivery of ICT work packages within a project. The focus is on the outcome and, rather than provide detailed specifications early on in the project, the products and solutions develop iteratively in shorter stages or “sprints”. This ensures that the product of the project stays relevant throughout the lifecycle of the project, as technology or priority changes the products can be amended. The methodology also encourages more regular, more focused collaboration (daily “scrum” meetings), which again ensures better quality engagement between the project team and the customer.
7. Another example is the adoption of Lean across the council to support change management. The principles of Lean are to focus on the customer, challenging the way things are done, to eliminate waste in processes and ensure work moves smoothly through to completion without hindrance. The principles apply to both how the workforce is set up to work and to the actual approach to work.
8. The adoption of these approaches fit within the wider framework of MSP and Prince2.

Training

9. In order to strengthen the up-skilling of the organisation in areas of project management, a programme of training for staff has been developed and is now being deployed. This is led by the council’s workforce development unit and the goal is to ensure that officers working on projects are provided with the right level of training to develop their skills in project management and wider Lean principles. The courses have been designed by senior project managers, the workforce development unit, the innovation team and partners. Where appropriate, project managers are provided with Prince2 and Agile training and examination to gain accreditation.

Systems

10. A major step in ensuring a quality, consistent approach to programme and project management is the move to an ICT system that acts as a central point for all projects. This is the Verto system (a cloud based ICT

system) that allows easy access and easy management of projects. Each phase of a programme or project is managed within the system and the system provides gateways for the project manager to ensure that all requirements are met before moving to the next phase. All project work from planning to risk management is controlled in the system and all involved in the projects have access to update and view where appropriate. This allows a wide sight for all interested parties involved in the projects and those involved in the quality assurance of the systems in place (such as internal audit).

11. The Verto system is preset with best practice templates, controls exist to ensure information integrity is retained and logs who makes amends to the system. Importantly it forces effective risk management that is scrutinised by internal audit who have direct and open access to the system.
12. Documents, such as highlight reports and risk reports, are produced by the system to provide information to project boards, DMTs, CMT and cabinet. The system controls document versions and the publication of documents.
13. The Verto system provides a virtual project management office, which is important to maintain consistency and control within projects and across different projects. It also removes the risk of working in silos on projects and prompts the project manager to follow the correct process.
14. Verto is currently used for all the Rewiring transformation work and other programmes and in the next 12 months all programmes, projects and service planning will be managed in the system.

Programme and projects

15. The two major areas that are dependent on good practice in programme and project management are:
 - The Rewiring programme
 - The Brownfield and Infrastructure project
16. Since the Brownfield and Infrastructure project is also an item that Audit and Governance are considering separately, this report concentrates on the structures in the Rewiring programme.

Rewiring transformation programme

17. The Rewiring programme is a major programme that is designed to:

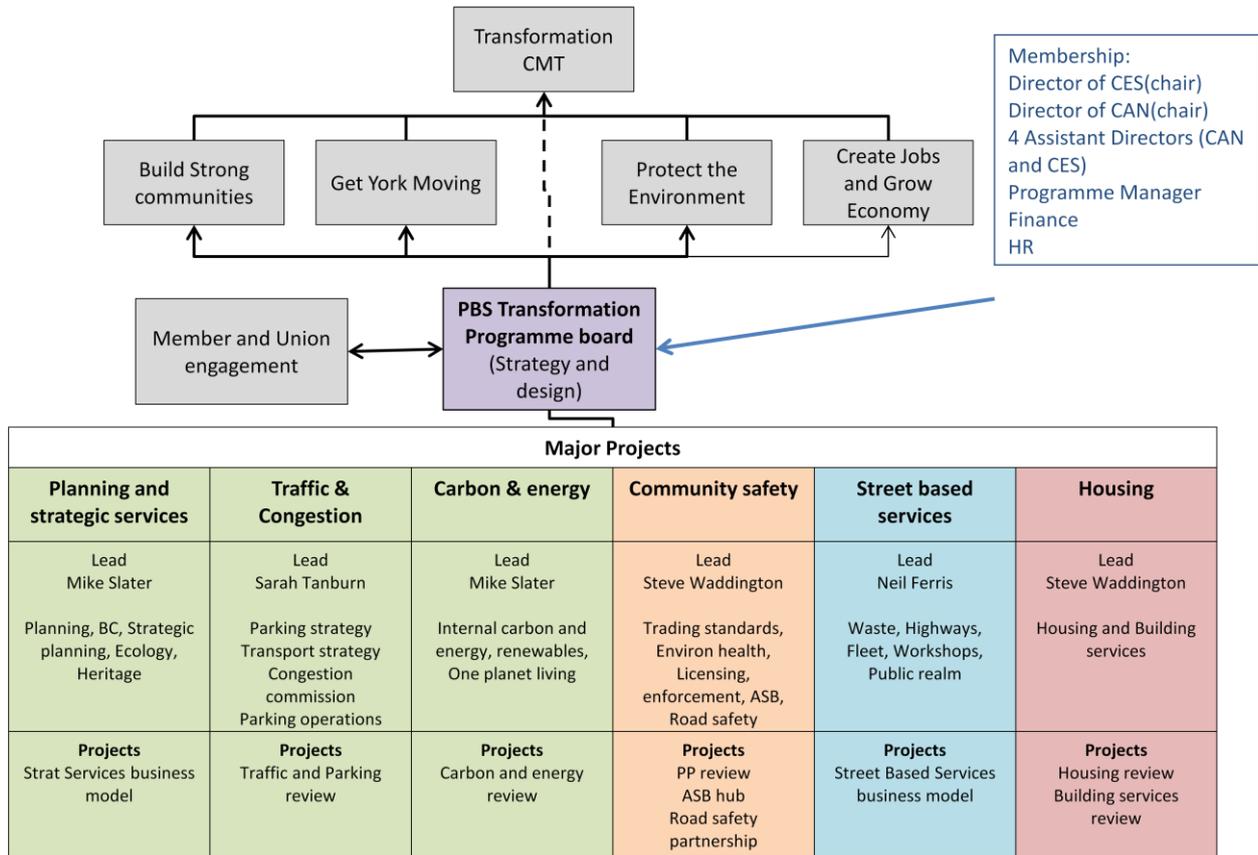
- Put residents and communities at the centre of everything the council does. This includes working with residents, communities and partners to re-design and delivering services.
- Develop a better understanding of the needs and aspirations of local communities and businesses
- Focus our resources on these needs and commissioning outcomes more efficiently
- Empower residents and assisting those in need of help to enjoy a better quality of life

18. Structurally the programme is divided into 5 sub-programmes:

- Community and Resident Engagement
- Place Based Services and Public Realm
- Children's Services
- Adults Social Care and Integrated Public Health
- Business Consolidation and Efficiency

19. In terms of governance each of the programmes has its own programme board. As an example of this, **Diagram 1** (below) shows the governance structure for the Place Based Services programme. The other sub programmes have structures similar to this. The Rewiring programme board is a monthly Council Management Team meeting and this meeting feeds through to Cabinet. The Programme boards for each programme are led by the Director(s) whose services are relevant in that Programme. In the Place based services programme that is the Directors of Communities and Neighbourhoods (CAN) and City and Environmental Services (CES).

Diagram 1: Place Based Services governance structure



20. Each sub programme is assigned a programme manager who looks after the day to day work on the programme (including Programme control, business case management, risk management and stakeholder management). The sub programmes have several projects (see again **Diagram 1**) with a senior lead for each project. Each project also has a project manager who is responsible for managing the day to day work in the project.
21. The Rewiring programmes and projects are all managed using the MSP and Prince2 frameworks in the Verto system. This is where the programme and project managers update elements of work and the system produces reports for the scrutiny of the sub programme boards and the main transformation board (CMT). Programme and project managers and other staff involved in the processes in Verto are given technical training in the system.
22. In terms of quality assurance of the programme and project management, the programme managers regularly review progress and the risk register as a team and there is also a team of wider support functions (ICT, procurement, finance, HR, community and voluntary sector). The internal audit team also have access to the system to review programme and project management practices.

Recommendations

23. Audit and Governance are asked to :-
- a) Note the progress on embedding programme and project management across service areas.
 - b) Note that in April 2015 the Transformation programme will run a specific gateway review of Year 1 progress, deliverables and lessons learned that will be shared with this committee.

Reason: To ensure Members are updated on the council's approach to the management of programmes and projects.

Contact Details

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Additional Papers

None

Annex of abbreviations

MSP – Managing Successful Programmes

Prince2 – Project management methodology

Agile – Project management approach

Lean – an approach to running an organisation that supports continuous improvement, focuses on the customer and ensures efficiency and quality.

Verto – Cloud based ICT system for managing programmes and projects.

PMO – Project Management Office

CAN – Communities and Neighbourhoods (directorate)

CES – City and Environmental Services (directorate)



Audit & Governance Committee**11 February 2015**

Report of the Director of Adult Social Care

Update Report on Adult Social Care**Summary**

- 1 At the meeting of Audit & Governance Committee on 30 July 2014, Members received an Audit Progress Report from the External Auditors which raised some concerns about Adult Social Care.
- 2 At that meeting, Members also received a report from Adult Social Care on the progress made against the recommendations designed by the External Auditors to assist the service respond more effectively and quickly to the challenges posed by continuing demographic growth and by financial constraints.
- 3 Members noted the report from Adult Social Care and requested that further regular updates be brought to future meetings. This report is the third update.

Update

- 4 The 2014/15 First Quarter Financial Monitoring report showed a projected overspend for Adult Social Care of £1.441m. Subsequent reports for quarter 2 and 3 have shown a steady improvement in the outturn projection. The latest position at quarter 3 (attached at Annex 1) is for a projected overspend of £0.528m, representing 0.8% of the gross expenditure budget.
- 5 The current Mazars Action Plan, updated as of 27 January 2015, is attached at Annex 2. Members will note that the final element of action P2 has been rescheduled and is planned to be fully complete by March. The budget manager training is being organised to coincide with the development of the 2015/16 budget and the outcome of the recent Zero Based Budget Review. This will ensure

that all managers are trained on the new manual and budget structure in time for the start of the 2015/16 financial year.

Consultation

- 6 Key members of staff within Adult Social Care and Customer & Business Support Services have been involved in the production of this report.

Options

- 7 Members can:
 - Ask for any clarification needed and note the report.
 - Request further updates if required.

Analysis

- 8 If Members are satisfied that sufficient and appropriate progress is being made against the recommendations made by the Auditors, and are also content that Adult Social Care is working closely with the Auditors, then it would be appropriate to note the report and not to ask for further updates.

Council Plan

- 9 This report is directly linked to the Protect Vulnerable People priority within the Council Plan 2011-15.

Implications

- 10 Implementing the action plan will improve budget management in Adult Social Care and support the directorate in delivering a balanced budget.

Risk Management

- 11 Non delivery of the action plan increases the risk that Adult Social Care will continue to overspend against its budget allocation.

Recommendations

12 Members are asked to consider:

- Whether they wish to ask for any points of clarification and,
- Note the report and,
- Consider whether they wish a further update to be brought to subsequent meetings.

Reason: To ensure that Members are satisfied with the progress that is being made in addressing the issues raised.

Contact Details

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Chief Officer Responsible for the report:

Guy van Dichele
Director of Adult Social Care

Report
Approved



Date 27 January 2015

Specialist Implications Officer

Finance: Richard Hartle
Finance Manager
Adults, Children & Education

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Annexes

Annex 1: 2014/15 Third Quarter Financial Monitoring Report

Annex 2: Updated Mazars Action Plan

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ADULT SOCIAL CARE - 2014/15 FINANCIAL MONITORING REPORT (QUARTER 3) – DECEMBER 2014

Summary

- 1 This report provides an update on the financial position of the Adult Social Care directorate for 2014/15. Discussions have now been held with the majority of the individual directorate budget managers on three occasions. In addition an assessment of the implications of the 2013/14 outturn and 2014/15 budget settlement have been undertaken, with particular emphasis on any variations in delivering against directorate savings and growth items for 2014/15. Table 1 below provides a high level summary.

Table 1: Adult Social Care Financial Projections Summary 2014/15

Quarter 3 December	2014/15 Latest Approved Budget			Projected Outturn Variation	
	Gross Spend £000	Income £000	Net Spend £000	£000	%
Adult Assessment & Safeguarding	40,256	13,736	26,520	+124	+0.5%
Adult Commissioning, Provision & Modernisation	28,633	5,265	23,368	+390	+1.7%
Director of Adult Social Care	575	157	418	+14	+3.3%
Total Adult Social Care	69,464	19,158	50,306	+528	+1.0%

Adult Assessment & Safeguarding (+£124k / 0.5%)

- 2 The on-going implications of the significant overspends in 2013/14 and the estimated increase in numbers for 2014/15 result in projected pressures across a number of budgets that are £91k in excess of the amount of growth and contingency funding that the council was able to allocate to the service over the two financial years.
- 3 Staffing costs are currently projected to overspend by £98k due mainly to additional safeguarding staff hours required in the first half of the year to deal with a backlog of cases, and additional management capacity over and above the amount provided for in the budget.

Adult Commissioning, Provision & Modernisation (+£390k / 1.7%)

- 4 There is a significant projected overspend of £918k within the Elderly Persons Homes budgets. The vast majority of this is due to overspends and pressures

that were identified during 2013/14 but were not covered by the additional growth funding allocated to Adult Services as part of the 2014/15 budget process:

- Utilities, cleaning, catering and R&M. This is the largest projected variance for this area and reflects the actual increase in costs to 2013/14 for essential services at the residential homes, which continues into 2014/15. (+£353k)
- Increased staffing ratios. The budgeted staffing ratios do not fully take into account either the impact of the move to the household model of provision in the two dementia care homes, nor the changing client mix within the remaining five homes. Both of these changes have increased the ratio of staff to residents and result in a continuing overspend in 2014/15. (+£180k)
- Temporary staffing costs. The nature of the service provision has meant that the use of temporary staff has increased in recent years, for which there is no specific budget provision. (+£282k)
- Undelivered 2013/14 budget saving following changes to the EPH re-provision project. (+£165k)
- Net additional income. The residential homes receive income from beds commissioned by health partners and from charges to residents who do not have their care fully funded by the council. Based on current patterns, there is a projected surplus for 2014/15. (-£62k)

5 Additional income to support the reablement service of £300k has been negotiated and received from the CCG.

6 Other variations within Small Day Services, Contracted Services, SHECs, Home Care Nights Service and staffing budgets contribute to a net projected underspend of £228k.

Directorate of Adult Social Care General (+£14k / 3.3%)

7 The projected variation is due to a small overspend on the directorate redundancy and early retirement budget, and a number of other minor pressures.

Further Action

8 The Adult Social Care Directorate Management Team are committed to doing all they can to try and contain expenditure within their budget for 2014/15 and reduce the projected overspend as far as possible by the year end. Dealing with the budget pressures is a standing item at DMT meetings with all options available to further mitigate the current overspend projection being explored, including consideration of the following:

- Continue to review the most expensive care packages, with a view to exploring all options for delivery of the required care at a lower cost.
- Review the level of, and secure additional, continuing health care contributions where appropriate.

- Continue the restrictions on all discretionary spend and hold recruitment to vacant posts wherever possible and safe to do so.
- Completing the Zero Based Budget Review.
- Completing the implementation of the improvements and actions set out in the recent Mazars report on adult social care budget management.

9 It is also important to recognise that many of the pressures identified for 2014/15, particularly within adult social care, are underlying and will continue into future years. This, compounded with the significant future implications of implementing the Care Act, mean that it is extremely important to ensure that the funding identified to protect adult social care within the Better Care Fund (BCF) is delivered. It is therefore important that the council works closely with health colleagues to ensure that we not only deliver on the BCF improvement plans but realise the monies to help support the sustainability of social care provision going forward.

Richard Hartle
Finance Manager
Adults, Children & Education
9 January 2015

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REF	WHAT SUCCESS WILL LOOK LIKE	ACTIONS THAT WILL DELIVER THIS RESULT	BY WHEN	BY WHOM	PROGRESS	DATE COMPLETE
B	Budget					
B1	There is a 2014/15 budget for adults that is clear and unambiguous	Review the existing budget and identify ambiguities	17 July 2014	Steve Tait with Kirsteen Murray/Guy Van Dichele	Completed	17 July 14
		Develop proposals for changes within current budget (allocation) and implement	31 July 2014	Steve Tait with Kirsteen Murray/Guy Van Dichele	Completed	31 July 14
B2	There is senior accountability for the 2014/15 adults budget within the department	2 new interim AD's have been appointed and have assumed budget management responsibility	31 July 2014	Kersten England/Paul Edmondson-Jones	Completed	
B3	There is a clear scheme of delegation for the 2014/15 adults budget	Review existing proposals, identifying any gaps and shortfalls	31 July 2014	Steve Tait with Kirsteen Murray/Guy Van Dichele	Completed	31 July 14
		Review staffing structures and responsibilities	31 July	Kirsteen Murray/Guy Van Dichele	Completed	31 July 14
		Complete and have approved a final scheme of delegation for 2014/15	15 Aug 2014	Steve Tait with Kirsteen Murray/Guy Van Dichele	Completed	31 Oct 14

		Incorporate budget management into performance objectives	29 Aug 2014	Kirsteen Murray/Guy Van Dichele	Incorporated at Group Manager level. Information not available in time to set objectives below that level within PDR's. Some budget lines are under-funded for 2014/15. Requires a different approach for these budget holders.	31 Oct 14
		Issue formal instruction to implement the new system.	29 Aug 2014	Paul Edmondson-Jones	Completed	31 Oct 14
B4	A zero-based adults budget is developed for 2015/16 plus an indicative base budget for 2016/17	Hold workshop with relevant staff from adults and from finance to develop updated budget categories for both income and expenditure items	15 Aug 2014	Kirsteen Murray/Guy Van Dichele with Richard Hartle and Steve Tait	Completed.	
		Using benchmarking information from comparator authorities develop a "best-value" budget for adults	22 Aug 2014	Will Boardman	Benchmarking data complete and fed into the indicative budget development	30 Nov 14
		Identify any essential movements of funding to support the CYC budget	29 Aug 2014	Richard Hartle/Kirsteen Murray/Guy Van Dichele	Completed.	30 Nov 14
B5	The proposed base budget for adults for 2015/16 is	Develop a strongly evidenced paper to support the 2015/16	12 Sep 2014	Richard Hartle/Kirsteen	Adults has developed a new budget	30 Nov 14

	agreed by CMT and Cabinet	budget submission		Murray/Guy Van Dichele	submission for 2015/16 and this is now being considered through the annual budget setting process.	
		Represent the adults budget to Council	26 Feb 2015	Guy Van Dichele	See above.	
B6	Financial balance is achieved in 2014/15 (the budget is not overspent)	Monitoring put in place through monthly finance clinics to quickly identify potential overspends and take corrective actions <i>See also savings programme below</i>	Mar 2015	Richard Hartle/Steve Tait with Kirsteen Murray/Guy Van Dichele	A comprehensive monthly budget monitoring process has been put in place within the directorate. The latest projection (Q3) shows a projected overspend of £0.5m for 2014/15, down from £1.4m at Q1.	Ongoing
S	Savings					
S1	There is a 2014/15 savings plan for adults that clearly identifies all savings activities and the in-year savings that each will generate	Review the Transformation Programme. Remove items that are BAU activity, transferring to in-year savings plan	31 July 2014	Richard Hartle with Kirsteen Murray/Guy Van Dichele	Completed	30 Sept
		Review existing savings plan (target £2.4M) for existing achievement (savings impacts carried forward from last financial	31 July 2014	Richard Hartle with Kirsteen Murray/Guy Van Dichele	Lead managers have been identified for all efficiency savings and the delivery plans are	On-going

		<p>year) plus viability/GAP analysis of in-year savings plan. Identify actions required to bring total plan back to £2.4M.</p> <p>Review current contracts for potential to make savings <i>during the life of existing contracts</i>. Add potential savings to in-year savings plan</p> <p>Review remaining £2.5M pressures and develop a departmental/corporate response</p>	<p>29 Aug 2014</p> <p>29 Aug 2014</p>	<p>Tracey Carter with Kirsteen Murray/Guy Van Dichele</p> <p>Richard Hartle with Kirsteen Murray/Guy Van Dichele</p>	<p>being reviewed on a regular basis. The latest position shows that the gap has been reduced to £0.4m of efficiency savings that are at risk of not being delivered in 2014/15.</p> <p>Completed.</p> <p>Additional corporate budget of £1.2m has now been allocated for 2014/15.</p> <p>Further Directorate savings and income of £0.8m have been identified to bring projected overspend down to £0.5m at Q3.</p>	<p>13 Sept</p> <p>On-going</p>
S2	<p>There is a 2015/16 and 2016/17 savings plan for adults that clearly identifies all savings activities and the savings they will generate; this to include all transformational savings</p>	<p>There is a clear overarching objective for the transformation programme</p> <p>Design a future Target Operating</p>	<p>31 July 2014</p> <p>17 Oct</p>	<p>Stewart Halliday with Kirsteen Murray/Guy Van Dichele</p> <p>Stewart</p>	<p>Completed</p> <p>Progress report to</p>	<p>Complete</p> <p>March 2015</p>

		Model for adults that will deliver the service within a base controllable (exc. recharges and capital financing charges) budget for 2015/16 of £44.0m (plus any growth funding allocated for 2015/16) and in 2016/17 for £42.0m (plus any growth funding allocated for 2015/16 and 2016/17).	2014	Halliday with Kirsteen Murray/Guy Van Dichele	Cabinet on 16 December with full business case to Cabinet in March 2015.	
		Develop an implementation plan for adults transformation that will generate £3.0M of savings	17 Oct 2014	Stewart Halliday with Kirsteen Murray/Guy Van Dichele	See above. Current estimate is for £1.3m saving in 2015/16 rising to £2.5m in 2016/17.	March 2015
S3	The 2014/15 savings target is delivered in full	Monitoring put in place through monthly finance clinics to quickly identify potential shortfalls and take corrective actions	30 June	Kirsteen Murray/Guy Van Dichele	A comprehensive monthly budget monitoring process has been put in place within the directorate. The latest position shows that the gap has been reduced to £0.4m of efficiency savings that are at risk of not being delivered in 2014/15.	On-going
P	Policies, procedures and processes					
P1	The IT/IM systems in place for the monitoring and	Current IT and IM systems have been reviewed and gaps identified.	12 Sep 2014	Steve Tait/Jean	The financial management system	30 Sept 14

	<p>management of the adults budget are robust. They satisfy the standards required by the Council and its auditors and meet the needs of the user group.</p>	<p>Specifically in relation to linkages between the adults system (Frameworki) and the general ledger, it has been identified which changes are mission-critical (Frameworki is due for replacement)</p> <p>Discussions have taken place with Frameworki provider and a business case prepared/agreed in respect of funding mission-critical systems changes</p>	<p>26 Sep 2014</p>	<p>Lewis with Kirsteen Murray/Guy Van Dichele</p> <p>Steve Tait/Jean Lewis with MIS Team & Guy Van Dichele</p>	<p>has been fully reviewed. For frameworki 3 outcomes have been identified.</p> <ul style="list-style-type: none"> • Budgets on the system. • Being able to see the immediate impact of commissioning decisions on the frameworki budgets. • Access to relevant management information data to aid budget management. <p>Budgets are now on frameworki. Further work may be required on the Impact of commissioning decisions as these can only currently be updated overnight, not immediately. In addition, MI data cannot be automatically extracted from frameworki and currently involves significant manual intervention to</p>	
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		All necessary IT/IM changes have been implemented	5 Dec 2014	Steve Tait/Jean Lewis/MI Team/ICT Team	produce. Any investment needs to be balanced against the fact that Frameworki is due for replacement. All identified financial management system changes have been implemented. For frameworki budgets have been added to the system and commissioning decisions are updated overnight. MI data is available but further work may be required – as above.	
		Training on the updated systems have been held and all relevant staff have attended training	19 Dec 2014	Steve Tait/Jean Lewis/Kirsteen Murray/Guy van Dichele	Now included in the overall budget manager training – see P2 below.	
P2	There is a full set of policies and procedures in place in respect of the management of the adults budget.	The current partial manual has been reviewed. Gaps have been identified and responsibilities assigned for completion	15 Aug 2014	Richard Hartle with Kirsteen Murray/Guy Van Dichele	Completed	19 Sep 14
		Work on the manual has been completed	19 Sep 2014	Jean Lewis	Completed	30 Nov 14

		Training on the content of the manual has been held and all relevant staff have attended training	31 Oct 2014	Steve Tait/Jean Lewis	In progress. Training is being organised to coincide with the development of the 2015/16 budget and the outcome of the Zero Based Budget Review. This will ensure that all managers are trained on the new manual and budget structure in time for the start of the 2015/16 financial year.	Jan 2015 – Mar 2015



Audit & Governance Committee11th February 2015

Report from the Director of Customer & Business Support Services

Local Government Association (LGA) Peer Review**Summary**

1. This report sets out the action plan that has been developed in response to the LGA Peer Review made at the request of council on 9th October 2014.
2. Audit & Governance Committee discussed the LGA Peer Review findings at its meeting on 10th December. A request was made for officers to draft an action plan for the committee and Group Leaders to consider.

Background

3. Council passed a motion on 9th October 2014 to request a review into a range of matters that had emerged from the development of an organisational development action plan. The LGA undertook a review and presented their early findings to Audit & Governance Committee on 10th December 2014. A written report was presented to committee on 7th January 2015. The report contained a range of recommendations to improve member/officer relationships. It was themed around a three-pronged approach:
 - RESET Behaviours
 - REAFFIRM and clarify rules, roles and expectations
 - REINFORCE the rules and behaviours
4. Audit & Governance Committee considered the report and recommendations and requested that a draft action plan be developed in response.

Action Plan

5. The proposed action plan is set out at Annex A. Group Leaders have already confirmed that they will form the cross party Group, providing leadership across the Council, to oversee member input into the development of protocols and charters. Audit & Governance Committee will oversee progress against the action plan and in particular, shape the proposals around council governance.
6. Subject to the views of Audit & Governance Committee, officers propose to develop a more detailed plan of actions and provide the committee with a quarterly review of the progress made.
7. Within the action plan at Annex A, it has been identified where the LGA recommendations also appear in either the earlier council peer review of 2013 or the council organisational diagnostic review in 2014. Members will note that there are recommendations that have appeared in more than one review.
8. For completeness, two further tables have been attached. At Annex B is the current CYC OD action plan that is being managed by the council's Rewiring Public Services Programme. At Annex C is a summary of the 2013 Peer Review and actions to date. Annexes B and C are included to provide assurance to the Committee that these recommendations are being taken forward, but these are not for detailed consideration by the Committee.

Implications

- (a) **Financial** – This report reflects upon the employer-employee relationship, with significant financial risks in the form of any potential claims by employees against the council. Costs of the LGA review will be met from council budgets.
- (b) **Human Resources (HR)** – This report reflects on the employer-employee relationship, with significant HR risks in the form of cost, disruption of the normal business of the council, and reputational damage.
- (c) **Equalities** – This report reflects on the employer-employee relationship and the requirement of all parties to operate

within the legal duties and policies of the council relating to Equality.

- (d) **Legal** – The employer-employee relationship is set down in employment legislation. Contravention of this would leave the council open to legal challenge.
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

Recommendations

Audit & Governance Committee are asked to –

- Consider Annex A and identify any further work that they wish to see commissioned.
- Note that it is proposed to provide an update on Annexes A, B and C at alternate Audit & Governance Committee Meetings during 15/16.

Reason: To ensure arrangements are in place to address the recommendations arising from the review.

Contact Details

Author: Chief Officer Responsible for the report: Ian Floyd Director of Customer & Business Support Services

Stewart Halliday
Assistant Director
Transformation & Change

**Report
Approved**



Date 2nd February
2015

Wards Affected: *List wards or tick box to indicate all*

All



For further information please contact the author of the report

Annexes

Annex A – Recommendations from the LGA Response to Council Motion of 9 October 2014

Annex B – Organisational Development Action Plan

Annex C – Feedback and recommendations from 2013 Peer Review

Annex A

Recommendations from the LGA Response to Council Motion of 9 October 2014

Annex A: LGA Response to Council Motion 9 October 2014

	Recommendation	LGA Review 2013	OD Review	ACTION	OWNER	What success looks like
	Re-set (1 – 3)					
1	All to commit to better ways of working and without any harking back to past issues.			Group leaders to take forward by end February 2015	Group Leaders	
2	A better sense of realism, a less sensitive approach and not such an intense interest in social media will pay dividends. <i>CYC OD Review – Staff & members identified that staff were being subjected to unfair criticism on social media.</i>		✓	Group leaders to take forward with Councillors by the end of February 2015. OCE to review Comms protocol by end February 2015	Group Leaders Head of CYC Comms	
3	Clarify the roles of members (and different roles of different members) and officers in the decision making process. This will include visible schemes of delegation.	✓	✓	Democratic services to reissue guidance and offer briefing sessions by end of March 2015	Group Leaders Monitoring Officer	A clear and unambiguous understanding amongst all members of the council’s decision making processes so that all can

Annex A: LGA Response to Council Motion 9 October 2014

	Recommendation	LGA Review 2013	OD Review	ACTION	OWNER	What success looks like
	<p><i>LGA 2013 Peer Review – backbenchers and opposition members do not feel informed or able to influence decision making</i></p> <p><i>CYC OD Review – Opposition members do not feel involved in decision making</i></p>					understand what role they will play in decision making.
	Re-affirm (4 – 10)					
4	Clarify rights to receive and access information. Ensure these are then consistently and routinely applied.			Audit & Governance Committee is receiving a report on 11 th February 2015 recommending revised access to information rules.	Monitoring Officer & Director of Customer & Business Support Services	Improved confidence from members that they are being given access to the information that they should.
5	Revise the media protocol.			OCE to take forward by end of February 2015	Head of CYC Comms & Assistant Director Transformation and Change	New Media Protocol reflecting recommendations of the LGA review.

Annex A: LGA Response to Council Motion 9 October 2014

	Recommendation	LGA Review 2013	OD Review	ACTION	OWNER	What success looks like
6	Clarify the Council's values and what they mean for members.			Group leaders to take forward by end of February 2015	Group Leaders	Improvement in behaviour, reduction in complaints by members about one and other. More collegiate approach where there is consensus.
7	Review the Member Code of Conduct and Member/Officer Protocol; including access to officers. <i>CYC OD Plan – There are issues with some member/officer relationships</i>		✓	The standards committee is considering this recommendation on 9 th February 2015 and a process and timetable for this review will be developed thereafter.	Monitoring Officer (supported by Director of Customer & Business Support Services, Chief Executive and Group Leaders)	Reduction in complaints by officers about member behaviour. Clear understanding of member and officer roles. Member enquiries in general are directed to chief officers and handled quickly.

Annex A: LGA Response to Council Motion 9 October 2014

	Recommendation	LGA Review 2013	OD Review	ACTION	OWNER	What success looks like
8	<p>Agree the appropriate support necessary for the role of members in their wards & neighbourhoods. Consider more-regular briefing for non-Cabinet members. Consider the re-introduction of a nominal budget for ward councillors. Consider the appropriate support for Overview and Scrutiny. Consider a more-effective mechanism for dealing with councillors' casework /surgeries. Agree routes for councillors to escalate concerns.</p> <p><i>LGA 2013 Review – Members want more support with their work and wish to review the way that neighbourhood work is supported.</i></p> <p><i>LGA 2013 Review – Scrutiny is not working.</i></p> <p><i>CYC OD Report – Members want better access to information and briefings.</i></p>	✓	✓	<p>Officers to work with Group leaders to establish options for providing further support.</p> <p>Regular opposition briefing sessions created. Briefing programme to be established.</p> <p>Review of the scrutiny function and how it can be supported.</p>	<p>Chief Executive, Director of Communities and Neighbourhoods to work with Group Leaders</p> <p>Chief Executive & OCE Team to work with Group Leaders</p> <p>Monitoring Officer & Director of Customer & Business Support Services to work with the Scrutiny Chair and Group Leaders</p>	<p>Members would feel better supported in their role and understand the key policies and work being undertaken across the council. Members would recognise that the scrutiny function adds value to the policy development at CYC.</p>

Annex A: LGA Response to Council Motion 9 October 2014

	Recommendation	LGA Review 2013	OD Review	ACTION	OWNER	What success looks like
9	<p>Take a look at the number of FOI requests and analyse why you are receiving them.</p> <p><i>LGA 2013 – Large number of FOIs from some members.</i></p> <p><i>OD Review – Number of FOIs from some members.</i></p>	✓	✓	Monitoring Officer. by end of March 2015 to provide a summary of the number of member FOIs and a protocol for reducing this (notwithstanding the fact that members are entitled to make FOI requests)	Monitoring Officer & Group Leaders	Members have the confidence to approach officers for the information they need knowing that it will be provided quickly.
10	Above recommendations 1 to 9 – establish a cross party group to review and develop protocols			Group Leaders have taken responsibility for this.	Group Leaders	Actions are completed.
	Reinforce (11- 16)					
11	Reinforce the new clarity over roles, decision making process, information, media use and values through Member training, with an expectation that all Members would attend.			CMT, Democratic Services and Group Leaders to collaborate on a programme and ensure that members attend.	CMT, Democratic Services, Group Leaders	Clear understanding of role.

Annex A: LGA Response to Council Motion 9 October 2014

	Recommendation	LGA Review 2013	OD Review	ACTION	OWNER	What success looks like
12	Those in leadership positions, particularly Group Leader and whips (where they exist) need to recognise their particular responsibility.			Group leaders to action	Group Leaders	All members to behave more respectfully to each other and to officers. Rules are followed and fewer complaints are made.
13	Senior officers being enabled and encouraged to pro-actively support members in enforcing the new standards and to step up to this role. <i>CYC OD Review – Member behaviour is not always appropriate.</i>		✓	CEX, Director of CBSS and Monitoring Officer to progress	Chief Executive	Reduction in complaints from staff about inappropriate behaviour from members.
14	For the Standards Committee to consider how to supplement the work of Group Leaders, whips and officers in enforcing behaviour, and also how to work			The Standards Committee is considering this recommendation at its meeting on 9 th February and will be asked how best to respond to it.	Director of CBSS, Monitoring Officer and Group Leaders.	Political groups maintain discipline within their own groups and Group

Annex A: LGA Response to Council Motion 9 October 2014

	Recommendation	LGA Review 2013	OD Review	ACTION	OWNER	What success looks like
	with members outside the influence of whips, such as Independent members. More generally for the Joint Standards Committee to review its way of working.					Leaders deal with issues at their own forum. Reduction in complaints to the Standards Board.
15	<p>Instigate more-regular meetings between Group Leaders where, amongst other issues, progress on some "non-political" issues for the City could be made in a collegiate way.</p> <p>Enable and encourage CYC members to visit other Councils to not only pick up ideas for policy and performance in York, but also to see what is normal in terms of governance and behaviour.</p>			Ongoing. A briefing programme has been established and visits will be made available after the 2015 local election. Action CEX Group leaders.	Chief Executive & Group Leaders	Improvement in member behaviour.

Annex A: LGA Response to Council Motion 9 October 2014

	Recommendation	LGA Review 2013	OD Review	ACTION	OWNER	What success looks like
16	To systematically log recommendations from the 2013 Corporate Peer Challenge, to bring them together into one document alongside (within) the Organisational Development Plan (or other overall improvement plan) and to add the recommendations from this review. Then to ensure they are acted on appropriately and that progress and impact is monitored by a nominated committee.			Ongoing. Updated plan scheduled for discussion at CMT and subsequently with A & G.	Assistant Director Transformation and Change to coordinate and responsibility with CMT & Group Leaders (where appropriate) to implement actions.	Council addresses all the recommendations of LGA Peer Reviews

Annex B

Organisational Development Action Plan 2014/15

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Articulating what the future looks like priorities to achieve this	CMT session to confirm the direction, priorities and expectations	17-Sep-14	Stewart Halliday	Consistent and realistic CMT view and a short presentation is developed to communicate agreed outcomes	Complete. The outcomes are being used to support the comms launch of the RPS programme
Articulating what the future looks like priorities to achieve this	CMT share the direction and priorities with CLG for cascade and discussion with teams and outline the role for CLG in the rewiring Programme. Provide resources for CLG to be able to communicate effectively.	26-Sep-14	Kersten England	All senior managers clearly understand the direction and their role in delivering priorities and can confidently communicate to staff and others	Complete. Senior Managers are expected to support the comms launch of the RPS and to continue to communicate key messages to staff. The need for effective staff communications was reinforced at the October From Service to City meeting when the 'Manager must do' document was launched.
Articulating what the future looks like priorities to achieve this	Dedicated team meetings to communicate the direction and priorities	03-Oct-14	CLG / HOS	Assurance from Directors that all teams have been engaged Feedback from every team	Underway. Communication of RPS with CMT for a cascaded launch.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Develop the culture needed to support the new way of working	Lead a small focus group from Staff Engagement Forum to summarise what a CYC person looks like (linked to behaviour standards) and use this to update the existing future culture statement and feed into the employment proposition	21-Nov-14	Linda How	Able to describe to behaviours and attributes we want to foster in CYC	Complete. Focus groups have taken place and the outputs being used to develop our behaviour standards, culture statement and employment proposition.
Develop the culture needed to support the new way of working	Staff Engagement Focus Group to present to final documents to CMT based on 'what a CYC person looks like'	05-Dec-14	Culture Focus Group	CMT agreement to communicate the behaviours and attributes we expect	Underway. Update to be provided at S2C and CMT on 27th January
Develop the culture needed to support the new way of working	Share the culture we want to encourage with CLG and Service to City Group for further cascade to all staff	19-Dec-14	CMT supported by Focus Group	Every employee understand what a CYC person looks like in terms of behaviours and attributes	Underway. Update to be provided at S2C and CMT on 27th January
Develop the culture needed to support the new way of working	Innovation network to develop and co-ordinate proposals for injecting creativity and innovation into the workplace	19-Dec-14	Ian Graham	CMT agree proposals and actions to encourage and enabling staff	Underway. Innovation network established.
Develop the culture needed to support the new way of working	Marketing campaign to support the launch of the culture and new way of working	19-Dec-14	Stuart Goulden	People feel informed through a range of targeted campaigns	Complete. Marketing approach for RPS agreed by CMT. Rewiring blog launched in December 2014.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Embed the culture needed to support the new way of working	Use the culture statement, CYC person description and Leadership Framework to update the Employment Proposition to be used as part of the recruitment process	27-Feb-15	Tracy Walters	Strong brand articulated that attracts high calibre candidates	Underway. Will follow on from CMT / CLG discussions and launch. New e-recruitment system due to launch in April 2015 and all potential candidates applying for a role in CYC will have an understanding of our aims, the employment proposition and culture. Initial rebranding content written by 23rd January for new intranet.
Embed the culture needed to support the new way of working	Refresh the EXtra Factor Award scheme so that we encourage the behaviours and attitudes that support our new way of working	27-Feb-15	Tracy Walters	Celebrate where good behaviours and attitudes are demonstrated	Underway. Review of 2014 eXtra factor awards due to take place, to support the planning for the 2015 event.
Embed the culture needed to support the new way of working	Review the Behaviour Standards to align with the agreed culture statement	27-Feb-15	Tracy Walters	Behaviour standards completely support culture and new way of working	This is done
Embed the culture needed to support the new way of working	Develop and publicise the CYC commissioning approach working with managers to understand the impact on their team	31-Mar-15	Tracey Carter	Clear understanding of what commissioning means in CYC and options for service delivery	TBC

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Embed the culture needed to support the new way of working	Refresh the staff Recognition and Rewards Scheme including benefits, rewards, salary sacrifice scheme etc	30-Apr-15	Mark Bennett	Staff feel healthy and supported to give their best	Underway. New salary sacrifice schemes for car leasing and IT equipment launched. Scheme for discounted train season tickets to launch in February and L&D salary scheme in development.
Embed the culture needed to support the new way of working	Volunteer group to identify additional ways to embed the new culture to foster innovation, collaboration, commercial etc	30-Jun-15	Stewart Halliday	Clear plan of actions presented to CMT	In development. There have already been a number of events which have a focus on developing commerciality and innovation.
Ensuring a consistently excellent level of service for residents and customers	Work with all areas of CYC to improve the approach to delivering customer service	31-Dec-15	Eilidh Carricker	Recognised as an excellent organisation through accreditation in customer service for CYC	Underway. Customer service excellence group established and mock inspection has taken place with good results. Formal accreditation for most services will take place in 2015.
Identifying and developing skills to build the capacity, capability and confidence	Launch the Community Engagement Approach, supporting guidance and tools and training to explain the new way of working	19-Sep-14	Mary Bailey	All staff feel confident and skilled to engage well with residents and communities	Underway. Community engagement events have taken place for all workstreams in the RPS programme; tools have been developed to support these events.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Introducing a sustained approach to engaging with managers, staff, and partners	Introduce a formal communications cascade (as part of Back to Basics) through team meetings that provides information, shares good news, celebrates success and elicits feedback	30-Sep-14	Leona Marshall	A formal approach to communications is established, implemented and monitored	Underway. Marketing and comms plan approved by CMT and proposals are in development for more effective communications and engagement, using the new intranet which will allow more targeted communications which can then be monitored.
Introducing a sustained approach to engaging with managers, staff, and partners	Put the Rewiring Communications marketing plan into action working with a group of staff volunteers to generate ideas for celebrate success, sharing progress and publicising events	30-Sep-14	Stuart Goulden	People feel informed and part of Team York through a range of targeted campaigns	Underway. Marketing and comms plan approved by CMT and proposals are in development for a more effective communications and engagement.
Introducing a sustained approach to engaging with managers, staff, and partners	Identify specific actions related to each Directorate that will help engage teams and embed the required culture	30-Oct-14	CMT	Each Director has a clear plan to support the corporate OD plan	In development.
Introducing a sustained approach to engaging with managers, staff, and partners	Continue to involve staff in designing the new internal website	30-Oct-14	Eilidh Carricker	A fit for purpose website that is easy to navigate	Underway. Staff involvement will continue until launch of website.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Introducing a sustained approach to engaging with managers, staff, and partners	Launch event led by Kersten to begin to involve the pool of willing volunteers in helping to design and deliver transformation	30-Oct-14	Mark Bennett	Staff feel involved and are assigned to particular focus groups or areas of transformation	Not started. Proposal needs to be developed to take to CMT. Innovation network is established and this group is looking at service transformation and may be possible to build onto this.
Introducing a sustained approach to engaging with managers, staff, and partners	Plan a series of Service to City events to engage HOS in the Rewiring Programme	30-Oct-14	Nigel Burchell	HOS feel that they are influencing transformation	Complete. 2015 plan of Service to City events agreed in December 2014.
Introducing a sustained approach to engaging with managers, staff, and partners	Staff Engagement Sessions (Together we can achieve great things) to reinforce the focus on community engagement, why we need to change and seek input to improve staff engagement	30-Oct-14	Stewart Halliday	All employees have attended the session and had an opportunity to put forward ideas. Also list of people who want to get involved	Underway. Communication of RPS with CMT for a cascaded launch. All staff are expected to attend an event and the engagement with staff to be interactive.
Introducing a sustained approach to engaging with managers, staff, and partners	Introduce quarterly Director's Road Shows open to everyone to update and engage with staff. All Directors to be involved.	12-Dec-14	CMT	Visible leadership and engagement and improved communications	Underway. Engagement sessions to be co-ordinated by WDU.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Introducing a sustained approach to engaging with managers, staff, and partners	Provide on-line managers toolkit for managers to encourage engagement	12-Dec-14	Tracy Walters	Managers feel confident in engaging with staff and can see the real results	Underway. First draft of toolkit shared for comment.
Continue the sustained approach to engaging with managers, staff, and partners	Introduce 'Back to the Floor' sessions for Directors to work with teams delivering front-line services in a different Directorate. At least one day per Director a year to be spent out with staff	30-Apr-15	Will Boardman	Directors report back to CMT on the experience, learning and improvements to be made. Article to publicise this with staff	TBC
Continue the sustained approach to engaging with managers, staff, and partners	Staff Group to continue working with Stuart to identify and propose new and innovative ways of communicating internally	Ongoing	Stuart Goulden	A co-ordinated approach that helps people feel engaged and curious to learn more	TBC
Continue the sustained approach to engaging with managers, staff, and partners	Continue Staff Engagement Forums with a planned programme of interventions	Ongoing	Tracy Walters	Staff feel involved in influencing change and designing improvements	Underway. Regular staff engagement events have taken place.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Introducing a sustained approach to engaging with managers, staff, and partners	Document the 'Back to Basics' expectations of managers and staff in CYC as proposed by CMT	12-Sep-14	Emma Hardy	Clear, coherent articulation of expectations in hard copy and on-line	Complete. Still requires further communication with staff in CYC.
Introducing a sustained approach to engaging with managers, staff, and partners	ADs communicate expectations of managers through team meeting. This will be reinforced with a range of marketing materials	26-Sep-14	CLG Stuart Goulden	All employees understand what they can expect from managers and their role in supporting this	Complete. Agreed as part of the marketing and communication plan and AD's to be responsible for cascade of communications.
Introducing a sustained approach to engaging with managers, staff, and partners	Communicate CMT's expectations to CLG at the same event to communicate direction and priorities	26-Sep-14	CMT	All senior managers understand the expectations and are able to confidently communicate these to staff	Underway. Agreed as part of the marketing and communication plan and AD's to be responsible for cascade of communications.
Setting the benchmark for individual and collective leadership	Work with Ruth Kennedy to scope a short programme of development for CLG based on System Leadership theory	30-Sep-14	Jon Stonehouse / Stewart Halliday	A relevant and aligned development programme that inspires, challenges and provokes change in behaviour	Underway. The development of the programme will be complete in January and will commence in February.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Setting the benchmark for individual and collective leadership	Develop the CYC Leadership Framework	19-Dec-14	Tracy Walters / Nigel Burchell	Clarity what leadership means in CYC and levels of leadership	Underway. Initial proposals to be discussed with CMT end of January 2015 and S2C in March 2015.
Building the confidence and capability of Members	Identify leadership skills needed by Members to strengthen their role in embedding neighbourhood engagement	16-Jan-15	Mary Bailey	Members are champions of the new way of working and focused on engagement	Underway. Member briefings with all parties have taken place.
Setting the benchmark for individual and collective leadership	Ruth Kennedy to deliver a series of interactive system leadership sessions to CLG	28-Feb-15	Stewart Halliday	Strengthen CLG leadership skills and ability to operate as system leaders	In development. Will follow the launch of the leadership programme.
Building the confidence and capability of Members	Hold a follow-up session with Members to continue to build a strong relationship and accountability that supports the transformation of services	31-Mar-15	CMT	Aligned thinking and action that supports the priorities Political accountability and confidence	
Demonstrating strong authentic leadership	Identify key performance aspects of business that CMT need to have greater transparency on (for example completion of PDR, sick absence levels)	30-Apr-15	Stewart Halliday	CMT can collectively direct action where needed and build accountability	Underway. Workforce Equality Score Card is produced for CMT.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Demonstrating strong authentic leadership	Determine and implement a mechanism for providing timely performance information to CMT about key aspects of business	29-May-15	Mark Bennett	Give assurance to CMT that performance is being managed well	Underway. HR MI digest presented to CMT each quarter.
Building a cadre of strong and confident leaders	Develop the CYC Leadership Development Programme (This may require a staff or financial resource)	30-Jun-15	Tracy Walters / Nigel Burchell	HOS feel confident and involved leaders who are able to influence CMT	Not started. Will need to meet needs of CYC Leadership framework once agreed. Will need to agree level and source of funding.
Building the confidence and capability of Members	Develop and launch a range of learning and development activities to support leadership development of Members	31-Jul-15	Mary Bailey	Members are confident and skilled in their role as Champions of the new way of working	Not started.
Supporting managers and staff to embrace and drive change	Develop a package of support for staff going through change and managers supporting staff through change; including resilience and outplacement support	30-Sep-14	Nigel Burchell	People feel personally supported and able to make informed decisions about their future	Complete. Support through change programme has been introduced and is well attended and well received by those who attend.
Identifying and developing skills to build the capacity, capability and confidence	Finalise and publicise the Learning and Development offer to CYC workforce	30-Sep-14	Nigel Burchell	Staff are able to develop skills and feel they have the tools to do the job	Complete. L&D prospectus issued.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Identifying and developing skills to build the capacity, capability and confidence	Develop a Skills Audit tool that can be used by WDU and managers to identify any skills gap	28-Nov-14	Nigel Burchell	A simple tool is implemented that supports managers to target learning and development	Underway.
Inspiring and developing talented individuals	Succession planning session with CMT	13-Mar-15	Tracy Walters	CMT understand succession planning and are able to identify the critical roles	Underway. Proposals for identification of critical roles to support succession planning going to CMT on 27th Feb. Incorporating feedback from HRBPs. Phase 2 succession planning booked with CMT for 1st April.
Continue to identify and develop skills to build the capacity, capability and confidence	Understand and document the project management framework in CYC (Stages in project management, approach to risk, benefits realisation etc)	10-Apr-15	Stewart Halliday	A simple and clear project management framework launched	In development.
Inspiring and developing talented individuals	Develop and launch a succession plan to identify a process to protect critical role and sustain the business	30-Apr-15	Tracy Walters	A planned approach is publicised and implemented to support CMT	Underway. Proposals for identification of critical roles to support succession planning going to CMT on 27th Feb. Incorporating feedback from HRBPs. Phase 2 - succession planning booked with CMT for 1st April.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Give managers and staff confidence in the HR policy and processes	Work with a group of volunteers to streamline the recruitment process so that it is effective for managers, adopts HR best practice (including job specs and competency based recruiting) and recruits the right people in a timely and fair way	29-May-15	Mark Bennett	Managers have confidence in an efficient and effective recruitment process	Underway. Some changes will be made to the recruitment information candidates will see when applying for roles in CYC. Work not started on a competency based recruitment process.
Continue to identify and develop skills to build the capacity, capability and confidence	Develop and launch a practical one-day project management course linked on CYC project management framework	29-May-15	Nigel Burchell	Staff are confident in managing projects or being involved in a project	Underway. Introduction to Project Management now available via Learning Prospectus. Need to respond to further need once CYC project management framework finalised.
Continue to identify and develop skills to build the capacity, capability and confidence	Develop and launch a programme of interventions to support the commissioning approach beginning with building commercial awareness and skills	29-May-15	Nigel Burchell	Managers confident in understanding and influencing the marketplace	Underway. Developing Commercial Acumen course available via CYC Learning Prospectus.

Annex B: CYC Organisational Development Action Plan 2014/15

Identified Need	Action	By when	Lead	Outcome	January 2015 Update
Supporting managers and staff to embrace and drive change	Develop an on-line Change Management Toolkit linked to the CYC stages of project management	29-May-15	Nigel Burchell	Managers feel more confident and supported in helping people through change	Underway. Developing Commercial Acumen course available via CYC Learning Prospectus.
Give managers and staff confidence in the HR policy and processes	Work with managers to identify additional resources or support needed to help them manage poor performance. Review current processes where necessary	29-May-15	Tracy Walters / Mark Bennett	Managers can confidently manage poor performance in line with policy	Not started.
Inspiring and developing talented individuals	Develop and launch a 'Rising Stars' programme for high performers	30-Jun-15	Tracy Walters / Nigel Burchell	Individuals feel inspired and are able to progress in CYC	Underway. Programme has been developed and agreed by CMT for the first cohort of staff who were identified as high performers. Learning partner to be selected by end of January.

Annex C

Feedback and Recommendations from the 2013 Peer Review

Annex C: Feedback and Recommendations from the 2013 Peer Review

	2013 Peer Review Comment	Recommended (if appropriate) / suggested	2013 Cabinet Paper Action Plan	Update
Local context and priority setting	<p>Although the Council Plan is a 4 year corporate strategy, it should be reviewed to ensure that it remains relevant and deliverable.</p> <p>Staff do not yet see the council priorities as shaping their day job</p> <p>Economic growth priority is clear but type of growth is not articulated</p>			<p>Service Planning completely overhauled during 2013 and 2014 to align work to council priorities. Performance scorecards built around council plan outcomes and reporting process improved in terms of frequency and clarity of outcomes.</p> <p>Policy and Performance teams consolidated to improve policy making and improved visibility of outcomes against Council priorities.</p> <p>Priority Boards established to ensure that that coherent work programmes are in place to deliver priorities.</p> <p>Extensive HR programme in place to deliver the core competencies. In addition an OD programme was initiated in October 2014.</p>

Annex C: Feedback and Recommendations from the 2013 Peer Review

	2013 Peer Review Comment	Recommended (if appropriate) / suggested	2013 Cabinet Paper Action Plan	Update
	<p>Appears to be little alignment between areas which are considered a council priority and where budget cuts are made (e.g. budget cuts are being made to high priority areas)</p>	<p>Recommended that as well as better aligning priorities and budgets, the current year should be reviewed so budget impact on longer term ambitions for co-delivery of services can be determined</p>	<p>Budget process needs to be realigned to ensure that we are able to meet the challenging budget reductions and continue to invest in priority areas</p> <p>In the future CYC will adopt a three way approach to</p>	<p>Internal comms programme launched to improve understanding of council objectives.</p> <p>Service to City Programme established to improve leadership skills but also understanding of the council priorities and dependencies across them.</p> <p>Create Jobs and Growing the Economy Board has defined what is meant by 'good growth' and there is buy in to this from the York Economic Partnership.</p> <p>Budget consultation process has improved in terms of reach and scale and key priorities such as Adult Social Care have received growth and protection from pro rata budget reductions.</p> <p>MTFS was agreed by Members in 2014 and will be discussed and</p>

Annex C: Feedback and Recommendations from the 2013 Peer Review

	2013 Peer Review Comment	Recommended (if appropriate) / suggested	2013 Cabinet Paper Action Plan	Update
	<p>Does the Council's medium term financial strategy actually support the amount of priorities the Council has?</p> <p>Council plan: Adult social care is a major priority for the budget but the assurance on transformation plans, quality and safety of care need to be planned for</p>	<p>Suggested that broader understanding of the challenges & complexities around Health and Adult social care was needed so that it wasn't regarded as departmental but as corporate and a council-wide issue</p>	<p>balancing the budget: Council Wide Efficiency Targets, Priority Based Budgeting and the Transformation Programme.</p> <p>The council objective will be to secure excellent outcomes for the more vulnerable of the city. The council will continue to invest in initiatives that deliver quality services for those individuals.</p>	<p>considered in 2015.</p> <p>Capital Asset Board established to bring improved focus to the use of assets.</p> <p>Mazars review of Adult Social Care has been the catalyst for ensuring that there is a council wide approach to resolving the challenges the service faces. Support is being drawn from across the council to support the service.</p> <p>Health & Wellbeing Board is delivering a collaborative approach to health and social care in the city. The Joint Delivery Group is testing a number of improved delivery models. This group is also identifying the opportunities for wider integration</p>

Annex C: Feedback and Recommendations from the 2013 Peer Review

	2013 Peer Review Comment	Recommended (if appropriate) / suggested	2013 Cabinet Paper Action Plan	Update
	Lack of a council-wide approach to change and transformation			<p>Transformation Programme; Rewiring Public Services created. Key work: Adult Social Care, Children, Place Based Services, Corporate Consolidation. Standardised methodology and approach to change management agreed.</p> <p>LCR/North Yorks LEPs. Strong alliances aimed at securing central government funding to secure the key infrastructure the city needs.</p>
Financial planning and viability	<p>Evidence of financial stability but no evidence of a strategic financial plan that grounds income and efficiency over the medium term in order to fulfil ambitions</p> <p>Transformation capacity seems patchy and project specific, a stronger corporate / programme approach needed.</p>		<p>The Transformation Programme aims to recover its costs from better service efficiency and approval is sought to use the DIF and Venture Fund to finance the programme on a full repayment basis.</p> <p>A more detailed initiation document brought to</p>	<p>Rewiring Programme has identified models of service delivery that provide the council with some options around more sustainable service delivery models.</p> <p>The MTFS is being reviewed.</p> <p>New service delivery models are in place for libraries and warden call. Other traded models are being considered by services.</p>

Annex C: Feedback and Recommendations from the 2013 Peer Review

	2013 Peer Review Comment	Recommended (if appropriate) / suggested	2013 Cabinet Paper Action Plan	Update
			Cabinet in November 2013 where it is proposed that the programme will start with the following projects: Health & Adult Social Care, Hazel Court Based Services and Business Efficiency.	<p>Commercial Awareness courses being delivered to enable managers to explore the benefits of alternative service delivery models outside of the council organisation.</p> <p>CMT driving the corporate transformation agenda. Strong progress in terms of place based and children's services. Adult Social Care moving towards a commissioning organisation. Local Plan offers potential to provide the council with increased revenue through council tax and business rates.</p>
Political and managerial leadership	The number of priorities can result in stretched officer capacity		Examination of how the council can organise itself to best deliver its priorities.	Improved service planning and creation of priority boards allows the council to identify and focus on key priorities.

Annex C: Feedback and Recommendations from the 2013 Peer Review

	2013 Peer Review Comment	Recommended (if appropriate) / suggested	2013 Cabinet Paper Action Plan	Update
	<p>Cabinet and CMT need to address the perception among backbenchers, opposition members and communities that they are not informed or able to influence decision making</p>		<p>A broad ‘conversation’ will be started with residents to determine how we capture what matters to them and shape the way we engage with them in the future.</p> <p>Residents have to be involved on equal footing so that trust can be built and community capacity unlocked.</p> <p>CMT, the Council Leader and Cabinet members will hold a meeting in every ward in the city to give residents the opportunity to discuss what matters to them and their communities.</p>	<p>Continued development of staff and particularly managers through workforce development and service to city programme.</p> <p>Continuing work with the voluntary sector and partners in the city.</p> <p>Community conversation programme established with an opportunity for residents to be more engaged.</p>

Annex C: Feedback and Recommendations from the 2013 Peer Review

	2013 Peer Review Comment	Recommended (if appropriate) / suggested	2013 Cabinet Paper Action Plan	Update
	<p>Review overview and Scrutiny's role in supporting policy development</p> <p>Cabinet and CMT need to understand their roles and what their contribution is when delivering the council's responsibilities</p>	<p>They should be prepared to do things differently, moving away from traditional solutions to embrace new and untested ways of working</p>	<p>Approval sought to delegate responsibility to the chief executive to bring forward proposals to restructure the council's management team in a way that will support the delivery of future services</p>	<p>Officer support to scrutiny has increased and the new chair has established a broad work programme for 2014/15</p> <p>CMT and Cabinet continue to meet regularly to discuss the implementation of Cabinet and Council priorities</p>
Governance and decision making	<p>Neighbourhood governance models are not clear or widely understood</p>			<p>Recognition that the model of engagement needs to be reviewed. Consultation underway to determine how best that can be done.</p> <p>New Engagement methodology is being tested by the Rewiring Programme. Also a community hub project has developed to test how groups and communities can be supported to work together.</p>

Annex C: Feedback and Recommendations from the 2013 Peer Review

	2013 Peer Review Comment	Recommended (if appropriate) / suggested	2013 Cabinet Paper Action Plan	Update
	<p>Scrutiny is under-developed</p> <p>Council needs to further develop its approach to measuring and demonstrating success and performance against its ambition for the city</p> <p>The need to balance the budget has led to cuts in traditional neighbourhood service areas as finances are more stretched (e.g. in management, play development, community development)</p>	<p>The council's approach to the transfer of assets to communities needs further development so that stakeholders and staff have a better understanding of what it means and how it will work</p>	<p>We will work with group leaders to determine what can be done to give confidence to residents that members from all parties are participating in a process to help shape and challenge council performance and the development of policy.</p>	<p>The performance function has been overhauled during 2013 and the creation of the data warehouse project in 2014 offers further opportunity for transparency. A new performance report has been developed specifically for residents called the 'York Monitor'. Work is ongoing to update ward profiles to provide more information on the impact of the council's work across the city. These are due to be published in March 2015.</p> <p>The budget process is seeking to protect those areas considered a key priority for residents but further work will be done.</p> <p>As part of the Re-wiring Programme, there is a specific project looking to transfer assets to the voluntary sector to enable</p>

Annex C: Feedback and Recommendations from the 2013 Peer Review

	2013 Peer Review Comment	Recommended (if appropriate) / suggested	2013 Cabinet Paper Action Plan	Update
				mental health charities to increase the work that they undertake. Additionally work is taking place to encourage all community centres to transfer to community ownership.
Being a responsive and innovative organisation	Balance innovation and capacity to deliver as capacity seems over stretched		CYC intends to consolidate and streamline the phone, email and internet customer contact points and systems to ensure that constant, timely and effective access to services and information is provided. Plans to develop phone apps and 'do it online services' will be accelerated. Data needs to be accessed easily on the website so the Freedom of Information Request pages will be updated before 1 st January 2014.	<p>The council plans from April 2015 to implement new Customer Services processes. There will be an overhaul of the web and online services.</p> <p>Many of the techniques and systems used by the councils Innovation team are being cascaded to all staff to encourage more modernisation of services.</p>

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Audit and Governance Committee

11th February 2015

Report of the Monitoring Officer

Proposed Governance Changes by Opposition Groups

Summary

1. Following the move of City of York Council into no overall control, the Opposition Groups and Independent Members submitted a set of governance changes to be considered.
2. This list of 13 changes was presented to officers, and consulted upon as part of the opposition briefing sessions.
3. The members of the opposition briefing session requested a paper be prepared in light of feedback from officers to take to Audit & Governance.

Background

The Opposition members presented a list of 13 actions containing governance changes to way the council operates, which were given to officers and discussed at the first Opposition Briefing on the 12th November. The actions were as follows:

1. *“An end to Cabinet Member behind-closed-doors decision sessions – all reports to be published in advance, a date set for meetings (not a one month window) and residents should be able to feed into the decision process.*
2. *The limit for delegated powers for officer decisions to be reduced from £500k to £250k immediately.*
3. *Democratic Services - All WYCA, LEP, NYLEP, York WOW and other relevant outside body meetings and papers to be included in the council timetable/added to the ModGov system*
4. *Communications - all press releases and communications activities to be returned to a less political system whereby group leaders see all press releases/briefings on an embargoed basis before they are sent to the*

media so that they have time to digest and consider the issue prior to any media enquiry

5. *All reports to all committees to be written and presented by officers. All reports must have clear officer recommendations, cost implications and a timetabled implementation plan and report back to committee schedule.*
6. *Confidential 'salmon paper' content should be kept to a minimum with a clear explanation of why it is confidential and when it can be made public.*
7. *A common methodology is prepared for all consultations. The results of public consultations to published in full (information redacted where necessary to protect privacy), including recently conducted consultations on children's centres and Castlegate.*
8. *All complaints performance statistics (by department) to be submitted to Audit & Governance Committee quarterly as well as all other external performance reports (e.g. LGO, ICO) and FOI performance and, where possible, uploaded to the council website.*
9. *Travel and Appointments - all member/officer international travel and all appointments (including appointing interims) Grade 12 and above to be overseen through the cross-party Staffing & Urgency Committee. Unless in exceptional circumstance when an engagement is at short notice merely the emailed consent of group leaders.*
10. *In light of upcoming changes to Full Council ensure that a process exists for opposition councillors to ask Cabinet Members written questions with a suitable time limit for replies and that there is a fairer distribution of motions.*
11. *Officers to investigate the structure of the council post 2015 and present an all options paper to group leaders and Full Council.*
12. *Opposition councillors call on the Cabinet to respect the views of the resolutions passed at CSMC Call-In meetings.*
13. *Opposition group leaders and representatives are consulted on the forward plan and unless if an emergency any items not on it should not later be added."*

Following consultation with members at the Opposition Briefing, members asked that the actions that required the Leader's approval were taken to Group Leaders on the 14th January. Following this discussion Group Leaders requested a paper be prepared for Audit & Governance on the proposed changes and the Leader's response.

Consultation

4. The Opposition Groups held discussions with officers as part of their opposition briefings.

Options

5. Not relevant for the purpose of the report.

Analysis

1. *“An end to Cabinet Member behind-closed-doors decision sessions – all reports to be published in advance, a date set for meetings (not a one month window) and residents should be able to feed into the decision process.”*

The Leader has agreed to end private Cabinet Member Decision Sessions.

2. *“The limit for delegated powers for officer decisions to be reduced from £500k to £250k immediately.”*

The Leader has agreed. The existing rules which apply to executive decisions involving expenditure over £500K will now apply to decisions at the lower threshold.

3. *“Democratic Services - All WYCA, LEP, NYLEP, York WOW and other relevant outside body meetings and papers to be included in the council timetable/added to the ModGov system”*

Additional links have been provided to websites of external partners for agenda & documents

4. *Communications - all press releases and communications activities to be returned to a less political system whereby group leaders see all press releases/briefings on an embargoed basis before they are sent to the media so that they have time to digest and consider the issue prior to any media enquiry*

Press Releases are now circulated to Group Leaders in advance where possible, and are always circulated to Group Leaders at the latest concurrently with release to the media.

5. *All reports to all committees to be written and presented by officers. All reports must have clear officer recommendations, cost implications and a timetabled implementation plan and report back to committee schedule.*

The Leader has determined all reports written by officers are to be written in their name. When a Member submits their own report e.g. to a Scrutiny

Committee or Council that will continue to be presented by and in the name of the Member.

6. *Confidential 'salmon paper' content should be kept to a minimum with a clear explanation of why it is confidential and when it can be made public.*

In light of the recommendations of the LGA review the Chief Executive is to commission an internal review of levels of usage of confidential paper.

7. *A common methodology is prepared for all consultations. The results of public consultations to published in full (information redacted where necessary to protect privacy), including recently conducted consultations on children's centres and Castlegate.*

Staff are currently receiving training on the new methodology. This will be rolled out as part of the consultation on the 2 latest rewiring programs.

8. *All complaints performance statistics (by department) to be submitted to Audit & Governance Committee quarterly as well as all other external performance reports (e.g. LGO, ICO) and FOI performance and, where possible, uploaded to the council website.*

This is already done through the monitoring reports which go to Audit & Governance Committee.

9. *Travel and Appointments - all member/officer international travel and all appointments (including appointing interims) Grade 12 and above to be overseen through the cross-party Staffing & Urgency Committee. Unless in exceptional circumstance when an engagement is at short notice merely the emailed consent of group leaders.*

The Chief Executive has spoken to the Chair of Staffing & Urgency and confirmed a quarterly report will be taken on travel. This is already published on the council's website (also quarterly). Staffing & Urgency already has oversight over all Chief Officer appointments. By law, it cannot be involved in appointments below Chief Officer level.

10. *In light of upcoming changes to Full Council ensure that a process exists for opposition councillors to ask Cabinet Members written questions with a suitable time limit for replies and that there is a fairer distribution of motions.*

The Leader is happy to discuss with other Group Leaders how such a system may be implemented and the issue will be placed on the agenda for their next meeting.

11. *Officers to investigate the structure of the council post 2015 and present an all options paper to group leaders and Full Council.*

A paper on alternate structures has been presented to the Opposition Briefing members to discuss.

12. *Opposition councillors call on the Cabinet to respect the views of the resolutions passed at CSMC Call-In meetings.*

The scrutiny system operates within the legal framework. It would be unlawful for Cabinet to adopt the practice of simply following the recommendations of CSMC.

13. *Opposition group leaders and representatives are consulted on the forward plan and unless if an emergency any items not on it should not later be added.*

The Council exceeds transparency requirements by publishing a forward plan containing both key and non key decisions. Urgent business is only added to the plan in accordance with legal requirements.

Council Plan

6. This report contributes to the overall effectiveness of the council's governance and assurance arrangements contributing to an 'Effective Organisation'.

Implications

7.
 - (a) **Financial** – At this stage there are no known financial implications. Changes to the Council's structure in the future may have financial implications which would have to be taken into account in considering the options.
 - (b) **Human Resources (HR)** – There are no implications
 - (c) **Equalities** – There are no implications
 - (d) **Legal** – Minor constitutional changes will be required to reflect the change in thresholds for executive decisions made by Officers.
 - (e) **Crime and Disorder** - There are no implications
 - (f) **Information Technology (IT)** - There are no implications

(g)**Property** - There are no implications

Risk Management

- 8. Officers have given advice on how these changes can be implemented in law. Any subsequent proposals to address these changes contrary to officer advice may put the council at risk.

Recommendations

- 9. The Committee to take note of and discuss the proposed changes, the advice from officers, and the Leader's response.

Reason: To ensure Members are aware of the proposed changes and the Leader's response.

Contact Details

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**Report
Approved**



Date 02/12/2014

Specialist Implications Officers

Assistant Director Governance and ICT

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers:

None



Audit and Governance Committee

11th February 2015

Report of the Monitoring Officer

Contract Procedure Rules

Summary

1. This report invites Members to make recommendations to Council in relation to constitutional changes regarding the Contract Procedure Rules.

Background

2. The Contract Procedure Rules are one of the key controls which the Council has in place to ensure that procurement activity within the council is effective and lawful. The Rules aim to ensure that:
 - The Council secures the best possible value for money
 - The Authority acts fairly in giving interested parties an opportunity to tender on equal terms
 - UK and European legislative requirements are met
 - There are proper safeguards in place to protect both the council and its employees
 - Procurement decisions are made in accordance with the wider requirements of the Council's Constitution and Council policy.

Analysis

3. A draft of the new Rules appears as an Annex to this report. These new Rules, while having significant similarities with the current Rules, represent a substantial redrafting exercise. There has been substantial rewording and reordering to aid clarity. In addition there have been changes of substance. Of these the most significant are:

- Various rules have been updated to reflect the fact that the Council now uses an electronic contract management system, YORtender.
- New overarching principles have been included with which all procurement procedures and every contract must comply (Rule 1).
- The respective responsibilities of Authorised Officers managing procurements and Chief Officers are clearly defined (Rule 2).
- More detail on decision making processes has been included and reference made to the lowering of the financial threshold for decisions made by Officers (Rule 7).
- Rules relating to lists of approved lists which suppliers could apply to join and from which tenderers could be selected have been removed and replaced by more detailed rules on framework agreements. Under these arrangements contractors are selected following a full procurement process and orders are made in accordance with terms established through that process. The new Rules give more details of when orders can be made directly and when there may be a need for a further mini-competition process. (Rule 8).
- Financial thresholds (where quotations or written tenders must be invited) have been altered to between £5,000 and £100,000 and over £100,000 respectively. Under the existing Rules the upper limit for quotations is £139,000. (Rule 9)
- Where procurements have a value in excess of £100,000, the number of potential providers who should be invited to submit tenders has been increased from three to four. (Rule 9)
- The criteria for awarding contracts has been altered to reflect changes proposed by the new Public Procurement Directive. This represents a move away from allowing higher

value contracts to be awarded on the basis of price alone and puts a greater emphasis on whole life costs. The option to award on the basis of (whole life) costs and quality remains (Rule 11).

- Detailed rules on the content of contract documents have been removed and replaced with a requirement that contracts must be approved by Legal Services. Lower value contracts may though be entered where appropriate using a purchase order and the Council's standard terms and conditions. (Rule 20)
- New rules detailing when contract extensions and variations are permitted have been included (Rule 21).
- Officers will be required to consult with Legal Services before terminating a contract. Termination must be authorised by the relevant Chief Officer through a Delegated Decision. (Rule 22)
- More detail has been included on when the Rules can be waived and the process to be followed (Rule 28).

Council Plan

4. The Contract Procedure Rules are an essential element of the Council's control arrangements for ensuring effective procurement. Proper procurement supports the Council in delivering all its priorities.

Implications

5. Section 135 of the Local Government Act 1972 permits and requires in some cases the Council to adopt standing orders for contracts and these must include provision for securing competition. Public procurement must also be carried out in accordance with Regulations which implement EU procurement directives. The new Rules are compliant with the current regulations and with new Public Procurement Directives approved in 2014 which will be implemented in the UK later this year.

6. There are no specific Financial, Human Resources, Equalities, Crime and Disorder, ICT or Property implications

Risk Management

7. There are no specific risk management issues associated with the report. However, having strong procedures for contracting mitigates risks including those of non compliance with the law, fraud and failure to obtain value for money.

Recommendations

8. Members are asked to recommend to Council that the Contract Procedure Rules set out in the Annex to the report be adopted and included within the Council's Constitution.

Reason: So that the Council has controls in place to ensure that procurement activity is effective and lawful.

Contact Details

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Report Approved

Date 28 January 2015

Specialist Implications Officers: Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers: None

Annexes

Draft Contract Procedure Rules

CITY OF YORK COUNCIL

CONTRACT PROCEDURE RULES

Version 3 – January 2015



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Contract Procedure Rules

These Contract Procedure Rules (CPRs) set out the key responsibilities and actions that Officers and Directors must follow when undertaking procurements.

All procurements and contracting arrangements made by or on behalf of the Council must follow these CPRs. Rule 28 sets out the only circumstances in which the other Rules are specifically excluded or may be waived. Appendix A contains a series of definitions. Any term which is defined is shown in the CPRs beginning with a capital letter.

1. Basic Principles and Compliance

All procurement procedures and every contract entered into by the Council must:

- 1.1 realise value for money by achieving the optimum combination of whole life costs, and quality of outcome;
- 1.2 be consistent with the highest standards of integrity;
- 1.3 operate in a transparent manner;
- 1.4 ensure fairness in allocating public contracts;
- 1.5 comply with all legal requirements including the Public Contracts Regulations and the European Union (EU) treaty principles of proportionality, mutual recognition, transparency, non-discrimination and equal treatment;
- 1.6 comply with the Council's Constitution, these CPRs and the Council's Financial Procedure Rules;
- 1.7 comply with the Council's strategic objectives and policies, including the Council's Procurement Strategy and the Council's Employee and Member Codes of Conduct; and
- 1.8 comply with the guidance set out in the Procurement Toolkit which should be read in conjunction with these CPRs;

These CPRs shall be applied to the contracting activities of any partnership for which the Council is the accountable body unless the Council expressly agrees otherwise.

2. Officer Responsibilities

2.1. Authorised Officers

2.1.1 Authorised Officers shall comply with these CPRs, the Council's Constitution and with all UK and EU legal requirements. Authorised Officers must ensure that any agents, consultants and contractual partners acting on their behalf also comply with these requirements.

2.1.2 Authorised Officers shall:

- (i) ensure, in relation to any proposed procurement, that the proposed procurement expenditure is contained in a Forward Procurement Plan and contained within a approved budget secured prior to commencement of the procurement in accordance with the Financial Procedure Rules;

- (ii) keep the records required by Rule 4 of these CPRs;
- (iii) take all necessary procurement, legal, financial and professional advice, taking into account the requirements of these CPRs;
- (iv) prior to letting a Contract on behalf of the Council, check whether:
 - (A) the Council already has an appropriate Contract in place in the Contracts Register; or
 - (B) an appropriate national, regional or other collaborative contract is already in place.
- (v) ensure that if the Council already has an appropriate Contract in place, that it is used, (unless it can be established that the Contract does not fully meet the Council's specific requirements (to be determined on a case by case basis)), following consultation with Commercial Procurement and Legal Services;
- (vi) ensure that if an appropriate national, regional or collaborative contract is available, consideration should be given to using this, provided the contract offers Best Value. Authorised Officers should consult with Commercial Procurement to discuss;
- (vii) ensure that when any employee, either of the Council or of a Provider, may be affected by any transfer arrangement, then any TUPE issues are considered and legal and HR advice from within the Council is obtained prior to proceeding with the procurement exercise;
- (viii) consult with all relevant stakeholders including Members, trade unions and service users where TUPE may apply to identify and assess all options to ensure the Council's required outcomes are achieved;
- (ix) in consultation with Commercial Procurement establish a written specification and evaluation criteria (where competition is involved) and procurement methodology which must be formally approved by the relevant Chief Officer;
- (x) consult and seek advice from Commercial Procurement prior to beginning a procurement where:
 - (A) TUPE applies; and/or
 - (B) the procurement exceeds £100,000 in aggregate for the whole contract period (including any extensions).
- (xi) register all completed procurements with a value of £5,000 or more on YORtender;

- 2.1.3 Failure to comply with any of the provisions of these CPRs, the Council's Constitution or UK or EU legal requirements may be brought to the attention of the Monitoring Officer, Head of Internal Audit, or relevant Director as appropriate. Depending on the nature of the non-compliance this may result in disciplinary action being taken.

2.2 Chief Officers

Chief Officers shall:

- 2.2.1 ensure their service area complies fully with the requirements of these CPRs;
- 2.2.2 ensure contracts are recorded in the Contracts Register as held and maintained by Commercial Procurement;
- 2.2.3 work with Commercial Procurement to identify the total expenditure relating to a particular category of spend by developing a Category Plan;
- 2.2.4 ensure that their service area provides the requisite information to allow Commercial Procurement to maintain and update the Forward Procurement Plan;
- 2.2.5 ensure all procurement activity is undertaken by suitably skilled and experienced staff;
- 2.2.6 report any breaches of these CPRs to the Monitoring Officer and Chief Finance Officer.

3. Relevant Contracts

- 3.1 All Relevant Contracts must comply with these CPRs. A Relevant Contract is any arrangement made by, or on behalf of, the Council for the carrying out of works, supplies or services. These include arrangements for:
- 3.1.1 the supply or disposal of goods;
- 3.1.2 the hire, rental or lease of goods or equipment;
- 3.1.3 the delivery of services, including (but not limited to) those related to:
- (i) the recruitment of staff;
 - (ii) land and property transactions;
 - (iii) financial and consultancy services.
- 3.2 The following will not be classed as Relevant Contracts:
- 3.2.1 contracts of employment which make an individual a direct employee of the authority;
- 3.2.2 subject to Rule 3.3, agreements relating solely to the acquisition, disposal, or transfer of land (to which the Financial Procedure Rules apply);

- 3.2.3 the payment of grants to third parties; or
- 3.2.4 those contracts/arrangements which are specifically excluded in accordance with Rule 28.8 below.
- 3.3 The acquisition, disposal, or transfer of land which involve elements requiring the supply of works, goods and/or services to or on behalf of the Council will be treated as Relevant Contract and these CPRs shall apply to all aspects of the procurement of those works, goods and/or services. Officers shall ensure that they consult with Legal Services as appropriate to ensure compliance with this Rule 3.3.
- 3.4 While grants are not covered by these CPRs, the rules on the awarding of grants are set out in Part E of the Councils financial regulations and must be observed. The Council cannot simply choose to treat a procurement as a grant in order to avoid conducting a competitive process.

4. Records

- 4.1 The Public Contracts Regulations require contracting authorities to maintain the following comprehensive records of procurement activities:
 - 4.1.1 contract details including value;
 - 4.1.2 selection decision;
 - 4.1.3 justification for use of the selected procedure;
 - 4.1.4 names of bidding organisations, both successful and unsuccessful;
 - 4.1.5 reasons for selection;
 - 4.1.6 reasons for abandoning a procedure.
- 4.2 The outcome of any competitive procurement process must be recorded in electronic format on YORtender. Information from YORtender will also be used for the tracking of procurement savings, sustainability benefits, and other data.
- 4.3 Commercial Procurement will also maintain the Contract Register which will record key details of all Contracts (including contract reference numbers) with an aggregate value of £5,000 or more or such other value as the Chief Finance Officer may agree from time to time.
- 4.4 Where a Contract has not been awarded using YORtender, Officers must ensure full details of that Contract are passed to the Chief Procurement Officer for inclusion in the Contract Register where the aggregate value of the Contract is £5,000 or more or such other value as the Chief Finance Officer may agree from time to time. Decisions as to why YORtender was not used must be recorded in writing and sent to Commercial Procurement.
- 4.5 Full records of all contract documentation, quotations, estimates, tenders and any other correspondence pertinent to the award or acceptance of a Contract must be kept by Commercial Procurement for the duration of the Contract and a minimum of six years after the Contract has been concluded or twelve years after the Contract has been concluded where it is executed under common seal as a deed.

- 4.6 It is the responsibility of Chief Officers to ensure that all Contracts are properly entered into, administered and controlled to safeguard the Council's interests, secure Best Value and minimise the risk of theft, fraud and corruption.

5. Risk Assessment

- 5.1 All procurements which require an Invitation to Tender and/or Requests for Quotation (see Rule 9 below), must be supported by a risk assessment (where appropriate). This risk assessment must be carried out at the start of the procurement process and, where appropriate, shall include a Financial Appraisal in accordance with Rule 17.2.
- 5.2 The risk assessment process will identify where further specialist advice should be sought.
- 5.3 The approved risk log and matrix are available from Commercial Procurement.

6. Advertising

- 6.1 Officers must liaise with Commercial Procurement to ensure that the minimum advertising requirements, in line with EU treaty principles are met when conducting any procurement process (including Framework Agreements). Officers should refer to the further guidance in the Procurement Toolkit.

7. Powers and Key Decisions

- 7.1 In consultation with the Monitoring Officer, Directors shall ensure that the Council has the legal power to enter into any Contract..
- 7.2 Directors shall ensure that they have delegated powers to enter into any Contract or to grant another Officer authority to do so. No Contract may be entered unless an adequate budget is in place.
- 7.3 Where a decision has already been made by Cabinet or a Cabinet Member and the budget is in place to permit a course of action then further approval is not required to award contracts necessary to implement that decision. However a copy of the relevant report must be sent to Commercial Procurement for audit purposes. It is recommended that the approval sought includes a specific delegation to the Authorised Officer to award the Contract at the conclusion of the procurement. In other circumstances the procedure set out in one of the clauses 7.4 to 7.7 below must be followed.
- 7.4 Where the aggregate contract value (including any extension) is £250,000 or less Directors may agree or authorise another Officer to enter a Contract under their delegated powers.
- 7.5 Where the aggregate contract value is between £250,000 and £500,000 then the decision to enter the contract requires the approval of a Cabinet Member or the Cabinet unless the procurement is treated as Routine as defined in clause 7.7..
- 7.6 Where the aggregate contract value (including any extension) is £500,000 or more the decision will be regarded as a Key Decision unless the Chief Finance Officer acting in consultation with the Monitoring Officer has approved the procurement as Routine.

- 7.7 A Routine procurement is any arrangement that represents a low commercial and legal risk to the Council and relates to re-procurement of goods, services or works with a clearly defined specification that have been procured in a compliant manner previously. Where Officers consider a procurement process may be Routine, they are required to liaise with Commercial Procurement who will advise on the relevant paperwork to be submitted to the Chief Finance Officer. Authorisation to treat a procurement as Routine should be sought before the procurement process commences. A Director may enter a Contract where the procurement has been treated as Routine.
- 7.8 In relation to all Key Decisions, Authorised Officers must ensure that all authorisations are in place before the procurement process begins.
- 7.9 Notice of every Key Decision must be published on the Council's Forward Plan.
- 7.10 The Cabinet scheme of delegation requires that all Key Decisions (are reserved to the Cabinet unless specifically delegated to a Cabinet Member or an Officer or where the Leader and Chief Executive are acting in case of urgency).
- 7.11 This Rule 7 applies to all Relevant Contracts and all Framework Agreements (including call-offs).

8. Framework Agreements

- 8.1 Framework Agreements are agreements between the Council (or other public sector bodies where applicable) and either:
- 8.1.1 one provider (**Single Provider Framework(s)**); or
 - 8.1.2 three or more providers (**Multiple Provider Framework(s)**)
- for the provision of goods, works or services on agreed terms for a specific period, for estimated quantities against which orders may be placed if and when required during the contract period.
- 8.2 A list of approved Framework Agreements (including those established by other public sector bodies which the Council has access to) can be obtained from Commercial Procurement along with guidance on how certain approved Framework Agreements should be used. Call-offs contracts/orders under Approved Frameworks shall be tendered in accordance with these CPRs and/or the requirements of the approved Framework Agreement itself where applicable (to be determined on a case by case basis). **Further advice should be sought from Commercial Procurement or Legal Services as required.** If an Authorised Officer wishes to use a Framework Agreement that is not an approved Framework Agreement they must seek approval from the Chief Procurement Officer.
- 8.3 Authorised Officers (in conjunction with Commercial Procurement) may consider it appropriate to establish a new Framework Agreement in relation to a particular procurement. In such circumstances, these CPRs shall apply to all aspects of the procurement and to the subsequent operation of the Framework Agreement including, but not limited to:
- 8.3.1 the procurement methodology;

- 8.3.2 the placement of orders under the Framework Agreement;
- 8.3.3 further competition between Providers appointed to the Framework Agreement.
- 8.4 The term of a Framework Agreement must not exceed four years and, while Single Provider Frameworks are permitted, where a Multiple Party Framework is established, there must be a minimum of three Providers.
- 8.5 In relation to Multiple Party Frameworks, contracts/orders may be awarded in one of two ways, as follows:
 - 8.5.1 where the terms of the Framework Agreement are sufficiently precise to cover the particular call-off, by applying the terms laid down in the Framework Agreement without re-opening competition; or
 - 8.5.2 where the terms laid down in the Framework Agreement are not precise or complete enough for the particular call-off and cannot meet the Council's exact requirements, by holding a further competition in accordance with the following procedure:
 - (i) inviting the organisations within the Framework Agreement, that are capable of executing the subject of the Contract, to submit bids electronically via the further competition step on YORtender with an appropriate time limit for responses, taking into account factors such as the complexity of the subject of the Contract;
 - (ii) awarding each Contract to the bidding organisation who has submitted the best bid on the basis of the relevant award criteria set out in the Framework Agreement.
- 8.6 It is the responsibility of the Authorised Officer in consultation with Commercial Procurement to identify and retain written justification and evidence as to why using a Framework Agreement delivers against the Council's required outcomes and ensures the Council receives Best Value.

9. Procurement Competition Requirements

9.1 Competition Requirements

- 9.1.1 The Authorised Officer must establish the total value of any procurement and/or contract, including whole life costs, annual cost and incorporating any potential extension periods which may be awarded. The Authorised Officer should have particular regard to the rules relating to aggregation contained within the Public Contract Regulations (further details on which can be found in the Procurement Toolkit).
- 9.1.2 Authorised Officers shall ensure that values are not split in an attempt to avoid the applicability of these CPRs or the Public Contracts Regulations.

- 9.1.3 Based on the value of the procurement, quotations or tenders must then be invited in line with the following financial thresholds:
- (i) Up to and including £5,000 – Best Value
 - (ii) Between £5,000 and up to and including £100,000 – at least **three** written quotations
 - (iii) Over £100,000 – Invitation to Tender
- 9.1.4 **Where the Public Contracts Regulations apply (see Rule 9.5), the Authorised Officer shall consult Commercial Procurement at the outset to determine the correct procedure for conducting the procurement exercise.**

9.2 Procurement up to and including £5,000

- 9.2.1 All purchasing up to and including £5,000 must be procured using an Internal Service Provider or through an existing Contract arrangement or via an existing approved Framework Agreement where they exist.
- 9.2.2 It is the responsibility of the relevant Authorised Officer to check whether a suitable Contract exists or not. Where no appropriate Internal Service Provider, existing Contract, or approved Framework Agreement exists in relation to Contracts with an estimated value is £5,000 or less the invitation of quotations is not mandatory but should be invited where appropriate. If the Authorised Officer believes that it represents Best Value for the Council to make a direct appointment without the need for competition, they may do so providing a written record of the decision (including reasons) is kept.

9.3 Procurement over £5,000 and under £100,000

- 9.3.1 In relation to all procurements with a value over £5,000 and under £100,000 Officers should, in conjunction with Commercial Procurement, consider whether there is an appropriate Internal Service Provider, existing Contract or approved Framework Agreement which can be used.
- 9.3.2 Where no appropriate Internal Service Provider, existing Contract or approved Framework Agreement exists, if the estimated value of a Contract exceeds £5,000 but is less than £100,000 a minimum of three written quotations must be invited from suitable potential providers.
- 9.3.3 The written quotes must be obtained and documented in accordance with proper record keeping set out in Rule 4 and in accordance with the requirements of Rule 12.
- 9.3.4 All potential providers invited to submit quotations shall be provided in all instances with identical information and instructions.
- 9.3.5 The evaluation of the quotations shall be carried out by Authorised Officers.

- 9.3.6 Regardless of the procurement method used, the Delegated Decision to undertake a procurement of this value will generally be an Authorised Officer decision unless the decision maker considers that it will have significant impact. This is just general guidance and Authorised Officers should have regard to the Council's Constitution when deciding what kind of Delegated Decision applies.

9.4 Procurement over £100,000

- 9.4.1 In relation to all procurements with a value in excess of £100,000 Officers should, in conjunction with Commercial Procurement, consider whether there is an appropriate Internal Service Provider, existing Contract or approved Framework Agreement which can be used.
- 9.4.2 Where no appropriate Internal Service Provider, existing Contract or approved Framework Agreement exists, competition is required for procurements over £100,000.
- 9.4.3 Where there are sufficient numbers of potential Providers, at least four written tenders shall be invited.
- 9.4.4 The tendering process shall be conducted in accordance with the Council's detailed procedure rules set out in the Procurement Toolkit. Authorised Officers should consult with Commercial Procurement to establish the most appropriate tendering process/procurement route which will be determined on a case by case basis (depending on a number of factors including but not limited to the scope, value and technical requirements of the procurement).
- 9.4.5 All tenders and awards must be documented in accordance with Rule 4.
- 9.4.6 Where the estimated contract value reaches the relevant EU Threshold, Rule 9.6 will also apply.
- 9.4.7 Where the estimated contract value reaches £500,000 or more, Rule 7 will also apply.

9.5 Waiver

If it is not possible to comply in full with the competition procedures outlined in Rule 9.3 or Rule 9.4 a waiver must be sought in accordance with Rule 28.3 as soon as possible and in any event in advance of contract award.

9.6 Contracts that are subject to the Public Contracts Regulations

- 9.6.1 Where the estimated contract value reaches the relevant EU Threshold set out in the Public Contracts Regulations, Officers are required to procure the Contract in accordance with the Public Contracts Regulations and these CPRs. In all such circumstances appropriate advice must be sought from Commercial Procurement.
- 9.6.2 The current EU Thresholds are:
- (i) Services - £172,514

(ii) Goods/Supplies - £172,514

(iii) Works - £4,332,012

9.7 Assets for Disposal

Assets for disposal must be dealt with in accordance with the Financial Procedure Rules.

10. Pre-Tender Market Testing and Consultation

10.1 The Council may consult potential providers, prior to the issue of the Invitation to Tender or Request for Quotation, in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters, provided this does not prejudice any other potential organisation.

10.2 When engaging with potential providers, the Council must not seek or accept technical advice on the preparation of an Invitation to Tender or Request for Quotation where this may prejudice the equal treatment of all potential bidding organisations or distort competition.

10.3 In undertaking any market testing activities or consultation with providers, the Authorised Officer responsible should refer to any guidance contained in the Procurement Toolkit.

11. Evaluation Criteria and Standards

11.1 Evaluation Criteria

11.1.1 In any procurement exercise (regardless of overall contract value) the successful bid should be the one which either:

(i) offers the most economically advantageous tender based on “price or cost” using a cost effectiveness approach, such as, life cycle costing; or

(ii) offers the most economically advantageous balance between quality and price.

In the latter case, the Council will use criteria linked to the subject matter of the Contract to determine that an offer is the most economically advantageous, for example: price, quality, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost effectiveness, after-sales service, technical assistance, delivery date, delivery period and period of completion. The price element of the evaluation will always be 40% or greater unless a waiver has been given for alternative weightings (in accordance with Rule 28.3).

11.1.2 Issues that are important to the Council in terms of meeting its corporate objectives can be used to evaluate bids provided that such criteria relates to the subject matter of the Contract and is objectively quantifiable and non-discriminatory. The criteria can include, for example, sustainability considerations, support for the local economy or the use of sub-contractors. The bidding organisations’ approaches to

continuous improvement and setting targets for service improvement or future savings could also be included.

- 11.1.3 The procurement documentation should clearly explain the basis of the decision to bidding organisations, making it clear how the evaluation criteria specified in the process will be applied, the overall weightings to be attached to each of the high-level criteria, how the high-level criteria are divided into any sub-criteria and the weightings attached to each of those sub-criteria.

11.2 Standards

Relevant British, EU and International standards which apply to the subject matter of the Contract and which are necessary to properly describe the required quality must be included within the procurement documentation and the Contract. Officers should refer to further guidance set out in the Procurement Toolkit.

12. Invitation to Tender / Request for Quotation

- 12.1 Invitations to Tender/Requests for Quotation must be issued in accordance with the requirements of these CPRs, with particular attention to Rule 6 and Rule 9.

12.1.1 Above the single quotation threshold outlined in Rule 9.1.3 (i), all procurement documents including Invitations to Tender and Requests for Quotation must be issued via YORtender.

12.1.2 In exceptional cases, where specific circumstances mean that a procurement process cannot be carried out electronically or, for example, where there is a failure of the electronic system, permission to conduct a procurement process by alternative means must be obtained from the Chief Procurement Officer.

13. Shortlisting

Any shortlisting (i.e. provider selection or pre-qualification) must have regard to the economic, financial and technical standards relevant to the Contract and the evaluation criteria. Special rules apply to contracts covered by the Public Contracts Regulations. Authorised Officers should refer to further guidance contained in the Procurement Toolkit.

14. Submission, Receipt and Opening of Tenders / Quotations

14.1 Tenders

14.1.1 Bidding organisations must be given an adequate period in which to prepare and submit a proper quotation or tender, consistent with the complexity of the Contract requirements. Where the Public Contracts Regulations apply, Part 3 of the Public Contracts Regulations lays down specific minimum time periods for tenders.

14.1.2 Tenders, except those which have been approved as exempt from electronic tendering, must be submitted electronically via YORtender. Tenders submitted by any other means must not be accepted.

- 14.1.3 Detailed procedure notes on tendering requirements and protocols are set out in the Procurement Toolkit.

14.2 Quotations

Competitive quotations must be submitted electronically via YORtender, except where specifically exempt under Rule 12.1.2. Quotations submitted by any other means must not be accepted.

14.3 Electronic Arrangements

14.3.1 Quotations, further competition bids under Framework Agreements and pre-qualification questionnaires which are received electronically via YORtender will be opened by a representative of Commercial Procurement. The system will not allow any quotations to be opened until the allocated return date/time has passed.

14.3.2 Tenders which are received electronically via YORtender will be opened by a representative from Commercial Procurement.

14.4 Hard Copy Arrangements

14.4.1 In the event that “hard copy” tenders are to be accepted (see Rule 12.1.2 and Rule 14.1.2 for guidance) these must be submitted, sealed, in the envelope provided with the procurement documents and addressed to the Chief Procurement Officer without any mark revealing the bidding organisation’s identity.

14.4.2 All hard copy tenders will be held by the Chief Procurement Officer until the tender opening date/time has been reached.

14.4.3 All hard copy tenders for the same Contract will be opened at the same time by a representative of the Chief Officer who invited the tenders and a representative from Commercial Procurement. A register of tenders received will be kept by Commercial Procurement and will be initialled on each occasion by the Authorised Officers who are present at the opening of the tenders.

14.4.4 In the event that hard copy quotations are to be accepted (see Rule 12.1.2 and Rule 14.1.2 for guidance) these must be submitted in a plain envelope marked “Quotation for ...” followed by a description of the goods, works or services being procured.

14.4.5 All hard copy quotations must be opened together once the official return date/time has been passed.

15. E-auctions

15.1 Where a tender is to be carried out by way of a collaborative e-auction process the following procedures will apply:

15.1.1 approval for this approach must be sought in advance of the auction from the relevant Chief Officer and Chief Procurement Officer;

- 15.1.2 the auction must be provided through a recognised managed service provider approved by the Chief Procurement Officer;
 - 15.1.3 the process for selecting bidders must be agreed in advance with the Chief Procurement Officer;
 - 15.1.4 the tender evaluation process must be agreed in advance with the Chief Procurement Officer;
 - 15.1.5 the time limit for the auction must be set in advance, clearly notified and be appropriate to the nature of the auction;
 - 15.1.6 a minimum of two Authorised Officers must be in attendance at the managed service providers viewing room to ensure the process is conducted fairly and in accordance with the Public Contracts Regulations. One of the Authorised Officers must be an independent observer and have had no involvement with the exercise. They should not leave the room during the auction.
 - 15.1.7 prior to start of the auction, Officers attending must satisfy themselves that the correct quality weightings (if applicable) have been loaded into the software and that the software is working correctly;
 - 15.1.8 the final scoring of all the bidders needs to be documented and counter signed by each Officer immediately after the close of the auction;
 - 15.1.9 the e-auction summary report which is normally produced by the e-auction provider (within a week of the auction) must be cross referenced to the Officers own records and both must be kept on file;
 - 15.1.10 a signed copy of both these records must be passed to Chief Procurement Officer and copied to the Monitoring Officer;
 - 15.1.11 if the lowest price bidder is not successful approval for the award of a Contract must be sought in line with these CPRs.
- 15.2 The application of these e-auction procedures exempts the tender from the opening rules set out at Rule 14. It does not exclude compliance with any other financial and EU regulations as set out elsewhere in these CPRs.
- 15.3 The Council will arrange for award notices to be sent to the successful bidder (following a 10 day Standstill Period) and brief the losing providers. A copy of the award notice must be kept on file.
- 15.4 The Council must ensure that a discrete Contract complying with the Council's standard terms and conditions is put in place with each successful bidder.

16. Clarification Procedures

- 16.1 The Council can ask bidding organisations for clarification of any details submitted as part of their bid. However, any such clarification must not involve changes to the basic features of the bidding organisation's submission.
- 16.2 When requesting clarification, the Authorised Officer must follow any guidance contained in the Procurement Toolkit. It may not be used to negotiate or re-

negotiate Contract terms. Authorised Officers are required to take all necessary legal and/or other relevant professional advice if they are in any way unsure of what may or may not constitute a 'clarification' under the Public Contracts Regulations.

17. Evaluation, Financial Appraisal, Award of Contract and Debriefing of Organisations

17.1 Evaluation

The evaluation of bids must be conducted in accordance with the evaluation criteria set out in the relevant procurement documents (see Rule 11 above) provided to bidding organisations, and in line with any guidance detailed in the Procurement Toolkit.

17.2 Financial Appraisals

Financial Appraisals must be completed in respect of all third parties submitting bids for Contracts in excess of £100,000. It is the responsibility of the Authorised Officer in consultation with the relevant Finance Manager to take all steps reasonably necessary (having regard to the subject matter, value and duration of the contract and any other relevant factors) to complete a risk assessment of the potential provider's financial stability and to ensure this is done to a standard required by the Finance Manager.

17.3 Award of Contract

17.3.1 The Council is required to notify successful and unsuccessful bidders of the outcome of a procurement process, in writing, in as timely a fashion as possible.

17.3.2 Where procurement has been subject to the Public Contracts Regulations (see Rule 9.5 above), an Standstill Period will need to be included in the procurement timetable and observed before the Contract can be awarded. Authorised Officers should refer to the guidance in the Procurement Toolkit and consult with Commercial Procurement in relation to the Standstill Period requirements and associated documentation to be issued to bidders.

17.3.3 Provided the winning bid:

- (i) is the most economically advantageous;
- (ii) is within the financial budget made for it;
- (iii) complies with the Council's proposed terms and conditions; and
- (iv) meets the Contract specification,

it may be accepted by the relevant Authorised Officer.

17.3.4 Where a tender is not:

- (i) the most economically advantageous (if payment is to be made by the Council); or

- (ii) the highest tender (if payment is to be received by the Council),
the award of the Contract must be passed to the Chief Finance Officer for decision clearly setting out the reasons why this is required.

- 17.3.5 Once approved, all proposed contract awards over £100,000 must be recorded in the Officer decision log on the mod.gov system.
- 17.3.6 The approval of the relevant Cabinet Member and Chief Finance Officer must be given if a tender received as part of a capital scheme results in the scheme or project exceeding the approved financial budget by 10% or £50,000 (whichever is the lower) and this can not be accommodated within the original financial budget.

17.4 Debriefing

The Authorised Officer shall as part of good practice offer feedback to all tenderers who submitted a bid about the characteristics and relative advantages of the successful bid. This shall usually include:

- 17.4.1 how the award criteria were applied;
- 17.4.2 the prices or ranges of prices submitted, but not in either case correlated to the tenderers; and
- 17.4.3 the names of their competitors and whether there were three or more competitors taking part in the tendering exercise.

Authorised Officers should refer to the guidance set out in the Procurement Toolkit and consult with Commercial Procurement prior to offering any such feedback to bidders.

18. Post Tender Negotiation

- 18.1 Post tender negotiations may not be undertaken where the value of the Contract exceeds the relevant EU Threshold.
- 18.2 Post tender negotiations with selected tenderers may be carried out where:
 - 18.2.1 permitted by law;
 - 18.2.2 the Director in consultation with Commercial Procurement and Legal Services considers that added value may be obtained;
 - 18.2.3 the post tender negotiations are conducted by a team of suitably experienced officers approved by the Director and who have been trained in post tender negotiations. Commercial Procurement should be invited to attend any negotiation;
 - 18.2.4 a comprehensive, written record of the negotiations is kept by the Council; and
 - 18.2.5 a clear record of the added value to be obtained as a result of the post tender negotiations is incorporated into the Contract with the successful participant.

19. Ordering and Paying

- 19.1 The general arrangements relating to ordering and paying for goods, services and the execution of works are detailed in Part D of the Financial Procedure Rules. In addition to the procedures set out there, the following rules must be observed:
- 19.1.1 payments to Providers in respect of all works must be authorised by a certificate signed by a duly authorised Officer. The certificate must show the total amount of the Contract, the value of the work executed to the certificate date, the amounts already paid and the amount now certified;
 - 19.1.2 Authorised Officers authorising payments must supply Commercial Procurement with all necessary information for the maintenance of the Contract Register;
 - 19.1.3 VAT authenticated receipts must be obtained by the Authorising Officer in support of the payment of VAT on the certificate. Receipts should be retained with the Authorised Officer's copy of the payment certificate and retained for a period of six years and must be made available for inspection by HM Revenue and Customs on request;
 - 19.1.4 If it becomes necessary to vary the value of a Contract by more than 2% and this results in additional costs of more than £50,000 on the original value of the Contract this must be reported to the Chief Finance Officer and relevant Cabinet Member.

20. Contract Documents

20.1 Form of Procurement Documents

The Council's standard procurement documents will be used wherever possible and appropriate. Where there is any deviation from these, the documents to be used must be reviewed by Legal Services before being issued. These documents are available from Commercial Procurement.

20.2 Form of Contract

- 20.2.1 Contractual commitments can only be made by individuals who are formally authorised to do so in the relevant directorate scheme of devolved powers.
- 20.2.2 All contracts made on behalf of the Council must be evidenced in writing in an appropriate format approved by Legal Services.
- 20.2.3 Every Contract shall be made by:
 - (i) the issue of a purchase order and accompanying standard terms and conditions for the purchase or supply of goods, services and works up to a total value of £100,000.
 - (ii) the preparation of formal written contracts for the purchase or supply of goods, services and works over a total value of £100,000 unless the Monitoring Officer certifies that, owing to the

nature of the proposed Contract, the interest of the Council will be adequately protected by the issue of a purchasing order and accompanying standard terms and conditions.

20.3 Deeds

All Contracts in excess of £150,000 must be executed as a deed under common seal by Legal Services.

20.4 Contract Signature/Sealing

Contracts must:

20.4.1 where the Contract is in the form of a deed, be made under the Council's seal and attested as required by the Constitution; or

20.4.2 where the Contract is in the form of an agreement it shall be signed by a Chief Officer authorised as required by the Constitution.

20.5 Legal Services Review of Tenders and Contracts

To ensure the integrity of the procurement process:

20.5.1 all proposed Invitations to Tender, where they are not in compliance with the Council's standard documentation, shall be reviewed by Legal Services;

20.5.2 any proposed Invitations to Tender which are subject to the Public Contracts Regulations, or which are deemed to be of high risk, must be reviewed by Legal Services;

20.5.3 any proposed Contract where there is any deviation from the contract terms included in the Invitation to Tender must be reviewed by Legal Services.

Officers shall ensure that they consult with Legal Services as appropriate to ensure compliance with this Rule 20.5.

20.6 Bonds and Liquidated and Asset Damages

20.6.1 Chief Officers (in consultation with Commercial Procurement and Legal Services) shall consider whether to include provision for payment of liquidated damages by a Provider for breach of contract in all Contracts which exceed £100,000 in value. Such consideration shall be recorded in writing.

20.6.2 When considered appropriate by a Chief Officer the Provider will be required to provide a performance bond to secure the performance of the Contract. Such performance bonds should provide for a sum of not less than 10% of the total value of the Contract or such other sum as the Authorised Officer (in consultation with a Finance Manager) considers appropriate.

21. Contract Extension and Variation

21.1 Extensions

- 21.1.1 Contract extensions are only permitted if they are put in place before the Contract expiry date and where the proposed extension is in accordance with the contract terms. Prior to seeking approval from the relevant Chief Officer to take up a contract extension the Authorised Officer must establish whether the extension will deliver Best Value. This process must be recorded in writing.
- 21.1.2 All contract extensions must be approved by and dealt with by the relevant Chief Officer. **The Chief Procurement Officer and Legal Services should be consulted in relation to any proposed extension.**
- 21.1.3 Where an extension is not in accordance with the original contract terms it will be a new decision that is not a consequence of the initial decision to procure and it may be a Key Decision depending on its value (see Rule 7).
- 21.1.4 An extension not in accordance with the original contract terms may be a material change under the Public Contract Regulations (see Rule 21.2.5). Further guidance should be sought from Legal Services.
- 21.1.5 All extensions to any Council contracts must be in writing and reported to the Chief Procurement Officer in order that YORtender can be updated. Extensions of a Contract that are categorised as “variations” in the Contract terms and conditions will be governed by Rules 21.2.1, 21.2.5 and Rules 21.1.1 and 21.1.2 will not apply.
- 21.1.6 Once a Contract has expired it cannot then be extended.

21.2 Variations

- 21.2.1 Variations will be dealt with in accordance with these CPRs and where applicable the EU Treaty principles and Public Contract Regulations. Further guidance should be sought from Legal Services.
- 21.2.2 All Contract variations must be carried out:
- (i) within the scope of the original Contract. Contract variations that materially effect or change the scope of the original Contract are not allowed; and
 - (ii) following consideration as part of the Category planning process.
- 21.2.3 All Contract variations must be in writing (in the form specified by the contract where applicable) and signed by both the Council and the Provider. The value of each variation must be assessed by the Authorised Officer and a Delegated Decision taken by the relevant

Chief Officer. **The Chief Procurement Officer and Legal Services should be consulted in relation to any proposed variation.**

- 21.2.4 Where appropriate (taking into account any change in contract value, contract term, range of services provided etc), contract variations must be reported to the Chief Procurement Officer in order that YORtender can be updated.
- 21.2.5 A new procurement may be required in case of material change where one or more of the following conditions are met:
- (i) the variation introduces conditions which, had they been part of the initial procurement exercise, would have allowed for the admission of other tenderers than those initially selected or for the acceptance of an offer other than that originally accepted or would have attracted additional participants in the procurement procedure;
 - (ii) the variation increases the value of the Contract or the Framework Agreement substantially in favour of the Provider in a manner which was not provided for in the initial Contract or Framework Agreement;
 - (iii) the modification extends the scope of the Contract or Framework Agreement considerably.

Further guidance should be sought from Legal Services where the Chief Officer considers there is any possibility that the proposed variation might fall under this Rule 21.2.5.

22. Termination of Contract

Prior to terminating any contract Officers should consult Legal Services. It will only be possible for Contracts to be terminated early, where provided for within the Contract, if this action is authorised by the relevant Chief Officer through a Delegated Decision. A copy of the report and decision for termination of any Contract exceeding £100,000 in value must be sent to the Chief Procurement Officer for monitoring purposes. All termination letters under this rule will be drafted and issued via Legal Services in conjunction with the Authorised Officer.

23. Prevention of Corruption

Rules and regulations pertaining to the prevention of corruption are outlined in the Financial Procedure Rules and must be adhered to at all times.

24. Declaration of Interests

Any Officer who has a direct or indirect pecuniary interest in any Contract or proposed Contract (in accordance with the Local Government Act 1972 section 117) shall declare their interest in writing to their Director and will not be allowed any involvement in relation to the procurement or management of the relevant Contract.

25. Contract Management / Monitoring

- 25.1 All Contracts must have an appointed contract manager for the entirety of the Contract. The responsible Chief Officer must ensure a contract manager is designated prior to contract award.
- 25.2 Contract management, monitoring, evaluation and review must be conducted in line with guidance detailed in the Procurement Toolkit.

26. Internal Providers

- 26.1 Where an Internal Service Provider is bidding in competition for the provision of goods, works or services, care must be taken to ensure a fair process between the Internal Service Provider and external bidding organisations.
- 26.2 Where an Internal Service Provider is successful the appropriate Director shall enter into a service level agreement with the recipient department in a form approved by the Chief Finance Officer and Monitoring Officer.
- 26.3 Where an Internal Service Provider proposes to sub-let all or part of the services to an external provider, the sub-letting process shall be subject to the tendering procedures as laid down in these CPRs.

27. External Body Grant Funding

- 27.1 Where a procurement process is funded, in whole or part, by grant funding which has been awarded to the Council by an external funding body, the Authorised Officer must ensure that any rules or conditions imposed by the funding body are adhered to, in addition to the requirements of these CPRs. The Authorised Officer should consult with Commercial Procurement and/or Legal Services as necessary.
- 27.2 Where there is any conflict between these CPRs and the rules or conditions imposed by the funding body, the stricter requirement should be followed.

28. Waiver and Exemptions**Waivers**

- 28.1 Except where the Public Contracts Regulations apply, the Cabinet has the power to waive any requirements within these CPRs for specific projects upon request.
- 28.2 Additionally, these CPRs may be waived or varied where the circumstances are certified by the Chief Finance Officer advised as appropriate by the Monitoring Officer and Chief Procurement Officer as meeting any of the following criteria:
 - 28.2.1 for works, supplies or services which are of such special character that it is not possible to obtain competitive prices;
 - 28.2.2 for supplies purchased or sold in a public market or auction;
 - 28.2.3 for the execution of works or services or the purchase of supplies involving specialist or unique knowledge or skills;

- 28.2.4 with an organisation which has won a Contract for an earlier phase of work via a competitive process and where the work forms part of a serial programme and has previously been identified as such;
 - 28.2.5 with an organisation already engaged by the Council for a similar and related procurement and where there is significant benefit to extending the Contract to cover this additional requirement, without exposing the Council to unacceptable risk;
 - 28.2.6 for works, supplies or services which are only available from one organisation (due to their specialised nature);
 - 28.2.7 involving such urgency that it is not possible to comply with the CPRs;
 - 28.2.8 for the purchase of a work of art or museum specimen, or to meet the specific requirements of an arts or cultural event which cannot be procured competitively due to the nature of the requirement;
 - 28.2.9 in relation to time limited grant funding from an external body, where the time limitations will not allow a competitive procurement process to be completed and where the grant conditions allow this; or
 - 28.2.10 where relevant UK or EU legislation not otherwise referred to in these CPRs prevents the usual procurement process from being followed.
- 28.3 If a request to waive these CPRs is required, the appropriate Officer will complete and submit a waiver form, using a template document obtained from Commercial Procurement. The waiver form must set out the financial, legal, risk and equality implications of the waiver sought.
- 28.4 The process to be followed is:
- 28.4.1 completed waiver document sent to relevant Chief Officer (and copy to Commercial Procurement) who is accountable for the decision. If approved;
 - 28.4.2 completed waiver form sent by the Chief Officer to Chief Finance Officer or nominated officer to ensure compliance with these CPRs. If approved;
 - 28.4.3 completed waiver form sent to Monitoring Officer or nominated officer to ensure legal compliance;
- Once all three stages have been completed if the waiver has been approved the Authorised Officer can then proceed with the variation to these CPRs. The outcome of the waiver process shall be logged in the waiver register maintained by Commercial Procurement.
- 28.5 Every waiver form will be recorded on a master register to be maintained by Commercial Procurement.
- 28.6 Authorised Officers are required to seek waivers at the outset of any procurement process or, where relevant, at such time during a procurement process that it becomes apparent that it is not possible to comply in full with the competition

procedures outlined in Rules 9.3 and 9.4. No Contract shall be entered into without a waiver authorisation being in place.

- 28.7 Authorised Officers are not required to seek waivers in the case of an Emergency or as a result of an Emergency where there is danger to the safety of persons or serious risk of loss or damage to the Council's assets or interests, or the interests of another party, the Authorised Officer may place such Contracts as necessary by means that are reasonable under the circumstances.

Exemptions

- 28.8 These CPRs do not apply to contracts:

28.8.1 for the execution of mandatory works by statutory undertakers;

28.8.2 with Ofsted for the inspection of a school;

28.8.3 which have been procured on the Council's behalf:

- (i) through collaboration with other local authorities or other public bodies, where a competitive process which complies with the CPRs of the leading organisation has been carried out; or
- (ii) by a national or regional contracting authority where the process followed is in line with the Public Contracts Regulations.

28.8.4 to cover urgent special educational needs, urgent social care contracts or urgent operational needs, if in the opinion of the relevant Director (in consultation with the Chief Procurement Officer) the exemption is considered to be in the Council's interests or necessary to meet the authority's obligations under relevant legislation. Use of this exemption by the relevant Director must be preceded by a written report under Rule 28.3 using the waiver form, setting out the reason for such urgency, how it complies with relevant legislation and represents Best Value.

- 28.9 The use of e-procurement does not negate the requirement to comply with all elements of these CPRs.

29. Breaches of CPRs

Breaches of the CPRs are extremely serious matters and will be fully investigated and reported on following referral or discovery. All Directors are responsible for reporting all known or discovered breaches of these CPRs to the Chief Finance Officer and Monitoring Officer as soon as they become aware of it in practice. Any Director can be called to Audit & Governance Committee to explain any breach.

APPENDIX A – DEFINITIONS

“Authorised Officer”	means a person authorised by the relevant Chief Officer to act on the Council’s behalf;
“Best Value”	means the optimum combination of whole life costs, quality and benefits to meet the customer’s requirement;
“Category Plan”	means strategic planning of the category, at a category or sub-category level, including review of the current position, constraints and opportunities, desired outcomes, options and actions. The template plan should be used in all cases except where an alternative approach (having the same effect) forms part of external funding or joint procurement requirements;
“Category”	means each category identified in the category overview table which is set out in the Council’s Procurement Strategy;
“Chief Finance Officer”	means the Council’s section 151 Officer currently the Director of Customer & Business Support Services;
“Chief Officer”	means the head of the procuring directorate and includes the Chief Executive, Deputy Chief Executive, Directors, Assistant Directors and chief officers with appropriate delegations and sub-delegations;
“Chief Procurement Officer”	means the Chief Officer of Commercial Procurement who is responsible for the procurement function on behalf of the Council;
“Constitution”	the Council’s constitution which is available on the internet and sets out the rules that the Council and all Council employees and Members must follow;
“Contract(s)”	means an agreement between the Council and a Provider made by formal agreement or by issue of a letter of acceptance or official order for goods, services and/or works;
“Contract Register”	means the register of all Contracts maintained by Commercial Procurement;

“Commercial Procurement”	means the Council’s central commercial procurement team;
“(The) Council”	means City of York Council;
“CPRs”	means these Contract Procedure Rules;
“Delegated Decision”	means a formal decision taken in accordance with the Council’s Constitution and sub-delegation schemes. It is for the Officer seeking the Delegated Decision to decide which type of decision is required in accordance with the Constitution;
“Director”	means all the Council’s directors including; the director of customer business and support services, director of health and well being, director of communities and neighbourhoods, director of adult, children and education services and director of city and environmental services;
“Emergency”	means an urgent situation or crisis created as a result of a natural disaster (such as flooding or an earthquake) or tragedy (such as an explosion or plane crash);
“EU Threshold(s)”	means the current threshold above which the Public Contracts Regulations apply, currently: <ul style="list-style-type: none"> 1. services - £172,514 2. goods/supplies - £172,514 3. works - £4,332,012
“Financial Appraisals”	means checking the financial status including the credit rating of a Provider;
“Finance Manager”	means a manager from the Council’s internal finance team;
“Financial Procedure Rules”	means the governance rules and regulations relating to the management of the Council’s financial affairs, set out in Part 4G of the Constitution;
“Framework Agreement”	means a framework agreement that has been set up either by the Council or an organisation other than the Council and has been authorised by Commercial Procurement for use in Council

	procurements;
“Forward Procurement Plan”	means practical planning of the procurement, or group of similar procurements, including approach, resourcing and timetable. This involves identifying major projects within each category of spend to be maintained by the relevant Chief Officer. It also provides a basis for information for Commercial Procurement to meet the Council’s reporting obligations. The Forward Procurement Plan will be in such format as prescribed by the Chief Procurement Officer except where an alternative approach (having the same effect) forms part of external funding or joint procurement requirements;
“Internal Service Provider”	means any internal service area for example Building Services, Commercial Procurement, or Legal Services etc;
“Invitation to Tender”	means an invitation by the Council to a potential Provider to tender for the provision of goods, services and/or works;
“Key Decision”	has the meaning set out in Rule 7.6 of the CPRs;
“Leader”	means the Leader of the Council;
“Legal Services”	means the Council’s internal legal team;
“Member(s)”	means elected member(s) of the Council;
“Monitoring Officer”	means the Council’s principal solicitor currently the Assistant Director of Governance & ICT;
“Officer(s)”	means employee(s) of the Council;
“Participants”	means a person or entity participating in a procurement process, who has expressed an interest in tendering for a Contract or who has tendered for a Contract;
“Procurement Strategy”	means the Council’s published procurement strategy setting out its ambition for procurement and confirming a category management and whole lifecycle approach to procurement;
“Procurement Toolkit”	means the manual that accompanies these CPRs which provides detailed guidance on procurement techniques, considerations and

	the effect of these CPRs;
“Provider(s)”	means the person or entity with whom the Council has a Contract;
“Public Contracts Regulations”	means the Public Contracts Regulations 2006 as amended by the Public Contracts (Amendment) Regulations 2009, the Public Procurement (Miscellaneous Amendments) Regulations 2011 and any successor, amending or enabling legislation;
“Relevant Contract”	has the meaning set out in Rule 3 of these CPRs;
“Request for Quotation”	means a request by the Council to a potential Provider for a quotation for the provision of goods, services and/or works;
“Routine”	has the meaning set out in Rule 7.7;
“Rule(s)”	means any rule contained in these CPRs;
“Standstill Period”	means a 10 day standstill period before a contract can be awarded to the successful bidder to allow an unsuccessful bidding organisation an opportunity to challenge the proposed contract award;
“Strategic Partnership”	means a partnership with an organisation that the Council has a long term arrangement with for the provision of goods, works and / or services;
“TUPE”	means the Transfer of Undertakings (Protection of Employment) Regulations 2006;
“YORtender”	means the Council’s provider and contract management system maintained by Commercial Procurement.



Audit and Governance Committee**11th February 2015****Report of the Monitoring Officer****Access to Information Rules****Summary**

1. This report invites Members to make recommendations to Council in relation to constitutional changes regarding access to information rules.

Background

2. Annexed to this report Members will find draft access to information rules which it is proposed should form part of the Council's new Constitution. In line with a key principle of updating the Constitution these rules bring together provisions which appear in at least four different places in the existing Constitution.
3. The draft rules follow the legal requirements on access to information and therefore do not differ in effect from the existing rules.
4. Members' attention is specifically drawn to the requirements in respect of Officer decisions. The City Council has longstanding arrangements for recording significant decisions made by Officers. The Government's attempt to enshrine this good practice in law has though caused difficulties. Regulations governing executive decisions and more recent Regulations covering other functions have both resulted in considerable legal debate as to what they actually require. In the draft rules there is a proposal that the Monitoring Officer should issue guidance which Officers must follow. If the Committee is content with this suggestion then they may wish to receive a further report detailing the current guidance.

Analysis

5. The proposal brings together in one place a coherent set of access

to information rules which reflect the law. This is consistent with the plan for updating the constitution which the committee has previously discussed.

Council Plan

6. The Council's Constitution is its key governance document and is an essential tool in delivering its priorities.

Implications

7. The revised rules are compliant with the Local Government Acts and associated Regulations relating to access to information.
8. There are no specific Financial, Human Resources, Equalities, Crime and Disorder, ICT or Property implications

Risk Management

9. In certain circumstances a failure to meet the access to information rules may invalidate a decision. There are also criminal offences associated with failing to make information available in accordance with the legislation.

Recommendations

10. Members are asked to recommend to Council
 - a) That the Rules in the annex to this report be included in the Constitution

Reason: to ensure that the Council has effective and accessible Rules in place
 - b) That the Monitoring Officer make consequential changes to the Constitution

Reason: to ensure that the Constitution is kept up to date
 - c) That the Monitoring Officer bring a report to a future meeting of the Committee in relation to guidance to Officers on recording decisions

Reason: to allow Members to comment on the guidance

Contact Details

**Author and Chief
Officer responsible for
the report:**

Andy Docherty
Assistant Director
Telephone: 01904
551004

**Report
Approved**

Date 27 January 2015

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers

None

Annexes

Draft Access to Information Procedure Rules

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1. **ACCESS TO INFORMATION PROCEDURE RULES**

Overview

This part of the Constitution describes the legal rights that members of the public have to attend formal Council meetings. It describes the rules on publishing agendas, reports and background documents relating to items on the agenda. Rules on recording decisions made by Council Officers are also included.

Councillors have additional rights to access information and these are described later in this part of the Constitution.

As well as the rights described here there are many other ways of obtaining information from the Council. Much information is available on the Council's website and particularly the transparency pages [insert link] where information can be found including details of all Council expenditure, Members' remuneration and expenses and payments to senior staff.

In addition to the rights described here there are other rights to information including those set out in the Data Protection Act 1998, the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and the Accounts and Audit (England) Regulations 2011.

1.1 **Scope**

These rules:

- 1.1.1 Apply to all meetings of the Council, the Cabinet, Executive, Overview and Scrutiny Committees, the Health and Well Being Board, the Joint Standards Committee, and Regulatory Committees.
- 1.1.2 Set out arrangements for the recording of decisions made by individual Cabinet members or by Officers.
- 1.1.3 Describe additional rights to information which apply to Councillors in their official capacity

1.2 **Rights to Attend Meetings**

Members of the public have a right to attend any meeting covered by these rules. There are limited exceptions where the

Council is considering confidential or exempt information. These terms are explained below.

1.3 **Notices of Meeting**

- (a) The Council will normally give at least five clear days' notice of any meeting by posting details of the meeting at West Offices, Station Rise, York and on its website. In calculating "five clear days" the Council does not include the day of publication, the day of the meeting, weekends or bank holidays.
- (b) Exceptionally a meeting may be convened at shorter notice. In that case notice of the meeting will be given once it has been convened.

1.4 **Access to Agenda and Reports Before the Meeting**

- 1.4.1 The Council will make copies of the agenda for a meeting and related reports open to the public available for inspection at West Offices, Station Rise, York and on its website at least five clear days before the meeting.
- 1.4.2 If an item is added to the agenda later, the revised agenda will be open to inspection from the time the item was added to the agenda.
- 1.4.3 No document will be available for public inspection until it has been made available to Councillors.
- 1.4.4 If the Monitoring Officer or in his/ her absence the Head of Civic & Democratic Services thinks fit, the Council may decide not to make available for inspection reports or part of reports which, in his or her opinion, relate to items during which the meeting is likely not to be open to the public.

1.5 **Supply of Copies**

The Council will supply copies of the following documents to any person either electronically or on payment of a charge for postage and any other printing and handling costs:

- 1.5.1 any agenda and reports which are open to public inspection;

- 1.5.2 any further statements or particulars necessary to indicate the nature of the items in the agenda; and
- 1.5.3 if the Monitoring Officer or in his/ her absence the Head of Civic & Democratic Services thinks fit, copies of any other documents supplied to Councillors in connection with an item

1.6 **Access to Minutes etc after the Meeting**

The Council will make available either electronic or hard copies of the following for a period of six years after the date of a meeting:

- 1.6.1 the minutes of the meeting or record of decisions taken by the Cabinet. These will not include any part of the minutes when the meeting was not open to the public because exempt or confidential information was being considered;
- 1.6.2 a summary of any proceedings not open to the public, where the minutes open to inspection would not provide a reasonably fair and coherent record;
- 1.6.3 the agenda for the meeting; and
- 1.6.4 reports relating to items when the meeting was open to the public.

1.7 **Background Papers**

1.7.1 List of Background Papers

An Officer preparing a report for a meeting will set out in the report a list of any background papers or confirm that there are none. A background paper is a document relating to the subject matter of the report which in the opinion of the relevant Officer:

- (a) discloses any facts or matters on which the report or an important part of the report is based; and
- (b) which has been relied on to a material extent in preparing the report.

It does not include published works or those which disclose exempt or confidential information as defined in Rule 1.81.8 nor, in respect of executive decisions, does this include the advice of a political adviser, or any draft report or document

1.7.2 Public Inspection of Background Papers

When the Council publishes a report for a meeting it will, also make available for inspection a copy of each background paper. In the case of a Cabinet meeting the background paper must also be published on the Council's website. Background papers will remain available for inspection for at least four years from the date of the decision.

1.8 Exclusion of Access by the Public to Meetings

1.8.1 Confidential Information – Requirement to Exclude Public

The public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted, or the nature of the proceedings, that "confidential information" would be disclosed.

1.8.2 Meaning of Confidential Information

"Confidential information" for these purposes has a particular definition. It means information given to the Council by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

1.8.3 Exempt Information – Discretion to Exclude Public

- (a) The public may be excluded from meetings whenever it is likely in view of the nature of the business to be transacted, or the nature of the proceedings, that exempt information would be disclosed.
- (b) Where the meeting will determine any person's civil rights or obligations, or adversely affect their possessions, article 6 of the Human Rights Act 1998 establishes a presumption that the meeting will be

held in public, unless a private hearing is necessary for one of the reasons specified in article 6.

- (c) The decision as to whether or not to exclude the public is made at the meeting by the members of the relevant decision making or scrutiny body.

1.8.1 Meaning of Exempt Information

Exempt information means information which falls within one or more of the following seven categories and meets any condition set out below in relation to that category:

No.	Category of Exempt Information	Condition
1.	Information relating to any individual.	Public interest test applies (see below). Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992
2.	Information which is likely to reveal the identity of an individual.	Public interest test applies (see below). Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country

No.	Category of Exempt Information	Condition
		Planning General Regulations 1992
3.	<p>Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p><i>Note: the word “person” refers to a “legal person” so includes companies, Councils etc.”</i></p>	<p>Information falling within paragraph 3 is not exempt information by virtue of that paragraph if it is required to be registered under:</p> <ul style="list-style-type: none"> • The Companies Acts; • The Friendly Societies Act 1974; • The Friendly Societies Act 1992; • The Co-operative and Community Benefits Act 2014; • The Building Societies Act 1986; or • The Charities Act 2011. <p>Public interest test applies (see below).</p> <p>Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General</p>

No.	Category of Exempt Information	Condition
		Regulations 1992
4.	Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.	Public interest test applies (see below). Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992
5.	Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.	Public interest test applies (see below). Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992
6.	Information which reveals that the authority proposes: <ul style="list-style-type: none"> • to give under any enactment a notice under or by virtue of which requirements are imposed on a 	Public interest test applies (see below). Information is not exempt information if it relates to proposed development for which the local planning authority may grant

No.	Category of Exempt Information	Condition
	person; or <ul style="list-style-type: none"> • to make an order or direction under any enactment. 	itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992
7.	Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.	Public interest test applies (see below). Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992

1.9 Public Interest Test

1.9.1 Information which:

- (a) falls within any of paragraphs 1 to 7 above; and
- (b) is not prevented from being exempt by virtue of the specific conditions described above relating to the Council's own planning applications and registration under other legislation,

is only exempt information if it meets a public interest test.

- 1.9.2 The public interest test says that information can only be exempt so long, as in all the circumstances of the case, the public interest in maintaining the exemption

outweighs the public interest in disclosing the information.

1.10 **Exclusion of Access by the Public to Reports**

1.10.1 The Council aims to prepare reports in such a way that as much information as possible is made public. Where, in the public interest, information has to be excluded from public access, Officers must consider whether that information can be placed in a separate annex allowing the main report to be published.

1.10.2 Any exempt report or part of a report will be marked “Not for Publication”, together with the category of information likely to be disclosed.

1.11 **The Forward Plan**

1.11.1 Purpose of the Forward Plan

- a) The Forward Plan gives advance notice of “key decisions” which are to be made by Cabinet. If the Leader or Chief Executive intends to make a key decision (which is only permitted in a case of urgency) that decision must also be recorded in the Forward Plan before the decision is taken.
- b) The Council also aims to include all “non key decisions” to be made by Cabinet or by individual Cabinet Members in the Forward Plan.
- c) Unless urgency rules apply a “key decision” cannot be taken unless the proposed decision has been included on a published forward plan for at least 28 clear days. That means calendar days but the date of publication and the date of the decision are not included.
- d) The Council aims to give the same 28 days clear notice of non key decisions. Exceptionally this may not be possible and, if a satisfactory reason is given, a non key decision may be added to the the Forward Plan at shorter notice but before the decision is taken.

1.11.2 Period of Forward Plan

The Forward Plan will be prepared by the Head of Civic and Democratic Services to cover a period of four months. An updated plan will be published at least once each month but items may be added to the plan during the month where the Head of Civic and Democratic Services considers that to be appropriate.

1.11.3 Contents of the Forward Plan

The Forward Plan will:

- (a) describe the matter in respect of which a decision is to be made;
- (b) identify whether the Council consider that the decision to be made is a key or non-key decision;
- (c) where the decision maker is an individual, give that individual's name, and title if any and, where the decision maker is the Cabinet, include a list of its members;
- (d) include the date on which, or the period within which, the decision is to be made;
- (e) include a list of the documents submitted to the decision maker for consideration in relation to the matter in respect of which the key decision is to be made;
- (f) give the address from which copies of, or extracts from, any document listed is available. This is subject to any restrictions on releasing that information;
- (g) advise that other relevant documents may be submitted to the decision maker; and

- (h) state the procedure for requesting details of those documents (if any) as they become available.

1.12 **Key Decisions**

1.12.1 Definition

A key decision is an executive decision which is likely:

- (a) to result in the Council incurring expenditure, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates;
or
- (b) to be significant in terms of its effects on communities living or working in the area.

1.12.2 Financial significance

For the purposes of further defining a key decision the Council describes savings or expenditure as significant if they are:

- (a) equal to or greater than £500,000 or
- (b) equal to or greater than £100,000 where the savings or expenditure exceeds 10% of the budget for the service.

Expenditure in excess of the above levels will not constitute a key decision if it is made:

- (a) as part of the implementation of a decision which itself was a key decision e.g. the award of a contract *or*
- (b) where the expenditure is routine expenditure as described in the Contract procedure rules.

1.13 Urgency and Special Urgency Rules

1.13.1 A key decision which has not been included in the published Forward Plan for at least 28 clear days cannot be taken unless either the urgency or special urgency rules apply.

1.13.2 Urgency Rules

If it is impracticable to include a proposed key decision in the Forward Plan for the required period, that decision may still be taken if:

- (a) the Head of Civic and Democratic Services has given the Chair of the relevant overview and scrutiny committee written notice, of the matter about which the decision is to be made;
- (b) a copy of that notice has been made available for inspection at the Council offices and published on the Council's website;
- (c) the decision is made after five clear days following the notice referred to in sub-paragraph (b) being made available.

1.13.3 The Head of Civic and Democratic Services must also make available at the Council offices and publish on the Council's website a notice setting out the reasons why it is impracticable to comply with the usual forward plan rules.

1.13.4 Special Urgency

- (a) Where the date by which a key decision must be made means that it is impracticable to comply with the urgency procedures described above these special urgency procedures apply.
- (b) A key decision can be taken as a matter of special urgency if either:
 - (i) the Chair of the relevant overview and scrutiny committee; or

(ii) if there is no such person, or if the Chair of the relevant overview and scrutiny committee is unable to act, the Lord Mayor

agrees that the making of the decision is urgent and cannot reasonably be deferred

- 1.13.5 Where agreement has been obtained to using the special urgency procedures a notice must be published at the Council offices and on the website setting out the reasons that the meeting is urgent and cannot reasonably be deferred.

1.14 Record of Decisions of the Cabinet and Cabinet Members

1.14.1 The Decision Record

- (a) A written record will be made of every Executive Decision made by the Cabinet or by individual Cabinet Members. These rules will also apply to executive decisions made by any other decision making body which the Council establishes with powers to make Executive Decisions.
- (b) This decision record will include a statement, for each decision, of:
- (i) the decision made;
 - (ii) the date the decision was made;
 - (iii) the reasons for that decision;
 - (iv) details of any alternative options considered and rejected by the decision maker
 - (v) any conflict of interest declared;
 - (vi) any dispensation granted by the Head of Paid Service;

1.14.2 Preparing the Decision Record

- (a) The Monitoring Officer or his or her representative shall attend any meeting of the Cabinet or other decision making body and shall, as soon as reasonably practicable after the meeting, produce a decision record.
- (b) Where an individual Cabinet Member has made any Executive Decision that Member shall as soon as reasonably practicable instruct the Monitoring Officer to produce a decision record.

1.15 Record of Executive Decisions made by Officers

- 1.15.1 As soon as reasonably practicable after an officer has made a decision which is an executive decision, the officer must produce a written statement which must include:
 - (a) a record of the decision including the date it was made;
 - (b) a record of the reasons for the decision;
 - (c) details of any alternative options considered and rejected by the officer when making the decision;
 - (d) a record of any conflict of interest declared by any executive member who is consulted by the officer which relates to the decision; and
 - (e) in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service
- 1.15.2 This statement will be made available for inspection at the Council offices and on the website together with a copy of any report considered by the officer and relevant to the decisions. No document is required to be published, however, where it contains confidential or exempt information or the advice of a political assistant.

- 1.15.3 In deciding which decisions constitute executive decisions which must be recorded Officers must comply with guidance issued by the Monitoring Officer

1.16 **Record of other Officer decisions**

- 1.16.1 This rule covers decisions which are not executive decisions and are made either:
- (a) under an authorisation expressly delegating to the Officer the power to take the specific decision; or
 - (b) under a general authorisation to officers (contained in the scheme of delegations). In this case decisions only have to be recorded if the effect of the decision is to—
 - (i) grant a permission or licence;
 - (ii) affect the rights of an individual; or
 - (iii) award a contract or incur expenditure which materially affects the Council's financial position.
- 1.16.2 As soon as reasonably practicable after an officer has made a decision covered by this rule the officer must prepare a written record including:
- (a) the date the decision was taken;
 - (b) details of the decision taken and the reason for it;
 - (c) details of alternative options, if any, considered and rejected; and
 - (d) the name of any member of the Council who has declared a conflict of interest in relation to any decision made under an expressly delegated power relating to the specific decision
- 1.16.3 The written record will be made available for inspection at the Council offices and on the website for a minimum of six years after the date of the decision. The Council

will also make available a copy of any background papers which were relied on to a material extent in making the decision. These will be available for a minimum of four years. No document is required to be published, however, where it contains confidential or exempt information

1.17 Members' Additional Rights of Access to Documents

1.17.1 Rights of Access

- (a) All Members are entitled to inspect any document which is in the possession or control of the Council or Cabinet and which contains material relating to:
 - (i) any business to be transacted at a meeting of the Cabinet. These documents must be available five clear days before the meeting; or
 - (ii) any decision taken by an individual Member of the Cabinet or executive decision taken by an Officer. These documents must be available within 24 hours of the decision being taken.
- (b) All Members are also entitled to inspect any document which is in the possession or under the control of the council and contains material relating to any business to be transacted at a meeting of the council or a committee or sub-committee of the council. These documents must be available five clear days before the meeting

1.17.1 Limit on Rights under this Rule

Members are not entitled to inspect any part of a document that contains:

- (a) confidential information
- (b) advice provided by a political assistant
- (c) exempt information within categories 1,2, 4, 5, 7 and 8 as set out in paragraph 1.8.4 above

- (d) Information relating to any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract.

1.18 **Additional Rights of Access for Members of Overview and Scrutiny Committees**

1.18.1 Rights of Access

A Member of an Overview and Scrutiny Committee is entitled be provided with a copy of any document which is in the possession or under the control of the Cabinet and which contains material relating to:

- (a) any business to be transacted at a meeting of the Cabinet; or
- (b) any decision taken by an individual Member of the Cabinet or executive decision taken by an Officer.

In each case a copy of the document must be supplied as soon as practicable and within ten clear days of a request for a copy being received.

1.18.2 Limitation on Rights

A Member will not be entitled to:

- (a) any part of a document where it contains exempt or confidential information unless that information is relevant to:
 - (i) an action or decision that that member is reviewing or scrutinising; or
 - (ii) any review contained in any programme of work of such a committee or of such a committee; or
- (b) of a document or part of a document containing advice provided by a political assistant

1.18.3 Other Rights for Councillors to access information

- (a) Members have a common law right to inspect information which it is necessary for them to inspect in order to carry out their functions as a Councillor. The relevant Director will determine whether these rights apply with advice from the Monitoring Officer.
- (b) A Member wishing to exercise these rights must be prepared to justify specifically why the information is needed for them to carry out their functions
- (c) Any Council information provided to a Member must only be used by the Member for the purpose for which it was provided, i.e. in connection with the proper performance of the Member's duties as a Member of the Council.



Audit & Governance Committee**11th February 2015**

Report of the Assistant Director – Housing & Community Safety

Business Continuity**Summary**

1. This reports sets out the council's approach to business continuity and the current position of the council with regards to identifying those service areas which provide critical services and progress towards the development of business continuity plans for these critical service areas.
2. The report covers two key areas:
 - The council's overall approach to business continuity;
 - The directorate / service position;

Background

3. The statutory duty for business continuity is placed on a local authority by the Civil Contingencies Act 2004, said duty is to have in place robust and resilient contingency plans to ensure the authority's resources and staff are equipped to deal with a crisis situation effectively, while continuing to provide the usual day-to-day services of the Council.
4. In February 2014 Audit & Governance Committee received a report setting out an overview of the council approach and resilience in terms of emergency planning & business continuity. The report highlighted that the authority has a number of detailed and extensive emergency and business continuity plans which support the long term resilience of the city both in times of emergency and during the recovery stage. Key plans are:
 - The Emergency Handbook;
 - Rest Centre Plan;
 - Flood Plan;
 - River Ouse Emergency Plan; (deals with incidents on the river)

- City Centre Evacuation Plan;
 - Various internal Business Continuity Plans.
5. The report also set out that following the accommodation move to West Offices and the integration of a number of functions it was agreed to review the council's approach to business continuity and where appropriate strengthening the approach. Committee asked for an update on this review in 12 months time.

The council's overall approach to business continuity

6. All directorates have carried out Business Impact Assessments (BIA's) to identify their critical functions and subsequently developed Business Continuity Plans (BCP's). The aim of this approach is to:
- Understand what functions are carried out and whether those functions are 'critical';
 - Clearly establish where responsibility for business continuity functions sit, i.e. service / directorate or corporate;
7. To ensure that there was a corporate approach, and importantly a consistency across all business continuity plans, it was agreed that the emergency planning team would review the templates, streamline them making plans focused and concise. This work was undertaken with key representatives from each directorate alongside external peer challenge. New templates for both BIA's and BCP's were devised and put in place.
8. In 2014 an audit of the council's approach to business continuity was undertaken by Veritau. The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:
- Risks and threats to critical services have been identified and assessed;
 - Business continuity plans have been produced and approved to ensure key services can be continue to be provided in an emergency;
 - There is an agreed process for invoking the council's business continuity plans when emergencies occur;

- Testing has been done on business continuity plans and staff have been given training as to how they should be implemented;
 - Business continuity plans have been communicated to relevant staff and published where appropriate.
9. In areas where the work had not yet been completed to reflect the council's move to the West Offices, the audit reviewed the work that had already been done together with the proposed plans to complete outstanding tasks.
10. Key findings of the audit were:
- That good progress was being made in refreshing the council's approach to business continuity and in updating the individual plans to reflect the move to West Offices and other recent changes.
 - Most service level plans have been updated and reviewed and there are plans in place to continue this process up to directorate and corporate level plans.
 - In addition to the completion of these higher level plans, specific outstanding issues identified during the audit relate to the production of plans for services which have a wider corporate dimension, the consideration of telephone service requirements and the availability of hard copy business continuity plans.
11. The overall conclusion of the audit was that it found that the arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation but there is scope for further improvements in the areas identified. Overall opinion of the controls within the system at the time of the audit was that they provided **Substantial Assurance**. A copy of the audit can be seen at Annex 1.

Directorate / Service Position

12. Significant work has been undertaken by the Emergency Planning team to support the directorates / service areas to complete the BIA's & BCP's. The outcome of this work is that 67 service areas across the council were identified as having critical elements of service delivery and needing BCP's.
13. CMT have received updates on the approach to delivering BCP's and placed the completion of these plans as a priority.

14. Of the 67 service areas identified as needing to complete BCP's, 66 of these have been completed. The one area where work is still being undertaken is Public Health. The reasons for the delay in completing the formal BCP for this area have been the separation of this function from Adult Social Care and the subsequent review of the structure for service delivery.
15. However, it must be stressed that this delay does not place the authority at significant risk. The main responsibilities for a Public Health emergency sit with Public Health England. When considering the CYC input into any response, reciprocal informal arrangements for cover are in place with NYCC. The key focus of the LA response to an emergency would be the Director of Public Health being the public face of any communication, the spokesperson for giving messages to local health providers and the general public.
16. The Council's Public Health function is not a "blue light" service and as such, not a first responder, the role is one of assessment of the nature, scale and impact of any threat, seeking/providing expert advice, communicating messages to the public, working with/advising first responders, and coordinating local health service response.
17. The following table breaks this down by directorate.

Directorate	Number	Complete	Outstanding
Communities & Neighbourhoods	19	18	1
City & Environmental Services	5	5	0
Customer, Business Support Services	18	18	0
Children, Education & Skills	10	10	0
Adult Social Care	13	13	0
Office of Chief Executive	2	2	0
Totals	67	66	1

18. Having BCP's in place is important, however of equally importance is that they are regularly tested and reviewed. In November 2014, CMT agreed an annual programme of exercises at both directorate and corporate level, with two exercises per year for each directorate along with one corporate exercise per year.

Consultation

19. This report is for information only.

Recommendations

20. This report is for information only, Audit & Governance Committee is asked to note the contents of the report.

Reason: To ensure Members are updated on the Council's approach to business continuity and the current position.

Contact Details

Author:

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& Community Safety

Chief Officer Responsible for the report:

Sally Burns
Director – Communities & Neighbourhoods

Report Approved Date 27th January 2015

Specialist Implications Officer(s) - *None*

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Annexes

Annex 1 - Audit review of Business Continuity (2014)

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Business Continuity

City of York Council

Internal Audit Report 2013/14

Business Unit: Housing & Community Safety
 Responsible Officer: Assistant Director - Housing & Community Safety
 Service Manager: Emergency Planning Co-ordinator
 Date Issued: 22/07/2014
 Status: Final
 Reference: 11060/003

	P3	P2	P1
Findings	2	1	0
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

The council's responsibilities for business continuity are defined in The Civil Contingencies Act 2004 which states 'The council should ensure that they can continue to deliver their functions in an emergency 'so far as is reasonably practicable'.

The Chief Executive has overall responsibility for ensuring that the council has a business continuity plan with the responsibility for co-ordinating individual plans being delegated to the Emergency Planning Unit (EPU). The EPU works with directorates to ensure that business continuity plans have been produced by directorates and that these are reviewed and tested at appropriate intervals. However, it is up to senior managers within each council directorate to ensure that key services are not interrupted when an incident occurs.

The council's move to the West Offices has meant that although the council has the same responsibilities to provide key services in an emergency, some of the risks and threats to providing them may have changed. Therefore business continuity plans needed to be reviewed to reflect the move the West Offices, while the council's overall approach to business continuity was also refreshed.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- Risks and threats to critical services have been identified and assessed.
- Business continuity plans have been produced and approved to ensure key services can be continue to be provided in an emergency.
- There is an agreed process for invoking the council's business continuity plans when emergencies occur.
- Testing has been done on business continuity plans and staff have been given training as to how they should be implemented.
- Business continuity plans have been communicated to relevant staff and published where appropriate.

In areas where the work has not yet been completed to reflect the council's move to the West Offices, the audit reviewed the work that has already been done together with the proposed plans to complete outstanding tasks.

Key Findings

Good progress is being made in refreshing the council's approach to business continuity and in updating the individual plans to reflect the move to West Offices and other recent changes. Most service level plans have been updated and reviewed and there are plans in place to continue this process up to directorate and corporate level plans. In addition to the completion of these higher level plans, specific outstanding issues

identified during the audit relate to the production of plans for services within the Office of the Chief Executive, the consideration of telephone service requirements and the availability of hard copy business continuity plans.

Overall Conclusions

It was found that the arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation but there is scope for further improvements in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided **Substantial Assurance**.

1 Issue/ Control Weakness Risk

Business continuity plans have not been completed for all council services. Services may not be re-instated following an emergency.

Findings

At the time of the audit it was found that business continuity plans had not been produced for all council services. In order to monitor whether business continuity plans have been produced and reviewed for all council services, the Emergency Planning Unit have been using a list of services compiled from directorate structure charts on COLIN and discussions with relevant Assistant Directors. This list was also reviewed and it was found that services within the Office of the Chief Executive had not been included. This includes the Economic Development, Performance & Innovation and Communications service areas. Business impact assessments and business continuity plans for these services have therefore not been submitted by the service area or reviewed by the Emergency Planning Unit.

1.1 Agreed Action

Business continuity plans will be requested from the Economic Development, Performance & Innovation and Communications service areas. Once submitted these plans will be reviewed by the Emergency Planning Unit to confirm they contain all the necessary details. [managers within the services will be responsible for the completion of the plans]

Priority	2
Responsible Officer	Emergency Planning Officer & Business Continuity Advisor
Timescale	31 August 2014

2 Issue/ Control Weakness Risk

Consideration has not been given as to the necessary phone requirements to maintain services following an emergency.

Critical services cannot be restored because consideration has not been given to the necessary phone requirements or whether the service could be maintained without a phone service.

Findings

There is no section within either the business impact analysis or business continuity plan template to detail the service’s telephone requirements or the impact a loss of telephone service would have. Some services included telephones in the section listing office equipment but half of a sample of plans tested included no reference to telephone requirements at all. Since telephones could be a critical requirement for some services, it would be preferable to explicitly include this in the templates to ensure their importance is not missed when plans are drafted.

2.1 Agreed Action

The templates for the business impact analysis and business continuity plans will be updated to include a section detailing the service’s telephone requirements. Service areas will be required to complete or transfer existing details into this section when the business continuity plans are reviewed in August.

Priority	3
Responsible Officer	Emergency Planning Officer & Business Continuity Advisor
Timescale	31 August 2014

3 Issue/ Control Weakness Risk

The arrangements for storing hard copies of business continuity plans at both the West Offices and Hazel Court depot have not been determined. Hardcopies of the business continuity plans are not available following an emergency resulting in a delay in re-instating services.

Findings

Service level business continuity plans are currently being stored in electronic format in both the Emergency Planning Unit's filing area as well as that of each individual service area. Although it has been discussed that hard copies of business continuity plans should be stored at both the West Offices and Hazel Court depot, arrangements for storing these plans have not been determined and no hard copies are currently available.

3.1 Agreed Action

A report is being prepared for the Corporate Management Team that will recommend that copies of business continuity plans are printed out and held in a secure location at the West Offices and Hazel Court Depot.

Priority	3
Responsible Officer	Assistant Director - Housing & Community Safety
Timescale	31 August 2014

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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Audit & Governance Committee**11 February 2015**

Report of the Assistant Director, Customers & Business Support Services, Customers & Employees

Key Corporate Risk Monitor 3 2014 /15**Summary**

1. The purpose of this paper is to present to Audit & Governance Committee (A&G) an update on the key corporate risks for City of York Council (CYC), and the present refreshed Key Corporate Risk (KCR) Register 2015.
2. Risk management at CYC identifies the key risks for the authority and how they are being managed. This process may demonstrate that risks are being managed very well but need ongoing monitoring, others need action taken to manage the risk effectively. The role of this Committee is to assess whether the full risk environment is being adequately reviewed, key risks are identified and receive assurances that risks are being mitigated through targeted monitoring and/or action.

Background

3. The risk management process at CYC ensures that all key and emerging risks are reported regularly to A&G on at least a quarterly basis. The purpose of this paper is to provide assurance that the council identifies understands, effectively manages and reviews its key risks.
4. The council has taken the opportunity over the past 12 months to review its Key Corporate Risks (KCRs) following Zurich Municipal's report on the council's risk management arrangements which was referred to in some detail at the meeting of this Committee on 10 December 2014. Since the last corporate risk register was produced (see Annex A) the financial constraints imposed on the council through Government austerity measures have increased.

5. The December 2014 report also reviewed the national risk management landscape. The risks contained within the paper were identified as the top 10 key risks facing local authorities by Chief Executives and Senior Management Teams in 70 authorities surveyed by Zurich Municipal risk management Services. The top 10 risks identified are set out in summary at Table 1 below:

Table 1

Risk	2014
Budget Pressures	1
Changes in Government policy, legislation & regulation	2
Workforce (attracting, retaining, right skills, rewards)	3
Business and Organisational transformation	4
Working with other organisations (Partnerships, Outsourcing, Supply Chains)	5
Reputation Management	6
Social Risk e.g. crime, population changes, antisocial behaviour	7
Data protection or security	8
Operational risk management including health & safety	9
Environmental challenges e.g. extreme weather, climate change	10

6. The risks above can be used as a point of reference by the Committee and alongside the previous risks outlined in Annex A.

Review Process

7. During 2014 there was a top down review of existing and proposed new risks undertaken across the organisation. In addition the risk management framework (Policy and Strategy) as well as the risk management processes used by the council was reviewed. The review was supported by the Council Management Team (CMT) and individual Directorate Management Teams (DMTs) who helped shape the revised KCR register.

Refreshed Key Corporate Risks

8. The council has statutory responsibilities for delivery of services to often our most vulnerable service users and the nature of some of this work carries inherent risks. New and innovative ways of delivering services more efficiently has been sought and with this transformation also comes a higher level of risk. The organisation now more than ever needs to embrace risk management as part of good management practice placing risk and opportunity at the heart of the key decisions that it makes.
9. The council takes a positive approach to risk management. It is not possible to eliminate all risk but understanding and seeking to manage risk in a controlled way can have a direct impact in mitigating the consequences. Positive risk taking to gain greater benefit and support innovation and change is necessary in the current financial environment if the council is to meet its objectives
10. All risks at strategic and operational/service level have been mapped against the risk matrix shown below in terms of **probability** (likelihood) and **impact**. By their nature KCRs are high risk and before controls are applied the **gross rating** will always be high. After controls are applied the scores will remain high even after mitigating action has taken place (known as the **net rating**). In many cases further management action needs to take place to reduce the likelihood of the risk occurring.

Impact	Catastrophic	17	22	23	24	25
	Major	12	18	19	20	21
	Moderate	6	13	14	15	16
	Minor	2	8	9	10	11
	Insignificant	1	3	4	5	7
		Remote	Unlikely	Possible	Probable	Highly Probable
		Likelihood				

- 11 The table below lists the new 11 KCRs for ease and the detailed risk register at Annex B sets out the risk ratings, causes, consequences, controls in place and actions planned to manage the risks along with their individual gross and current net risk ratings.
12. The following definitions may be helpful when reading the detail contained in Annex B:

Cause: explains what can lead to the risk happening;

Consequence: explains what the effect could be if the risk becomes reality;

Controls: the mitigating and preventative measures that are already in place to reduce the likelihood and/or impact of the risk.

Table 2

Ref	Title/Lead	Description
KCR 01	Financial Pressures <i>Ian Floyd</i>	Over the course of the last 4 years there has been a substantial reduction in government grants leading to significant financial savings delivered. The expectation is that £10million annually will be required in future years. The council needs a structured and strategic approach to deliver the savings in order to ensure that any change to service provision is aligned to the council's key priorities.
KCR 02	Governance <i>Ian Floyd</i>	With the current scale and pace of transformation taking place throughout the organisation, it is now more important than ever that the council ensures that its key governance frameworks are strong including those around information governance and transparency.
KCR 03	Transformation /Rewiring <i>Stuart Halliday</i>	Delivering the objectives set for the transformation programme moving from the existing model to the desired outcome, will require looking at innovative ways of meeting business objectives and service delivery going forward whilst ensuring that services continue to be delivered effectively whilst the work is ongoing.
KCR 04	Changing demographics <i>Jon Stonehouse/ Guy Van Dichele</i>	York has a rapidly changing demographic and this brings with it significant challenges particularly in the delivery of adult social care. On the converse, the results of the recent baby boom will have a future impact on school places and services not to mention social care. There has also been significant inward migration and as such the council needs to ensure that community impacts are planned for and resourced.
KCR 05	Safeguarding <i>Jon Stonehouse/ Guy Van Dichele</i>	Ensuring that vulnerable adults and children in the city are safe and protected is a key priority for the council. The individual, organisational and reputational implications of ineffective safeguarding practice are acute.

Ref	Title	Description
KCR 06	Workforce/ Capacity <i>Ian Floyd</i>	It is crucial that the council remains able to retain essential skills and also to be able to recruit to posts where necessary, during the current periods of uncertainty caused by the current financial climate and transformational change. The health, wellbeing and motivation of the workforce is therefore key in addition to skills and capacity to deliver.
KCR 07	Health and Wellbeing <i>Sally Burns</i>	The council now has the responsibility for the provision of public health services and also for the formation of the Health & Wellbeing Board, which has the ambition to bring together local organisations to work in partnership to improve outcomes for the communities in which they work. Failure to adequately perform these functions could result in the health and wellbeing of communities being adversely affected.
KCR 08	Local Plan <i>Sarah Tanburn</i>	The council has a statutory duty to develop a Local Plan, a citywide plan, which helps shape future development in York over the next 20-years. It sets out the opportunities and policies on what will or will not be permitted and where, including new homes and businesses. The Local Plan is a critical part of helping to grow York's economy and create more job opportunities and address our increasing population needs. Failure to develop a suitable Plan could result in York losing its power to make planning decisions.
KCR 09	Communities <i>Sally Burns</i>	The council needs to engage in meaningful consultation with communities to ensure decisions taken reflect the needs of the residents, whilst encouraging them to be empowered to deliver services that the council is no longer able to do. Failing to do this effectively would mean that services are not delivered to the benefit of those communities or in partnership.
KCR 10	Effective and strong partnerships <i>Stewart Halliday</i>	In order to continue to deliver some services the council will have to enter into partnerships with a multitude of different organisations whether they are third sector or commercial entities. There needs to be robust, clear governance arrangements in place for these partnerships as well as performance monitoring arrangements to ensure delivery of the objectives.
KCR 11	Capital Programme <i>Ian Floyd</i>	The capital programme currently has approximately 85 schemes with a budget of £203 million. The schemes range in size and complexity but are currently looking to deliver two very high profile projects, the Community Stadium and York Central, which are key developments for the city.

13. Members will note that risks have changed over time and that whilst some risks remain and are shown in both Annex A and Annex B, others no longer feature. This will be because council priorities and objectives change over time. This does not mean they do not exist or are not being managed, but they will feature elsewhere in risk registers at management team

level or at operational level in the council's risk management system.

14. Members will also see a direct correlation with most of the risks identified nationally in Table 1. Of those that do not feature specifically in Table 2:
- Health & Safety risk features in every service and Directorate risk register in the council and is part of **KCR02 Governance**, as are changes in government, policy, legislation and regulation, and data protection and security.
 - Environmental risk management tends to relate specifically to flood risk in York and features in operational risk registers and in emergency and business continuity plans.
 - CYC sees reputational risk as a consequence of not managing risk effectively not a risk in itself.

Options

15. Not applicable.

Council Plan 2011 - 2015

16. The effective consideration and management of risk within all of the council's business processes helps support achieving 'a confident collaborative organisation' and aid the successful delivery of the five priorities.

Implications

17.

- (a) **Financial** - There are no implications
- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** - There are no implications
- (d) **Legal** - There are no implications
- (e) **Crime and Disorder** - There are no implications

- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

Risk Management

18. In compliance with the council's Risk Management Strategy, there are no risks directly associated with the recommendations of this report. The activity resulting from this report will contribute to improving the council's internal control environment.

Recommendations

19. Audit and Governance Committee is asked to:
- (a) consider and comment on the refreshed corporate risk register set out at Table 2 above and in detail at Annex B;
 - (b) note the controls in place and the planned management actions to be monitored by the Committee as part of its Forward Plan of work.

Reason

To provide assurance that the authority is effectively understanding and managing its key risks.

**Contact Details
Author:**

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Manager
Phone No. 01904 552953

**Chief Officer Responsible for the
report:**

Pauline Stuchfield
Assistant Director Customer & Business
Support Services

Report ✓ **Date** 2/2/15
Approved

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Overview of National Risk Picture Report – Audit & Governance
Committee 10 December 2014

Annexes

A – Existing Key Corporate Risk Register

B – Proposed Key Corporate Risk Register

Title	Description
Waste management strategy partnership	Financial penalties of failing to manage satisfactory partnership solution to waste agenda. Partnership solution with NYCC introduces risks to the programme from CYC perspective (control, breakdown of effective working, governance etc). Project risks of the partnership have been identified and are being managed by NYCC as the lead body.
Emergency Planning & Business Continuity	Business Continuity: - The Council has a statutory duty to have plans in place to ensure the delivery of its own services continues throughout any disruption to itself or the community. Emergency Planning: - The Council, as a Category 1 responder to critical incidents, has a duty to maintain both generic and specific plans to respond to the risks facing its community.
Equal Pay	The Council is in receipt of a number of equal pay claims from individual employees, all of which relate to the legality of the Council's and grading arrangements prior to 1st April 2008 when new arrangements were introduced. The claims all concern the bonus schemes which were in place at the time and claim the schemes were discriminatory on the grounds of sex under the Equal Pay Act. The claims and any potential liabilities are being managed by a multi disciplinary group, lead by HR.
Fairness & Inclusion	The refreshed corporate Fairness and Inclusion Strategy and Single Equality Scheme were approved by the Executive in December 2009. This updates the council's fairness and inclusion commitment and action. It also ensures that we meet current statutory duties arising from equality legislation and provides the framework for the development of fair and inclusive service delivery and employment practice in the council.

Title	Description
Capital Programme	The Capital Programme delivers a number of capital schemes that directly contribute to the achievement of the Corporate Strategy. All capital schemes are included into the Capital Programme via the annual capital budget process which allocates resources to the projects that facilitate with service delivery and contribute toward the Corporate Strategy. Currently the Capital Programme contains 85 projects over a 5 year period with a budget of over £206m.
More for York	The efficiency programme contains a number of projects that, if delivered successfully, will produce millions of pounds of cashable efficiency savings which will support the council's budget, keep council taxes low, improve the quality of services and make them more efficient. The council has set aside an invest to save fund and is also going to work with private sector partner to drive through the change required to deliver these projects.
Impact of an Ageing Population	This is a long term piece of work which has been initiated by a scoping report to CMT. The next stage is to set up agreed actions for 10/11 and beyond following a workshop with senior managers across the council and an appraisal of the key issues.
Safeguarding	Ensuring that our children and young people in the city are safe and protected has to be a key priority for any authority. This involves not simply ensuring effective interventions into family life but the creation of protective arenas of safety which for example include safe recruitment practice. The individual, organisational and reputational implications of ineffective safeguarding practice are acute.
Climate Change	Addressing climate change is a key component to delivering the council's ambition of becoming a sustainable city. As part of this we aim to reduce greenhouse gas emissions across York and better prepare and adapt York's communities and businesses for the likely impacts associated with climate change.

Title	Description
Corporate Performance Management Framework	The council has a duty to provide value for money services to meet the needs of the citizens in York and to be accountable to local people where this is not achieved. Failure to effectively manage the council's performance could impact adversely on the council's reputation both at a local and national level. As such the council's corporate performance management framework must be robust and provide a level of assurance, which enables both officers and Elected Members to make informed decisions in relation to service delivery.
Financial Pressures	Reductions of approximately 25% in government department budgets are expected over the next 4 years. The Council needs a structured and strategic approach to deliver savings through the More for York programme to ensure that any change to service provision is aligned to the Council's key priorities.

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KCR 01 Financial Pressures

Over the course of the last 4 years there has been a substantial reduction in government grants leading to significant financial savings delivered. The expectation is that £10million annually will be required in future years. The council needs a structured and strategic approach to deliver the savings in order to ensure that any change to service provision is aligned to the council's key priorities.

Risk Owner: Ian Floyd

Gross Risk Rating: **High** 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- Reduction in government grants leading to the necessity to make savings
- Increased service demand and costs (for example an aging population).

Consequence

- Major savings required to balance budget, with potential major implications on service delivery
- Impacts on vulnerable people
- Spending exceeds available budget

Controls

Owner

Regular budget monitoring

Two year budget cycles and effective medium term planning and forecasting

Ian Floyd

Chief finance officer statutory assessment of balanced budget

Ian Floyd

Regular communications on budget strategy and options with senior management and politicians

Ian Floyd

Skilled and resourced finance function, supported by managers with financial awareness

Ian Floyd

Net Risk Rating: **Medium** 14

Net Risk Likelihood: Possible

Net Risk Impact: Moderate

Actions

Target Date

Revised Date

Development of a new Medium term plan after May elections

31/03/2016

KCR 02 Governance

With the current scale and pace of transformation taking place throughout the organisation, it is now more important than ever that the council ensures that its key governance frameworks are strong including those around information governance and transparency.

Risk Owner: Ian Floyd

Gross Risk Rating: High 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- Member/Officer relations may not be effective
- Increased interactions in relation to FOI and transparency
- Failure to comply with information security policy

Consequence

- Breach of Data Protection Act and other non compliance
- Fines levied by Information Commissioner
- Impact on the end user/customer
- Public safety may be put at risk
- Further incidents occur
- Adverse media coverage
- Reputational impact

Controls

Owner

Electronic Communication Policy	Ian Floyd
IT security systems in place	Ian Floyd
Corporate Information Governance Group	Ian Floyd
Secure paper storage and confidential waste disposal available in office accommodation	Ian Floyd
Internal Audit reviewing information security	Ian Floyd
New Head of Health and Safety	Pauline Stuchfield
Health and Safety monitoring by CMT and DMTs	Pauline Stuchfield
Regular monitoring to Audit & Governance committee	Ian Floyd
New governance structure	Andrew Docherty

Net Risk Rating: High 19

Net Risk Likelihood: Possible

Net Risk Impact: Major

Actions

Target Date

Revised Date

Review of Health and Safety governance frameworks	30/09/2015	
Health and Safety training programmes at all levels	31/03/2016	

KCR 03 Transformation/rewiring

Delivering the objectives set for the transformation programme moving from the existing model to the desired outcome, will require looking at innovative ways of meeting business objectives and service delivery going forward whilst ensuring that services continue to be delivered effectively whilst the work is ongoing.

Risk Owner: Stewart Halliday

Gross Risk Rating: **High** 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- Ineffective programme management
- Failure to engage with the community on the changes required
- Failure to support and manage change effectively

Consequence

- Adverse impact on service delivery
- Fail to meet the needs of vulnerable people
- Unable to lower the cost base
- Opportunities missed
- Reputational impact

Controls

Effective engagement activity

Detailed business cases

Programme governance

Owner

Stewart Halliday

Stewart Halliday

Stewart Halliday

Net Risk Rating: **High** 19

Net Risk Likelihood: Possible

Net Risk Impact: Major

Actions

Ongoing monitoring

Fuller consultation and engagement

Target Date

31/03/2016

31/03/2016

Revised Date

KCR 04 Changing demographics

York has a rapidly changing demographic and this brings with it significant challenges particularly in the delivery of adult social care. On the converse, the results of the recent baby boom will have a future impact on school places and services not to mention social care. There has also been significant inward migration and as such the council needs to ensure that community impacts are planned for and resourced.

Risk Owner: Jon Stonehouse/Guy Van Dichele

Gross Risk Rating: **High** 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- Baby boom coming through
- Inward migration
- Development and regeneration makes York more desirable and accessible
- An aging population requiring services from the council placing significant financial and delivery challenges

Consequence

- Increased service demand
- Impact on reducing budgets and resources
- Statutory school places have to be found
- Rise in delayed discharges
- Impact on service users
- Reputational impact

Controls

Analysis of need and work around options

Stakeholder and officer group

DfE returns

Owner

Jon Stonehouse

Jon Stonehouse

Jon Stonehouse

Net Risk Rating: **High** 19

Net Risk Likelihood: Possible

Net Risk Impact: Major

Actions

Annually refresh statistical projection of population change (CSES-OCE) to include provision of live birth data

Review KPIs to assess impact of population increase and project service resource needs reporting to CMT

Ensure adequate supply of schools places (CYC Place Planning Strategy, Governance Structure)

Target Date

30/04/2015

30/05/2015

01/09/2015

Revised Date

KCR 05 Safeguarding

Ensuring that vulnerable adults and children in the city are safe and protected is a key priority for the council. The individual, organisational and reputational implications of ineffective safeguarding practice are acute.

Risk Owner: Guy Van Dichele

Gross Risk Rating: **High** 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- Failure to comply with safeguarding policy and practice

Consequence

- Vulnerable person not protected
- Serious case review or lessons learned exercise
- Reputational damage

Controls

Safeguarding adults Board

Safeguarding sub groups

Multi agency policies and procedures

Adults - Multi agency safeguarding hub (MASH)

Specialist safeguarding cross sector training

Quantitative and qualitative performance management

Reporting and governance to lead Member, Chief Executive and Scrutiny

Annual self assessment, peer challenge and regulation

Owner

Guy Van Dichele

Jon Stonehouse

Jon Stonehouse

Jon Stonehouse

Net Risk Rating: **Medium** 14

Net Risk Likelihood: Possible

Net Risk Impact: Moderate

Actions

Regular monitoring of controls

Target Date

31/03/2016

Revised Date

KCR 06 Workforce/Capacity

It is crucial that the council remains able to retain essential skills and also to be able to recruit to posts where necessary, during the current periods of uncertainty caused by the current financial climate and transformational change. The health, wellbeing and motivation of the workforce is therefore key in addition to skills and capacity to deliver.

Risk Owner: Ian Floyd

Gross Risk Rating: **High** 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- The necessity to deliver savings has resulted in a reduced workforce
- Recruitment and retention difficulties as the council is seen as a less attractive option than the private sector
- Lack of succession planning
- Single points of failure throughout the business

Consequence

- Increased workloads for staff
- Impact on morale and as a result, staff turnover
- Inability to maintain service standards
- Impact on vulnerable customer groups
- Reputational damage

Controls

Workforce Strategy

Stress Risk Assessments

PDRs

Comprehensive Occupational Health provision including counselling

HR policies e.g. whistleblowing, dignity at work

Owner

Pauline Stuchfield

Pauline Stuchfield

Pauline Stuchfield

Pauline Stuchfield

Pauline Stuchfield

Net Risk Rating: **Medium** 14

Net Risk Likelihood: Possible

Net Risk Impact: Moderate

Actions

Production of new workforce strategy

Ongoing Monitoring

Staff survey Sept 2015 and establish new action plans by 2016

Delivery of organisation development plan

Target Date

31/12/2015

01/01/2016

01/01/2016

31/03/2016

Revised Date

KCR 07 Health and Wellbeing

The council now has the responsibility for the provision of public health services and also for the formation of the Health & Wellbeing Board, which has the ambition to bring together local organisations to work in partnership to improve outcomes for the communities in which they work. Failure to adequately perform these functions could result in the health and wellbeing of communities being adversely affected.

Risk Owner: Sally Burns

Gross Risk Rating: **High** 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- Outcomes may be difficult to evidence due to longevity
- Lack of resources: numbers and/or specialist skills
- Other priorities means less focus on Health and Wellbeing outcomes

Consequence

- Health and wellbeing of the community adversely affected
- Key objectives are not delivered
- Reputational damage

Controls

Health and Wellbeing Board own the strategy and receives reports on progress

Owner

Sally Burns/Julie Hotchkiss

Net Risk Rating: **High** 19

Net Risk Likelihood: Possible

Net Risk Impact: Major

Actions

Review of strategy and policy under way including delivery structure

Target Date

31/01/2016

Revised Date

The council has a statutory duty to develop a Local Plan, a citywide plan, which helps shape future development in York over the next 20-years. It sets out the opportunities and policies on what will or will not be permitted and where, inc. new homes and businesses. The Local Plan is a critical part of helping to grow York's economy, create more job opportunities and address our increasing population needs. Failure to develop a suitable Plan could result in York losing its power to make planning decisions.

Risk Owner: Sarah Tanburn

Gross Risk Rating: **High** 19

Gross Risk Likelihood: Possible

Gross Risk Impact: Major

Cause

- Fail to adopt and agree a Local Plan
- Local Plan adoption process delayed
- Significant opposition to the plan that may impede its progression

Consequence

- Significant negative impact on the council's strategic economic goals
- Council continues to have no adopted development plan/framework
- Legal and probity issues
- Reputational damage
- Increased resources required to deal with likely significant increase in planning appeals
- Development processes and decision making is slowed down
- Widespread public concern and opposition

Controls

Owner

Develop strategy for cross party working on long term strategic issues	Sarah Tanburn
CMT and DMT to work closely with key Members on Local Plan issues	Sarah Tanburn
Proactive communication strategy	Sarah Tanburn
Effective programme and project management to ensure timescales and milestones are met	Sarah Tanburn
Effective project resourcing	Sarah Tanburn

Net Risk Rating: **High** 18

Net Risk Likelihood: Unlikely

Net Risk Impact: Major

Actions

Target Date

Revised Date

Monitoring of controls 30/06/2015

KCR 09 Communities

The council needs to engage in meaningful consultation with communities to ensure decisions taken reflect the needs of the residents, whilst encouraging them to be empowered to deliver services that the council is no longer able to do. Failing to do this effectively would mean that services are not delivered to the benefit of those communities or in partnership.

Risk Owner: Sally Burns

Gross Risk Rating: **High** 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- Failure to effectively engage with the communities we serve
- Failure to contribute to the delivery of safe communities
- Failure to effectively engage stakeholders in the decision making process

Consequence

- Lack of buy in and understanding from stakeholders
- Alienation and disengagement of the community
- Relationships with strategic partners damaged
- Impact on community wellbeing

Controls

Proactive resource to engage management across the council

Communication and consultation Strategy

Owner

Sally Burns

Sally Burns

Net Risk Rating: **High** 19

Net Risk Likelihood: Possible

Net Risk Impact: Major

Actions

Rewiring project will identify specific workstreams

Target Date

01/01/2016

Revised Date

KCR 10 Effective and strong partnerships

In order to continue to deliver some services the council will have to enter into partnerships with a multitude of different organisations whether they are third sector or commercial entities. There needs to be robust, clear governance arrangements in place for these partnerships as well as performance monitoring arrangements to ensure delivery of the objectives.

Risk Owner: Stewart Halliday

Gross Risk Rating: **High** 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- Failure to effectively monitor and manage partnerships
- Lack of centralised register of partnerships

Consequence

- Key partnerships fail to deliver or break down
- Ability to deliver transformation priorities undermined
- Adverse impact on service delivery
- Funding implications
- Reputational impact

Controls

Partnership code of practice

Owner

Stewart Halliday

Net Risk Rating: **Medium** 14

Net Risk Likelihood: Possible

Net Risk Impact: Moderate

Actions

Publish, publicise and implement the CYC Partnership Code of Practice corporately

Target Date

31/03/2015

Revised Date

KCR 11 Capital Programme

The capital programme currently has approximately 85 schemes with a budget of £203 million. The schemes range in size and complexity but are currently looking to deliver two very high profile projects, the Community Stadium and York Central, which are key developments for the city.

Risk Owner: Ian Floyd

Gross Risk Rating: **High** 20

Gross Risk Likelihood: Probable

Gross Risk Impact: Major

Cause

- Inadequate monitoring/project management in relation to large capital projects
- Complex projects with inherent risks
- Large capital programme being managed with less resource

Consequence

- Additional costs and delays to delivery of projects
- The benefits to the community are not realised
- Reputational Damage

Controls

Project boards and project plans

Regular monitoring of schemes

Capital programme reporting to Cabinet

Strong financial, legal and procurement support included within the capital budget for specialist support skills

Owner

Ian Floyd

Ian Floyd

Ian Floyd

Ian Floyd

Net Risk Rating: **High** 19

Net Risk Likelihood: Possible

Net Risk Impact: Major

Actions

Infrastructure delivery board to be established in Jan 2015 for major transport-economic projects to review progress

Target Date

31/01/2015

Revised Date

31/03/2015

Risk Matrix

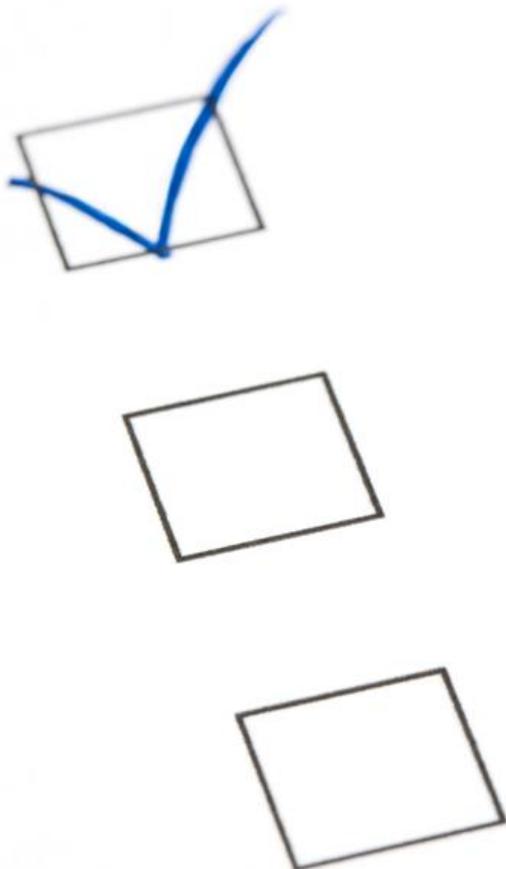
Impact	Catastrophic	17	22	23	24	25
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	Insignificant	1	3	4	5	7
		Remote	Unlikely	Possible	Probable	Highly Probable
Likelihood						

City of York Council



Audit Progress Report

February 2015



Contents

- 01 Purpose of this paper
- 02 Summary of audit progress
- 03 Emerging issues and developments
- 04 Contact details

Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

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01

Purpose of this paper



The purpose of this paper is to update the Audit and Governance Committee on progress in meeting our responsibilities as your external auditor. We also include in this paper key emerging national issues and developments which may be of interest to members of the Committee.

If you need any additional information please contact Gareth Davies or Gavin Barker using the contact details at the end of this update.

02

Summary of audit progress



Objection to the 2013/14 accounts

Members will recall that there is still an objection to the 2013/14 accounts in relation to the receipts arising from penalty charge notices for Lendal Bridge and Coppergate.

The income relating to the penalty charge notices was £1.8m, which was below the level of materiality for our opinion on the financial statements, but we are unable to certify completion of the audit until the objection has been determined.

At its meeting on 20 January 2014, the Cabinet determined some additional actions in relation to the publicity and governance of arrangements for those wishing to contest their penalty charge notices, following legal advice from Queen's Counsel.

The Council is also seeking an update from the Traffic Penalty Tribunal (TPT) regarding the internal review request by the Council of the TPT decision in relation to Coppergate.

We are making progress in considering the objection, and will take these latest developments into account and seek to determine the matter as quickly as possible.

Other 2013/14 Audit work

All remaining grants work has been completed and is reported in our Annual Grants Report for 2013/14, which is also on this meeting's agenda.

We have also completed the work on the Teachers' Pension Return, which was undertaken as additional fee work outside of the Audit Commission's grants regime.

2014/15 Audit Planning

Our planning for the 2014/15 audit is now well under way.

We are on target to present our Audit Strategy Memorandum to the Audit and Governance Committee on 15 April 2015. This document will set out the risks we identify for both the opinion on the financial statements and the value for money conclusion, and our overall approach to the audit.

We have already begun follow up work in relation to adult social care, which was subject to a Value For Money qualification in last year's audit.

Protecting the Public Purse - 2013/14 Fraud Briefing for City of York Council

Members will recall the fraud and law & regulations briefing provided by Mazars and Veritau, your internal auditors, before the June 2014 meeting of the Committee.

Part of the briefing at that time included the outcomes in terms of identified fraud for the 2012/13 financial year.

The Audit Commission has now published its briefing on 2013/14 outcomes, and the slide pack for this is attached as Appendix 1.

The key thing to note when reviewing this information is that the levels of identified fraud are a matter of fact and are not in themselves a good indicator of the strength of your arrangements in this area. The briefing is attached for Members information, but needs to be considered in the context of the Council's overall arrangements, which were the subject of the presentation last June.

National Fraud Initiative – 2012/13 Outcomes and Information for Elected Members of City of York Council

The Audit Commission has also published its briefing on 2012/13 National Fraud Initiative outcomes, and the slide pack for this is attached as Appendix 2.

This needs to be viewed in the same context as the Fraud Briefing above.

03

Emerging issues and developments



The following pages outline for your attention some significant emerging issues and developments in respect of:

- Auditing the Accounts 2013/14, Quality and timeliness of local public bodies' financial reporting.

Emerging issues and developments

Issue / development	Possible action
<p>Auditing the Accounts 2013/14, Quality and timeliness of local public bodies' financial reporting</p> <p>This Audit Commission report summarises the financial reporting outcomes for local authorities and other bodies within its regime. Audit opinions were issued at 99% of councils by 30 September 2014. The report names authorities that produced their accounts early and also names those where there were delays or non standard wording to the auditor's reports.</p>	<p>City of York Council met all of the statutory deadlines and received an unqualified audit opinion on 30 September 2014. A qualified VFM conclusion was given on the same date.</p> <p>The report can be found at http://www.audit-commission.gov.uk/2014/12/local-government-financial-reporting-remains-strong-nevertheless-over-1000-small-bodies-have-their-accounts-qualified/</p>

04

Contact details



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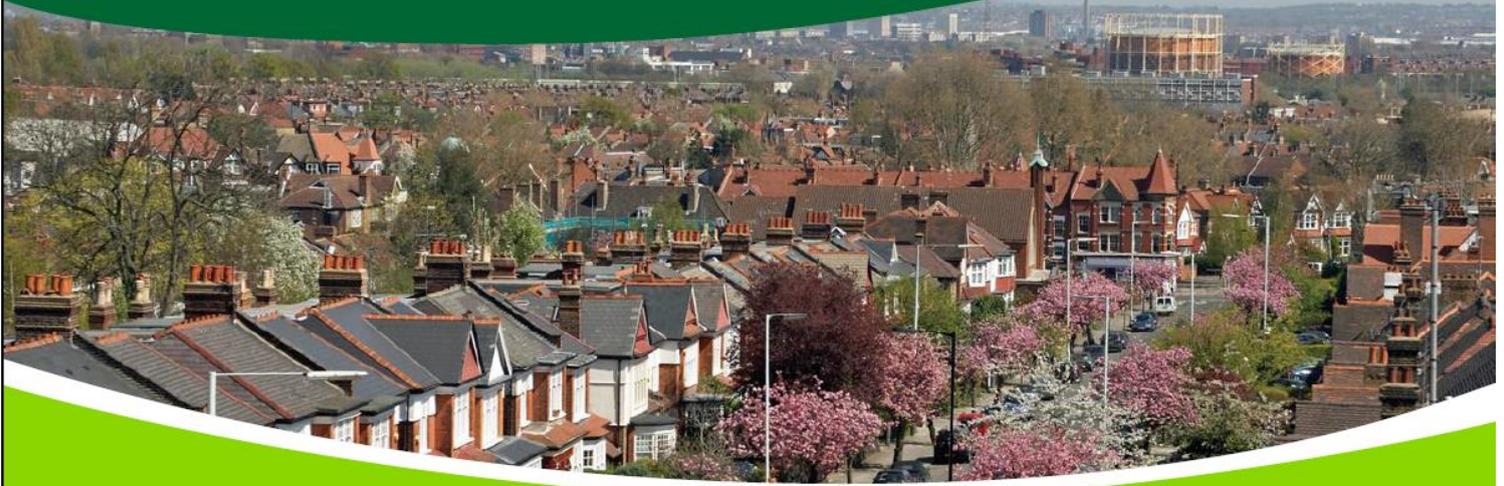
Aykley Heads

Durham

DH1 5TS

Appendix 1

Protecting the Public Purse Fraud Briefing 2014 City of York Council



Purpose of Fraud Briefing



Provide an information source to support councillors in considering their council's fraud detection activities



Extend an opportunity for councillors to consider fraud detection performance, compared to similar local authorities



Give focus to discussing local and national fraud risks, reflect on local priorities and the proportionate responses needed



Be a catalyst for reviewing the council's current strategy, resources and capability for tackling fraud



Understanding the bar charts

Outcomes for the first measure for your council are highlighted in yellow in the bar charts. The results of your comparator authorities are shown in the green bars.



Outcomes for the second measure for your council are highlighted as a green symbols above each bar. The results of your comparator authorities are shown in the white triangles.



A '*' symbol has been used on the horizontal axis to indicate your council.

All data are drawn from council submissions on the Audit Commission's annual fraud and corruption survey for the financial year 2013/14.

In some cases, council report they have detected fraud and do not report the number of cases and/or the value. For the purposes of this fraud briefing these 'Not Recorded' records are shown as Nil.



Interpreting fraud detection results

- 

Contextual and comparative information needed to interpret results
- 

Detected fraud is indicative, not definitive, of counter fraud performance (*Prevention and deterrence should not be overlooked*)
- 

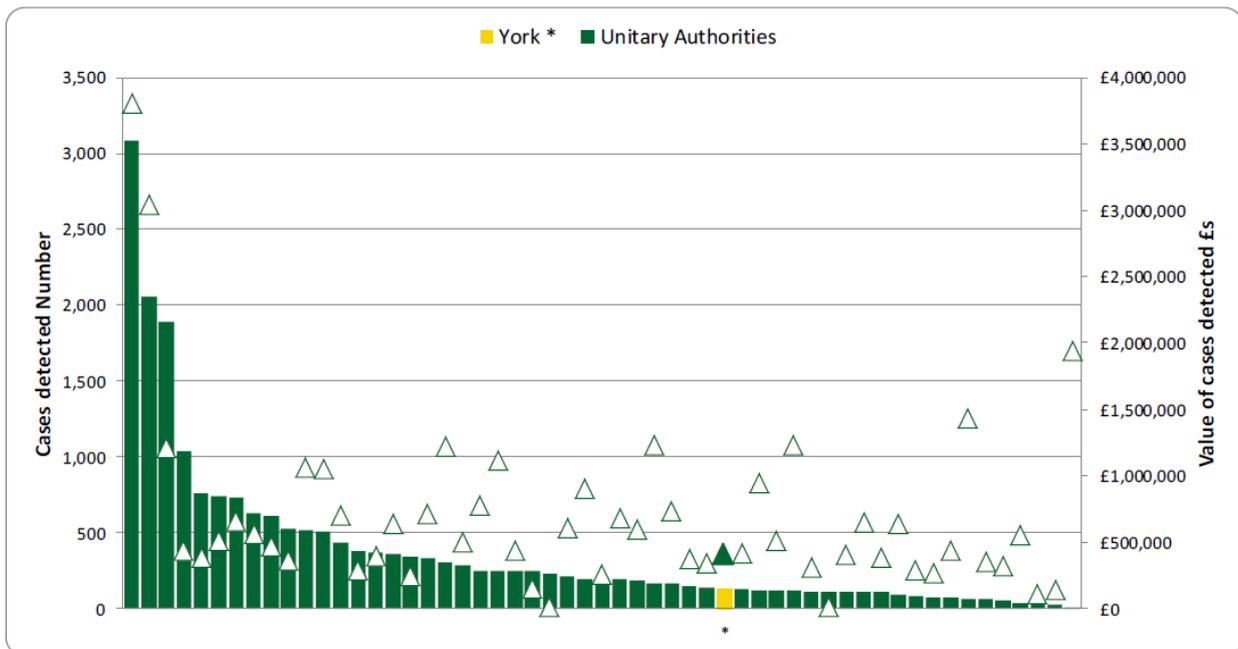
No fraud detected does not mean no fraud committed (*Fraud will always be attempted and even with the best prevention measures some will succeed*)
- 

Councils who look for fraud, and look in the right way, will find fraud (*There is no such thing as a small fraud, just a fraud that has been detected early*)



Total detected cases and value 2013/14 (Excludes Housing tenancy fraud)

York

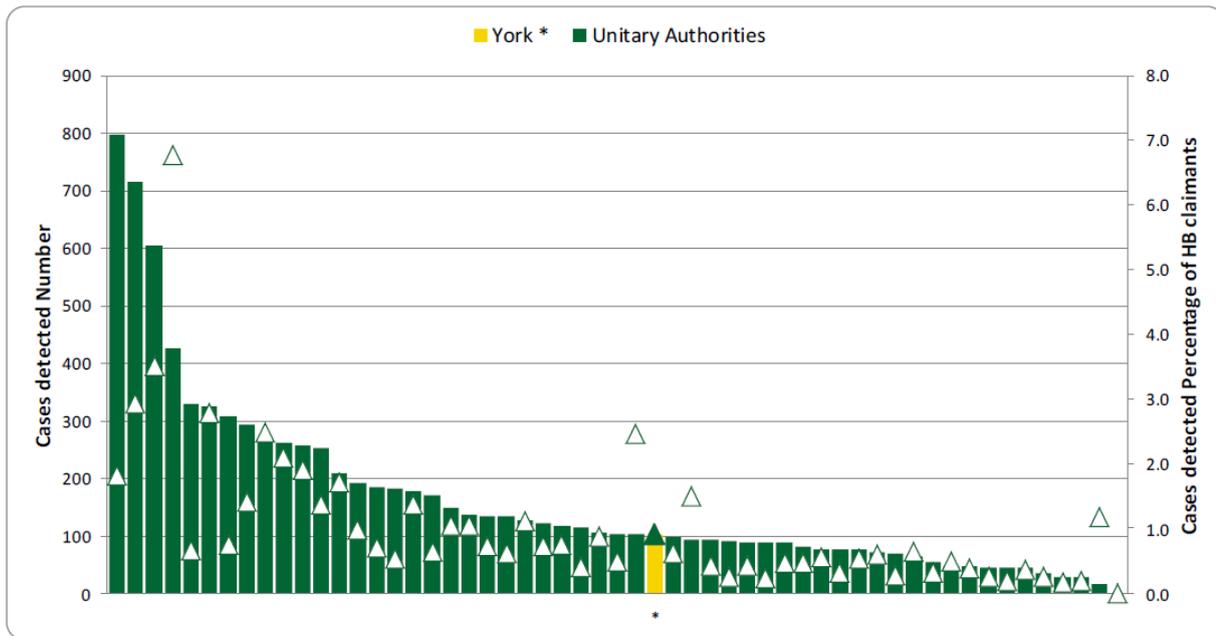


York detected 126 cases of fraud. The value of detected fraud was £404,700 #.

Average for other Unitary Authorities: 374 cases, valued at £699,305



Housing Benefit (HB) and Council Tax Benefit (CTB) 2013/14 Total detected cases, and as a proportion of housing benefit caseload York

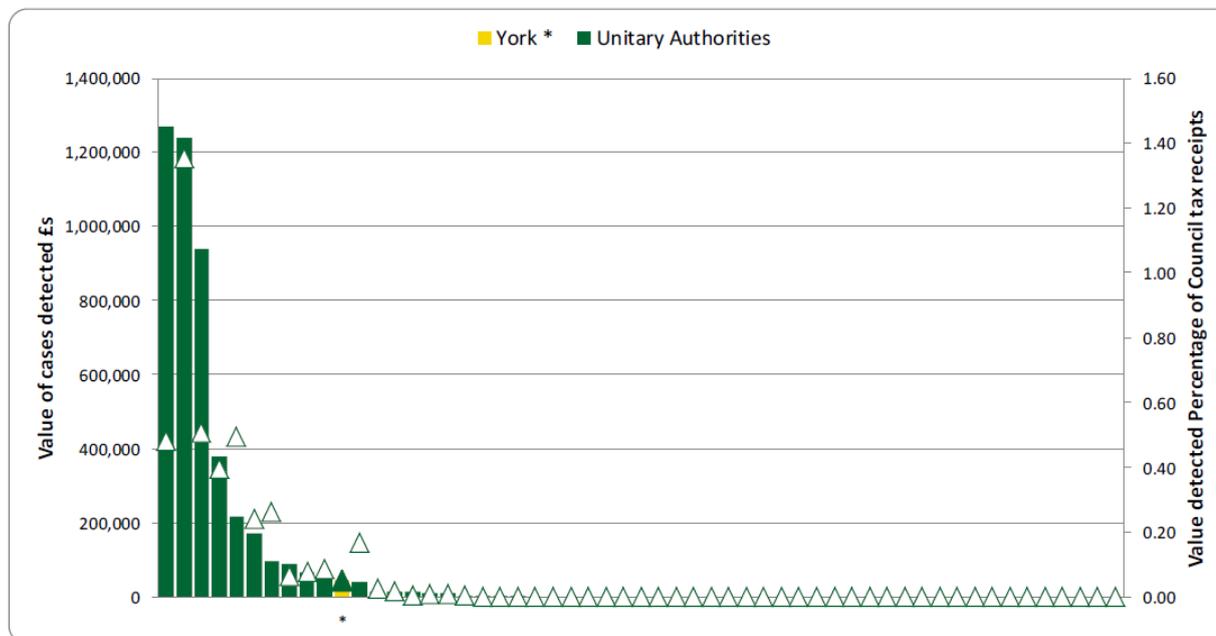


York detected 100 cases of this type of fraud. The value of detected fraud was £350,000.

Average for other Unitary Authorities: 163 cases, valued at £548,784



Council tax discount fraud 2013/14 Total detected value, and value as a proportion of council tax income York



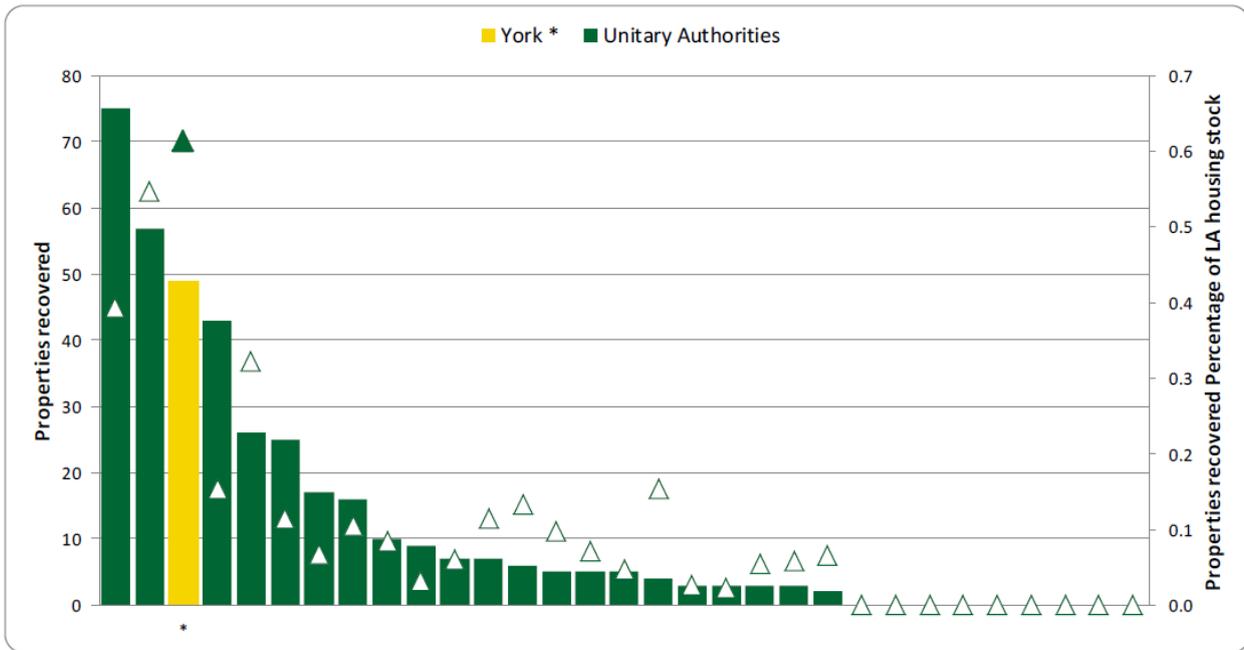
York detected 1 case of this type of fraud. The value of detected fraud was £42,000.

Average for other Unitary Authorities: 173 cases, valued at £85,647



Social Housing fraud (only councils with housing stock) 2013/14 Total properties recovered, and as a proportion of housing stock

York

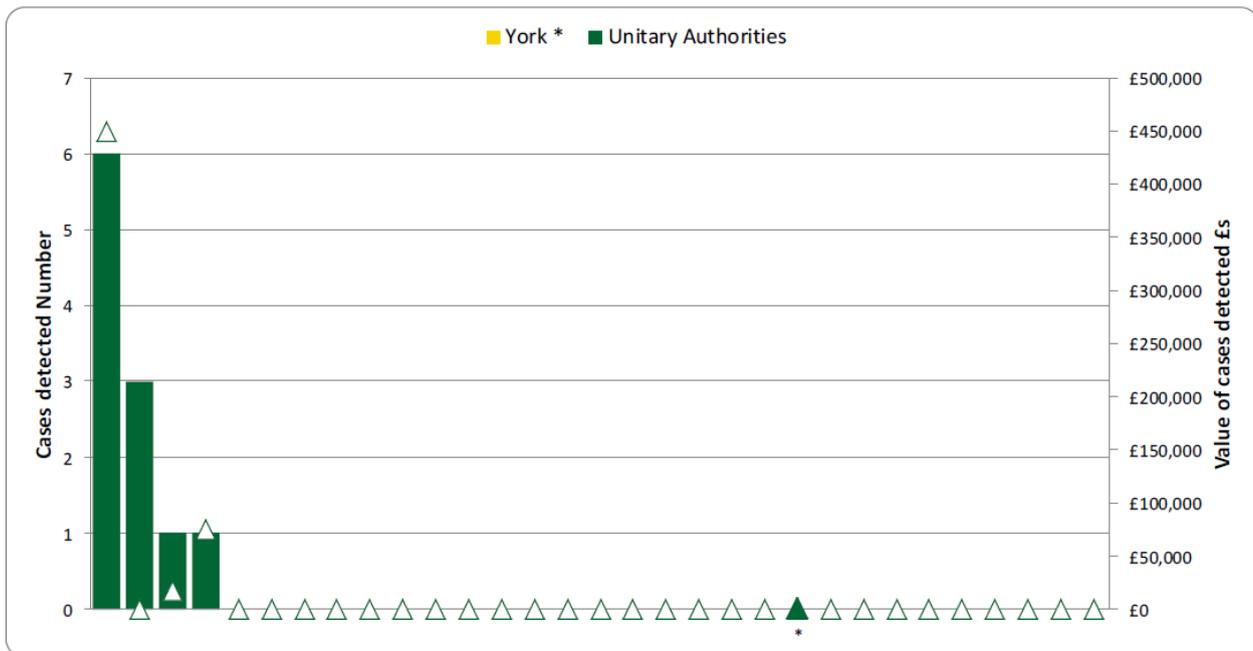


York recovered 49 properties.
Average for other Unitary Authorities with housing stock: 11 cases



Right to buy fraud (only councils with housing stock) 2013/14 Right to buy cases and value

York

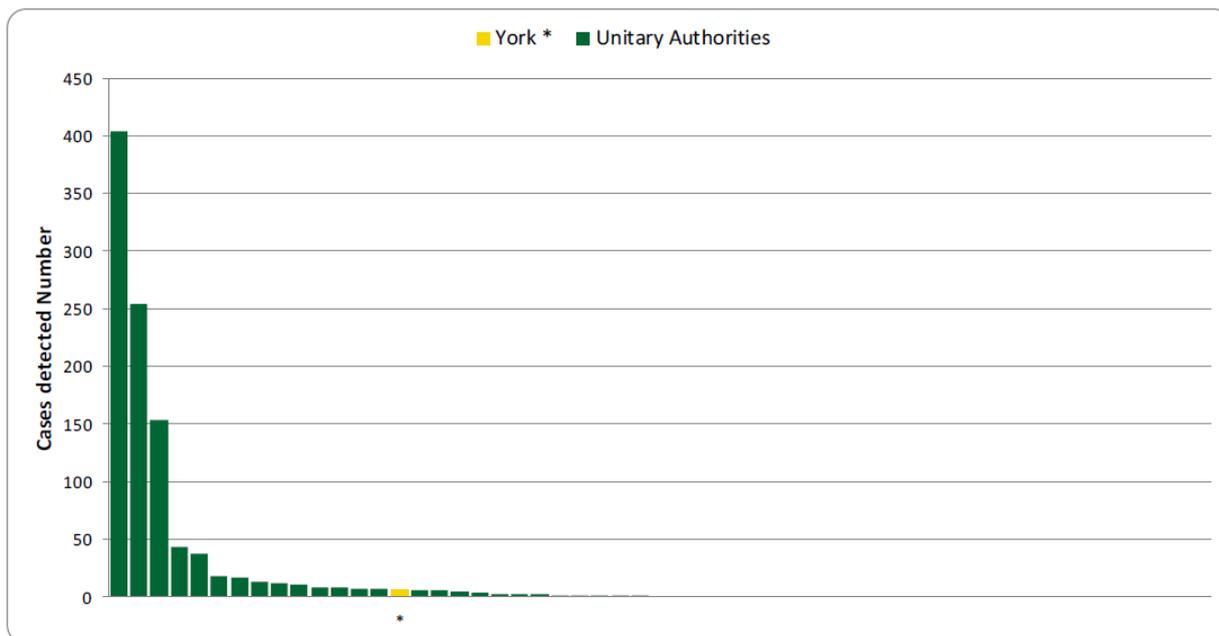


York did not detect any cases of this type of fraud.
Average for other Unitary Authorities with housing stock: 0.4 cases



Disabled parking (Blue Badge) fraud 2013/14

York



York detected 6 cases of this type of fraud.
Average for other Unitary Authorities: 19 cases



Other frauds 2013/14

York

Procurement: York did not detect any cases of this type of fraud.
Total for other Unitary Authorities: 25 cases, valued at £832,190

Insurance: York did not detect any cases of this type of fraud.
Total for other Unitary Authorities: 34 cases, valued at £988,636

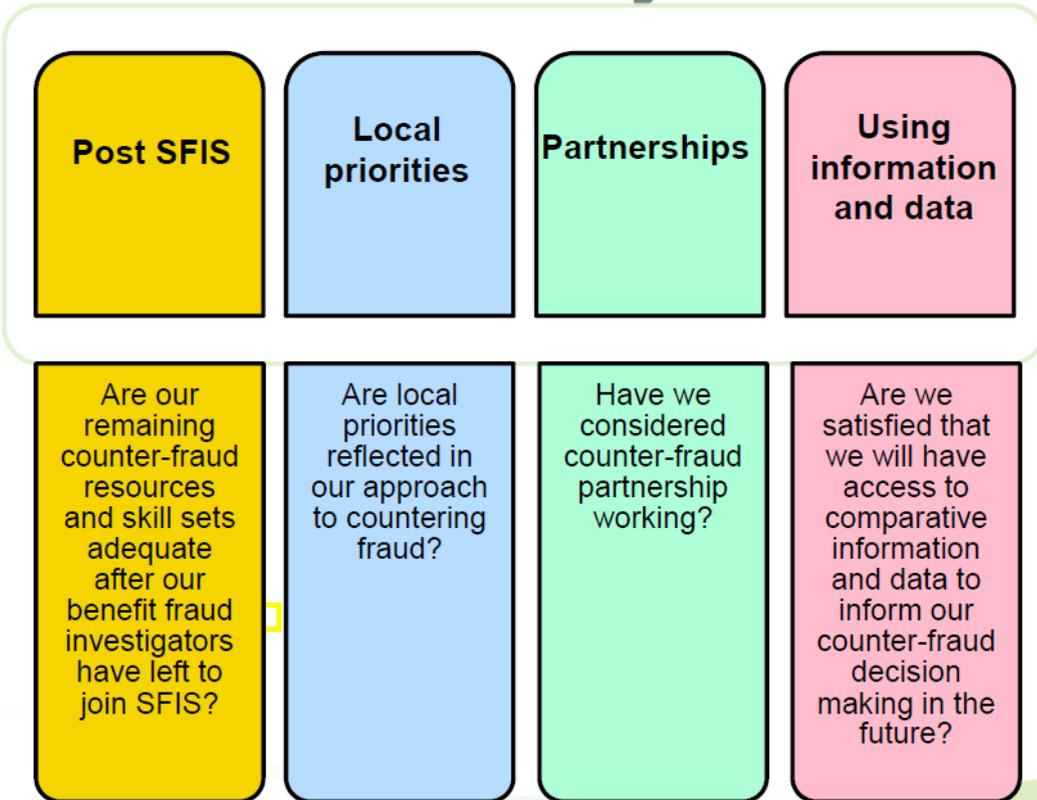
Social care: York detected 17 cases of this type of fraud. The value of detected fraud was £12,500.
Total for other Unitary Authorities: 30 cases, valued at £718,879

Internal: York detected 2 cases of this type of fraud. The value of detected fraud was £700.
Total for other Unitary Authorities: 318 cases, valued at £1,029,798

*Correctly recording fraud levels is a central element in assessing fraud risk.
It is best practice to record the financial value of each detected case*



Questions elected members and decision makers may wish to ask



Appendix 2

National Fraud Initiative

Outcomes and Information for Elected Members and Decision Makers - 2012/13

City of York Council



Introduction to the slide pack



This slide pack is intended for use by elected members and senior decision makers to inform you about the National Fraud Initiative (NFI) and data matching at your organisation



We have included a summary of the key findings of the latest NFI national report and a summary of key points from the NFI checklist for decision makers and elected members which can be found in full on the [NFI website](#)



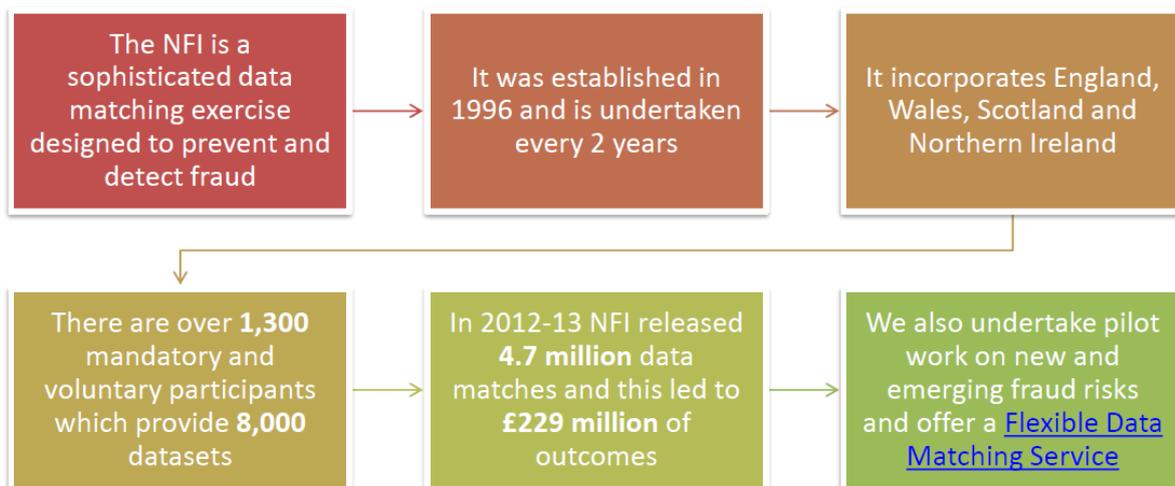
We have also included key NFI activity data for 2012/13 alongside tailored charts so you can compare your organisation with your neighbouring councils with similar profiles to yours



In case you have any questions we have included a glossary and link to further information at the end of the slide pack. If you require further information please contact nfiqueries@audit-commission.gsi.gov.uk

2

Background to the NFI



3

The NFI National Report

Key outcomes and recommendations for bodies participating in the NFI are reported every two years in the NFI National Report

The report is intended for council members, non-executives and senior officers at audited bodies and was most recently published in June 2014

The report helps to demonstrate the effectiveness of the NFI in preventing and detecting fraud

4

Key Outcomes of the 2012/13 exercise - across England



The figures in the national report for detection of fraud, overpayment and error include outcomes already delivered and estimates. Estimates are included where it is reasonable to assume that the fraud, overpayment and error would have continued undetected without the NFI data matching. A more detailed explanation is included in [Appendix 1 of the NFI national report](#). If you have any further queries about the data in the slides please contact the NFI team using the contact details at the end of this slide pack.

5

Data matching at your organisation



The table and bar charts have been provided to give you an overview of the data matching activities at your council in relation to the most relevant comparator councils.



The table highlights the proportion of data matches followed up by your council. Participants of NFI receive a report of data matches that they should follow-up, and investigate where appropriate, to detect instances of fraud, over- or under-payments and other errors, to take remedial action and update their records accordingly.



Even where data matching shows little or no fraud and error, this still assures bodies about their control arrangements. It also strengthens the evidence for a council's annual governance statement.

6

Activity and Engagement with NFI – City of York Council

	Total NFI matches in progress or processed	NFI recommended matches in progress or processed
City of York Council	8% (798)	34% (689)
CIPFA nearest neighbours (Mean)	20% (1,963)	55% (1,173)
Unitary Councils (Mean)	28% (2,903)	57% (1,384)

The CIPFA nearest neighbours are the 15 councils which have been modelled as those with the most similar profile by CIPFA. More detail of the 2009 modelling methodology can be found at http://www.cipfastats.net/default_view.asp?content_ref=2748

7

Understanding the bar charts

Outcomes relating to your council are highlighted in yellow in the bar charts. The performance of your 15 CIPFA nearest neighbours are shown in the green bars.



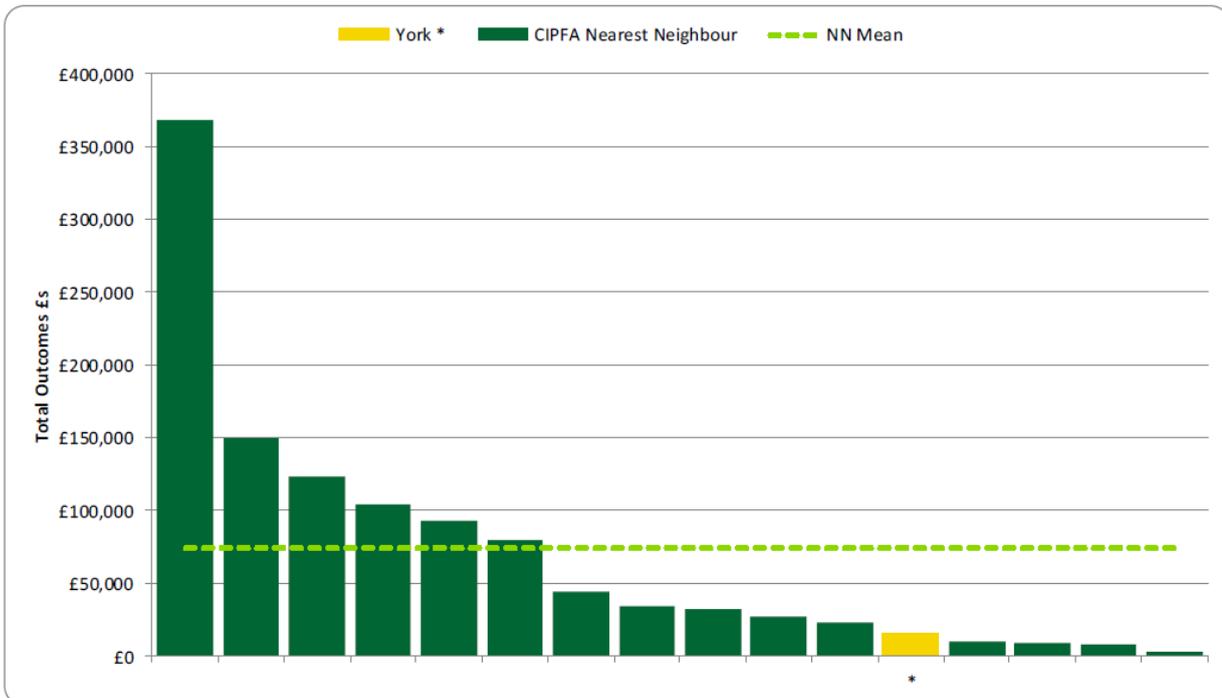
The mean value for your CIPFA nearest neighbours is highlighted by a green dashed line.



A '*' symbol has been used to denote where your council has no outcomes recorded.

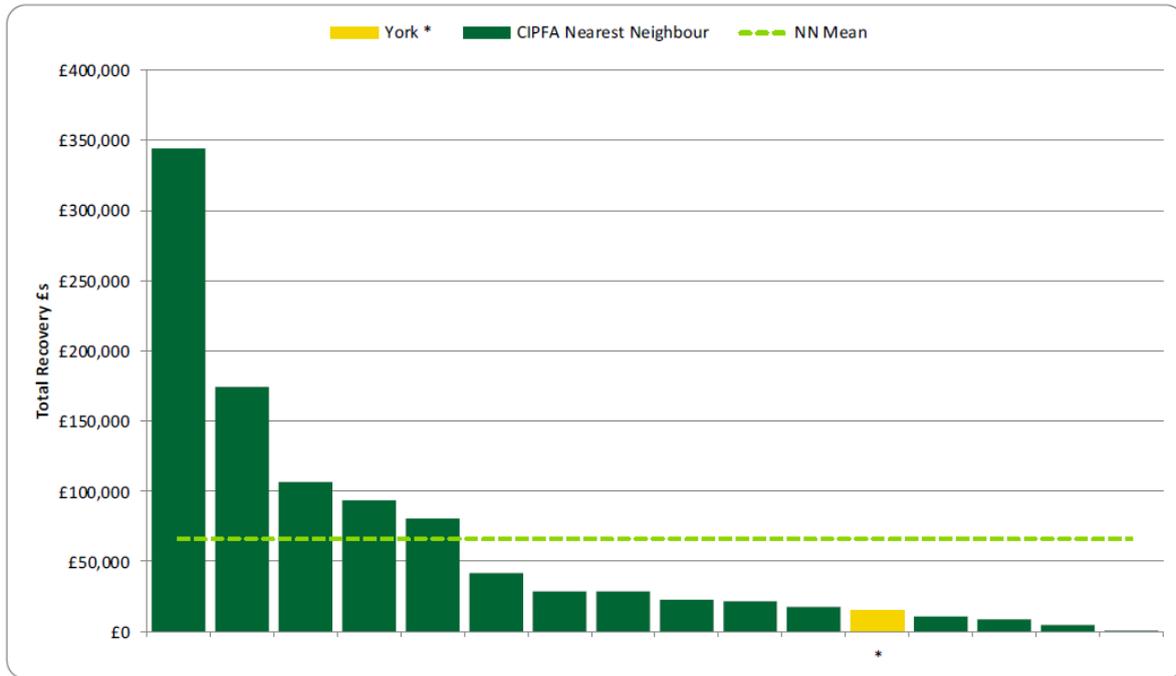
8

Total NFI Outcomes – City of York Council



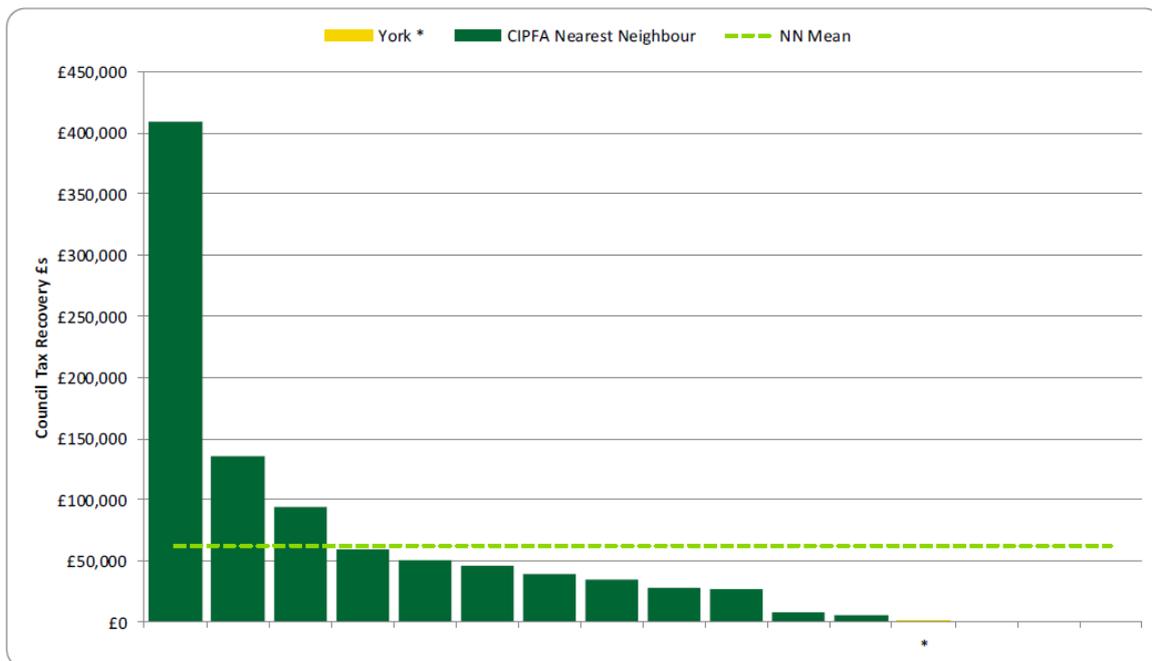
Please note outcomes from the NFI housing waiting lists pilot and council tax outcomes recorded in the NFI 2010/11 web application and FMS web application have not been included in this analysis.

Total NFI Recovery – City of York Council



Please note this excludes council tax recovery recorded in the 2010/11 web application and FMS web application.

NFI Council Tax Outcomes – City of York Council



Data relates to outcomes recorded in the 2010/11 web application and FMS web application.

Questions for Elected Members and Decision Makers

The NFI in our council

- ❑ What governance arrangements do we have in place to ensure the organisation achieves the best possible outcomes from the NFI?

Maximising results

- ❑ Are we ensuring we maximise the benefits of the NFI for example, following up data matches promptly, recovering funds and prosecuting where possible?
- ❑ What assurances have we drawn about the effectiveness of internal controls and the risks faced by our council?

Broadening our council's engagement with the NFI

- ❑ Are we taking advantage of the opportunity to suggest and participate in the NFI pilot exercises and using the NFI Flexible Data Matching Service?

The NFI fit with wider counter-fraud policies

- ❑ How does the NFI influence the focus of our counter-fraud work for example, internal audit risk assessments, data quality improvement work or anti-fraud and corruption policy?

12

Glossary

Council tax outcomes	Council tax data is matched to electoral register data in order to identify instances where single persons discount may have been incorrectly awarded.
Flexible matching service	The flexible matching service allows you to re-perform any of the existing NFI data matching on demand outside of the usual two yearly programme but still using the proven NFI technology.
Mandatory participants	Bodies to which the Audit Commission appoints auditors other than registered social landlords as specified in Schedule 2 of the Audit Commission Act 1998.
NFI web application	The Commission has set up a secure, password-protected and encrypted website for its data matching exercises, known as the NFI web application.
Outcomes	Investigation of an NFI match may lead to a benefit being cancelled, overpayment generated or blue badges or concessionary travel passes being identified as invalid. These examples would be reported as NFI outcomes.
Pilots	The Commission will undertake new areas of data matching on a pilot basis to test their effectiveness in preventing or detecting fraud. Only where pilots achieve matches that demonstrate a significant level of potential fraud should they be extended nationally.
Recommended data matches	Matches considered to be of higher risk of potential fraud are signposted as a recommended data match.
Recovery	Where bodies seek to recover money lost as a result of fraud, error or overpayment.
Voluntary participants	Bodies that are outside Schedule 2 of the Audit Commission Act 1998 but elect to participate in NFI voluntarily.

If you have any further questions about the content of these slides please contact us using the details on the next slide.

Further Information

For further information about the NFI please look at our website

[NFI Website](#)



For further information about our Flexible Data Matching Service please follow the link below

[FMS Information](#)



For checklist questions for elected members and decision makers please follow link below

[NFI Checklist](#)



For any other queries please telephone 0303 444 8322 or email

nfiqueries@audit-commission.gsi.gov.uk



City of York Council

Certification of claims and returns

Annual Report 2013/14

January 2015



Contents

Background	2
Findings	3
Certification fees	4
Appendix A	5

Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies.' Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

01

Background

In 2013/14, City of York Council ('the Council') received more than £160m in funding from various grant-paying government departments. These departments attach conditions and restrictions to these grants which the Council must meet otherwise funding may be withdrawn or clawed-back.

It is therefore important that the Council can demonstrate that it:

- Has put in place adequate arrangements to prepare and authorise each claim and return; and
- Can evidence that it has met the terms and conditions put in place by the grant paying body for each claim and return.

The scope of our work

As the Council's appointed auditor, we act as an agent of the Audit Commission to certify specified claims and returns. In 2013/14, we certified three claims and returns, compared to five in the previous year.

The Audit Commission, in consultation with the grant-paying bodies, sets out a programme of work in the form of Certification Instructions ('CIs') that we must follow. It also sets an overall framework under which we carry out our certification work:

- For claims and returns below £125,000 the Audit Commission does not make certification arrangements and as such we are not required to carry out any certification work.
- For claims and returns between £125,000 and £500,000, the Audit Commission requires us to undertake limited tests to ensure that entries on the claim form agree with underlying records.
- For claims and returns over £500,000, we assess the control environment the Council has put in place for preparing the claim to decide whether we can place reliance on these arrangements. Where we can place reliance on the Council's arrangements we undertake limited testing to ensure that entries on the claim form agree with underlying records (as above). Where we cannot place reliance on the Council's control environment we carry out the full programme of testing in the Audit Commission's CI.

Our certificate

On completion of the specified work we issue a certificate, the wording of which depends on the level of work we have performed on each claim. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter.

Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

02

Findings

The Council's control environment

As required by the Audit Commission's CIs, we assessed the control environment for two of the three claims and returns. There are specific arrangements for the certification of the Housing and Council Tax Benefit claim which do not require us to assess the control environment.

We carried out only Part A testing for the Contribution to National Housing Receipts Return and Part A and Part B testing for the Local Transport Plan – Major Projects Grant Claim. We have not noted any specific weaknesses in your control environment for preparing returns, and no recommendations for improvement were made in 2013/14.

Amendments and Qualifications

None of the three claims or returns required amendment. A very minor issue (£42) was reported as a qualification on the Housing Benefits Claim, and the details do not need to be reported to Members.

Scheme outside of the Audit Commission arrangements

During the year we have also been engaged directly by the Council to undertake assurance work on the Teachers' Pensions Return (previously carried out under these arrangements but now a separate engagement). As this engagement is outside of the Audit Commission's regime we have reported separately to officers on the outcome of this work.

03

Certification fees

For 2013/14 the total fees charged for certification work was £18,304. This represents a significant reduction on fees charged in 2012/13 (£23,273). The main reason for the reduction in fee was that fewer claims and returns required certification under the Audit Commission's arrangements this year, and less work was required on the housing benefits claim which no longer includes council tax benefit.

A breakdown of the fees charged for each claim or return is provided in Appendix A.

Appendix A

Summary of certified claims and returns

Claim or return	Value	2012/13 fee	2013/14 fee	Reasons for significant movement	Amended	Qualified
Housing Benefits	£45,146,806	£17,272	£15,572	The fee reduction was mainly due to less work being required now that the claim does not include council tax benefit.	No	Yes
Contribution to National Housing Receipts Pool	£2,991,940	£442	£409	Movement in fee not significant.	No	No
Local Transport Plan – Major Projects	£13,523,027	£2,323	£2,323	This was a new claim in 2012/13 and a fee was agreed with officers and approved as a variation to the grants scale fee by the Audit Commission. The same approach was followed for 2013/14. The fee was held at its 2012/13 level.	No	No
National Non Domestic Rates Pool return	n/a	£2,432	n/a	This return no longer requires audit certification.	n/a	n/a
Teachers' Pensions return	n/a	£804	n/a	This return no longer requires certification as part of the Audit Commission's arrangements.	n/a	n/a
Total	£61,661,773	£23,273	£18,304			



Audit and Governance Committee11th February 2015

Report of the Director of Customer & Business Support Services
(Portfolio of the Leader of the Council)

Update on implementation of revised Transparency Code**Summary**

- 1 The purpose of this report is to provide members with an update on progress on the implementation of the revised Local Government Transparency Code.

Background

- 2 In January 2011, the Council began to publish data on spend and salaries in order to meet the requirements of the Department of Communities and Local Government (DCLG) as part of its efforts to improve local transparency and accountability across Whitehall and local government.
- 3 In April 2014, officers brought a report to the Audit & Governance Committee to advise them of a consultation being carried out by the DCLG proposing to make it mandatory for all Local Authorities to publish additional new transparency information;
- 4 Following this consultation, DCLG issued a revised Local Government Transparency Code in October 2014 which set out details of the information which must be published by all Local Authorities by 2 February 2015.

Analysis

- 5 The revised Code included some new information the Council was required to publish including;
 - details of Trade Union facility time
 - grants to voluntary, community and social enterprise organisations

- income and expenditure relating to parking, including details of how any surplus on the account has been spent
 - information on fraud investigations
 - details of waste collection contracts
 - Procurement Card Expenditure
- 6 As well as these entirely new requirements, a number of existing obligations were increased with extra information that needed to be published.
- 7 The Council already exceeds the requirements in many areas. For example, all spend information is published on a monthly basis despite the requirement being that only spend over £500 is published on a quarterly basis. In other areas, some of the required information was already published but not necessarily in the format now required.
- 8 All of the new requirements of the Code have now been met and links to the information can be found on the Council's Transparency page.
- 9 The Council will keep the Transparency web page under review and continue to make improvements and add additional information beyond the minimum requirements set out in the Transparency code where possible.

Consultation

- 10 Not relevant for the purposes of this report

Options

- 11 Not relevant for the purpose of the report.

Corporate Priorities

- 12 This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything it does and the corporate objective of making the Council an effective organisation.

Implications

- 13 The implications are;
- (a) **Financial** – There are no specific financial implications
 - (b) **Human Resources (HR)** – there are implications in terms of the increasing staff resource required to prepare the information in the appropriate format. Wherever possible information is being captured directly from the relevant systems to minimise the staff time required to produce the data.
 - (c) **Equalities** - there are no specific equalities implications to this report.
 - (d) **Legal** - compliance with the Transparency Code is a legal requirement.
 - (e) **Crime and Disorder** – there are no crime and disorder implications to this report.
 - (f) **Information Technology (IT)** - there are no immediate IT implications to this report. In future, the requirements of the Code will be incorporate into any system replacements.
 - (g) **Property** - there are no property implications to this report.

Risk Management Assessment

- 14 There would be risks to the Council if it failed to comply with the Transparency Code. These risks are managed by regular monitoring and reporting.

Recommendation

- 15 Members are asked to note the progress made in ensuring compliance with the revised Transparency Code.

Reason

To provide assurance to members that the Council is meeting the legal requirements of the Transparency Code.

Contact Details

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Chief Officer Responsible for the report:

Ian Floyd
Director of Customer & Business Support
Services
Telephone: 01904 551100

Emma Audrain
Technical Accountant
Tel: 01904 551170

Report
Approved



Date 3 February
2015

Specialist Implications Officers

Not applicable

Wards Affected:

All



For further information please contact the author of the report

Background Papers

DCLG Local Government Transparency Code 2014
<https://www.gov.uk/government/publications/local-government-transparency-code-2014>

Annexes

None

Abbreviations

DCLG – Department for Communities and Local Government



Audit and Governance Committee**11 February 2015**

Report of the Director of Customer and Business Support Services
(Portfolio of the Leader of the Council)

Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2015/16 to 2019/20**Summary and Background**

1. The Audit & Governance Committee are responsible for ensuring the effective scrutiny of the treasury management strategy and policies.
2. The Treasury Management Strategy Statement and Prudential Indicators 2015/16 to 2019/20 are attached at Annex 1 and cover the:
 - Proposed treasury management strategy for 2015/16 including the annual investment strategy and the minimum revenue provision policy statement;
 - Prudential indicators for 2015/16 to 2019/20
 - Specified and non-specified investments schedule
 - Treasury management scheme of delegation and role of the section 151 officer

Consultation

3. Treasury Management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a process of consultation, details of which are outlined in the budget reports considered by Cabinet on 10th February 2015.

Options

4. It is a statutory requirement for the Council to operate in accordance with the CIPFA Prudential Code.

Council Plan

5. The Treasury Management Strategy Statement and Prudential Indicators are aimed at ensuring the Council maximises its return on investments and minimises the cost of its debts whilst operating in a financial environment that safeguards the Council's funds. This will allow more resources to be freed up to invest in the Council's priorities, values and imperatives, as set out in the Council's Plan.

Implications

Financial

6. The revenue implications of the treasury strategy are set out in the Revenue Budget report considered by Cabinet on 10th February 2015.

Human Resources (HR)

7. There are no HR implications as a result of this report

Equalities

8. There are no equalities implications as a result of this report

Legal Implications

9. Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

Crime and Disorder

10. There are no crime and disorder implications as a result of this report

Information Technology (IT)

11. There are no information technology implications as a result of this report

Property

12. There are no property implications as a result of this report

Risk Management

13. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Recommendations

14. That Audit and Governance Committee note the Treasury Management Strategy Statement and Prudential Indicators for 2015/16 to 2019/20 at Annex 1.

Reason: So that those responsible for scrutiny and governance arrangements are properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy.

Contact Details	
Author	Chief Officer responsible for the report
Ross Brown Principal Accountant Corporate Finance Ext 1207 Ross.brown@york.gov.uk	Ian Floyd Director of Customer and Business Support Services
Report Approved	<input checked="" type="checkbox"/>
	Date 27 February 2015
Wards affected All	

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Annex

Annex 1 – Report to Cabinet Treasury Management Strategy Statement and Prudential Indicators for 2015/16 to 2019/20



Cabinet

10 February 2015

Report of the Director of Customer and Business Support Services
(Portfolio of the Leader of the Council)

Treasury Management Strategy Statement and Prudential Indicators for 2015/16 to 2019/20

Report Summary

1. The purpose of this report is to seek the recommendation of Cabinet to Full Council for the approval of the Treasury Management Strategy and Prudential Indicators for the 2015/16 financial year.

Recommendations

2. Cabinet are asked to recommend that Council approve:
 - The proposed Treasury Management Strategy for 2015/16 including the annual investment strategy and the minimum revenue provision policy statement;
 - The Prudential Indicators for 2015/16 to 2019/20 in the main body of the report;
 - The Specified and Non-Specified Investments schedule (Annex B)
 - The Scheme of Delegation and the Role of the Section 151 Officer (Annex D)

Reason: To enable the continued effective operation of the Treasury Management function and ensure that all Council borrowing is prudent, affordable and sustainable.

Background

3. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. The first function of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low

risk appetite, providing adequate liquidity initially before considering investment return.

4. The second main function of the treasury management service is funding of the Council's capital programme. The capital programme provides a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
5. CIPFA (Chartered Institute of Public Finance and Accountancy) defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

Reporting requirements

6. The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. The three reports are:
 - a) **Treasury management strategy statement and prudential indicators report** (this report) – which covers the capital plans including prudential indicators, the minimum revenue provision policy, the treasury management strategy, the annual investment strategy;
 - b) **Mid Year Treasury Management Report** – updates members with whether the treasury activities are meeting the strategy, whether any policies require revision, amending prudential indicators if necessary;
 - c) **Annual Treasury Report** – updates on treasury activity/ operations for the year and compares actual prudential indicators with estimates in the strategy.
7. These reports are required to be adequately scrutinised by committee before being recommended to the Council. The scrutiny role is undertaken by Audit & Governance Committee.
8. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive

adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers is also periodically reviewed.

Treasury Management Strategy for 2015/16

9. The treasury management strategy for 2015/16 covers two main areas:

a) Capital Issues 2015/16 to 2019/20 -

- Prudential Indicators relating to the Capital Programme;
- Minimum Revenue Provision (MRP) Policy Statement .
- Prudential Indicators to assess affordability of the Capital programme

b) Treasury management Issues – Treasury Management Strategy

- Prudential Indicators which will limit the treasury management risk and activities of the Council;
- the current treasury position;
- Economic background and prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- investment policy;
- creditworthiness policy;
- investment strategy;
- policy on use of external service providers;
- Scheme of delegation and the role of the S151 officer

10. These elements cover the statutory and regulatory requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Communities and Local Government (CLG) Minimum Revenue Provision (MRP) Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

The Capital Prudential Indicators 2015/16 – 2019/20

11. The Council's capital expenditure plans are the key driver of treasury management activity. The Council's capital expenditure plans are the subject of a separate report on this agenda: the Capital Strategy 2015/16 to 2019/20. The output of the capital programme is reflected in this report in the capital prudential indicators, which are designed to assist member's overview of the

council's capital programme to ensure that the capital expenditure plans are affordable, sustainable and prudent.

12. The capital prudential indicators (PI) along with the treasury management prudential indicators (PI) are included throughout the report:

- PI 1: Capital expenditure
- PI 2: Capital financing requirement
- PI 3: Ratio of financing cost to net revenue stream
- PI4a&b: Incremental impact of capital investment decisions on council tax and housing rent
- PI 6a: Authorised limit for external debt
- PI 6b: Operational boundary for external debt
- PI 6c: Housing Revenue Account (HRA) debt Limit
- PI 7: Interest rate exposure for fixed and variable rated debt
- PI 8: Maturity structure of debt
- PI 9: Surplus funds invested >364 days

13. **Prudential Indicator 1 - Capital Expenditure.** This prudential Indicator is a summary of the Council's capital expenditure plans forming part of this budget cycle. 2014/15 is included as a comparator with detail in relation to scheme specifics provided in the Capital Monitor 3 and Capital Strategy 15/16 to 19/20 report:

Capital Expenditure	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
General Fund (Non HRA)	50.8	66.1	26.6	17.1	13.9	13.9
Housing Revenue Account	15.4	14.3	10.8	8.6	7.2	8.5
Total	66.2	80.4	37.4	25.7	21.1	22.4

Table 1: Capital Expenditure

14. Table 1 details the capital expenditure of the Council excluding other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments. There are no new PFI schemes forecast to be entered into in 2015/16.

15. **Prudential Indicator 2 - The Capital Financing Requirement (CFR) (Council's Borrowing Need);** the second prudential

indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need for capital purposes. Any capital expenditure above, which has not immediately been paid for and will be funded by borrowing, will increase the CFR.

16. The CFR does not increase indefinitely, because the minimum revenue provision (MRP) is a statutory annual revenue charge, which broadly reduces the borrowing need in line with each assets life. Therefore, the CFR is reduced with this provision to repay debt.
17. The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increases the CFR, and therefore the Council's overall borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has a limit to cover such schemes of £20m included within the CFR. As set out in paragraph 37 table 7 the projected level of debt is significantly below the CFR over the 5 year period.
18. Table 2 below, shows the Capital Financing Requirement, excluding other long term liabilities:

Capital Financing Requirement	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Non-HRA CFR	189.3	207.4	207.8	203.9	199.5	195.2
HRA pre settlement	18.8	18.8	18.8	18.8	18.8	18.8
HRA settlement	121.5	121.5	121.5	121.5	121.5	121.5
HRA CFR	140.3	140.3	140.3	140.3	140.3	140.3
Total CFR	329.7	347.7	348.1	344.2	339.8	335.5

Table 2: Capital Financing Requirement (CFR)

Minimum Revenue Provision (MRP) Policy Statement

19. The Council is required to pay off an element of the accumulated General Fund (non-HRA) capital expenditure each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

20. CLG Regulations (statutory Instrument (SI) 2008 no.414 s4) require full Council to approve an MRP Statement in advance of each year. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period that is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The options presented are the same as in previous years and set out in paragraphs 21 & 23.

21. Full Council is requested to approve the following MRP Statement:
For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:
 - **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (S28 in SI 2003 no. 3146)

22. This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

23. From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be
 - **Asset Life Method** (Option 3)– MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);

24. This option provides for a reduction in the borrowing need over approximately the asset's life. The asset life is an absolute maximum and wherever possible the debt should be repaid over a shorter period. Estimated asset life periods will be determined under delegated powers. It should be noted that with all debts, the longer the repayment period the higher the amount of interest incurred over the period of the loan accordingly, it is deemed as prudent to reduce the period over which the repayments are made.

25. In accordance with the requirements of The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 no MRP is chargeable on the HRA) in the next 5 years. Under the HRA reform the HRA will be required to charge depreciation on its assets, which will have an increased revenue cost effect. In order to address any possible adverse impact in the next 4 years, regulations allow the Major Repairs Allowance to be used as a proxy for depreciation and for the depreciation charge to be reversed therefore, having no revenue impact on council tax. Further clarification on depreciation will be provided in future years.

26. Repayments included in annual PFI or finance leases are also applied as MRP.

Affordability Prudential Indicators

27. Affordability Prudential Indicators - The prudential indicators mentioned so far in the report cover the overall capital programme and the control of borrowing through the capital financing requirement (CFR). In addition, it is necessary to assess the affordability of the Council's capital investment plans. These prudential indicators provide an indication of the impact of the capital programme investment plans on the Council's overall finances.

28. **Prudential Indicator 3 - Ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) and compares it to the Council's net revenue stream.

Financing Costs	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
Non-HRA	10.62	12.85	13.65	13.7	13.45	12.75
HRA	13.4	13.57	13.54	13.51	13.48	13.48

Table 3: Ratio of financing costs to net revenue stream

29. The estimates of financing costs include current commitments and the proposals in the Capital Programme Budget 2015/16 to 2019/20 report on this agenda.

30. Prudential Indicator 4 - Incremental impact of capital

investment decisions on council tax. This indicator identifies the revenue costs associated with proposed changes to the five-year capital programme recommended in the Capital programme 2015/16 to 2019/20 report in the table below. The assumptions are based on the budget figures as set out per the capital and financial strategy reports on this agenda.

Incremental Impact on Council tax – band D	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
Incremental impact	11.63	28.18	25.72	9.76	5.67	5.24

Table 4 - Incremental impact of capital investment decisions on the band D council tax

31. Prudential Indicator 5 - Incremental impact of capital

investment decisions on housing rent levels. Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in the capital strategy report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels. This indicator is zero as the housing rent levels are set by Government and is not directly impacted by the Council's capital plans.

Incremental Impact	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
Weekly Housing Rents	0.00	0.00	0.00	0.00	0.00	0.00

Table 5 - Incremental impact of capital investment decisions on housing rent levels

Treasury Management Strategy

32. The capital prudential indicators set out above ensure that the Council's capital programme / expenditure plans are affordable, sustainable and prudent. The treasury management function ensures that the Council's cash is available to meet the Council's capital programme requirements and also revenue activity needs in accordance with the Local Government Act 2003 and relevant professional codes.

33. The treasury management function involves both the forecasting of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the prudential / treasury indicators, the current and projected debt positions and the annual investment strategy.

Current Portfolio Position

34. The Council's treasury portfolio position at 01 February 2015 is detailed below in table 6:

Institution Type	Principal	Average Rate
<u>Public Works Loan Board (PWLB)</u> – Money borrowed from the Debt Mgt Office (Treasury Agency)	£249.1m	3.6%
<u>Market Loans</u>		
Club Loan – A loan taken in conjunction with 2 other Authorities	£10.0m	7.2%
LOBO Loans (2) – Lender Option Borrower Option	£10.0m	3.7%
Total Gross Borrowing (GF & HRA)	£269.1m	3.7%
Total Investments	£69.7m	

Table 6: Current position at 01 February 2015

35. The Council at 1 February 2015 had £269.1m of fixed interest rate debt, of which £140.3m was HRA and £128.8m General Fund. The cash balance available for investment was £69.7m.

36. Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within

well defined limits. One of these is that the Council needs to ensure that its total gross debt does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for 2015/16 and the following two financial years. This allows the flexibility to borrow in advance of need and ensures that borrowing is for a capital purpose and not undertaken for revenue purposes.

37. Table 7 shows that the estimated gross debt position of the Council does not exceed the underlying capital borrowing need (the CFR). The Director of Customer Business & Support Services (S151 Officer) confirms that the Council complied with this prudential indicator and does not envisage difficulties for the future.

	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Gross Projected Debt	274.4	294.2	300.1	300.0	299.8	298.7
Total CFR	329.7	347.7	348.1	344.2	339.8	335.5
Under/(over) Borrowed	Under	Under	Under	Under	Under	Under

Table 7: External Debt < Capital Financing Requirement

38. Table 7 demonstrates that based on borrowing estimates a gap between actual borrowing and the CFR (driven by the use of internal funds to finance capital expenditure). The decision as to whether to continue to do this will take into account current (and future) assumptions re borrowing rates, and levels of internal reserves and balances held by the Council. The figures above show a reduction between CFR and external debt, however this will be determined by the S151 officer and the figure above is a current broad assumption and actual borrowing will be determined by the circumstances that prevail at the time eg borrowing rates, levels of cash balances.

Prudential Indicators: Limits on Authority to Borrow

39. **Prudential Indicator 6A – Authorised Borrowing Limit** - It is a statutory duty under Section 3 (1) of the Local Government Act 2003 and supporting regulations, for the Council to determine and

keep under review how much it can afford to borrow. The amount so determined is termed the “Authorised Borrowing Limit”, and represents a control on the maximum level of debt. This is a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Authorised Limit	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Borrowing	321.3	357.7	358.1	354.2	349.8	345.5
Other Long Term Liabilities	30.0	30.0	30.0	30.0	30.0	30.0
Total	351.3	387.7	388.1	384.2	379.8	375.5

Table 8: Authorised Borrowing Limit

40. Prudential Indicator 6B – Operational Boundary. In addition to the “Authorised Borrowing Limit”, there is a limit that is the maximum level of debt allowed for, on an ongoing operational purpose. This is the Operational Boundary. The Operational Boundary in reality would only be breached because of in year cash flow movements. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational Boundary	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Borrowing	311.3	347.7	348.1	344.2	339.8	335.5
Other Long Term Liabilities	10.0	10.0	10.0	10.0	10.0	10.1
Total	321.3	357.7	358.1	354.2	349.8	345.5

Table 9: Operational Boundary

41. Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime, known as the HRA Debt Limit or debt cap. This limit is currently:

HRA Debt Limit £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
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Total HRA	145.97	145.97	145.97	145.97	145.97	145.97
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Table 10: HRA Debt Limit

Economic Background

42. The economic situation is the background to which all treasury management activities operate. It assists in the formation of the treasury management strategy as it details the current economic and market environment.

Prospects for Interest Rates

43. Current interest rates and the future direction of both long term and short term interest rates have a major influence on the overall treasury management strategy and affects both investment and borrowing decisions. To facilitate treasury management officers in making informed investment and borrowing decisions, the Council contracts Capita Asset Services as its treasury adviser. Part of their service is to assist the Council in formulating a view on interest rates. Annex A draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interests rates. Table 11 gives Capita's central view:

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

Table 11 – Capita's Bank Rate forecast for financial year ends

44. UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing,

business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

45. The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.
46. The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:
 - Greece: the general election on 25 January 2015 brought a political party to power that is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;
 - As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be

heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;

- Investment returns are likely to remain relatively low during 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt
- There will remain a cost of carry to any new borrowing that causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

Borrowing Strategy

47. The Council undertakes long term borrowing in accordance with the capital expenditure requirements of the capital programme. The Council's borrowing requirement is known as the Capital Financing Requirement (CFR) as explained above in paragraphs 15 - 18. As a result of the capital programme 2015/16 to 2019/20 the net borrowing is projected to increase by £11.508m over the next 5 years. The CFR (the Council's actual need to borrow) does not necessarily increase by this £11.508m as a minimum amount of revenue provision is set aside

every year in accordance with statutory requirement and this therefore reduces the actual amount that is required to be borrowed.

48. The borrowing strategy takes into account the borrowing requirement, the current economic and market environments and is also influenced by the above interest rate forecast. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy remains prudent as investment returns are low and counterparty risk is relatively high.

49. It is therefore beneficial to have a borrowing strategy where consideration is given to taking some longer term borrowing if favourable rates arise and also use some cash reserves. External borrowing will be considered throughout the financial year when interest rates seem most favourable. A target interest rate in light of table 11 above is 4.50%. This will enable borrowing to be taken through the year at different time periods. Consideration will also be given to the maturity profile of the debt portfolio so the Council is not exposed to the concentration of debt being in any one year.

50. Against this background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The Director of Customer Business and Support Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
 - if it was felt that there was a significant risk of a sharp fall in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
 - if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

51. The HRA strategy in 2014/15 for borrowing will be the same as the borrowing strategy described above for the whole Council. The HRA Business Plan will guide and influence the overall HRA borrowing strategy.
52. All decisions will be reported to the appropriate decision making body (Cabinet and Audit and Governance Committee) at the next available opportunity.

Prudential Indicators – Limits on Borrowing Activity

53. There are three debt / borrowing related prudential indicators. The purpose of these are to constrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
 - Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
 - Maturity structure of borrowing. This gross limit is set to reduce the Council's exposure to large fixed rate sums falling due for refinancing in a confined number of years.
54. These three debt/borrowing related prudential indicators are calculated to include the debt undertaken for the HRA as well as the remaining borrowing debt portfolio.

Interest rate Exposure	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	119	109	109	107	107
Limits on variable interest rates based on net debt	-19	-9	-9	-7	-7
Maturity Structure of current borrowing 2014/15					
	Lower			Upper	
Under 12 months	0%			30%	

12 months to 2 years	0%	30%	
2 years to 5 years	0%	40%	
5 years to 10 years	0%	40%	
10 years and above	30%	90%	

Table 12: Limits on Interest rate exposure and the Maturity Structure of Borrowing

Policy on Borrowing in Advance of Need

55. Under Local Authorities (Capital Finance and Accounting) (England) Regulations 2008 regulation, the Council can borrow in advance of need in line with its future borrowing requirements in accordance with the Capital Financing Requirement. Any borrowing decision in advance of need will be considered carefully to ensure that value for money can be demonstrated, it is affordable, sustainable & prudent, that the treasury management revenue budget can support the borrowing finance costs in the longer term and that the Council can ensure the security of such funds if invested.
56. Borrowing in advance will be made within the constraints of the CIPFA Prudential Code that ensures that total gross debt, does not, except in the short term, exceed the total of the CFR in the preceding year 2014/15 plus the estimates of any additional CFR for 2015/16 and the following two financial years.
57. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt Rescheduling

58. As shown in table 11 and generally reflective of the long term pricing of risk, the forecasts show that short term borrowing rates will be considerably cheaper than longer term fixed interest rates in the foreseeable future. Therefore, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury management position, the short term nature of the loans, the costs of premiums involved in premature repayment for existing debt and the likely cost of refinancing those short-term loans, once they mature. Debt rescheduling will also be considered for the HRA and the costs and benefits assessed to ensure value for money.

59. The reasons for any rescheduling to take place will include:
- a) the generation of cash savings and / or discounted cash flow savings;
 - b) helping to fulfil the strategy outlined above, and
 - c) enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
60. Consideration will also be given to any residual potential left for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
61. Any rescheduling will be reported to Cabinet and/or Audit and Governance Committee, in accordance with the usual monitoring cycle.

Annual Investment Strategy

Investment Policy

62. The Council's investment policy has regard to the Communities and Local Government's (CLG) Guidance on Local Government Investments ("the Guidance") and the 2011 CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").
63. The Council's investment priorities are the security of capital and liquidity of its investments. The Council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The borrowing of monies specifically to invest or lend on and make a return is unlawful and the Council will not engage in such activity.
64. In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using Capita's ratings service potential

counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

65. Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Capita in producing its colour codings that show the varying degrees of suggested creditworthiness.
66. The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. The intention of the strategy is to provide security of investment and minimisation of risk.
67. Investment instruments identified for use in the financial year are listed in annex B under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set out in the later section - the Investment Strategy.
68. The Council continues to take a prudent approach to investing funds as set out in the Creditworthiness Policy below.

Creditworthiness Policy

69. This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modeling approach with credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies
 - CDS spreads to give early warning of likely changes in credit ratings

- sovereign ratings to select counterparties from only the most creditworthy countries

70. This approach combines credit ratings, credit watches, credit outlooks in a weighted scoring system which is then combined with an overlay of CDS (Credit Default Swap) spreads for which the end product is a series of colour code bands, which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 60 months
- Purple 24 months
- Blue 12 months (only applies to nationalised or part nationalised UK Banks)
- Orange 12 months
- Red 6 months
- Green 100 days
- No colour not to be used

**This category is for UK Government debt or its equivalent (government backed securities) and AAA rated funds*

71. The Capita Asset Services creditworthiness model uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

72. Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of Short Term rating F1, Long Term rating A-, Viability ratings of A-, and a Support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

73. All credit ratings will be monitored on an ongoing basis as information is provided weekly basis and adhoc. The Council is alerted to changes to ratings of all three agencies through its use of the Capita's creditworthiness service:

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

74. Although sole reliance is not be placed on the use of this external service as the Council uses market data and market information, information on government support for banks and the credit ratings of that supporting government, the suitability of counterpatys is based heavily on Capitas advice.

75. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Annex C. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

Investment Strategy

76. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). The Council uses matrices (determined by the maximum cash balance in a given year) that stipulate both time and financial limits in order to spread counterparty (credit) risk when investing money with approved counterparties. The matrix is based on the projected average balance for the year. Therefore for 2015/16 the average balance is forecast to be between a low point of £25m and £85m, the matrix stipulates use of level 6 (maximum cash balance of between £50m - £60m, note this is the highest matrix Treasury officers feel is prudent to use) that results in a limit of £10m for counterparties with a durational band of 100 days and £15m for counterparties with a durational band of longer than 100 days.

77. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from December 2015. Bank rate forecasts for financial year ends (March) are:

2014/15	0.50%
2015/16	0.75%
2016/17	1.25%
2017/18	2.00%

78. For its cash flow generated balances, the Council will seek to utilise a combination of business reserve accounts (call accounts), short notice accounts, short dated fixed term deposits and money market funds. In addition, the Council will look for investment opportunities in longer dated term deals with specific counterparties that offer enhanced rates for Local Authority investment. All investment will be undertaken in accordance with the creditworthiness policy set out above.

79. The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next four years are as follows:

2015/16	0.60%
2016/17	1.25%
2017/18	1.75%
2018/19	2.25%

80. Therefore for 2014/15, the Council has budgeted for an investment return target of 0.60% on investments placed during the financial year and uses the 7 day LIBID rate as a benchmark for the rate of return on investment.

81. **Prudential Indicator 9** - total principal investment funds invested for greater than 364 days. This limits is set with regards to the Council's liquidity requirements and are based on the availability of funds after each year-end. A maximum principal sum to be invested for greater than 364 days is £15m.

82. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report. It should be noted that the Investment policy, creditworthiness policy and

investment strategy are applicable to the Council's overall surplus funds and are also pertinent to the HRA.

Policy on the use of external service providers

83. The Council uses Capita Asset Services as its external treasury management advisors.
84. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
85. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Scheme of Delegation and the Role of the Section 151 Officer

86. Those charged with governance are responsible for the treasury management activities and are clearly defined within the organisation. Attached at Annex D are the Treasury Management Scheme of Delegation and also the Treasury Management role of the section 151 officer (Director of Customer & Business Support Services).

Consultation and Options

87. The treasury management function of any business is a highly technical area, where decisions are often taken at very short notice in reaction to the financial markets. Therefore, to enable effective treasury management, all operational decisions are delegated by the Council to the Director of Customer & Business Support Services, who operates within the framework set out in this strategy and through the Treasury Management Policies and Practices. In order to inform sound treasury management operations the Council works with its Treasury Management advisers, Capita Asset Services. Capita Asset Services offers the Council a comprehensive information and advisory service that facilitates the

Council in maximising its investment returns and minimise the costs of its debts.

88. Treasury Management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a corporate process of consultation and consideration by the elected politicians. The revenue budget and capital budget proposals are included within this agenda.

89. At a strategic level, there are a number of treasury management options available that depend on the Council's stance on interest rate movements. The report sets out the Council's stance and recommends the setting of key trigger points for borrowing and investing over the forthcoming financial year.

Council Plan

90. The Treasury Management Strategy Statement and Prudential Indicators are aimed at ensuring the Council maximises its return on investments and minimises the cost of its debts whilst operating in a financial environment that safeguards the Councils funds. This will allow more resources to be freed up to invest in the Council's priorities, values and imperatives, as set out in the Council's Plan.

Implications

Financial

91. The revenue implications of the treasury strategy are set out in the Revenue Budget report also on this agenda. The capital implications that drive the CFR are set out in the Capital Programme Budget report.

Human Resources (HR)

92. There are no HR implications as a result of this report

Equalities

93. There are no equalities implications as a result of this report

Legal Implications

94. Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

Crime and Disorder

95. There are no crime and disorder implications as a result of this report

Information Technology (IT)

96. There are no information technology implications as a result of this report

Property

97. There are no property implications as a result of this report

Risk Management

98. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Author of the report:	Cabinet Member & Chief Officer Responsible for the report:		
Ross Brown Principal Accountant Corporate Finance Ext 1207 Ross.brown@york.gov.uk	Ian Floyd Director of Customer & Business Support Services		
	Report Approved	√	Date 29/01/15
<p>Wards Affected: Not Applicable</p> <p><u>For further information please contact the author of the report</u></p> <p><u>Specialist Implications:</u> Legal – Author of the report Property – Not Applicable Information Technology – Not Applicable</p>			

For further information please contact the author of the report

Background Papers

Capital Strategy 2015/16 to 2019/20 report + annexes.

Annexes

Annex A – Interest Rate Forecast

Annex B – Specified and Non-Specified Investments categories
Schedule

Annex C – Approved countries for investments

Annex D – Scheme of Delegation and the Role of the Section 151
Officer

Annex A - Interest Rate Forecast 2014-2017

Capita Asset Services Interest Rate View													
	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.10%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	2.10%
6 Month LIBID	0.70%	0.70%	0.80%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.30%
12 Month LIBID	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.60%
5yrPW IB Rate	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
10yrPW IB Rate	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yrPW IB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
50yrPW IB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	-	-	-	-	-
5yrPW IB Rate													
Capita Asset Services	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
Capital Economics	2.20%	2.50%	2.70%	3.00%	3.10%	3.20%	3.30%	3.40%	-	-	-	-	-
10yrPW IB Rate													
Capita Asset Services	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
Capital Economics	2.80%	3.05%	3.30%	3.55%	3.60%	3.65%	3.70%	3.80%	-	-	-	-	-
25yrPW IB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.25%	3.45%	3.65%	3.85%	3.95%	4.05%	4.15%	4.25%	-	-	-	-	-
50yrPW IB Rate													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.30%	3.50%	3.70%	3.90%	4.00%	4.10%	4.20%	4.30%	-	-	-	-	-

Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012

Specified and Non-Specified Investments Categories

A variety of specified and non-specified investment instruments will be used to place the Council's surplus funds. These investment instruments are, subject to the credit quality of the institution. The criteria, time limits and monetary limits applying to institutions or investment vehicles are list in the tables below.

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, treasury officers will review the accounting implications of new transactions before they are undertaken.

Specified Investments:

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable.

Institution / Counterparty	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	UK Sovereign rating	In-house
Term deposits – Local Authorities	UK Sovereign rating	In-house
Term deposits – banks and building societies	Coded: Orange on Capitas Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Individual B, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house
UK Part nationalised banks	Coded: Blue on Capitas Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Individual B, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house and Fund Mangers
Banks part nationalised by high credit rated (sovereign rating) countries – non UK	Coded: Blue on Capitas Matrix. Fitch's rating: Short-term F1+, Long-	In-house and Fund Mangers

	term AA-, Individual B, Support 2 Or equivalent rating from Standard & Poors and Moody's	
Collateralised deposit	Coded: Orange on Capitas Matrix / UK Sovereign rating	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies covered by UK Government guarantee	Coded: Orange on Capitas Matrix / UK Sovereign rating	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies	F Coded: Orange on Capitas Matrix / Fitch's rating: UK sovereign rating or Short-term F1+, Long-term AA-, Individual B, Support 2 or equivalent rating from Standard & Poors and Moodys	In-house and Fund Mangers
UK Government Gilts	Coded: Orange on Capitas Matrix / UK Sovereign rating	In-house buy and hold and Fund Mangers
Bonds issued by multilateral development banks	Coded: Orange on Capitas Matrix / Long term AAA	In-house buy and hold and Fund Mangers
Bonds issued by a financial institution which is guaranteed by the UK government	Coded: Orange on Capitas Matrix / UK Sovereign rating	In-house buy and hold and Fund Mangers
Sovereign bond issues (other than the UK govt)	Coded: Orange on Capitas Matrix / Sovereign rating	In-house buy and hold and Fund Mangers
Treasury Bills	Coded: Orange on Capitas Matrix / UK Sovereign rating	Fund Mangers
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Government Liquidity Funds	Short-term F1, Long-term AAA	In-house and Fund Mangers
2. Money Market Funds	Short-term F1, Long-term AAA	In-house and Fund Mangers
.3. Enhanced cash funds	Short-term F1, Long-term AAA	In-house and Fund Mangers
4. Bond Funds	Long-term AAA	In-house and Fund Mangers
5. Gilt Funds	Long-term AAA	In-house and Fund Mangers
6. Property Funds	Long-term AAA	In-house and Fund Mangers
UK Nationalised Banks	UK sovereign rating	In-house and Fund Mangers
UK Part nationalised Banks	UK sovereign rating	In-house and Fund

NON-SPECIFIED INVESTMENTS:

A maximum of 100% can be held in aggregate in non-specified investment

1. Maturities of ANY period

Institution / Counterparty	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Term deposits – banks and building societies	Coded: red (6mths) and green (3mths) on Capitas Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house	100%	3-6 Months
Fixed term deposits with variable rate and variable maturities: -Structured deposits	Coded: orange (1yr) red (6mths) and green (3mths) on Capitas Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house	40%	1 Year
Certificates of deposits issued by banks and building societies NOT covered by UK Government guarantee	Coded: orange (1yr) red (6mths) and green (3mths) on Capitas Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house buy and hold and Fund Managers	30%	1 Year
Commercial paper issuance covered by a specific UK Government guarantee and issued by banks covered by the UK bank support package	UK Sovereign rating	In-house and Fund Managers	30%	1 Year
Commercial paper other	Coded: orange (1yr) red (6mths) and green (3mths) on Capitas Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard &	In-house	30%	1 Year

	Poors and Moody's			
Corporate Bonds	Coded: orange (1yr) red (6mths) and green (3mths) on Capitas Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house and Fund Managers	30%	1 Year
Other debt issuance by UK banks covered by UK Government guarantee	UK Government explicit guarantee	In-house and Fund Managers	30%	
Floating Rate Notes: the use of these investments would constitute capital expenditure unless they are issued by a multi lateral development bank	Long-term AAA	Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Property fund: the use of these investments would constitute capital expenditure	--	Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Local Authority mortgage guarantee scheme	Coded: orange (1yr) red (6mths) and green (3mths) on Capitas Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house		

2. Maturities in excess of 1 year

Term deposits – local authorities	--	In-house	10%	> 1 year
Term deposits – banks and building societies	Coded: Purple(2yrs) or Yellow (5yrs) on Capitas Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house	10%	> 1 year
Certificates of deposits issued by banks and building societies covered by UK Government guarantee	UK Sovereign	In house and Fund Managers	10%	> 1 year
Certificates of deposits issued by banks and building societies covered by	UK Sovereign	In house and Fund Managers	10%	> 1 year

the UK government banking support package				
Certificates of deposits issued by banks and building societies NOT covered by the UK government banking support package	Coded: Purple(2yrs) or Yellow (5yrs) on Capitas Matrix / Short-term F1+, Long-term AA-, Support 2	In house and Fund Managers	10%	> 1 year
UK Government Gilts	UK Sovereign rating	In-house and Fund Managers	10%	> 1 year
Bonds issued by multilateral development banks	Long term AAA	In-house and Fund Managers	10%	> 1 year
Sovereign bond issues (i.e. other than the UK govt)	Long term AAA	In-house and Fund Managers	10%	> 1 year
Collective Investment Schemes structure as open Ended Investment Companies (OEICs)				
1. Bond Funds	Long-term AAA	In-house and Fund Managers		
2. Gilt Funds	Long-term AAA	In-house and Fund Managers		

Approved countries for investments

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- Netherlands
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar

AA-

- Belgium
- Saudi Arabia

Treasury Management Scheme of Delegation

(i) Cabinet / Full Council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy and annual outturn

(ii) Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities

(iii) Audit & Governance Committee

- receiving and scrutinising reports on treasury management policies, practices and activities
- scrutinising the annual strategy, annual outturn and mid year review.

(iv) Director of Customer and Business Support (Section 151 Officer)

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- all operational decisions are delegated by the Council to the Director of Customer & Business Support Services, who operates within the framework set out in this strategy and through the Treasury Management Policies and Practices
- Approving the selection of external service providers and agreeing terms of contract in accordance with the delegations in financial regulations.

The Treasury Management Role of the Section 151 Officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- all operational decisions delegated by the Council to the Director of Customer & Business Support Services (S151 Officer), who operates within the framework set out in this

strategy and through the treasury management policies and practices

- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

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**Audit and Governance Committee**

11 February 2015

Report of the Head of Internal Audit

Information Security Update Report

Summary

- 1 This report provides members with an update on the adequacy and effectiveness of the council's information security arrangements.

Background

- 2 The council recognises that information is a key business asset and that accurate and reliable information is important to support the provision of good quality services and the discharge of statutory obligations. Information governance (IG) plays a key role in ensuring that information is properly valued, used and protected.
- 3 The Data Protection Act requires organisations to take appropriate security measures to prevent personal data being accidentally or deliberately lost, stolen, corrupted or otherwise compromised. In particular, organisations should:
 - design and organise their security to fit the nature of the personal data that they hold and the harm that may result from a security breach;
 - be clear about who in the organisation is responsible for ensuring information security;
 - make sure they have the right physical and technical security, backed up by robust policies and procedures and reliable, well-trained staff; and
 - be ready to respond to any breach of security swiftly and effectively.

4 A number of high profile cases in recent years have highlighted the consequences of personal information being accidentally disclosed and hence the need for effective information security measures. Since April 2010, the Information Commissioner's Office (ICO) has had the power to fine organisations up to £500,000 for serious data breaches or losses. A significant number of organisations including many public sector bodies have been fined since then. Recent data security incidents include:

- Kent Police were fined £100,000 in March 2014 after highly sensitive and confidential information, including copies of police interview tapes, were left in a basement at the former site of a police station;
- The Ministry of Justice was fined £180,000 in August 2014 for serious failings in the way prisons in England and Wales had been handling people's information.

In addition, a number of councils and NHS bodies have been required to sign undertakings following data security incidents, as follows:

- Gwynedd Council signed an undertaking in October 2014 following two breaches of the Data Protection Act;
- South Western Ambulance Service NHS Trust signed an undertaking in October 2014. This followed an investigation into an incident involving the sharing of patient data with a local Clinical Commissioning Group (CCG) when there was no proper legal basis to do so. There were also security concerns surrounding the manner in which the data was stored on discs when being distributed to the CCG;
- Basildon and Thurrock University Hospitals NHS Foundation Trust signed an undertaking in October 2014. This follows an investigation into two reported incidents involving disclosures of personal data to third parties in error;
- The Council of the Isle of Scilly signed an undertaking in September 2014. This follows an investigation into two separate incidents. The first related to confidential information which was part of a disciplinary hearing being

sent unredacted to third parties. The second incident involved the disclosure of sensitive personal data which formed part of an internal investigation against a high profile figure which ended up in public circulation.

- 5 The council recognises the financial, service and reputational risks associated with the control of personal data, particularly in electronic form. In 2011, the council was required to sign an undertaking following the accidental disclosure of sensitive personal data as a result of documents taken from a shared printer not being checked properly before being copied for distribution. The council has also experienced two serious data security incidents in the last two years. Both incidents were reported to the ICO. The ICO investigated the breaches but decided to take no further enforcement action. Whilst progress has been made to strengthen corporate information governance arrangements, information security is an area where concerns remain. As a result, it was included as a significant governance issue in the council's 2014 Annual Governance Statement.

Information Security Arrangements

- 6 The council has established a policy and control framework to safeguard information and mitigate the risk of data security incidents occurring. The current framework includes:
 - Strategic overview by the Corporate Information Governance Group (CIGG) and the council's Senior Information Risk Owner (SIRO);
 - A comprehensive information governance policy framework;
 - Appropriate technical IT controls which restrict access to the council's network and data, and provide ongoing monitoring to detect possible threats or vulnerabilities;
 - Appropriate physical controls which prevent unauthorised access to West Offices and other council buildings;
 - The preparation of information asset registers within each service area to help with the identification of key risks;

- A programme of ongoing information security compliance checks undertaken by ICT and Internal Audit;
- Ongoing staff training and measures to raise awareness of information risks and threats;
- A procedure for reporting and investigating data security incidents so that remedial action can be taken and lessons learnt.

Recent Developments

- 7 As reported to the last meeting, the corporate information governance framework is continuing to be developed. In respect of information security the following changes have taken place:
- A revised approach to quarterly data breach reporting has been adopted;
 - A draft data sharing protocol has been developed in conjunction with North Yorkshire County Council, North Yorkshire Police, the York Teaching Hospital Foundation Trust and North Yorkshire Fire and Rescue Service. The protocol is an overarching framework designed to ensure information is shared lawfully, appropriately and in compliance with best practice;
 - Work is ongoing to demonstrate compliance with the Health and Social Care Information Centre (HSCIC) IG Toolkit;
 - An audit of information security is in progress and will be completed shortly. The audit has included a review of governance arrangements, data sharing, mobile working, physical security and incident management.
- 8 In addition, ICT have successfully secured the council's Public Sector Network (PSN) code of connection accreditation late last year through its programme of security and risk mitigation based activities / projects. These included but were not restricted to the following, and were part of the 'must have in place' list that formed part of last year's PSN controls for the council and other public sector organisations:

- The introduction of an approved Mobile Device Management (MDM) system to facilitate more control of the council's mobile devices. The system also enables ICT to remotely remove any data should a device be lost or stolen;
- ICT have moved all schools e-mail to Outlook Web Access (OWA) which has a more robust authentication access process. This has also been added to the access process for all CYC staff or members who access e-mail via OWA;
- ICT and their network partner, Pinacl Solutions, have installed a new 'walled garden' between the council's data / systems and the outside world to help improve the defence against e-based attacks and attempts to penetrate into the network/ICT infrastructure;
- The introduction of new remote connection systems that help improve the council's ICT defences. The new systems also facilitate various other improvements including; a higher level of control; device scanning and segregation of the different types of network traffic that require varying degrees of security and access rules / controls to be applied;
- The introduction of a system called iComply that will help increase staff awareness of information security and other policies – both corporate and directorate. The new system maintains records of completion and can also confirm understanding of the new or amended policies.

Data Security Incidents

9 Data security incidents are recorded and reported to CIGG. Where necessary action plans are developed to address the causes and hence reduce the risk of any recurrence. Serious incidents will be investigated by Internal Audit and the results reported to the SIRO. In the 9 month period to 31 December 2014, 28 data security incidents were reported. One of these cases was subsequently found to relate to a third party rather than the council. The reported incidents include:

- five cases where personal data was sent by post to the wrong recipient;

- seven cases where e-mails containing personal data were sent to the wrong recipient (including other council employees);
- eight cases where documents / files containing personal data were incorrectly disclosed;
- one case where sensitive personal data was e-mailed to the correct recipient but the method of transmission was not sufficiently secure;
- two cases where e-mail accounts were not properly amended / closed when members of staff transferred to new roles;
- one case where an e-mail to multiple recipients was not sent using the blind copy function;
- one case where a mobile device containing personal data was lost in a public place.

Data Security Compliance Audits

10 Two data security compliance audits have also been completed in 2014/15 to date. The audits involved unannounced checks of areas within West Offices and other council establishments to determine whether personal data and other information assets were properly secured. The first audit was undertaken in September 2014 and the report was finalised in December. The audit found that the council is generally well protected against the accidental disclosure of personal or confidential data as the majority of documents are stored in cupboards within physically secure areas. However, some of this storage is still being left unlocked when unattended. In addition, some open storage, such as bookcases, is still being used at Hazel Court for the storage of personal, sensitive and confidential data. Compliance with the council's clear desk policy is also much improved but still not complete. In addition, a number of security weaknesses were observed. The internal auditors therefore concluded that an acceptable control environment was in operation but there were a number of improvements that needed to be made. The overall opinion of the control environment was that it provided 'reasonable assurance'. Further details on the findings will be reported to this committee in April.

- 11 A second audit was undertaken in December 2014 and a draft report has been circulated to CIGG members for comments. This audit has found an overall improvement in data security compliance. A small number of specific issues have been reported to the SIRO and will be followed up. A third audit is planned in the next few weeks.

Consultation

- 12 Not relevant for the purpose of the report.

Options

- 13 Not relevant for the purpose of the report.

Analysis

- 14 Not relevant for the purpose of the report.

Council Plan

- 15 The council's information governance framework offers assurance to its customers, employees, contractors, partners and other stakeholders that all information, including confidential and personal information, is dealt with in accordance with legislation and regulations, and its confidentiality, integrity and availability is appropriately protected.

Implications

- 16 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

Risk Management Assessment

- 17 The council may face financial and reputational risks if the information it holds is not managed and protected effectively. For example, the ICO can levy fines up to £500k for serious data security breaches. The failure to identify and manage information risks may diminish the council's overall effectiveness.

Recommendation

- 18 Members are asked to:
- a) note the progress made to maintain and develop the council's information security arrangements.

Reason

To enable members to consider the effectiveness of the council's information security arrangements and the steps being taken to address the issue identified in the last Annual Governance Statement.

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**Report
Approved**



Date 27/01/15

Specialist Implications Officers: Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers: None

Annexes: None

**Audit and Governance Committee**

11 February 2015

Report of the Head of Internal Audit

Internal Audit Plan Consultation & Counter Fraud Risk Assessment

Summary

- 1 The purpose of the report is to seek members' views on the priorities for internal audit for 2015/16, to inform the preparation of the annual audit plan.
- 2 This report also informs members about potential fraud risks that the council is exposed to, and proposed counter fraud activity to address those risks.

Background

- 3 Internal audit professional standards and the council's audit charter require internal audit to draw up an indicative audit plan at the start of each financial year. The plan must be based on an assessment of risk. In coming to a view on the risks facing the council, the opinions of the Audit and Governance Committee and senior council officers are taken into account.
- 4 Fraud is a significant issue for all public sector organisations. Current estimates suggest fraud costs the public purse in excess of £20bn per year and local government more than £2bn. To help direct counter fraud resources to the areas most needed, it is essential that the council considers the range of fraud risks it faces.

2015/16 Audit Plan

- 5 The proposed approach to audit planning for 2015/16 is similar to that followed over the past few years. Audits will include a mix of areas that are considered to be higher risk, including:

- systems where the volume and value of transactions processed are significant, or the impact if risks materialise is very high, making the continued operation of regular controls essential
 - areas of known concern, where a review of risks and controls will add value to operations
 - areas of significant change where the audit work may focus on (a) direct support to projects (b) a review of project management arrangements, or (c) consideration of the impact of those changes on the control environment for example where the reduction in resources may result in fewer controls.
- 6 Figure 1 below sets out a number of areas considered to be a priority for internal audit for 2015/16.
- 7 Members' views are sought about whether:
- the proposed approach to determining priorities for the 2015/16 audit plan, as set out above, is reasonable
 - there are areas in addition to those listed in figure 1 which should be considered as a priority for review.

Figure 1 – Priorities for Audit 2015/16

Area	Possible Work
adult social care	<ul style="list-style-type: none"> • Better Care Fund • direct payments
human resources	<ul style="list-style-type: none"> • overtime and additional hours • new iTrent modules • recruitment checks
information governance	<ul style="list-style-type: none"> • information security checks • data sharing and data transfer • data quality
main financial systems	<ul style="list-style-type: none"> • general ledger, creditors, debtors • treasury management, cash handling and income management • payroll (including the changes made as a result of the Business Admin review)

major projects	<ul style="list-style-type: none"> • community stadium • transformation programme • budget savings • contract monitoring for new ventures • overall project management arrangements
other	<ul style="list-style-type: none"> • risk management • freedom of information • YFAS • car park income
public health	<ul style="list-style-type: none"> • planning, commissioning and management of services including performance and contract management arrangements
regularity / probity	<ul style="list-style-type: none"> • procurement • asset management

Counter Fraud Risk Assessment

- 8 An assessment of fraud risks faced by the council is included at exempt annex 1. This builds on similar assessments completed over the last few years and gives an indication of the susceptibility of each area to fraud along with planned actions by the internal audit and counter fraud teams. The assessment also takes account of the findings contained in the '*Protecting the Public Purse 2014*' report published by the Audit Commission.

Priorities for 2015/16

- 9 The assessment has highlighted the following priorities for counter fraud work in 2015/16.
- Further development of capacity to investigate housing related fraud.
 - Continue to develop the investigation of fraud in relation to Council Tax Support, Council Tax/NNDR exemptions and the York Financial Assistance Scheme.
 - Working with officers in adult social care, legal services, and financial assessments teams to progress investigation of suspected social care fraud cases.

- City of York Council in association with a number of neighbouring local authorities successfully bid for counter fraud funding from DCLG this year. This funding will be used to address fraud through cross boundary data matching exercises.
- 10 In addition, a review of the current counter fraud policy framework will be undertaken to ensure compliance with the new Cipfa Code of Practice on Managing the Risk of Fraud.

Consultation

- 11 This report is part of the ongoing consultation with stakeholders on priorities for internal audit and counter fraud work.

Options

- 12 Not relevant for the purpose of the report.

Analysis

- 13 Not relevant for the purpose of the report.

Council Plan

- 14 The work of Veritau supports overall aims and priorities by promoting probity, integrity and honesty and by helping to make the council a more effective organisation.

Implications

- 15 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

Risk Management Assessment

- 16 The council will fail to comply with proper practice if appropriate officers and members are not consulted on the content of audit plans.

Recommendations

- 17 Members are asked to;
- Comment on the proposed approach to internal audit planning for 2015/16 and identify any specific areas which should be considered a priority for audit.
 - Comment on the fraud risk assessment and proposed priorities for counter fraud work set out in Annex 1, and paragraph 9.

Reason

To ensure that scarce audit and counter fraud resources are used effectively.

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**Report
Approved**



Date 28/1/15

Specialist Implications Officers: Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers: None

Annexes

Annex 1 – counter fraud risk assessment (exempt annex)

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By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Glossary

A&G	Audit and Governance
AD	Assistant Director
BAU	Business as Usual
BCF	Better Care Fund
BCP	Business Continuity Plan
BIA	Business Impact Assessment
BOE	Bank of England
CANS	Communities and Neighbourhoods
CBSS	Customer and Business Support Service
CCG	Clinical Commissioning Group
CDS	Credit Default Swap
CES	City and Environmental Services
CEX	Chief Executive
CFR	Capital Financing Requirement
CFT	Counter Fraud Team
CI	Certification Instructions
CIGG	Corporate Information Governance Group
CIPFA	Chartered Institute of Public Finance and Accountancy
CLG	Communities and Local Government
CMS	Crown Management Solutions
CMT	Council/Corporate Management Team
CPI	Consumer Price Index
CPRs	Contract Procedure Rules
CSMC	Corporate and Scrutiny Management Committee
CTB	Council Tax Benefit
CTS	Council Tax Support
CYC	City of York Council
DCLG	Department for Communities and Local Government
DMT	Directorate Management Team
DWP	Department for Work and Pensions
ECB	European Central Bank
ECDOSC	Economic and City Development Overview & Scrutiny Committee
EPH	Elderly Persons Homes
EU	European Union
FoI	Freedom of Information
FMS	Flexible Data Matching Service
GDP	Gross Domestic Product

GF	General Fund
HB	Housing Benefit
HR	Human Resources
HRA	Housing Revenue Account
HSCI	Health and Social Care Information Centre
HWT	Highways, Waste and Transport
IA	Internal Audit
ICO	Information Commissioner's Office
IG	Information Governance
IMF	International Monetary Fund
IT	Information Technology
KCR	Key Corporate Risk
LA	Local Authority
LCR	Leeds City Region
LEP	Local Enterprise Partnership
LGA	Local Government Association
LGO	Local Government Ombudsman
LIBID	London Interbank Bid Rate
LOBO	Lender Option Borrower Option
MDM	Mobile Device Management
MMF	Money Market Funds
MOU	Memorandum of Association
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision
MSP	Managing Successful Programmes
NFI	National Fraud Initiative
NNDR	National Non-Domestic Rates
NR	Network Rail
NYCC	North Yorkshire County Council
NYLEP	North Yorkshire Local Enterprise Partnership
OCE	Office of the Chief Executive
OD	Organisational Development
OWA	Outlook Web Access
PFI	Private Finance Initiative
PI	Prudential Indicator
PID	Project Initiation Documents
PMO	Project Management Office
PSN	Public Sector Network
PWLB	Public Works Loans Board
Q	Quarter
R&M	Repairs and Maintenance
SFIS	Single Fraud Investigation Service
SHEC	Sheltered Housing with Extra Care

SI	Statutory Instrument
SIRO	Senior Information Risk Owner
SMT	Senior Management Team
TMSS	Treasury Management Strategy Statement
TPT	Traffic Penalty Tribunal
TUPE	Transfer of Undertakings Protection of Employment
VAT	Value Added Tax
VFM	Value for Money
VRP	Voluntary Revenue Provision
WOW	Without Walls
WYCA	West Yorkshire Combined Authority
WYTF	West Yorkshire
YFAS	York Financial Assistance Scheme

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