

**Notice of a public meeting of
Audit & Governance Committee**

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|---------------|---|
| To: | Councillors N Barnes (Chair), Dew (Vice-Chair), Cuthbertson, Fenton, Flinders, Kramm and Steward Mr Mendus and Mr Bateman |
| Date: | Wednesday, 5 April 2017 |
| Time: | 5.30 pm |
| Venue: | The George Hudson Board Room - 1st Floor West Offices (F045) |

AGENDA

1. Declarations of Interest

At this point in the meeting, 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 might have in respect of business on this agenda.

2. Minutes (Pages 1 - 10)

To approve and sign the minutes of the meeting of the Audit & Governance Committee held on 22 February 2017.

3. Public Participation

It is at this point in the meeting that members of the public who have registered their wish to speak can do so. The deadline for registering is by **5:00pm on Tuesday 4 April 2017**.

To register please contact the Democracy Officer for the meeting, on the details at the foot of this agenda.

Filming, Recording or Webcasting Meetings

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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/download/downloads/id/11406/protocol_for_webcasting_filming_and_recording_of_council_meetings_20160809.pdf

4. Monitor 3 2016/17 - Key Corporate Risks and Update on Major Projects (Pages 11 - 74)

This paper presents an update on the key corporate risks (KCRs) for City of York Council. In addition, as agreed at the Audit and Governance Committee meeting on 20 December 2016, an update on the major projects is now included within this report - this includes all the council's "Large" projects.

5. Mazars Audit Progress Report (Pages 75 - 88)

This paper presents a report from Mazars detailing progress in delivering their responsibilities as external auditors.

6. Mazars Audit Strategy (Pages 89 - 108)

The paper attached at Annex A of this report sets out the audit plan from Mazars, the Council's external auditors, in respect of the Council's Audit for the year ending 31 March 2017.

7. Schools Information Governance - Internal Audit Report Update (Pages 109 - 126)

This report provides Members with an update following the internal audit report for schools information governance presented at the meeting held on 20th December 2016. A copy of the internal audit report is at Annex 1 of the report.

8. Audit and Governance Committee Forward Plan (Pages 127 - 132)

This report presents the future plan of reports expected to be presented to the committee during the forthcoming year to February 2018.

9. Urgent Business

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

Democracy Officer:

Name: Jayne Carr

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Email – jayne.carr@york.gov.uk

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 (Polish)
własnym języku.**

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 | 22 February 2017 |
| Present | Councillors N Barnes (Chair - in the Chair agenda items 1 and 2), Dew (Vice-Chair - in the Chair agenda items 3 to 9), Cuthbertson, Flinders, Kramm, Steward (Substitute for Councillor Lisle) and Mason (Substitute for Councillor Fenton) and Mr Bateman and Mr Mendus |
| In attendance | Councillor Doughty and Councillor Warters |
| Apologies | Councillor Fenton |

60. 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. No additional interests were declared.

61. Exclusion of Press and Public

Members were asked to consider excluding the public and press from the meeting during consideration of Annex 1 of agenda item 5 on the grounds of containing information relating to individuals. This information is classed as exempt under Paragraphs 1 and 2 of Schedule 12A to Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

The Monitoring Officer was asked to explain the reasons why the committee was being asked to consider excluding the public and press during consideration of the annex. He explained that it was the view of officers that the annex satisfied the requirement of paragraphs 1 and 2 of Schedule 12A to Section 100A of the Local Government Act (information relating to any individual and information which is likely to reveal the identity of an individual). These exemptions were subject to a public

interest test but it was the view of officers that the information that had already been published by the Council met the requirement of the public interest test. In reaching this conclusion, regard had also been taken of guidance produced by the Information Commissioner's Office in which there was a strong expectation of privacy and consideration of the impact on individuals. Members' attention was drawn to the extreme level of attacks on the individuals concerned on social media. The press had published extracts of the report but consideration should be taken as to the impact and damage to individuals if additional information was made public. The Monitoring Officer asked that Members also considered the significant risk for future internal audits, as if such information were to be made public, contributors to audits may be much more circumspect.

Councillor Flinders moved, and Councillor Barnes seconded a proposal that the public and press be excluded from the meeting during consideration of Annex 1 of agenda item 5. On being put to the vote the proposal was lost.

Those Members who had voted against the proposal were asked by officers to give their rationale for having voted not to exclude the press and public during consideration of Annex 1 in view of the possibility of a civil claim or investigation by the ICO. Having discussed the rationale for this request Members gave the following reasons:

- It was in the public interest for the press and public not to be excluded during consideration of the annex.
- Whilst there was a duty to protect employees, the vast majority of staff would be tarred by secrecy and wrongdoing.
- The report did not name individuals and the information had been redacted so as not to identify individuals.
- Greater identification of individuals was already available, for example through Freedom of Information requests that were in the public domain.
- The report should not have been exempt when published.
- The report could be discussed without reference to individuals.

There followed a discussion about the consequences and risks of this decision.

In view of the further discussion that had taken place, a further vote was taken and it was

Resolved: That the press and public not be excluded from the meeting during consideration of Annex 1 of agenda item 5.

The Chair announced that, in view of the advice given by officers and the risks to the Council in making the annex public, he intended to vacate the Chair and leave the meeting. The Vice-Chair took the Chair.

Mr Bateman drew attention to the fact that the independent members of the committee did not have voting rights and suggested that, in light of the discussions that had taken place, clarity on the role and status of the independent members should be sought outside of the meeting.

62. Minutes

Resolved: That the minutes of the meeting held on 8 February 2017 be approved and signed as a correct record.

63. Public Participation

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme and that two Members of Council had also registered to speak at the meeting.

Ms Gwen Swinburn expressed her views in relation to breaches of the procurement rules and asked the Council to take action in respect of this.

Councillor Warters raised concerns relating to the breaches of financial procedures and a failure to maintain records. He asked for a police investigation.

Councillor Doughty expressed concern regarding issues that had been raised in respect of procurement and the effectiveness and independence of the audit and monitoring procedures. He stated that he believed that the Council should launch an independent investigation to ascertain whether these had been isolated issues.

64. Internal Audit Report on Procurement of Consultants

Members considered a report which informed them of the results of a recent internal audit investigation into the procurement of an external consultant.

The Deputy Chief Executive and Director of Corporate Services explained the background to the internal audit investigation and the reasons why the internal audit review had been instigated. He clarified that, although the word “illegal” had been used during the meeting, a failure to follow council procedures did not mean that the action taken was illegal. The officer concerned had the authorisation to make the payments.

The Chief Executive gave an update on the action that she had taken since the internal audit investigation. She stated that the Veritau report had not identified any fraud and she had commissioned a Police investigation and this had confirmed that there was no evidence of fraud.

[Councillor Flinders stated that he did not believe that consideration of the internal audit report in public to be in the public interest or in the interests of council-tax payers and left the meeting at 6.20pm]

The Head of Internal Audit stated that the auditors could find no documentary evidence to demonstrate that the council’s contract procedure rules had been followed. This was, however, an internal matter and there had been no fault on the part of the independent consultant. Improvements had already been implemented to strengthen control measures and further improvements were planned.

In response to a question from Members, the Head of Internal Audit confirmed that Veritau was satisfied that sufficient work had been carried out to show that the work that had been paid for had been carried out. He also confirmed that no evidence of fraud had been found and that the matter had been referred to the police who had confirmed that conclusion.

In response to a further question the Head of Internal Audit confirmed that a previous internal audit report, which had been presented to the Audit and Governance Committee, had identified issues surrounding the use of consultants and that processes since that time had been strengthened.

Officers were asked if the work referred to in the report in respect of Lendal Bridge had been carried out. The Deputy Chief Executive and Director of Corporate Services stated that, whilst not certain, he would have expected that this work had been done.

Clarification was sought regarding the paragraphs in the report which were redacted. Members were informed that this was because this related to matters that were still subject to audit investigation. Officers confirmed that these issues did not specifically concern the situation under discussion.

Referring to the number of breaches, officers were questioned as to why these had not been identified during the period of the contractual relationship. The Head of Internal Audit stated that the Council had arrangements in place in respect of failures to follow procedures and contract procedure rules. The Deputy Chief Executive and Director of Corporate Services explained the overall level of procurement activity within the Council and stated that the focus was inevitably on higher sums. Work was ongoing to increase compliance activity but there were limits on the resources available to conduct this compliance. Officers outlined the arrangements that were in place during the procurement process, including the segregation of duties and responsibilities and limits on authority to incur expenditure.

Referring to the reference in paragraph 2.7 of the Internal Audit Report, clarification was sought as to whether historical information on tender processes was held beyond a year. Officers stated that this had referred to documentation during the procurement route and not the actual contract.

Members questioned whether a similar situation could arise in the future. They were informed that a guarantee could not be given that every purchase made in the Council would be in accordance with procedures. The organisation was large and complex. Monitoring arrangements had, however, been strengthened and when breaches were identified action would be taken, including HR procedures if appropriate.

Officers were asked about the possibility of all expenditure going through the procurement team and whether this would also result in economies of scale. Officers explained some of the issues that this cause, including making it difficult to make day to day purchases to enable effective service delivery.

Whilst some Members suggested that there was a need for further investigation, others stated that the investigation should not be extended and that the committee should focus on monitoring the improvements that had been introduced.

Councillor Steward proposed and Cllr Kramm seconded the following recommendation:

- (i) That the report be noted
- (ii) That, in view of the ongoing work by Veritau in respect of the redacted information in the Internal Audit Report, an update be given on the further work that was taking place after this had been concluded.¹
- (iii) That, in respect of paragraph 2.19 of the Internal Audit Report, the Executive be asked to consider whether further work was required to identify whether the work referred to represented value for money².

On being put to the vote the recommendation was declared carried and it was

Resolved: That the above recommendations in respect of the internal audit report on Procurement of Consultants be approved.

Action Required

- 1. Report to be presented to committee when available. MT
- 2. Refer the committee's recommendation to the Executive CT

65. Mazars Procurement Issues Report

Members considered a paper which presented, at Annex A, a report from Mazars – the Council's external auditors, on issues arising from the objection to the 2015/16 accounts. The report covered the work undertaken to investigate the issues raised by the objection and the key findings.

The representatives from Mazars were asked to explain the statement in their report that Veritau had reached "reasonable conclusions based on the evidence available". Members were informed that it was the view of Mazars that the internal audit

review had been properly scoped and thorough. Mazars understood the conclusions and these were supported by the evidence. When the representative from Mazars was asked if they would have reached the same conclusion he stated that, based on the evidence, he believed this to be the case.

The representatives from Mazars were asked if they believed that the system that was in place at the time had been adequate. They stated that the system was similar to those in other Local Authorities but the issue had arisen because processes had not been followed.

In response to questions, the representatives from Mazars stated that as technology continued to improve, Purchase to Pay systems evolved and became more sophisticated. It was not, however, a matter for auditors to advise on the purchase of systems as this was a resources issue for the organisation concerned.

Members noted that Jon Leece would be taking over Gavin Barker's responsibilities in respect of work for City of York Council. Thanks were expressed to Gavin Barker for the work that he had carried out.

Resolved: That the matters set out in the report presented by Mazars be noted.

Reason: To ensure that Members are aware of the issues and the action already being taken by the Council.

66. Procurement Action Plan

Members considered a report which set out the management response to the reports elsewhere on the agenda from Mazars, the Council's external auditors, and Veritau, the Council's internal auditors, on issues arising from the objection to the 2015/16 accounts.

Members were informed that the issues raised in the Internal Audit Report were being taken very seriously and work was already underway to make the necessary improvements. The actions had been agreed with the internal and external auditors.

Officers gave an update on the progress of the actions in the plan and responded to Members' questions, including those relating to the contract register.

Clarification was sought as to how actions within the action plan were being prioritised. Officers stated that good progress had already been made in implementing the action plan but that priorities could be changed if required. Officers explained that many procurement decisions and issues were the responsibility of managers and not the procurement team and hence it was also important for there to be the right culture in which procurement processes were carried out. Members noted that the contract register included contracts in respect of maintained schools but that companies owned by City of York Council had their own contract procedure rules in place and that this may be an area which the Shareholder Committee may wish to consider.

Members sought further information as to how breaches were identified and the actions that were taken when these occurred. Officers confirmed that details of the membership of the Governance, Risk and Assurance Group (GRAG) would be circulated, as had been requested at the previous meeting. Members requested that they also received information on the breaches that were identified.¹

Councillor Steward proposed and Councillor Kramm seconded a proposal that the Corporate and Scrutiny Management Committee be asked to consider how Members could be involved in the monitoring of procurement processes. On being put to the vote the motion was declared carried.

- Resolved: (i) That the action plan, attached at Annex A of the report, and the progress achieved to date be noted.
- (ii) That the Corporate and Scrutiny Management Policy and Scrutiny Committee be asked to consider how Members could be involved in the monitoring of procurement processes.²

- Reasons: (i) To ensure that Members are aware of the action being taken by the Council.
- (ii) To enable consideration to be given as to how

Members could contribute to ensuring effective procurement procedures were being implemented.

Action Required

1. Circulate requested information
2. Refer recommendation to Corporate & Scrutiny Management Policy & Scrutiny Committee

DM
DS

67. Audit and Governance Committee Forward Plan to December 2017

Members gave consideration to a report which presented the future plan of reports expected to be presented to the committee during the forthcoming year to December 2017. Members were invited to identify any further items they wished to add to the Forward Plan.

Resolved: That the committee's Forward Plan for the period up to December 2017 be approved.

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

Councillor N Barnes, Chair

[The meeting started at 5.30 pm and finished at 8.50 pm].

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Audit & Governance Committee**5 April 2017**

Report of the Director of Customer and Corporate Services
Directorate

Monitor 3 2016/17 - Key corporate risks and update on major projects**Summary**

1. The purpose of this paper is to present Audit & Governance Committee (A&G) with an update on the key corporate risks (KCRs) for City of York Council (CYC).
2. In addition, as agreed at A&G on 20 December 2016, an update on the major projects is now included within this report. As previously, this includes all the council's "Large" projects. The highlight report is included in Annex B.
3. The role of A&G in relation to risk management covers three major areas;
 - Assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risk
 - Keeping up to date with the risk profile and effectiveness of risk management actions; and
 - Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management

Background

4. Risks are usually identified in three ways at the Council;

- A risk identification workshop to initiate and/or develop and refresh a risk register. A fundamental review takes place every 3 years with our insurance and risk partners. The risks are continually reviewed through quarterly directorate management teams (DMT) sessions.
 - Risks are raised or escalated on an ad-hoc basis by any employee
 - Risks are identified at quarterly DMT meetings
5. Due to the diversity of services provided, the risks faced by the authority are many and varied. The Council is unable to manage all risks at a corporate level and so the main focus is on the significant risks to the council's objectives, known as the key corporate risks (KCRs).
 6. The corporate risk register is held on a system called Magique. The non KCR risks are specific to the directorates and consist of both strategic and operational risk. Operational risks are those which affect day to day operations and underpin the directorate risk register. All operational risk owners are requested by email to inform the risk officer of any updates on a quarterly basis.
 7. In addition to the current KCRs, in line with the policy, risks identified by any of the Directorates can be escalated to Corporate Management Team (CMT) for consideration as to whether they should be included as a KCR. KCRs are reported bi-annually to CMT.
 8. The risk management officer meets directors to update the KCRs and the directorate risks in one to one sessions and attends DMTs on a quarterly basis.
 9. The Verto system is used for the management of major projects (defined as large or medium sized) and is populated from the directorate project registers. This is reviewed on a two monthly basis at CMT, in addition to any individual reports relating to specific projects. The directorate project lists are being considered on at least a monthly basis by DMTs. The directorate process is facilitated by the directorate assurance lead.

10. The programme assurance group meets on a monthly basis where the corporate programme is considered. The group includes the directorate assurance leads and every other meeting is attended by support leads (which includes HR, legal, finance, audit, property and business support).
11. The project support group meets every month to ensure that project managers have a support mechanism and can discuss improvements to process, project management best practices and share experience.
12. The risk management section within Verto is consistent with the criteria recorded in Magique. The risk management officer has access to all projects in Verto for the purpose of risk oversight.

Key Corporate Risk (KCR) update

13. There are currently 10 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks. As requested in the previous meeting the annex now includes the direction of travel.
14. In summary the key risks to the Council are:
 - KCR1 – Financial Pressures: Ongoing government funding cuts will continue to have an impact on Council services
 - KCR2 – Governance: Failure to ensure key governance frameworks are fit for purpose.
 - KCR3 – Changing Demographics: Inability to meet statutory deadlines due to changes in demographics
 - KCR4 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm
 - KCR5 – Health and Wellbeing: Failure of Health and Wellbeing Board to deliver outcomes, resulting in the health and wellbeing of communities being adversely affected.
 - KCR6 – Capital Programme: Failure to deliver the Capital Programme, which includes high profile projects
 - KCR7 - Local Plan: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding

- KCR8 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
- KCR9 – Effective and Strong Partnership: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes.
- KCR10 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.

15. Risks are scored at gross and net levels. The gross score assumes controls are in place such as minimum staffing levels or minimum statutory requirements. The net score will take into account any additional measures which are in place such as training or reporting.

16. The following matrix categorises the KCRs according to their net risk evaluation. To highlight changes in each during the last quarter, the number of risks as at monitor 2 are shown in brackets.

| | | | | | |
|-------------------|--------|----------|----------|----------|-----------------|
| Impact | | | | | |
| Critical | | | 5 (5) | | |
| Major | | | 5 (5) | | |
| Moderate | | | | | |
| Minor | | | | | |
| Insignificant | | | | | |
| Likelihood | Remote | Unlikely | Possible | Probable | Highly Probable |

17. By their very nature, the KCRs remain reasonably static with any movement generally being in further actions that are undertaken which strengthen the control of the risk further or any change in the risk score. In summary, key points to note are as follows;

- New Risks- no new KCRs have been added since the last monitor
- Increased Risks – no KCRs have increased their net risk score since the last monitor
- Removed Risks – no KCRs have been removed since the last monitor
- Reduced Risks – No KCRs have reduced their net risk score since the last monitor

Updates to KCR actions or controls since the last monitor

18. KCR1 – Financial Pressures; A new control has been added. The Financial Strategy 2017/18 was approved by Council in February 2017. A new action to complete the Financial Strategy 2018/19 is now included with a deadline of January 2018.
19. KCR2 – Governance; The action ‘Health and Safety training programmes at all levels’ was due in March 2017. This is an ongoing action and therefore is extended until March 2018. A new action ‘revise media and social media protocols’ is now included with a deadline of April 2017.
20. KCR3 – Changing Demographics; The action to ‘Ensure adequate supply of schools places’ was due in March 2017. This is an ongoing action and therefore is extended until March 2018. The actions ‘Assessment and care management Review’ and ‘Advise and Information Strategy and Action Plan’ have extended the deadline to December 2018 and March 2018 respectively.
21. KCR4 – Safeguarding; A new control has been added. The Safeguarding Board annual action plan and Strategic Plan to 2019/20 are now complete. A new action to complete the Safeguarding Board annual action plan for 2018/19 is now included with a deadline of March 2018.
22. KCR5 – Health and Wellbeing; The action ‘Review of Strategy and Policy under way including delivery structure’ is complete and 2 new controls have been added to reflect this. A new action to ‘develop a Performance Management Framework for monitoring of outcomes’ has been added with a deadline of September 2017.
23. KCR6 – Capital Programme; Two new controls have been added. The Capital Strategy 2017/18 to 2021/22 was approved by Council in February 2017 and included approval of funding for an additional resource to support project and programme management. This is covered in further detail below. A new action to complete the Capital Strategy 2018/19 is now included with a deadline of January 2018.
24. KCR7 – Local Plan; The action ‘monitoring of controls’ was

due in March 2017. This is an ongoing action and therefore is extended until March 2018.

25. KCR8 – Communities; The action to ‘develop a community engagement strategy’ is underway but not yet complete. The deadline has extended to June 2017.
26. KCR9 – Effective and Strong Partnerships; The action ‘monitoring of controls’ was due in March 2017. This is an ongoing action and therefore is extended until March 2018.
27. KCR10 – Workforce/ Capacity; A new action to develop a comprehensive health and wellbeing policy consolidating all current and planned actions is now included with a deadline of March 2018.

Update on Major or “Large” projects

28. Progress on embedding the Project Management framework continues and through April 2017 there will be a review of the framework and the associated toolkit to ensure it is still fit for purpose and efficient. There will also be a move to the latest version of the Verto Project management software in this period and a review of training provision, including the Introduction to Projects course and identify further training for Project managers and support staff.
29. In terms of the Major Projects, Allerton Waste Recovery Park (AWRP) has been added to the list. This project is managed by North Yorkshire County Council (NYCC) who engage direct with Amey Cespa. City of York Council are a major stakeholder and as the project nears completion closer attention is being given to ensure the Council is ready when commissioning starts in the summer and when the facility is operational at the beginning of 2018.
30. The Local Area Teams early intervention/prevention project in Children’s Services is now complete and is in the closure stage. This will no longer appear on the list from the next period.

Updates on Risk and Programme/Project Management

31. Mandatory officer training in risk management has taken place in March utilising the icomply method. All staff logging onto the CYC system are required to read a short presentation covering the main areas of the risk management policy and answer questions correctly before they are permitted to proceed.
32. Since the last report to A&G line management of the risk and insurance team has moved to Corporate Finance in an attempt to provide additional capacity and support for risk management and foster a closer link to Finance.
33. As agreed in the February 2017 Capital Strategy Report, the project support fund was increased to provide ongoing funding for corporate project management assurance to build on the work to date and to further strengthen assurance around project management and delivery.
34. The additional resource will support the work of the Corporate Programme Assurance group and project teams in ensuring that the reporting process is robust and that as projects progress the necessary governance, risk management, planning and documentation is in place and gateways are observed.
35. This post will also sit within Corporate Finance and will provide the capacity to further improve the integration between risk management, programme/ project management and finance.

Options

36. Not applicable.

Council Plan 2015 - 2019

37. The effective consideration and management of risk within all of the council's business processes helps support achieving 'evidence based decision making' and aid the successful delivery of the three priorities.

Implications

38. There are no further implications.

Risk Management

39. 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

40. Audit and Governance Committee are asked to:
- (a) consider and comment on the key corporate risks provided at Annex A;
 - (b) consider the project information provided at Annex B;
 - (c) provide feedback on any further information that they wish to see on future committee agendas

Reason:

To provide assurance that the authority is effectively understanding and managing its key risk and is kept updated on major programme and project activities

Contact Details

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Chief Officer Responsible for the report:

Ian Floyd
Director of Customer & Corporate
Services

**Report
Approved**

✓

Date 28 March 2017

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the authors of the report

Background Papers

For interpretation of the risk scoring see the corporate risk management policy and guide

Abbreviations

KCR – Key Corporate Risk

CMT – Council Management Team

CYC – City of York Council

DMT – Directorate Management Team

RAG – this is a risk status rating, which stands for “Red”, “Amber” or “Green”

Annexes

Annex A – Key corporate risk register

Annex B- Update of major projects

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**ANNEX A
KEY CORPORATE RISK REGISTER**

KCR 1 FINANCIAL PRESSURES: Ongoing government funding cuts will continue to have an impact on Council services. 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 £16m savings will be required over the years 17/18 to 19/20. 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 Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|--|---|------------------|--------------|---|----------------|------------|------------------------------|---|
| Reduction in government grants leading to the necessity to make savings Increased service demand and costs (for example an aging population). | Potential major implications on service delivery Impacts on vulnerable people Spending exceeds available budget | Probable | Major | Regular budget monitoring Effective medium term planning and forecasting Chief finance officer statutory assessment of balanced budget Regular communications on budget strategy and options with senior management and politicians Skilled and resourced finance function, supported by managers with financial awareness Efficiency Plan agreed by Executive June 2016 NEW – Financial Strategy 2017/18 approved | Possible | Moderate | New control and action added | Development of budget strategy for 2017-18 (Ian Floyd, 31/01/2018) ACTION COMPLETE NEW - Development of budget strategy for 2018-19 (Ian Floyd, 31/01/2018) |

**ANNEX A
KEY CORPORATE RISK REGISTER**

KCR 2 GOVERNANCE: Failure to ensure key governance frameworks are fit for purpose. 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 particularly those around information governance, transparency and health and safety.

| Risk Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|--|--|------------------|--------------|---|----------------|------------|---------------------|---|
| <p>Increased interactions in relation to FOI and transparency</p> <p>Failure to comply with information security policy</p> <p>Serious breach of health and safety legislation</p> | <p>Breach of Data Protection Act and other non compliance</p> <p>Fines levied by Information Commissioner</p> <p>Impact on the end user/customer</p> <p>Public safety may be put at risk</p> <p>Further incidents occur</p> <p>Adverse media coverage</p> <p>Reputational impact</p> | Probable | Major | <p>Electronic Communication Policy</p> <p>IT security systems in place</p> <p>Governance and Assurance Group (GRAG)</p> <p>Secure paper storage and confidential waste disposal available in office accommodation</p> <p>Internal Audit review of information security</p> <p>Health and Safety monitoring by CMT and DMTs</p> <p>Regular monitoring reports to Audit & Governance committee and Executive Member decision sessions</p> | Possible | Major | New action added | <p>Health and Safety training programmes at all levels (Ian Floyd, 31/03/2017)</p> <p>ONGOING ACTION – deadline will extend to 31/3/2018</p> <p>NEW – Revise media and social media protocols (Ian Floyd, 30/04/2017)</p> |

**ANNEX A
KEY CORPORATE RISK REGISTER**

KCR 3 CHANGING DEMOGRAPHICS: Inability to meet statutory deadlines due to changes in demographics. York has a rapidly changing demographic and this brings with it significant challenges particularly in the delivery of adult social care. The recent baby boom will have a future impact on school places and services. There has also been significant migration and as such the council needs to ensure that community impacts are planned for and resourced.

| Risk Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|---|---|------------------|--------------|--|----------------|------------|---------------------|--|
| <p>Baby boom impact on schools</p> <p>Inward migration</p> <p>Development and regeneration makes York more desirable and accessible</p> <p>An aging population requiring services from the council placing significant financial and delivery challenges</p> <p>Increased ethnicity</p> <p>Growing SEN - in particular autism</p> <p>Popularity of universities</p> <p>Increase in complexity of needs as people get older</p> <p>Increase in people living with dementia</p> <p>Demographic of workforce unable to meet demand</p> | <p>Increased service demand; school placements, SEN, emotional mental health</p> <p>Impact on reducing budgets and resources</p> <p>Statutory school places have to be found</p> <p>Rise in delayed discharges</p> <p>Impact on service users</p> <p>Reputational impact</p> <p>Insufficient capacity for workload - need right people in the right place</p> | Probable | Major | <p>Analysis of need and work around options</p> <p>Stakeholder and officer group</p> <p>DfE returns</p> <p>Inclusion review</p> <p>Caseload monitoring</p> <p>Early intervention initiatives and better self-care</p> <p>Place planning strategy in place</p> <p>School population reported every 6 months</p> <p>Implementation of the Care Act 2014</p> <p>Direct access to support and services</p> <p>Investment in support brokerage work with NHS integrated commissioning</p> | Possible | Major | | <p>Ensure adequate supply of schools places (CYC Place Planning Strategy, Governance Structure) (Jon Stonehouse, 31/03/2017) – ONGOING ACTION – deadline will extend to 31/3/2018</p> <p>Redesign and implement new arrangements for early intervention and prevention (Jon Stonehouse, 31/12/2017)</p> <p>Assessment and care management Review (Martin Farran, 31/12/2016) IN PROGRESS – deadline will extend to 31/12/18</p> <p>Advise and Information Strategy and Action Plan</p> |

**ANNEX A
KEY CORPORATE RISK REGISTER**

| Risk Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|---------------------|----------------------------|------------------|--------------|----------|----------------|------------|---------------------|--|
| | | | | | | | | (Martin Farran, 31/12/2016) IN PROGRESS – deadline will extend to 31/3/18 |

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KEY CORPORATE RISK REGISTER**

KCR 4 SAFEGUARDING: A vulnerable child or adult with care and support needs is not protected from harm. 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 Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|---|--|------------------|--------------|--|----------------|------------|------------------------------|---|
| Failure to protect a child or vulnerable adult from death or serious harm (where service failure is a factor) | <p>Vulnerable person not protected</p> <p>Children's serious case review or lessons learned exercise</p> <p>Safeguarding adults review</p> <p>Reputational damage</p> <p>Serious security risk</p> | Probable | Major | <p>Safeguarding sub groups</p> <p>Multi agency policies and procedures</p> <p>Specialist safeguarding cross sector training</p> <p>Quantitative and qualitative performance management</p> <p>Reporting and governance to lead Member, Chief Executive and Scrutiny</p> <p>Annual self assessment, peer challenge and regulation</p> <p>Audit by Veritau of Safeguarding Adults processes</p> <p>Children's and Adults Safeguarding Boards (LSCB & ASB)</p> <p>Ongoing inspection preparation & peer challenge</p> <p>National Prevent process</p> <p>DBS checks and re-checks</p> <p>Effectively resourced and well managed service</p> | Possible | Major | New control and action added | <p>Restructure Children's Social Care Services (Jon Stonehouse, 30/09/2017)</p> <p>New Children's Social Care records system (Jon Stonehouse, 30/09/2017)</p> <p>Safeguarding Board action plan (Martin Farran, 31/03/2017)</p> <p>ACTION COMPLETE</p> <p>NEW - Safeguarding Board annual action plan 2018/19 (Martin Farran, 31/03/2018)</p> |

**ANNEX A
KEY CORPORATE RISK REGISTER**

| Risk Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|---------------------|----------------------------|------------------|--------------|--|----------------|------------|---------------------|------------------------|
| | | | | NEW – Safeguarding Board annual plan 2017/18 and Strategic Plan to 2019/20 are approved | | | | |

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KEY CORPORATE RISK REGISTER**

KCR 5 HEALTH AND WELLBEING: Failure of Health and Wellbeing Board to deliver outcomes, resulting in the health and wellbeing of communities being adversely affected. The Council has the responsibility for the provision of public health services. The Health & Wellbeing Board, brings together local organisations to work in partnership to improve outcomes for the communities in which they work. Poor governance or financial pressures (partners or Council) may lead to failure to adequately perform these functions, resulting in the health and wellbeing of communities being adversely affected.

| Risk Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|--|--|------------------|--------------|--|----------------|------------|------------------------------|--|
| <p>Outcomes may be difficult to evidence due to longevity</p> <p>Lack of resources: numbers and/or specialist skills</p> <p>Other Council priorities may result in less focus on Health and Wellbeing outcomes</p> <p>Failure to deliver Health and Wellbeing responsibilities</p> <p>Failure to integrate Public Health outcomes</p> <p>Reliance on partners outside of the council's control</p> <p>Partner (eg NHS) financial pressures may effect outcomes</p> | <p>Health and wellbeing of the community adversely affected</p> <p>Key objectives are not delivered</p> <p>Reputational damage</p> | Probable | Major | <p>Health and Wellbeing Board own the strategy and receives reports on progress.</p> <p>NEW - The Health & Wellbeing Board has approved a new 5 year joint strategy for the period 2017-21</p> <p>NEW - A revised governance structure has been put in place for delivery of the strategy.</p> | Possible | Moderate | New control and action added | <p>Review of Strategy and Policy under way including delivery structure. Sharon Stoltz, 31/03/2017) – ACTION COMPLETE</p> <p>NEW –Develop a Performance Management Framework for monitoring of outcomes. (Sharon Stoltz, 30/09/2017)</p> |

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KCR 6 CAPITAL PROGRAMME: Failure to deliver the Capital Programme, which includes high profile projects. The capital programme currently has approximately 85 schemes with a budget of £215m from 2017/18 to 2021/22. 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 Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|--|---|------------------|--------------|--|----------------|------------|-------------------------------|--|
| <p>Complex projects with inherent risks</p> <p>Large capital programme being managed with reduced resources across the Council</p> | <p>Additional costs and delays to delivery of projects</p> <p>The benefits to the community are not realised</p> <p>Reputational Damage</p> | Probable | Major | <p>Project boards and project plans</p> <p>Regular monitoring of schemes</p> <p>Capital programme reporting to Executive and A&G</p> <p>Financial, legal and procurement support included within the capital budget for specialist support skills</p> <p>Revised Project Management Framework</p> <p>NEW – Capital Strategy 2017/18 to 2021/22 approved in Feb 2017</p> <p>NEW- Additional resource approved to support project management</p> | Possible | Moderate | New controls and action added | NEW - Development of capital strategy for 2018-19 (Ian Floyd, 31/01/2018) |

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KCR 7 LOCAL PLAN: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding. The council has a statutory duty to develop a Local Plan, a city wide plan, which helps shape the 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, create more job opportunities and address our increasing population needs.

| Risk Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|--|--|------------------|--------------|--|----------------|------------|---------------------|--|
| <p>Fail to adopt and agree a Local Plan</p> <p>Local Plan adoption process delayed</p> <p>Significant opposition to the plan that may impede its progression</p> | <p>Significant negative impact on the council's strategic economic goals</p> <p>Council continues to have no adopted development plan/framework</p> <p>Legal and probity issues</p> <p>Reputational damage</p> <p>Increased resources required to deal with likely significant increase in planning appeals</p> <p>Development processes and decision making is slowed down</p> <p>Widespread public concern and opposition</p> <p>Inability to maximise planning gain from investment</p> <p>Adverse impact on investment in the city</p> <p>Unplanned planning does not meet the authority's</p> | Probable | Major | <p>Develop strategy for cross party working on long term strategic issues</p> <p>CMT and DMT to work closely with key Members on Local Plan issues</p> <p>Proactive communication strategy</p> <p>Effective programme and project management to ensure timescales and milestones are met</p> <p>Effective project resourcing</p> <p>Continued close liaison with neighbouring authorities</p> <p>Continued close liaison with DCLG and Planning Inspectorate</p> | Possible | Major | | <p>Monitoring of controls (Mike Slater, 31/03/2017)</p> <p>ONGOING ACTION – deadline will extend to 31/3/2018</p> |

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| Risk Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|---------------------|--|------------------|--------------|----------|----------------|------------|---------------------|------------------------|
| | aspirations of the city Ongoing costs of the preparation of the Local Plan Potential loss of funding if Plan is not approved | | | | | | | |

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KCR 8 COMMUNITIES: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services. The council needs to engage in meaningful consultation with communities to ensure decisions taken reflect the needs of 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 Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|--|---|------------------|--------------|--|----------------|------------|---------------------|---|
| <p>Failure to effectively engage with the communities we serve</p> <p>Failure to contribute to the delivery of safe communities</p> <p>Failure to effectively engage stakeholders in the decision making process</p> <p>Failure to manage expectations</p> <p>Communities are not willing/able to fill gaps following withdrawal of CYC services</p> | <p>Lack of buy in and understanding from stakeholders</p> <p>Alienation and disengagement of the community</p> <p>Relationships with strategic partners damaged</p> <p>Impact on community wellbeing</p> <p>Services brought back under council provision</p> <p>Budget overspend</p> <p>Create inefficiencies</p> <p>Services not provided</p> | Probable | Major | <p>Creating Resilient Communities Board</p> <p>New service delivery models</p> | Possible | Major | | <p>Develop a Community Engagement Strategy (Jon Stonehouse, 31/03/2017)</p> <p>IN PROGRESS – deadline will extend to 30/6/17</p> |

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KCR 9 EFFECTIVE AND STRONG PARTNERSHIPS: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes. 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 Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|---|---|------------------|--------------|---------------------------------------|----------------|------------|---------------------|--|
| <p>Failure to effectively monitor and manage partnerships</p> <p>Partner (eg NHS) financial pressures may effect outcomes</p> | <p>Key partnerships fail to deliver of break down</p> <p>Ability to deliver transformation priorities undermined</p> <p>Adverse impact on service delivery</p> <p>Funding implications</p> <p>Reputational impact</p> | Probable | Major | Partnership Code of Practice in place | Possible | Moderate | | <p>Monitoring of controls (CMT, 31/03/2017)</p> <p>ONGOING ACTION – deadline will extend to 31/3/2018</p> |

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KCR 10 WORKFORCE/ CAPACITY: Reduction in workforce/ capacity may lead to a risk in service delivery. 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 Detail (cause) | Implications (consequence) | Gross Likelihood | Gross Impact | Controls | Net Likelihood | Net Impact | Direction of Travel | Risk Owner and Actions |
|---|--|------------------|--------------|--|----------------|------------|---------------------|---|
| <p>The necessity to deliver savings has resulted in a reduced workforce</p> <p>Recruitment and retention difficulties as the council may be seen as a less attractive option than the private sector</p> <p>Lack of succession planning</p> | <p>Increased workloads for staff</p> <p>Impact on morale and as a result, staff turnover</p> <p>Inability to maintain service standards</p> <p>Impact on vulnerable customer groups</p> <p>Reputational damage</p> <p>Single points of failure throughout the business</p> | Probable | Major | <p>Workforce Strategy</p> <p>Stress Risk Assessments</p> <p>PDRs</p> <p>Comprehensive Occupational Health provision including counseling</p> <p>HR policies e.g. whistleblowing, dignity at work</p> | Possible | Moderate | New action added | NEW - Develop a comprehensive health and wellbeing policy consolidating all current and planned actions. (Sharon Stoltz, 31/03/2018) |

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Annex B – Update of “Large” Projects

Over the page is a summary of “Large” projects:

Please note before reviewing the “Large” project information:

- The Summary of “Large” projects will evolve over time as projects progress, are completed and new projects are initiated and is provided to inform the committee in performing its role of **risk and assurance of the project management approach**.
- Projects are in the process of being assessed (using the Project assessment matrix (presented to the A&G committee in May 2016). Any project that achieves a score of 106 or more out of 160 qualifies as a “Large” project and is included in this list as a “Large” project.
- Executive is responsible for scheme financing/policy and Scrutiny will perform detailed reviews of any relevant project.
- Further information on projects can be provided to the committee on request or the committee can request that a relevant scrutiny committee to do a more detailed review.
- The status (RAG – Red, Amber or Green) is provided to give an overview of any significant risks and provide assurance as to how individual projects are being managed. An explanation as to what the status means is included in the July 2016 Projects update to Audit and Governance.
- See the matrix below when reviewing the risk scores.

| | | | | | | |
|------------|---------------|--------|----------|----------|----------|-----------------|
| 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 | | | | | | |

| Large projects summary | Previous period (RAG) | This period (RAG) | Direction of travel |
|-------------------------------------|------------------------------|--------------------------|----------------------------|
| Allerton Waste Recovery Park (AWRP) | | Green | |
| Castle Gateway | Amber | Amber | Same |
| Community Stadium | Amber | Amber | Same |
| Digital services (CRM) | Amber | Red | Worse |
| Guildhall | Green | Green | Same |
| Local Plan | Amber | Amber | Same |
| Older person's accommodation (ASC) | Green | Green | Same |
| Outer ring road (A1237) | Red | Amber | Better |
| York Central | Amber | Amber | Same |
| | | | |
| Local area teams | Green | Green | Complete |

Detailed updates

| | |
|---|-------------------------------------|
| Project title | Allerton Waste Recovery Park (AWRP) |
| Reporting period | March 2017 |
| Description | |
| <p>Allerton Waste Recovery Park is an exciting new facility which will bring together state-of-the-art technologies to make the most of the North Yorkshire's and the city of York's waste.</p> <p>The facility, when built, will safeguard our future cost in terms of disposing of residual waste, will generate energy and produce ensure more material can be recycled</p> <p>Amey will then operate the facility on behalf of North Yorkshire County Council and the City of York Council for 25 years.</p> <p>The project represents a significant investment for City of York council.</p> | |
| Current status | |
| <p>GREEN</p> <p>The project is well into the delivery phase.</p> <p>Construction is on schedule and the facility is on track to be ready for the hot commissioning period starting in early July with the site fully operational by Jan/Feb 2017.</p> <p>CYC are now fully engaged with the Project team, attending the monthly Project meeting.</p> | |
| Future outlook | |
| <p>Commissioning to start at the beginning of July Facility operational at the beginning of Feb 2018</p> <p>Work will be undertaken to determine and finalise with North Yorkshire County Council the waste volumes for the commissioning period. Also, there will be discussion around payment mechanisms, and initial thoughts to feed to Amey around the visitor's centre.</p> | |

| Key risks | | | |
|---|---|--------------|------------|
| Risk (brief description/consequence) | Control/action | Gross | Net |
| Arrangements with NYCC need agreeing with respect to the operation of the facility, waste disposal and financials | Monthly project team meetings and monthly meetings with NYCC in order to determine volumes, etc. | 19 | 14 |
| Residents don't see the benefits of the Waste strategy | Develop communications plan and strategy for AWRP and how this links with the council's other strategies on Waste and Renewable energy. | 15 | 14 |
| Reports to | The Project is managed by NYCC and the delivery partner Amey and CYC have a representative at the Project group. | | |
| Exec member | Cllr. Andrew Waller | | |
| Director responsible | Neil Ferris – Director of City and Environment Services | | |
| Dependencies | None | | |
| Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee) | | | |

| | |
|--|----------------|
| Project title | Castle Gateway |
| Reporting period | March 2017 |
| Description | |
| <p>City of York Council (CYC) are one of the principal land owners in the area around Piccadilly, the Eye of York, St George's Field and the Foss Basin. This area is being referred to as the "Castle Gateway" and many parts of the area are underused, semi derelict or of poor quality. Many of the properties are for sale or owned by investors and there is a risk that the area will continue to be blighted or that important sites will be developed in a piecemeal manner. The area is urgently in need of a fresh vision to improve the locality and create a socially and economically sustainable future. As the principal landowner, CYC will be instrumental in delivering a joined-up regeneration of the area which will maximise social and economic benefits for the City.</p> | |
| Current status | |
| <p>AMBER</p> <p>Exchange of contracts is in process to transfer of the freehold of Stonebow House to Oakgate Group to allow the redevelopment of the vacant, run down building. Work is anticipated to start on site in Spring 2017 and complete in Spring 2018.</p> <p>Spark:York have submitted a planning application to provide a meanwhile use of start-up space for local business, street food and exhibition space at 17-21 Piccadilly. It is due to go to committee in April and if approved they aim to open in June 2017, operating under a three year tenancy from the council. This would help drive the regeneration of the area whilst a long term decision on the future of the council's land asset in the area is taken.</p> <p>English Heritage have been granted planning permission to construct a new visitor centre as part of wider restoration works to Clifford's Tower to improve visitor numbers and satisfaction. A judicial review of the planning permission will be heard at the High Court in May. Subject to the outcome of this process, the Executive have approved the transfer to English Heritage the small area of council owned land needed for the scheme to progress.</p> <p>A major update report on the Castle Gateway was taken to January's Executive. The report approved the vision for the regeneration of the area and an action plan for delivering that vision. It also set out the Area of Opportunity policy, which enshrines the vision in planning policy, for inclusion in the emerging Local Plan. The aim is to take a masterplan for the public realm,</p> | |

infrastructure, and council land assets back to the Executive by the end of 2017.

The council are in discussions with the other major landowner in the Castle Gateway regarding their proposals for the area and potential options to work in partnership. The outcome of these discussions, and alternative delivery models, will be taken to Executive for consideration in December. To guide this process the council have appointed Deloitte to provide commercial and valuation advice.

The inception meeting of the Castle Gateway Advisory Group was held on 14th March. This group of principal custodians and landowners will guide the masterplan process. Draft terms of reference have been circulated and will be agreed before the next meeting.

The project governance structure has been confirmed and will be run through a working group, chaired by Neil Ferris, which will report in to the Executive. The group includes council's legal, property, finance, and planning representation.

Future outlook

Go out to tender to appoint masterplan consultants. This will be procured through the HCA framework. Tender returns will be expected back in May with the aim to appoint and begin work in July.

Agree lease with Spark:York to allow tenancy to start in the spring should planning permission be granted in April.

Agree public engagement process and format throughout the masterplan process.

Development appraisals and land values of the council land assets are expected from Deloitte late March/early April.

Negotiations to extend and regear the head lease on the Coppergate Centre with Steamrock Capital are ongoing.

Key risks

| Risk (brief description/consequence) | Control/action | Gross | Net |
|---|---|--------------|------------|
| Insufficient legal resources and internal experience in to support the establishment of a | It is likely that the council will need to seek external legal support and advice | 21 | 14 |

| | | | |
|--|---|----|----|
| <p>delivery model for the council's assets</p> <p>The council fail to develop the best delivery structure for developing out its land assets, or are unable to secure the most advantageous contractual agreements with identified partners. This represents a significant risk to both the Castle Gateway project and the council achieving best value</p> | <p>The council have already sought external legal advice from Bevan Brittain on earlier partnering opportunities in the Castle Gateway. It is probable that their (or another framework partner's) advice will be required in future.</p> | | |
| <p>Land assets outside the council's control do not come forward to market, continuing to undermine the area and depress the council assets and income</p> <p>Castle Gateway remains run-down, with a number of derelict, vacant or poor quality sites damaging the local area and having a negative impact on the capital and revenue value of the council's assets</p> | <p>Discussions with landowners and developers to facilitate development, and understand the implications of the EU referendum on investor confidence. Establishing a planning framework to ensure coherent and high quality proposals when they do come forward</p> <p>Discussions with other land owners and developers are active and ongoing, and an update on this will be taken to Executive in the new year. A draft area of opportunity policy for the Castle Gateway has been submitted to the Local Plan team for review. The proposals for a meanwhile use on 17-21 Piccadilly will lead to an improvement in the area and increased footfall which could act as the catalyst for development</p> | 23 | 19 |
| <p>Failure to provide a realistic</p> | <p>To develop and bring</p> | 20 | 19 |

| | | | |
|---|---|----|----|
| <p>timeframe for potential development of council land assets may result in unnecessary expenditure and investment in the short term to keep them operational. This is particularly pressing for Castle Mills and Castle car park, both of which are in a poor condition and if they were to remain open in even a short to medium time period would need significant expenditure.</p> <p>The council has to spend significant money on assets in the short term to keep them operational when they will potentially close in the near future. This would represent wasted expenditure, but it may be unacceptable to close them without a clear identified plan in place for their future use. If any money is invested in to the assets it may make it difficult to bring them forward for fear of having wasted that money</p> | <p>forward a clear vision for the Castle Gateway, including identified options for the council's land assets, as soon as possible. Developing this vision requires a clear strategic view on the level of investment and risk the council want to assume.</p> <p>Work is ongoing with Directors and Members to establish the level of risk and investment the council want to assume, which will establish the nature of the council's involvement in Castle Gateway and the future use of land assets. The first stage in assessing these options will be the Castle Gateway vision report that will be taken to the Executive in early 2017. This will start to establish delivery options and proposed timescales for development.</p> | | |
| <p>There will be a number of options and opportunities for the council to consider throughout the Castle Gateway project. These will require varying levels of investment and risk. Choosing not to pursue some of these opportunities may result in the failure of the key aims of the project</p> <p>Private sector and other public sector sites may not</p> | <p>Clear and realistic delivery models need to be established and presented to Members for decision, founded on robust business case principles</p> <p>Officers are currently working up proposals that will provide a range of options from low to high intervention, and are in discussions with neighbouring landowners to</p> | 21 | 20 |

| | | | |
|---|---|--|--|
| <p>progress without the council's investment. Although there may be possibilities to achieve the regeneration aims of the Castle Gateway without council investment these may result in the council losing existing and potential new revenue streams. Not taking key decisions regarding investment may mean that the project ultimately fails</p> | <p>understand their proposals and desire to work in partnership. External valuation and planning advice will be procured by the end of January to provide detail on the land values of council assets. This is key to assessing the different delivery options and the council's capacity to generate financial returns.</p> | | |
| Reports to | Working group has been established to manage the project governance. Chaired by Neil Ferris and reports through to the Executive. | | |
| Exec member | Cllr David Carr and Cllr Ian Gillies | | |
| Director responsible | Neil Ferris, Director of City and Environmental Services | | |
| Dependencies | Local Plan Policy, City Transport Policy | | |
| Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee) | <p>Executive October 2015 http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=8842&Ver=4 Document http://democracy.york.gov.uk/documents/s100456/Report.pdf</p> <p>Executive November 2016 Land assets on Piccadilly http://democracy.york.gov.uk/documents/s110378/Executive%20report%20-%20Update%20on%20land%20assets%20on%20Piccadilly.pdf</p> <p>Executive January 2017 Update http://democracy.york.gov.uk/documents/s112252/York%20Castle%20Gateway.pdf</p> | | |

| | |
|--|-------------------|
| Project title | Community Stadium |
| Reporting period | March 2017 |
| Description | |
| <p>The Community Stadium project will deliver a new football and rugby stadium for professional sport and community sport and leisure facilities for the city of York. The project also includes a new athletics facility for use by York Athletic Club as well as many community uses and work with community partners.</p> <p>The core project objectives are to provide a new Community Stadium within a new leisure facility complex on the grounds of the existing Huntington Stadium / Waterworld swimming pool.</p> <p>This project represents an opportunity to create one of the country's most far reaching community stadium complexes.</p> | |
| Current status | |
| <p>AMBER</p> <p>On 17th March 2016 an update on the progress of the procurement process was presented to Executive. The paper also reflected the commitment for the long – term future of Yearsley Pool.</p> <p>On 24th March 2016 the report was presented to Full Council. The report was approved in full. An update report to exec is being presented on 16th March 2017 detailing the plan for Yearsley pool and also the timetable for the project given the delay from the Judicial review and the subsequent retender for the construction contract. The JR challenge has caused approximately 1 year in delay to the project.</p> <p>In the last six months of the project progress has been made as follows:</p> <ul style="list-style-type: none"> •Judicial review case was won in the High Court 18 January 2017, Vue cinema challenge was rejected. •Construction retender launched 3 March 2017, 12 week tender for construction partner and final build price. •Exec report on the Yearsley review and future of the Yearsley pool site completed and a recommendation that allows Yearsley to stay open for at least another 5 years. •Extension of the Bootham Crescent licence until end of 2018. •Completion of all York City Knights agreements with new owner allowing | |

the Knights to continue at Bootham Crescent through the 2017 and 2018 seasons until the new stadium is complete.

Finalisation and signing of all DBOM contracts in the project cannot take place until after the construction retender is complete and a final price agreed. A new timetable is included in the report to Executive which highlights the facilities will now be complete towards the end of 2018.

Future outlook

The scheme is predicted to create around 165 FTE jobs including match and event day staff. There will also be additional temporary construction jobs created during the build phase.

During the construction period the development will generate a range of employment opportunities. At the peak of the construction programme, there would be up to 250 people on the site.

The new stadium has the potential to increase supporter demand and attendance numbers. Evidence suggests that the new stadium could generate from 20% - 40% increase in visitor numbers. A 20% increase in visitor numbers to the stadium will equate to 4,200 additional visitors per year from outside the City of York.

Between £129,831 & £259,662 additional expenditure could be generated per annum from the stadium, based on a range of 20% to 40% increase in attendance at matches.

The next steps involve:

- Formal completion of the construction retender June 2017.
- Completion of the Design, Build, Operate and Maintain (DBOM) contract, following construction retender. August 2017.
- Finalisation of all community partner agreements. July 2017. • Full construction will begin once the construction contract is finalised and contracts signed. Expected August/ September 2017.

Key risks

| Risk (brief description/consequence) | Control/action | Gross | Net |
|--|--|--------------|------------|
| NHS fail to sign agreement for lease in time for DBOM. GLL will require CYC to | Discussions ongoing at high level between CYC Chief Exec and Chief | 19 | 19 |

| | | | |
|--|--|----|----|
| <p>underwrite all costs for the NHS areas which total c£240k at present per year.</p> | <p>Exec of the York NHS Trust. Confirmation of design and delivery and NHS approval of legal agreement.</p> | | |
| <p>Failure to deliver completion of the DBOM legal contract in the current timescales. Delay to the project build and delivery timescales. Increased cost of build, increase in legal and project costs.</p> | <p>Legal advice and input from Bond Dickenson as well as Legal officers. Ongoing work to finalise all contracts within the agreed timeline</p> | 19 | 19 |
| <p>Commercial return on land receipt</p> <p>Not realising estimated commercial return on commercial proposals in the final bid</p> <p>Not sufficient revenue to finance the build of the leisure building and facilities. Additional capital required by CYC, value engineering required, decrease spec or size of the build</p> | <p>Savilles report supports figures as proposed Potential to increase the amount of retail in the final scheme Reduce the outputs of the project</p> <p>Awaiting outcome of the call in and the judicial review periods before contract can be closed.</p> | 19 | 18 |
| <p><u>ISSUE:</u></p> <p>JR delay has caused the construction company to withdraw causing a retender of the construction package. This with the JR has caused a year delay to the project.</p> | <p>Construction package is being retendered with a completion in June 2017. Contract award expected July 2017 with a start on site for August/ September 2017.</p> | | |
| <p>Reports to</p> | <p>Executive, Economic Development and Transport Scrutiny Committee, Project Board</p> | | |

| | |
|---|---|
| Exec member | Cllr. Nigel Ayre |
| Director responsible | Ian Floyd – Director of Customers and Business Support Services |
| Dependencies | Yearsley review. The continued operation of Yearsley is potentially linked to the DBOM contract proposed. |
| Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee) | <p>Full Council March 2016: http://democracy.york.gov.uk/ieListDocuments.aspx?Cld=331&MId=8836&Ver=4</p> <p>Executive December 2016 http://democracy.york.gov.uk/documents/s111121/Stadium%20Project_Dec16%20Exec%20Report_VERSION%20A_vF.pdf</p> <p>Executive March 2017 http://democracy.york.gov.uk/documents/s113417/Community%20Stadium%20Leisure%20Facilities.pdf</p> |

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|--|--|--------------|------------|
| Project title | Digital Services (CRM) | | |
| Reporting period | March 2017 | | |
| Description | | | |
| This project replaces our existing system (Lagan) with a new system (Oracle Right Now.) This will provide much increased alignment with the website and a "My Account" style function, social media consolidation and proactive management and integration across a number of back office systems facilitating automation, work allocation and monitoring. | | | |
| Current status | | | |
| RED | | | |
| Work progressing well on Revs and Bens with benefits achieved. Business analysis and development work continues on the CRM, however, a contractual issue has meant that rolling the processes out in live is on hold, pending an expert independent review. | | | |
| Future outlook | | | |
| Conduct the independent review to evidence the contractual issue, seek resolution and continue with the roll out of the processes into the CRM Live environment. | | | |
| Key risks | | | |
| Risk (brief description/consequence) | Control/action | Gross | Net |
| Issue Contractual issue has meant that rolling the processes out in live is on hold, pending an expert independent review. | Appoint independent reviewer and complete review. | | |
| Solution does not meet requirements in terms of fully automated end to end processes within project timescales so the Service is not ready to implement solution. | Controls - Engage with all business areas - stakeholders through a business readiness assessment Actions - Business readiness assessments and VSM to be completed | 23 | 23 |

| | | | |
|---|---|----|----|
| | by end of Sept | | |
| Unable to configure system once transferred to the council. This would mean that there would be a failure to ensure system is maintained effectively And that the recovery from system problems is delayed | Controls: Work with Connection point on the skills transfer and ensure all staff involved in future support are fully skilled up Ongoing face to face dialogue with services Actions CPT to complete knowledge transfer including training material Processes (outside of Release 2) passed to configurers whilst CPT are still on-site Schedule Oracle training course (5 day) | 17 | 12 |
| Service not ready to implement solution due to a of robust business readiness assessments. This would impact the go-live | Controls: Ongoing face to face dialogue with services Actions: Complete Business Readiness Assessments | 23 | 19 |
| Solution does not meet requirements in terms of fully automated end to end processes within project timescales so the Service is not ready to implement solution. | Controls - Engage with all business areas - stakeholders through a business readiness assessment Actions - Business readiness assessments and VSM to be completed by end of Sept | 23 | 23 |
| Reports to | Digital Services Programme Board; Corporate Scrutiny and Management Board | | |
| Exec member | Cllr. David Carr | | |
| Director responsible | Ian Floyd – Director of Customers and Business Support Services | | |
| Dependencies | CRM Lagan | | |

| | |
|---|--|
| | MDM -Clearcore Govtech Rev's and Ben's. |
| Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee) | Corporate and Scrutiny Management Policy and Scrutiny Committee 9th May 2016 City of York Digital Inclusion http://democracy.york.gov.uk/documents/s105678/City%20of%20York%20Digital%20Inclusion.pdf |

| | |
|--|------------|
| Project title | Guildhall |
| Reporting period | March 2017 |
| Description | |
| <p>City of York Council vacated the Guildhall in April 2013, moving to West Offices as part of the Admin Accommodation programme, in order to make approx £1m pa savings. An evaluation of potential future uses had already been undertaken, and following further feasibility work and review a decision on the Future of the complex was taken by Executive in October 2015. Approval was granted for detailed project development work to secure the future of the Guildhall as a serviced office venue; with virtual office and business club facilities, maximising the benefits of the different spaces within the complex, its heritage appeal, and also ensuring ongoing council use and public access in a mixed use development.</p> | |
| Current status | |
| GREEN | |
| <p>This progress update covers the period Dec 16 - 1 Mar 2016</p> <p>The project was considered by Executive 14 July 2016 and approval was given for</p> <p>This progress update covers the period Dec 16 - 1 Mar 2016</p> <p>The project was considered by Executive 14 July 2016 and approval was given for progression of key work streams to the next stages - the following actions have been completed :</p> <ul style="list-style-type: none"> •Planning and LBC approval granted 16 Feb 17 •Marketing of Restaurant unit by Cushman Wakefield is now in progress to secure best offers. •Design Team are preparing RIBA stage 4 detail design documentation to meet agreed procurement timetable •A grant offer of £2.347m from LCR LEP for LGF funding was approved by Investment Committee 9 Nov 2016 - the formal contract to be signed following Executive approval •Options for operation / management of the business club / serviced office offer have been considered - it is proposed that CYC operate the facility - Executive are recommended to agree this option •The detailed business case for the scheme has been prepared based on latest construction cost estimates and with grant funding factored for Executive approval. | |

- The formal process for the procurement of a construction contractor for the works using a 2 stage process will commence following Executive approval
- Approval to deliver the project Executive mandate 16 March 2017.

Future outlook

April 2017

LCR LEP grant offer accepted - 17 Mar 2017

Full Council approval of budget and agreed borrowing requirement - 30 Mar 2017

Issue of SQ tender documentation - 7 April 2017

Key risks

From project risk register

| Risk (brief description/consequence) | Control/action | Gross | Net |
|--|--|--------------|------------|
| <p>Insufficient funding to deliver the project.</p> <p>Capital costs and/or gap between cost of repaying borrowing and income from lease/rentals exceeds agreed limit.</p> <p>Project is unviable or requires additional council revenue to underwrite borrowing costs</p> | <p>LGF funding application for 'gap funding' as soft loan to secure delivery of LCR SEP objectives in partnership with CYC</p> | 25 | 20 |
| <p>Capital costs increase/exceed budget</p> <p>Costs of scheme exceed current budget estimate as scheme is developed in detail.</p> <p>Project becomes unaffordable</p> | <p>Project team approach - early contractor involvement - value engineering workshops</p> | 23 | 19 |
| <p>Insufficient revenue income to repay borrowing</p> | <p>Soft market testing</p> <p>Robust marketing -</p> | 23 | 19 |

| | | | |
|--|--|----|----|
| <p>Gap between cost of repaying borrowing and income from lease/rental exceeds agreed limit.</p> <p>Project is unviable or requires additional council revenue to underwrite borrowing costs.</p> | <p>selection and assessment process</p> <p>LGF funding application for 'gap funding' to secure delivery of LCR SPE objectives in partnership with CYC</p> | | |
| <p>Failure to secure pre-let on restaurant unit at appropriate value</p> <ul style="list-style-type: none"> • No offers at expected value • Failure to agree heads of terms <p>Project is unviable/too risky</p> | <p>Soft market testing</p> <p>Robust marketing - selection and assessment process, may require re-marketing</p> | 23 | 18 |
| Reports to | Executive, CSMC, project board | | |
| Exec member | Portfolio of the Executive Member for Finance and Performance Councillor David Carr | | |
| Director responsible | Ian Floyd Director of Customers and Business Support Services | | |
| Dependencies | Local plan | | |
| Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee) | <p>Executive October 2015 http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=8842&Ver=4</p> <p>Scrutiny – 13 June 2016 http://modgov.york.gov.uk/ieListDocuments.aspx?CId=144&MId=9420&Ver=4</p> <p>Exec – 14 July 2016 http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=9303&Ver=4</p> <p>Planning application links</p> <p>16/01971/FULM Alterations and refurbishment of Guildhall complex to create conference rooms, meeting rooms and offices, refurbishment and part rebuild of existing south range to provide cafe and ancillary accommodation, and erection of extension on north side</p> | | |

of complex to form restaurant and office accommodation |
The Guildhall Coney Street York YO1 9QN

<https://planningaccess.york.gov.uk/online-applications/applicationDetails.do?activeTab=summary&keyVal=OCD5KESJMZK00>

16/01972/LBC | Alterations and refurbishment of Guildhall complex to create conference rooms, meeting rooms and offices, refurbishment and part rebuild of existing south range to provide cafe and ancillary accommodation, and erection of extension on north side of complex to form restaurant and office accommodation | The Guildhall Coney Street York YO1 9QN

<https://planningaccess.york.gov.uk/online-applications/applicationDetails.do?activeTab=summary&keyVal=OCD5LDSJMZL00>

Executive March 2017

<http://democracy.york.gov.uk/documents/s113442/Development%20of%20the%20Guildhall%20Complex.pdf>

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|--|------------|
| Project title | Local Plan |
| Reporting period | March 2017 |
| Description | |
| <p>The 'Local Plan' is a citywide plan which sets the overall planning vision and the spatial land use strategy for the city. It provides a portfolio of both housing and employments sites for at least a 15 year period and will set the Green Belt boundaries for York. In addition it incorporates both policies and approaches to set the context for development management decisions. Effectively, it sets out the opportunities and policies on what will or will not be permitted and where, including new homes and businesses.</p> <p>The Local Plan must be accompanied by an infrastructure delivery plan setting out the Council's approach to strategic infrastructure and its funding. All housing and employments sites included must be viable and deliverable this is directly linked to future approaches to planning gain i.e. CiL and S106.</p> <p>In response to both the Council resolution in autumn 2014, and the changed national and local context, officers have initiated or a series of work streams to inform the next stages of plan production. This relates to housing need, economic growth and the related need for employment land, and detailed site assessments.</p> <p>The production of the plan has to be in accordance with statute and national guidance. This includes a legal requirement to work with neighbouring authorities. It also means that the plan must be subject to Sustainability and Environmental Assessments. It will also ultimately be subject to an independent examination by a government inspector.</p> | |
| Current status | |
| <p>AMBER</p> <p>The Local Plan was reported to the Local Plan Working Group and Executive in June 2016. The purpose of the reports was to ask Members to approve the publication of a document entitled 'Local Plan – Preferred Sites 2016' for consultation. It draws on the previous stages of consultation and technical work undertaken to support the plan. Its purpose is to allow the public and other interested parties to comment on additional work relating to housing and employment land need and supply.</p> <p>In addition to the 'Local Plan – Preferred Sites 2016' several technical</p> | |

documents were also made available during the consultation which comprised:

- Strategic Housing Market Assessment (2016)
- Employment Land Review (2016)
- Windfall Analysis Technical Paper (2016)
- Sustainability Appraisal

Following approval of Executive, consultation took place starting in July through to 12th September. This has included exhibitions, drop in sessions, attendance and dialogue with stakeholders.

Following the consultation the Ministry of Defence (MOD) announced on the 7th November that they would be disposing of a number of military sites across the country as part of their Strategy – A better Defence Estate (MOD, 7th November 2016).

Reports have been considered by both the Local Plan Working Group and Executive in December and January to provide an update on the Local Plan.

Reports are being prepared for both the Local Plan Working Group and Executive in early December to provide an update on the Local Plan following the Preferred Sites consultation and to highlight implications of the factors identified.

Future outlook

As highlighted in the reports to LPWG and Executive to incorporate the MOD sites into the plan will require further public consultation. This will allow the opportunity for consultation with the appropriate groups including the Parish Councils, statutory consultees and members of the public and will be carried out in conformity with the Council's Statement of Community Involvement (SCI).

In addition officers will need to undertake further work relating to the MOD sites. This work will be considered in conjunction with the analysis of all consultation responses and the update to the SHMA. Ultimately this will lead to the development of a draft portfolio of sites. As part of this work it is important that all sites have been subject to appropriate consultation i.e. for new sites that haven't been previously publicised for comments an additional sites consultation will be required before progressing to the

Publication Stage. The form of any consultation will need to be the subject of future legal advice.

It is anticipated that the work outlined to evaluate new sites and to undertake an additional sites consultation prior to reaching publication stage will add around 6 months to the Local Plan timetable and require an adjustment of its key milestones. A further report will be brought back to members highlighting the implications to the Local Development Scheme (LDS), including any budget implications.

Key risks

| Risk (brief description/consequence) | Control/action | Gross | Net |
|---|--|--------------|------------|
| Unable to steer, promote or restrict development across its administrative area | Work to approve LDS continuing to develop a strong evidence base. | 19 | 18 |
| The potential damage to the Council's image and reputation if a development plan is not adopted in an appropriate timeframe | Work to approve LDS continuing to develop a strong evidence base. | 19 | 18 |
| Risks arising from failure to comply with the laws and regulations relating to Planning and the SA and Strategic Environmental Assessment processes and not exercising local control of developments, increased potential to lose appeals on sites which may not be the Council's preferred development options | Procure appropriate legal and technical advice to evaluate risk as the plan progresses. | 19 | 18 |
| Financial risk associated with the Council's ability to utilize planning gain and deliver strategic infrastructure | Develop Local Plan policies linked to planning gain, undertake viability and deliverability work and progress CIL. | 19 | 18 |
| The Government has stated its intention to remove the New Homes Bonus in the case of an authority that has | Work to approve LDS continuing to develop a strong evidence base. | 19 | 18 |

| | | | |
|---|---|--|--|
| not submitted its Local Plan by early 2017. | | | |
| Reports to | Executive, Local Plan Working Group | | |
| Exec member | Cllr. Ian Gillies is Executive Member Cllr. David Carr and Cllr. Keith Aspden are responsible for leading the process. Cllr Nigel Ayre chairs LPWG | | |
| Director responsible | Neil Ferris – Director of City and Environment Services | | |
| Dependencies | Deliverability of York Central | | |
| Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee) | <p>Executive July 2015</p> <p>http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=8840&Ver=4</p> <p>Document</p> <p>http://democracy.york.gov.uk/documents/s98802/Report.pdf</p> <p>Executive May 2016 City of York Local Plan – Preferred Sites Consultation</p> <p>http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=9191&Ver=4</p> <p>Document</p> <p>http://democracy.york.gov.uk/documents/s106782/Final%20report%20for%20Executive%2022.06.16.pdf</p> <p>Executive January 2017 Update on Local plan</p> <p>http://democracy.york.gov.uk/documents/s112269/City%20of%20York%20Local%20Plan%20Update.pdf</p> | | |

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|--|--|
| Project title | Older Persons' Accommodation Programme |
| Reporting period | March 2017 |
| Description | |
| <p>The Council's Executive on 30th July 2015 approved the Business Case for the Older Persons' Accommodation Programme in order to prepare the city for a 50% increase in the size of the over 75 people. This will:</p> <ul style="list-style-type: none"> • fund 24/7 care support at Auden House, Glen Lodge and Marjorie Waite Court Sheltered Housing with Extra Care schemes; • progress with plans to build a 27 home extension to Glen Lodge; • seek the building of a new Extra Care scheme at Oakhaven in Acomb; • see the procurement of a new residential care facility as part of the wider Health and Wellbeing Campus at Burnholme; and • encourage the development of additional residential care capacity, extra care and age related housing, supporting older people to continue to live independently in their own home. <p>These efforts will facilitate the replacement of council-run Older Persons' Homes which are not longer fit for purpose.</p> | |
| Current status | |
| GREEN | |
| <p>This report now includes the Burnholme Project</p> <p>Glen Lodge Extra Care scheme</p> <p>1. Construction of the extension to Glen Lodge Extra Care facility in Heworth and is progressing well. Poor weather over winter has delayed works by approximately two weeks. The two bungalows are now complete and await internal fit-out. The 25 apartment block is nearly at second floor level. Planning consent has been granted for the changes to the existing building entrance and these are currently being programmed into the work schedule. Good resident and neighbour relations are being maintained. The cost estimates are within budget.</p> <p>Burnholme Health & Wellbeing Campus</p> | |

1. Work at Burnholme progresses well:

a. Ashley House plc working with HC-One care group have been appointed as preferred bidder to provide a 70 bed care home. The Council will “buy” up to 25 beds from the provider, at our agreed Actual Price for Care rate. Executive, when they meet on 16th March 2017, will be asked to agree to sell a leasehold of the land to Ashley House in order to allow the development to go ahead.

b. Demolition of the redundant school buildings is almost complete, clearing the way for construction of the new Library and Community Centre, access road and care home.

c. Tenders for the construction of the Library, Community Centre and access road are currently being priced by bidders and will be submitted at the end of March.

d. The planning application for the new Library and community facilities at Burnholme was submitted at the end of August. Following extensive pre-planning engagement with neighbours and stakeholders which demonstrated continuing support for the proposals no objections to the formal planning application have been received. We anticipate determination of this application in December 2016.

2. Department for Education (DfE) Academies Act consent has been granted for the disposal of the school buildings on this site. This frees the land for the care home, the library and community facilities and the health centre. The DfE also confirm that our application under Section 77 of the School Standards and Framework Act 1998 has been approved by the Minister of State. This removes a major risk to the delivery of the project.

3. Agreement has been reached with St Aelred's school to provide £180,000 of grant funding to support the provision of a multi use games area on their site so that their external curriculum space shortfall is addressed.

4. Cabinet Office have confirmed that One Public Estate funding has been secured to help develop the partnership with the health centre provider on the site. Priory Medical Group have now begun to draw up designs for the centre.

Oakhaven Extra Care Facility

1. Ashley House plc have been appointed as preferred partner to develop a

56 apartment Extra Care scheme on the Oakhave site on Acomb Road. Subject to Member approval to sell them the site, Ashley House will move to submit a planning application in the spring.

Marjorie Waite Court Extra Care scheme

1. Following tenant engagement in March, support has been secured for the move to 24/7 care at Marjorie Waite Court in Clifton and this will now be implemented in April 2017.

2. Public engagement regarding the closure of Burton Stone Lane Community Centre and the extension of Marjorie Waite Court has found support for the proposal, including the provision of a scaled-down community facility in the new building.

3. Designers have been engaged to draw up the detailed plans for the Marjorie Waite Court extension.

Lowfield re-development

1. BDP designers have been appointed to prepare and submit a hybrid planning application for the site including a detailed application relating to the housing, roads and public open space on the site plus an outline application relating to the care home, health centre and community self-build.

2. Discussions with potential house builders have begun.

3. Yospace, the community self-build partner, have confirmed their formal incorporation and secured grant funding to prepare the business case in support of their investment at Lowfield. They will hold two public engagement events in March to promote their approach and identify local people who may wish to join in.

4. Cabinet Office have confirmed that One Public Estate funding has been secured to help develop the partnership with the health centre provider on the site.

Existing Older Persons' Homes

1. Fordlands Road, the Older Persons' Home which closed in 2012, has been sold to Octopus Healthcare for £1.7m. They plan to build a 62 bed care home on the site.

2. We have accepted an offer for £1.6m for use of the Grove House site and the purchaser seeks to redevelop it for housing, subject to planning consent.

3. McCarthy & Stone are progressing the re-development of the Oliver House Older Persons' Home site (the home closed in 2012) to provide 36 retirement apartments.

4. Willow House Older Persons' Home on Long Close Lane, Walmgate, has now closed with residents safely moving. The site will shortly be advertised for sale.

5. Change and rest facilities currently provided at Willow House for people with a learning disability are likely to be re-provided at Crumbs Café on Tanner Row.

New Independent Sector Care Home provision

1. Frontera Estates are exploring the opportunity of building a care home on the site of Beverly House, a building on Shipton Road which is being sold by JRHT.

2. Plans have been announced to build a 79 bed care home on the site of the Carlton Tavern on Acomb Road (next door to Oakhaven) to deliver an integrated care solution for older people with a range of care needs.

3. The Chocolate Works care home will open this spring providing 90 care beds.

New Independent Sector Extra Care provision

1. The Council have completed the negotiation of nomination rights to the rented apartments in the development as well as control over access to the low-cost home ownership homes at the Joseph Rowntree Housing Trust's new Extra Care scheme in New Earswick. Construction work will begin shortly with the first extra care apartments ready by Q2 2018.

2. The Abbeyfield Society confirm that they have been awarded Homes & Communities Agency grant to support the provision of a 25 home extension to their scheme at Regency Mews off Tadcaster Road. They are preparing plans for submission to planning and we will jointly host a public engagement event in April.

Resources

1. The Programme has received good support from Eleanor Lomas, a winter

intern from the University of York. Ellie has led on several public engagement events, including those at Marjorie Waite Court, and has launched our Extra Care Information events for social care colleagues.

2. The Programme has also recruited a one-day-per-week Programme Facilitator to support the Programme working on elements of the Lowfield, Haxby Hall and other part of the programme.

Future outlook

1. The Programme Board will be asked to agree the next older persons' home which will be the subject of consultation on the option to close and, following that sanction, consultation will begin after Easter 2017.
2. Proposals for the shape and future of existing sheltered housing schemes in York will be brought to the Programme Board and to the Health, Housing & Adult Social Care DMT in the spring.
3. The impact of the new entrance works upon the Glen Lodge build programme will be assessed and agreed. At present we expect completion in July 2017 but this may move to August 2017.
4. We will develop the lettings plan for the new homes in the Glen Lodge extension, ensuring that those with care and housing need are given priority access and working on a staggered letting period of between two and three months.
5. Work will begin on the construction of the new Library and Community Centre at Burnholme.
6. We will finalise the sports pitches and sports centre designs for Burnholme.
7. We will review the pros and cons of the early opening of the pedestrian and cycle link from Burnholme to Derwenthorpe.
8. We will progress the planning application for Lowfield Green including holding public engagement events in May 2017.
9. We will engage Sports England to discuss the relocation of football pitches from Lowfield to land at Ashfield Estate. The design and property issues relating to the Ashfield Estate land will be progressed.
10. We will seek to confirm the commercial arrangements for sale of land at Lowfield to Yospace and support them to secure funding and submit a detailed planning application for their site.
11. The engagement of house builders will continue on how best and how economically homes can be built at Lowfields, Burnholme and Askham Bar.
12. Soft market testing of the proposals for Haxby Hall will be undertaken and, following that, formal consultation with residents, relatives and staff.
13. The Programme Board, Capital & Asset Board and Executive will be asked to agree the closure of Burton Stone Lane Community Centre

- and investment in the extension of Marjorie Waite Court Extra Care scheme.
14. We will support public engagement regarding:
 - a. an extension to the Regency Mews Extra Care scheme
 - b. the building of a new care home on land at Fordlands Road
 - c. the health centre at Burnholme.
 15. The Programme budget will be reviewed and additional resources sought to support the development of Lowfield Green.

Key risks

A key risk relating to the granting Department for Education consent to dispose of land and/or buildings at the Burnholme school site is diminishing. Consent has been granted for the disposal of the building. We new press for the playing fields consent. The Burnholme Health and Wellbeing Campus proposals is carefully structured and brought forward in such a way as to minimise the impact upon the Programme should the consent not be granted to sell the playing field land.

A key element of risk management of this project is contingency planning. As we move forward with the Programme we seek to identify key steps and to plan for alternative options at these steps so that, in the event of blockage or problem we can proceed to goal via an agreed alternative route. At present these option points include:

1.The award or not of HCA grant for the Glen Lodge extension. Should grant not be forthcoming CYC will use RTB receipts or Section 106 "commuted" sums in its place.

Grant has now been awarded including arrangements to allow recent potential changes to Housing Benefit regulations (the LHA issue) to be mitigated.

2.When we have tested the market for interest investment in the residential care home at Burnholme (2016), should there be no willingness to invest CYC will ether invest itself or pursue the option to invest on the Haxby Hall site and buy more care beds from the independent sector. We are currently testing this via the Care Home procurement.

| | | | |
|--|--|-----------|-----------|
| <p>Loss of EPH staff morale leading to negative impact on service provided to existing EPH residents</p> | <p>Maintain staff morale and focus through regular, open and honest briefings/updates; engagement through EPH Managers and staff groups; investment in staff training,</p> | <p>19</p> | <p>13</p> |
|--|--|-----------|-----------|

| | | | |
|--|--|----|----|
| | support and development. | | |
| Project does not deliver the right number and type of care places required by the City. Needs remain unmet. | Regular market review Modelling of predicted care levels to look at effect of the provision of different numbers of care places by type | 19 | 6 |
| Increase in interest rates would impact negatively on borrowing. | Ensure impact is capped or controlled through the contracts. | 19 | 14 |
| There is insufficient funding to deliver all of the elements of the project. The Programme does not progress. | Sale of vacant OPH sites and land at Burnholme. Alternative sources of funding be identified and secured in order to achieve full project | 19 | 13 |
| Reports to | Executive, CMT, Project board, DMT | | |
| Exec member | Cllr. Carol Runciman | | |
| Director responsible | Martin Farran – Director of Adult Social Care | | |
| Dependencies | Burnholme Health & Wellbeing Campus Capital Programme | | |
| Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee) | <p>Executive July 2016 http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&MId=9303&Ver=4</p> <p>Executive October 2015 http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=8842&Ver=4</p> <p>Executive July 2016 http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&MId=8840&Ver=4</p> <p>Executive November 2016 (Willow house OPH) http://democracy.york.gov.uk/documents/s110335/Willow%20House%20Older%20Persons%20Homes%20-%20Executive%2024th%20November%202016%20f.pdf</p> <p>Older Persons' Accommodation Programme Update – December 2016 http://democracy.york.gov.uk/documents/s111003/Older</p> | | |

[%20Persons%20Accommodation%20Programme%20Update.pdf](#)

Oakhaven Extra Care Facility: the sale of land to facilitate the development – March 2017

<http://democracy.york.gov.uk/documents/s113398/Oakhaven%20Extra%20Care%20Facility.pdf>

Burnholme: the sale of land to facilitate the development of a Care Home; agreement to management arrangements for the Community & Library facilities; disposal of the Tang Hall Library site – March 2017

<http://democracy.york.gov.uk/documents/s113384/Burnholme%20Report.pdf>

Sale of Land at Fordlands Road as Part of the Older Persons' Accommodation Programme – February 2017

<http://democracy.york.gov.uk/documents/s112465/Sale%20of%20Land%20at%20Fordlands%20Road.pdf>

| | | | |
|--|--|--------------|------------|
| Project title | Outer Ring Road (A1237) | | |
| Reporting period | March 2017 | | |
| Description | | | |
| <p>This project increases the capacity of 7 roundabouts on the ring road to reduce orbital and radial journey times. Upgrades would be to a similar standard to the A59 and A19 roundabouts with 3 lane approaches and 2 lane exits on the A1237. The enhancements will be designed to accommodate future dualling where possible.</p> | | | |
| Current status | | | |
| AMBER | | | |
| <p>Change due to the granting of approval to join West Yorkshire Plus Transport Fund by Council in December 2016.</p> <ul style="list-style-type: none"> • Major Transport Project Manager appointed (Gary Frost) – Started 13 March • Land Surveyor Procurement – Tenders Returned 10 March – Commission planned to commence by end of March. • Appraisal Specification Report issued to WYCA (10 March) – Key technical document setting out the appraisal approach for the scheme. | | | |
| Future outlook | | | |
| <ul style="list-style-type: none"> • Appoint Land Surveyor • Procure Legal advisor for land acquisitions • Develop delivery programme • Review Planning and Environmental Survey requirements • Gain approval for Appraisal Summary Report from WYCA | | | |
| Key risks | | | |
| Risk (brief description/consequence) | Control/action | Gross | Net |
| Planning consent not granted/ The most complex roundabouts can not progress | Designer /planning advisor appointed | 23 | 18 |
| Land not available/ project can not be progressed without the necessary land outside of the public highway | Ensure the necessary land acquisition and CPO processes are progressed | 19 | 13 |

| | | | |
|---|---|----|----|
| boundary. | | | |
| Statutory Undertaker equipment/ cost and delay due to diversions | Ensure early engagement with Statutory Undertakers. | 19 | 13 |
| Reports to | Transport board | | |
| Exec member | Cllr. Ian Gillies | | |
| Director responsible | Neil Ferris | | |
| Dependencies | LTP3, Local plan | | |
| Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee) | Executive West Yorkshire Transport Fund – 24 November 2016 http://democracy.york.gov.uk/documents/s110381/WYTF%20Exec%20Nov%202016%20v5.pdf | | |

| | |
|---|--------------|
| Project title | York Central |
| Reporting period | March 2017 |
| Description | |
| <p>York Central is a key strategic development site for economic growth and housing delivery for the city. The majority of the land is in the ownership of Network Rail and the National Railway Museum. CYC have a role to play in de-risking the site and accelerating delivery with public sector partners. In recent months, the site and the opportunity it presents have been positioned at all levels of Government as a priority site for support to enable delivery of locally-led regeneration and development schemes.</p> | |
| Current status | |
| <p>AMBER</p> <p>There has been significant progress on Masterplanning which will continue over the spring period. Partnership arrangements between the land owners and infrastructure funding are progressing to ensure a credible delivery route for York Central. It is anticipated that member decisions will be sort in June 2017 for CYCs involvement in both masterplan consultation and formal partnership arrangements.</p> <p>Land acquisition is nearing completion.</p> <p>Legal agreements with WYCA expected to be signed before the end of April this will allow WYCA funds to be drawn down and the infrastructure in the masterplan can be delivered. This will feature in the June Executive paper.</p> <p>Anticipated that in the first quarter of 2017/2018 meeting of the LEP Enterprise Zone (EZ) board will have taken place. This board is a requirement of the MoU with DCLG in respect of the EZ and its purpose is to support the successful delivery of the commercial element of York Central.</p> <p>The recent decision by Executive to enter into an MoU with HCA for a strategic partnership for accelerated housing delivery is expected to be concluded in 1st quarter 2017 this will compliment YC's Housing Zone status.</p> | |
| Future outlook | |
| <p>Legal agreements with WYCA to be signed</p> | |

| | | | |
|---|--|--------------|------------|
| LEP EZ board to take place MoU with HCA for accelerated Housing delivery. | | | |
| Key risks | | | |
| Risk (brief description/consequence) | Control/action | Gross | Net |
| Partnership with NR and NRM breaks down leading to failure to unlock site | Establish a senior level Board and formalise via a Memorandum of Understanding with development of the site delivered under the terms of a proposed partnership agreement. | 23 | 23 |
| Inability to attract finance/ investment in sufficient quantity at acceptable levels of risk and return | Early market testing, as well as market viability work, to confirm level of interest. | 23 | 19 |
| Failure to agree satisfactory repayment mechanism for partners | Engage specialist advisors to work on the financial model. | 23 | 19 |
| Reports to | Executive, Economic Development and Transport Policy and Scrutiny Committee, Project steering group | | |
| Exec member | Cllr David Carr and Cllr Keith Aspden | | |
| Director responsible | Neil Ferris – Director of City and Environment Services | | |
| Dependencies | Local Plan Policy, City Transport Policy | | |
| Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee) | <p>Executive December 2015</p> <p>http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=8844&Ver=4</p> <p>Document</p> <p>http://democracy.york.gov.uk/documents/s101740/York%20Central%20Exec%20December%202015%20Final.pdf</p> <p>Member update – May 2016</p> <p>Executive July 2016</p> <p>http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=9303&Ver=4</p> | | |

| | |
|--|---|
| | <p>Document</p> <p>http://democracy.york.gov.uk/documents/s107107/York%20Central%20Exec%20July%202016%20final.pdf</p> <p>Executive November 2016</p> <p>Consultation on access options</p> <p>http://democracy.york.gov.uk/documents/s110389/York%20Central%20Exec%20Nov%202016%20Consultation%20on%20access%20options%20V7.pdf</p> <p>Third party acquisitions</p> <p>http://democracy.york.gov.uk/documents/s110392/York%20Central%20-%20Third%20Party%20Acquisition%20November%2016%20v7.pdf</p> |
|--|---|

| | |
|--|---|
| Project title | Local Area Teams |
| Reporting period | March 2017 |
| Description | |
| <p>Reshape early intervention services for 0-19yrs to make best use of our collective skills and resources and look at creating a multi-agency approach to improving the experience of families from a range of services. To make efficiencies within our systems and meet council budget reductions for all areas of service affected.</p> <p>Provide place based and intelligence led prevention services which increase the resilience of families within their communities, build community capacity and reduce the need for high cost specialist service support.</p> <p>Reshape prevention and early intervention services for 0-19 yrs (inc up to 25 yrs LDD). Establish 3 Local Area Teams to deliver place based services for families. Review use of Children's Centre Services and city centre youth offer.</p> | |
| Current status | |
| <p>GREEN</p> <p>Project is now complete and work has transitioned to business as usual.</p> | |
| Future outlook | |
| <p>Post project review being undertaken (Closure)</p> | |
| Reports to | Children's Services, Education and Skills Directorate Management Team |
| Exec member | Cllr. Stuart Rawlings |
| Director responsible | Jon Stonehouse |
| Dependencies | Facilities Management, Business Support, Strategic Intelligence Unit, Corporate asset review is a significant part of understanding value for money in the co-location of multi-agency services, reviewed use and condition of CSES assets and ability to change use and review community need. |
| Link to paper if | Executive March 2016 Prevention and Early Intervention Services - a proposal |

| | |
|---|--|
| <p>it has been to another member meeting (e.g. executive, council, a scrutiny committee)</p> | <p>for a new way of working</p> <p>http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=8847&Ver=4</p> <p>Executive July 2016</p> <p>Review of Children's Centre services and city centre youth offer</p> <p>http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=9303</p> |
|---|--|

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Audit and Governance Committee5th April 2017

Report of the Deputy Chief Executive/ Director of Customer & Corporate Services

Mazars Audit Progress Report**Summary**

1. The paper attached at Annex A from Mazars, the Council's external auditors, reports on progress in delivering their responsibilities as auditors.

Background

2. The report covers:
 - a) Audit Progress
 - b) Follow up of Public Interest Report recommendations
 - c) National publications and other updates

Summary of Audit Progress

3. This section of the report updates Members on:
 - a) 2016/17 audit planning
 - b) Issues arising
 - c) Changes in the audit team
 - d) Follow up of Public Interest Report recommendations

National Publications and other updates

4. This section of the report updates Members on key issues emerging from recent national publications, including:
 - a) Health & Social Care Integration, National Audit Office, February 2017
 - b) Housing in England, overview, National Audit Office, January 2017

- c) Auditor General Guidance Note, National Audit Office, December 2016
- d) Oversight of Audit Quality, quarterly compliance reports 2016/17, Public Sector Appointments Ltd.

Consultation

- 5. The Plan has been consulted on with the relevant responsible officers within the Customer & Corporate Services Directorate prior to it being reported to those members charged with governance at the council.

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.

Implications

- 9. There are no implications to this report.

Risk Management

- 10. Not relevant for the purpose of the report

Recommendations

- 11. Members are asked to:
 - a) note the matters set out in the Progress report presented by Mazars;

Reason

To ensure Members are aware of Mazars progress in delivering their responsibilities as external auditors.

Contact Details

Author:

Emma Audrain
Technical Accountant
Corporate Finance

Chief Officer Responsible for the report:

Ian Floyd
Deputy Chief Executive/ Director of CCS

**Report
Approved**



Date 27 March 2017

Specialist Implications Officers

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers:

None

Annexes

Annex A - Mazars CYC Audit Progress Report April 2017

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Audit Progress Report

City of York Council



April 2017



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Audit progress

2016/17 audit planning

We have now completed our 2016/17 planning and the results are reflected in the Audit Strategy Memorandum included as a separate agenda item for discussion at the Audit and Governance Committee on 5 April 2017.

Our planning included:

- identifying the business risks facing the Council, including assessing your own risk management arrangements;
- considering financial performance;
- assessing internal controls, including reviewing the control environment;
- evaluating and testing the IT control environment;
- assessing the risk of material misstatement arising from the activities and controls within the information systems; and
- completing walkthrough tests on the key controls within the material financial systems.

As part of our work, we took into account the most recently published updated VFM guidance for local government bodies (in essence, no significant change). <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

We held planning meetings with senior managers to inform our planning risk assessments and to better understand the priorities and challenges the Council faces. We also discussed the previous year's audit and considered any areas for improvement.

As part of our commitment to quality, team members have already attended our annual audit training conference which included technical issues in respect of the local government sector and feedback from quality reviews to

take into account in the coming year. For example, the workshop covered the new format for the Comprehensive Income and Expenditure Statement to be used in 2016/17.

Issues arising

At this stage of our audit work, we have no significant deficiencies in internal control to report to you.

Changes in the audit team

We have made a change within the audit team.

Jon Leece, Senior Manager has now taken over from Gavin Barker as the engagement manager on the audit. Jon is a very experienced senior manager, and is our lead on local government technical and accounting issues.

Public interest report follow up

As part of our audit planning this year we have followed up the implementation of the recommendations from our February 2016 public interest report on City of York Trading. We have updated our previous assessment of progress as reported in our Audit Completion Report for the 2015/16 audit.

Our latest assessment is included in the next section of this report and we are pleased to note that all of the recommendations have now been implemented.

Follow up of Public Interest Report recommendations

| Recommendations | Our comments on the action taken to address our recommendations |
|--|---|
| <p>R1 The Council should take steps to rectify the omission of Council approval for the payments made to the two directors of City of York Trading Ltd in March 2015 for work for the company in 2013/14.</p> | <p>As reported in September 2016, the two directors had voluntarily repaid the payments made to them. Consequently, no further action is required.</p> |
| <p>R2 Where the Council envisages a role for a committee within a Council-owned trading company to fulfil a Council function, as appears to have been the case with the Shareholder Committee of City of York Trading Ltd, the Council should ensure that the Constitution is amended to reflect this role and that the composition of the Committee is consistent with the Council's decision making and governance arrangements.</p> | <p>The Council reviewed the governance of its companies in a paper which went to the Executive in June 2016, and a further report was taken to the September 2016 Executive, which set out the proposals to create a governance structure to oversee the activity of its current and future external bodies in which the council has an interest. One key aspect of these arrangements was to have a single Shareholder Committee to oversee all such companies.</p> <p>The Shareholder Committee is to be reflected in amendments to the Constitution that are planned to be considered by full Council in March 2017.</p> |
| <p>R3 The Council should review its approach to the establishment and governance of Council-owned companies to ensure that it fully reflects good practice and the lessons from this report.</p> | <p>The Council reviewed the governance of its companies in a paper which went to the Executive in June 2016, and a further report was taken to the September 2016 Executive, which set out the proposals to create a governance structure to oversee the activity of its current and future external bodies in which the council has an interest. In our view, these reports and the action subsequently taken did consider good practice and the lessons learned from the public interest report.</p> |
| <p>R4 In the light of the conclusions of the review recommended in R3, the Council should prepare specific guidance to members and officers on their involvement in Council-owned companies</p> | <p>In September 2016, we reported that specific guidance to members and officers on their involvement in Council-owned companies had not yet been prepared. This was because the Council had sought to implement R2 and R3 before producing the guidance.</p> <p>The guidance was subsequently produced and circulated before the end of December 2016.</p> |

| Recommendations | Our comments on the action taken to address our recommendations |
|--|---|
| <p>R5 The guidance recommended in R4 should address the conflict of interest risks likely to arise where members and officers hold both Council and Council-owned company roles (unpaid and paid) and set out clear advice on how these should be managed. The guidance should also specifically address how the conflict of interest risks should be managed where the Council officers involved hold one of the three Statutory Officer roles of Head of Paid Service, Chief Finance Officer and Monitoring Officer.</p> | <p>The guidance produced is comprehensive and sets out how both officers and members should consider and address conflict of interest risks.</p> <p>We note that in respect of remuneration of officers, the guidance clearly states that it is the Council's policy not to allow such payments to officers. We also note that no statutory officers are any longer directors on the Board of City of York Trading Ltd.</p> |
| <p>R6 The Council should review its arrangements for ensuring that internal legal advice is followed, and that any instances where such advice is not followed are identified</p> | <p>As reported in September 2016, this will continue to be managed within the Council's constitutional procedure and where legal advice is prescriptive it will be followed. We note the Council's response in relation to this recommendation and have no further comments.</p> |
| <p>R7 Where there are unusual or sensitive transactions such as the remuneration paid to Council officers for their work for a Council-owned trading company, particularly where they take place for the first time, the Council should bring the matter to the auditor's attention during the audit.</p> | <p>As reported in September 2016 this will be picked up as part of the Council's Statement of Account procedures and any issues discussed with External Audit. This was considered as part of our audit of the 2015/16 financial statements and no issues of concern were identified. As noted in the response to R5 above and R8 below, Council officers no longer receive payments of this nature.</p> <p>We will review this annually as part of our final accounts audit, including later this year as part of the 2016/17 audit.</p> |
| <p>R8 Where senior Council officers receive remuneration for their work for a Council-owned trading company, the Council should recognise this as a related-party transaction and disclose it in the notes to the financial statements.</p> | <p>As previously advised Council Officers no longer receive payments of this nature. There are therefore no such transactions to disclose in the related parties note to the financial statements.</p> |
| <p>R9 The Council should update the officer register of interests form and guidance notes to require disclosure of the value of any remuneration received for an individual officer's role in a Council-owned trading company.</p> | <p>As reported in September 2016, new procedures have been put in place to ensure that staff at grade 10 and above complete an annual register of interests' declaration. The form and guidance has been updated to reflect best practice in local government. We will review this annually as part of our final accounts audit, including later this year as part of the 2016/17 audit.</p> |

| Recommendations | Our comments on the action taken to address our recommendations |
|--|--|
| <p>R10 The Council should review its system for ensuring that all annual returns are received for the officer register of interests.</p> | <p>As reported in September 2016, new procedures have been put in place to ensure that staff at grade 10 and above complete an annual register of interests' declaration. The form and guidance has been updated to reflect best practice in local government. Officer disclosures were reviewed as part of the audit of the 2015/16 financial statements and we did not identify any audit issues from our review.</p> <p>We will review this annually as part of our final accounts audit, including later this year as part of the 2016/17 audit.</p> |

National publications and other updates

| National publications and other updates | |
|---|--|
| 1. | Health and Social Care Integration, National Audit Office, February 2017 |
| 2. | Housing in England: overview, National Audit Office, January 2017 |
| 3. | Auditor General Guidance Note AGN/01, National Audit Office, December 2016 |
| 4. | Highways Network Asset briefing, CIPFA, January 2017 |
| 5. | Oversight of audit quality: quarterly compliance reports 2016/17, Public Sector Audit Appointments Ltd |

1. Health and Social Care Integration, National Audit Office, February 2017

The NAO has recently published a report on health and social care integration. The report highlights that progress with integration of health and social care has, to date, been slower and less successful than envisaged and has not delivered all of the expected benefits for patients, the NHS or local authorities. As a result, the government's plan for integrated health and social care services across England by 2020 is at significant risk.

In the face of increased demand for care and constrained finances, while the Better Care Fund, the principal integration initiative, has improved joint working, it has not yet achieved its potential. The Fund has not achieved the expected value for money, in terms of savings, outcomes for patients or reduced hospital activity, from the £5.3 billion spent through the Fund in 2015/16.

The Department of Health and the Department for Communities and Local Government have identified barriers to integration, such as misaligned financial incentives, workforce challenges and reticence over information sharing, but are not systematically addressing them. Research commissioned by the government in 2016 concluded that local areas are not on track to achieve the target of integrated health and social care by 2020.

The report also found that NHS England's ambition to save £900 million through introducing seven new care models may be optimistic. The new care models are as yet unproven and their impact is still being evaluated. While the Departments and their partners have set up an array of initiatives examining different ways to transform care and create a financially sustainable care system, their governance and oversight of the initiatives is poor.

In addition, no compelling evidence was found to show that integration in England is yet leading to sustainable financial savings or reduced acute hospital activity. While there are some good examples of integration at a local level, evaluations have been inhibited by a lack of comparable cost data across different care settings, and difficulty tracking patients through different care settings.

<https://www.nao.org.uk/report/health-and-social-care-integration/>

2. **Housing in England: Overview, National Audit Office, January 2017**

The NAO has recently published an overview of the housing market in England, the Department for Communities and Local Government's (DCLG) housing strategy and the overall housing policy landscape. The need for housing in England has in recent years grown faster than its supply.

Total estimated government spending on housing in England was approximately £28 billion in 2015/16. The most significant element of this is housing benefit. In 2015/16 there were 4.1 million claimants in England, costing around £20.9 billion. Two of DCLG's four strategic objectives for this Parliament are focused on housing: increasing home ownership, and increasing the supply of homes, with an ambition of delivering a million new homes in England by 2020.

The report finds that housebuilding has not kept pace with need, and this is particularly acute in London. It notes that DCLG is reliant on the market to achieve its housing objectives and it is not yet clear what impact the result of the referendum on Britain's membership of the European Union will have on the market. The report also finds that housing has become more affordable for existing homeowners, whereas by contrast housing has become less affordable for first-time buyers, and social housing rents have been increasing faster than earnings since 2001/02. Homelessness has also increased over the past five years. At the end of March 2016, 71,500 homeless households in England were in temporary accommodation, up from around 48,000 in 2010/11.

Various public bodies have responsibilities for housing, often using housing as a means of achieving other objectives. In addition, changes made in one area of housing policy can have impacts in other areas. In July 2015, for example, the government announced a reduction in the rents housing associations and local authorities could charge of 1% per year. This reduced the ability of housing associations to finance the construction of new housing.

<https://www.nao.org.uk/report/housing-in-england-overview/>

3. **Auditor General Guidance Note AGN/01, National Audit Office, December 2016**

The National Audit Office (NAO) issues guidance to auditors of public sector bodies. The main revision to the General Guidance note is to update explanatory and supplementary guidance on meeting the requirements in the Code of Audit Practice to safeguard integrity, objectivity and independence in the conduct of local audit. The Annex to the guidance also illustrates how the requirements of the Financial Reporting Council's (FRC) ethical standard on financial, business, employment and personal relationships apply to audits of local public bodies.

The guidance note and its Annex is addressed to local auditors however it is recommended that audit teams ensure that their audited bodies are aware of the need for auditors to comply with relevant ethical requirements and also that those charged with governance are briefed as appropriate on the requirements of the FRC's ethical standard.

We confirm that we have taken into account the updated guidance and fully comply with the FRC's ethical standard.

<https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

4. Highways Network Asset briefing, CIPFA, January 2017

The latest briefing covers the postponement of the introduction of the new measurement requirements for Housing Network Assets until the 2017/18 financial statements (subject to the full confirmation of that decision at the March 2017 meeting of CIPFA/LASAAC). It also reminds relevant authorities to review and reassess their plans for implementing the changes in accordance with the extended timetable.

<http://www.cipfa.org/policy-and-guidance/highways-network-asset-briefing>

UPDATED - A CIPFA/LASAAC statement, following its meeting on 8 March 2017, effectively put an end to the Highways Network Assets project for the foreseeable future, principally because of the lack of commitment from government departments to fund the work required to keep central rates up to date.

5. Oversight of audit quality: quarterly compliance reports 2016/17, Public Sector Audit Appointments Ltd

The latest 2016/17 monitoring report (quarter 3) highlights full compliance with the Regulator's standards for Mazars LLP.

<http://www.psa.co.uk/audit-quality/principal-audits/mazars-audit-quality/>

Contact details

Please let us know if you would like further information on any items in this report.

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Audit and Governance Committee5th April 2017

Report of the Deputy Chief Executive/ Director of Customer & Corporate Services

Mazars Audit Strategy**Summary**

1. The paper attached at Annex A from Mazars, the Council's external auditors, sets out their audit plan in respect of the Council's Audit for the year ending 31 March 2017.

Background

2. The report covers:
 - a) Audit scope and approach
 - b) Significant risks and key judgments
 - c) Timetable and communication
 - d) Value for Money conclusion
 - e) Fees
 - f) Audit team

Consultation

3. The Plan has been consulted on with the relevant responsible officers within the Customer & Corporate Services Directorate prior to it being reported to those members charged with governance at the council.

Options

4. Not relevant for the purpose of the report.

Analysis

5. Not relevant for the purpose of the report.

Council Plan

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

Implications

7. There are no implications to this report.

Risk Management

8. Not relevant for the purpose of the report

Recommendations

9. Members are asked to:

a) note the matters set out in the report presented by Mazars;

Reason

To ensure Members are aware of Mazars progress in delivering their responsibilities as external auditors.

Contact Details

Author:

Emma Audrain
Technical Accountant
Corporate Finance

Chief Officer Responsible for the report:

Ian Floyd
Deputy Chief Executive/ Director of CCS

**Report
Approved**



Date 27 March 2017

Specialist Implications Officers

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers:

None

Annexes

Annex A - Mazars CYC Audit Strategy Memorandum 2016-17

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Audit Strategy Memorandum

City of York Council



For the year ended 31 March 2017



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Our reports are prepared in the context of the Public Sector Audit Appointment Limited'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.

Executive summary

Purpose of this report

The Audit Strategy Memorandum sets out our audit plan in respect of the audit of City of York Council ('the Council') for the year ending 31 March 2017, and forms the basis for discussion at the Audit and Governance Committee meeting on 5 April 2017.

The plan sets out our proposed audit approach and is prepared to assist you in fulfilling your governance responsibilities. The responsibilities of those charged with governance are defined as overseeing the strategic direction of the entity and obligations related to the accountability of the entity, including overseeing the financial reporting process. We have determined that the Audit and Governance Committee is those charged with governance for the purpose of our audit.

| | |
|-----------------------------------|---|
| Timing of our work | <p>Our audit will be delivered in four main phases as outlined in page 7 of this report. We are planning to complete the audit by the statutory deadline of 30 September 2017.</p> |
| Financial Statements audit | <p>Significant risks</p> <p>We have identified the following areas on which we will carry out specific audit procedures to mitigate the risks of material misstatements in the Council's financial statements:</p> <ul style="list-style-type: none"> • Management override of controls; and • Valuation of the defined benefit pension scheme. <p>Materiality</p> <p>At the planning stage of the audit we have set materiality for the financial statements as a whole at £7.392m. In reporting the results of our work we do not report identified misstatements below a clearly trivial level. We have set this level at £222k.</p> |
| Value for Money conclusion | <p>The work we carry out to form a conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources is summarised on pages 9 and 10. We have identified two significant risks in respect of our VFM work:</p> <ul style="list-style-type: none"> • Responding to financial pressures and delivering major programmes and projects; and • Addressing the procurement issues reported in the 2015/16 audit. |
| Independence | <p>We have considered any actual, potential or perceived threats to our independence on page 14. We have not identified any such threats at this stage of the audit.</p> |

Audit scope and approach

The scope of our work

The detailed scope of our work as your appointed auditor for 2016/17 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 ('the 2014 Act') and are summarised below.

Opinion on the financial statements

We are responsible for forming and expressing an opinion on the financial statements. Our audit is planned and performed to provide reasonable assurance that the financial statements are free from material error and give a true and fair view of the financial performance and position of the Council for the year.

Our audit does not relieve management or the Audit and Governance Committee, as those charged with governance, of their responsibilities.

Value for Money conclusion

We are required to conclude whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our Value for Money work in greater detail later in this report.

Whole of Government Accounts (WGA)

We report to the NAO on the consistency of the Council's financial statements with its WGA submission.

Electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts by an elector. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Our response to the risk of fraud

International Standards on Auditing (ISAs) require us to obtain reasonable assurance that the financial statements are free from material fraud and/or error. There are a range of ways in which fraud may arise in the context of your financial statements and we formally consider the risk of fraud as part of our planning work and design appropriate procedures to mitigate risks identified. We maintain an appropriate level of professional scepticism throughout the audit and are mindful that a material misstatement due to fraud is possible, however, our audit should not be relied upon to identify all such misstatements.

Management and the Audit and Governance Committee, as those charged with governance also have responsibilities in respect of fraud. They are responsible for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with laws and regulations.

We will enquire of the Audit and Governance Committee as part of our audit. Our enquiries will focus on:

- What role the Audit and Governance Committee has in relation to fraud and how it is kept informed of fraud related matters by management;
- What anti-fraud measures you have in place and how your policies and procedures are monitored; and
- Whether you are aware of any actual, alleged or suspected fraud.

We will formally write to you, in your role as those charged with governance, making the enquiries above, during the audit.

Our use of experts and other auditors

Management and auditor experts

There are material entries in your financial statements which are provided by management experts. For some of these entries, we will use our own expert to provide us with the assurance we require in relation to the work of your expert.

Appendix A summarises management's experts and our planned audit approach to obtaining assurance over their work.

Other auditors

In previous years, we have sought to rely on assurances provided by the auditor of the North Yorkshire Pension Fund (KPMG) in relation to the Council's pension disclosures. Going forward we will be seeking to reduce or eliminate the need for such assurances, by performing additional procedures as part of our audit. However, we have identified that this year we will need to seek some assurances in relation to the data used in the recent triennial revaluation of the fund.

Internal audit

Where appropriate, we will seek to rely on work performed by internal audit where it provides us with the required assurance. We will meet with internal audit to discuss their work programme and findings, and factor this in when determining the most efficient testing strategy.

Where we intend to rely on the work of internal audit, we will evaluate their work and perform our own audit procedures to determine its adequacy for our audit.

Group accounts

In line with International Accounting Standards, local government bodies are required to consider interests in other entities and whether those interests might necessitate the production of group financial statements. The Council has determined that group financial statements are not required in 2016/17 on the grounds that group transactions are not material.

The Council has two wholly owned subsidiaries:

- City of York Trading Ltd (estimated turnover for 2016/17 is £6.7m); and,
- Make It York (estimated turnover for 2016/17 is £4.3m).

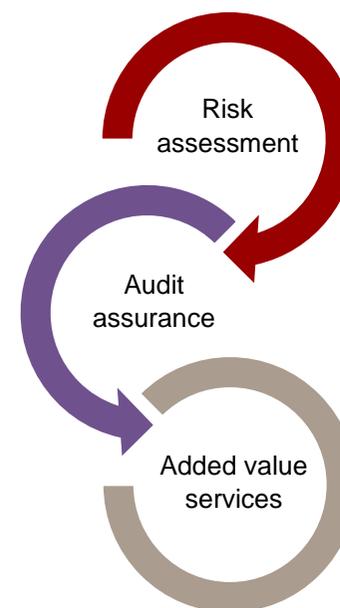
Although total turnover is material at £11m, the Council's argument for not producing group accounts in relation to these subsidiaries is founded on the fact that most of the turnover is reflected in the Council's accounts already. Most of the business of City of York Trading Ltd is with the Council and so therefore reflected as expenditure in the Council's accounts (estimated as 89% of turnover), and although only 15% of Make It York's turnover is estimated as reflected in Council expenditure, the remaining amount is not material.

Although group accounts are not being produced, officers plan to provide enhanced disclosures in the related party notes to the accounts, so that the reader of the accounts can readily understand the nature of these and other entities in which the Council has an interest and their relationship with the Council.

Based on the information we have at present, we are not minded to challenge the Council's view that group accounts are not required for 2016/17. We again suggest that this position is closely monitored in future.

Audit efficiency and our use of IT

Innovative and integrated use of IT drives the efficiency and effectiveness of our audit. Your audit team uses the latest IT-based audit solutions and is supported by a team of IT auditors each of who have extensive knowledge of the public sector and providing assurance and advisory services across the public sector.



We know that all organisations are different and face different risks. Our audit platform is modern and flexible and allows us to tailor our audit approach to the specific risks relevant to the Council, while ensuring compliance with underlying auditing standards.

We focus on the risks to your business continuity and those that give rise to a risk of material misstatement in the financial statements. Your audit team has access to a full suite of data analytics tools which allow them to determine the most effective and efficient testing strategy using IT-audit techniques where appropriate.

Significant risks and key judgements

Identified significant risks

As part of our planning procedures we have considered whether there are risks of material misstatement in the Council's financial statements that require special audit consideration. Although we report identified significant risks at the planning stage of the audit, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to mitigate these risks. Where we identify any significant risks in addition to those set out below, we will report these to the Audit and Governance Committee as part of our Audit Completion Report.

| Significant risk | How we will mitigate the risk |
|---|--|
| <p>Management override of control</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such overrides could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p> | <p>We will address this risk through performing audit work on:</p> <ul style="list-style-type: none"> • consideration and review of accounting estimates impacting on amounts included in the financial statements; • consideration and review of any unusual or significant transactions outside the normal course of business; and • journals recorded in the general ledger and other adjustments made in preparation of the financial statements. |
| <p>Pension Entries</p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and include estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p> | <p>We will discuss with key contacts any significant changes to the pension estimates prior to the preparation of the financial statements. In addition to our standard programme of work in this area, we will:</p> <ul style="list-style-type: none"> • evaluate the management controls in place to assess the reasonableness of the figures provided by the Actuary; and • consider the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally which is commissioned annually by the National Audit Office. |

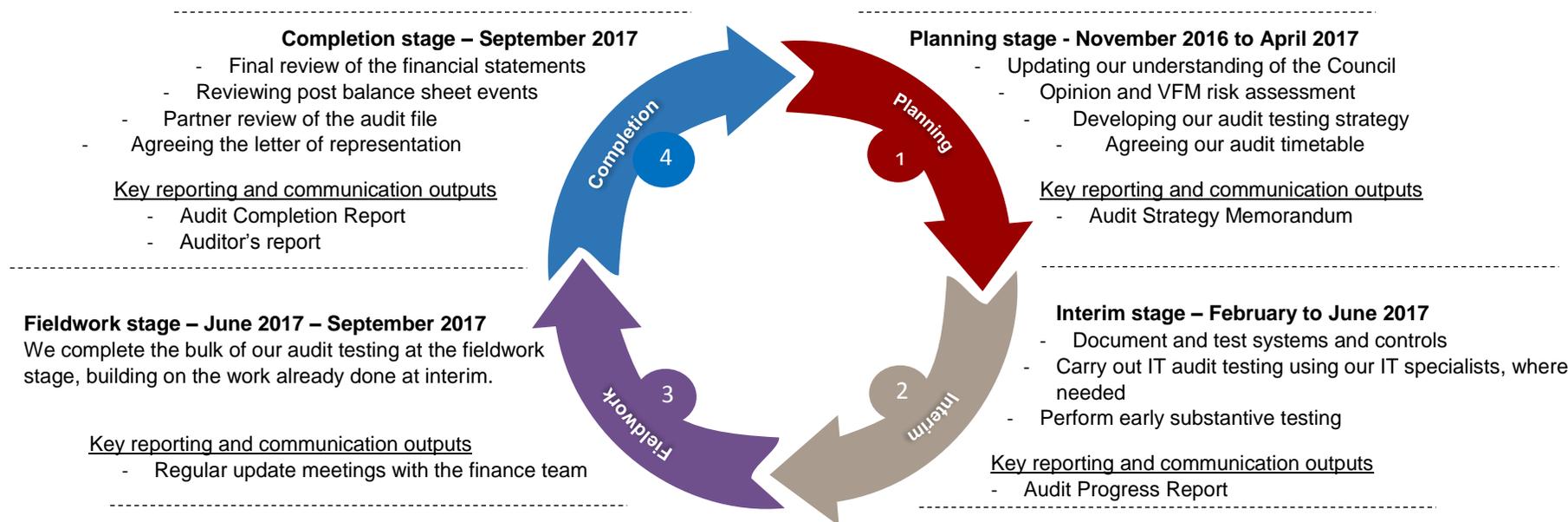
Timetable and communication

Our approach to communication

International Standards on Auditing require us to communicate a number of matters with you at various points during the audit cycle. Later in this section we outline exactly how we will communicate with the Audit and Governance Committee as those charged with governance. As well as being an integral part of our responsibilities under auditing standards, we see two-way communication with the Audit and Governance Committee and the Council's staff as being critical to building a robust knowledge of your business, the risks and challenges you face and the plans you have in place to meet those challenges.

Audit timetable

The diagram below outlines the main phases of your audit, when each will be carried out and the outputs that you will receive at each stage. This is underpinned by a 'no surprises' approach to communication that ensures management and the Audit and Governance Committee are kept aware of significant issues on a timely basis. We intend to issue our Audit Strategy Memorandum in April 2017, our Audit Completion Report in September 2017 and our Annual Audit Letter in October 2017.



Key communication points

ISA 260 'Communication with those charged with governance' and ISA 265 'Communicating deficiencies in internal control to those charged with governance and management', require us to communicate a number of matters to you. These matters are set out below.

| Matter to be communicated | Audit Strategy Memorandum | Audit Completion Report |
|--|---------------------------|-------------------------|
| Our responsibilities in relation to the audit of the financial statements and our wider responsibilities | ✓ | |
| Planned scope and timing of the audit | ✓ | |
| Significant audit risks and areas of management judgement | ✓ | |
| Confirmation of our independence | ✓ | ✓ |
| Responsibilities for preventing and detecting errors | ✓ | |
| Materiality | ✓ | ✓ |
| Fees for audit and other services | ✓ | |
| Significant deficiencies in internal control | | ✓ |
| Significant findings from the audit | | ✓ |
| Significant matters discussed with management | | ✓ |
| Conclusions on the significant audit risks and areas of management judgement | | ✓ |
| Summary of unadjusted misstatements | | ✓ |
| Management representation letter | | ✓ |
| Our proposed audit report | | ✓ |

In addition to the matters outlined above which we are required to communicate under auditing standards, we also communicate regularly with the Audit and Governance Committee through our Audit Progress Reports, which are presented at each meeting. We also report to the Council on an annual basis to summarise our work and main conclusions through our Annual Audit Letter.

Value for Money Conclusion

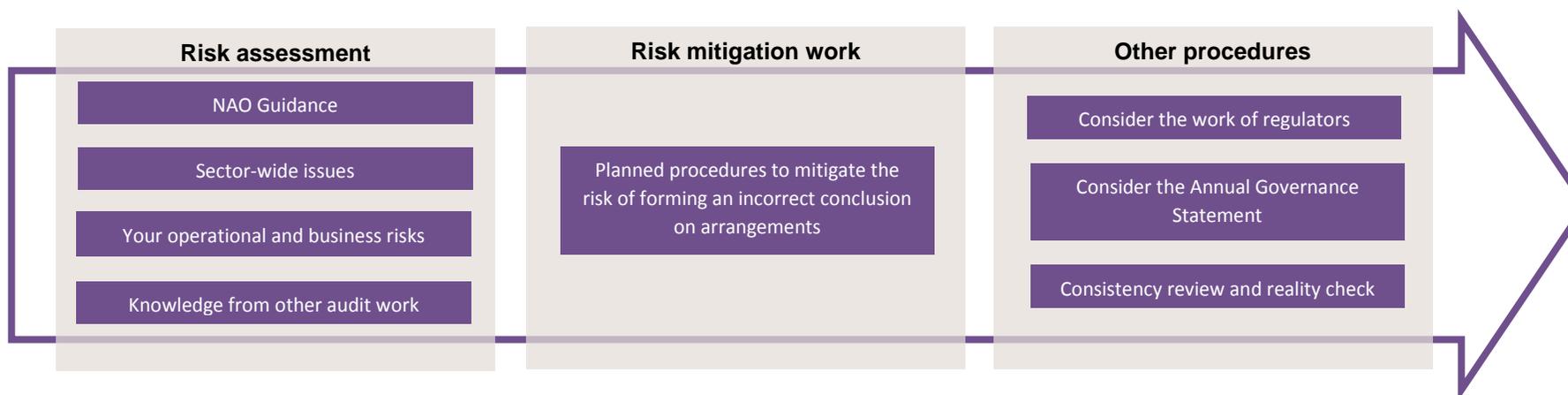
Our approach to Value for Money work

We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making;
- Sustainable resource deployment; and
- Working with partners and other third parties.

A summary of the work we undertake to reach our conclusion is provided below.



Significant Value for Money risks

The NAO's guidance requires us to carry out work at the planning stage to identify whether or not a risk to the VFM conclusion exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. As outlined above, we draw on our deep understanding of the Council and its partners, the local and national economy and wider knowledge of the public sector.

For 2016/17, we have identified two significant risks for our VFM conclusion.

| Value for Money conclusion risk | Work we intend to carry out |
|--|--|
| <p>Responding to financial pressures</p> <p>The Council faces financial pressures from reduced funding and continues to identify plans to deliver future savings. The Council also has a some significant programmes and projects to deliver. Without robust budgetary control and delivery of its action plans, the Council's financial resilience and service performance could deteriorate.</p> | <p>We will review budget monitoring and reporting, focusing on areas where action plans are in place to make savings and seek to minimise any adverse impact on services. We will review VFM profiles and the plans developed to deliver future savings and improvements, including any significant programmes and projects that are being progressed.</p> |
| <p>Addressing the procurement issues reported in the 2015/16 audit</p> <p>In response to an objection to the accounts in the 2015/16 audit, a number of breaches of financial regulations were identified by Veritau in relation to procurement of a local consultant. Although this related to a specific instance where a senior manager had apparently not followed procedures and was no longer an employee of the Council, the need to strengthen procedures was identified and management developed an action plan. If the action plan is not addressed, the Council might not be able to demonstrate that it achieves best value from its procurement.</p> | <p>We will consider the progress made by the Council in implementing its action plan to improve its procurement arrangements.</p> |

Fees

Fees for work as the Council's appointed auditor

At this stage of the audit we are not planning any divergence from the scale fees set by Public Sector Audit Appointments Ltd (PSAA) as communicated to you in our fee letter on 22 April 2016.

| Area of work | 2016/17 proposed fee | 2015/16 final fee |
|---------------------------------------|-------------------------|----------------------|
| Code audit work | £101,607 | £131,271 |
| Housing Benefit Subsidy certification | £11,415 | £11,679 |

All fees exclude recoverable VAT

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we can be separately engaged by the Council to carry out additional work. In 2015/16, we undertook £2,750 of such work as set out in the table below. To date, we have not been commissioned to carry out any work as part of the 2016/17 audit. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in Appendix B.

| Area of work | 2016/17 proposed fee | 2015/16 final fee |
|---------------------------|-------------------------|----------------------|
| Teachers' Pensions Return | £0 | £2,750 |

All fees exclude recoverable VAT

Our team



Partner name – Gareth Davies

Email: Gareth.Davies@Mazars.co.uk

Phone: +44 (0)191 383 6300

Bio: Gareth is a very experienced local government auditor and is the Head of UK Public Services within the firm. This is Gareth's fourth year as engagement lead on the City of York Council audit.



Manager name – Jon Leece

Email: Jon.Leece@Mazars.co.uk

Phone: +44 (0)191 383 6300

Bio: Jon is an experienced Senior Manager. This is Jon's first year at City of York Council, but Jon has extensive local government experience and is Mazars' technical lead for local government external audit work.



Team-leader name – Keith Illingworth

Email: Keith.Illingworth@Mazars.co.uk

Phone: +44 (0)191 383 6300

Bio: Keith is an Assistant Manager with over 18 years of external audit experience, who has recently joined Mazars. This is Keith's first year on the City of York Council audit with Mazars, although he did work on the audit a number of years ago when it was undertaken by the Audit Commission in-house audit practice.

Appendix A – Use of experts

The Council uses experts to provide entries in its financial statements. The table below outlines the areas of the financial statements where we expect the Council to use experts and an explanation of the approach we will take to obtaining assurance over those entries.

| Financial statement area | Management's expert | Planned audit approach |
|---|--|---|
| Property, Plant and Equipment | City of York Council's internal valuer | We will assess the reasonableness and consistency of the valuer's report, including comparison with our own (via NAO) appointed expert - Gerald Eve. |
| Disclosures relating to the North Yorkshire Pension Fund, which is a Local Government Pension Scheme (LGPS) | Aon Hewitt (actuary) | We will evaluate the results and information provided by the actuary and compare this with our own (via NAO) appointed expert – PWC, who carry out a specific review of the actuarial assumptions used by the main actuaries appointed to local government pension schemes, including Aon Hewitt. If needed, we will consult Mazars own in-house pension specialists for further advice |

Appendix B – Independence

We are required by the Financial Reporting Council to confirm to you at least annually in writing, that we comply with the Auditing Practices Board's Ethical Standards. In addition we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you, and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement, there are no relationships between us, and any of our related or subsidiary entities, and you, and your related entities, creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team who are required to rotate off a client after a set number of years; and
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We wish to confirm that in our professional judgement, as at the date of this document, we are independent and comply with UK regulatory and professional requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with either Gareth Davies or Jon Leece.

Prior to the provision of any non-audit services, Gareth Davies will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence. No threats to our independence have been identified.

Appendix C - Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit.

Whilst planning our audit, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

We discuss with management any significant misstatements or anomalies that we identify during the course of the audit and we report in our Audit Completion Report all unadjusted misstatements we have identified other than those which are clearly trivial, and obtain written representation that explains why these remain unadjusted.

Appendix D – Our added value

Our primary responsibilities as the Council's external auditor are outlined in the main body of this report. As your external auditor we are ideally placed to provide added value in delivering those responsibilities and the diagram below provides a summary of how we do this.





Audit & Governance Committee
5 April 2017

Report of the Director of Customer and Corporate Services

Schools Information Governance – Internal Audit Report Update

1. This report provides Members with an update following the internal audit report for schools information governance presented at the meeting held on 20th December 2016. A copy of the internal audit report is at Annex 1
2. The council has statutory responsibilities for maintained schools related to the employment of staff, the oversight of the quality of school standards, the management of admissions and the sufficiency of school places in the local area. The council has no statutory responsibilities for the employment of staff, school improvement and management of admissions in academies or voluntary aided schools.
3. However for the purposes of the Data Protection Act (DPA) all schools are their own “data controllers” – see below for the definition from the Information Commissioner’s Office (ICO) website

Data controller means ... a person who (either alone or jointly or in common with other persons) determines the purposes for which and the manner in which any personal data are, or are to be, processed.

A data controller must be a “person” recognised in law, that is to say:

- individuals;
- organisations; and
- other corporate and unincorporated bodies of persons.

Data controllers will usually be organisations, but can be individuals, for example self-employed consultants. Even if an individual is given responsibility for data protection in an organisation, they will be acting on behalf of the organisation, which will be the data controller.

and as data controllers, they are all required by the DPA to register with the ICO – “requires every data controller (eg organisation, sole trader) who is processing personal information to register with the ICO, unless they are exempt.”

4. This means the council is not accountable or responsible for compliance by schools, with the DPA and other information governance, transparency

and privacy legislation and so, the council would not incur any sanctions or penalties from the ICO if there was a breach or failure by schools to comply with the DPA, FOI, etc. As all schools are their own registered data controller, they are accountable and responsible for their own compliance with the different legislation and would incur directly any sanctions or penalties from the ICO if they were found to have breached or failed to comply with the DPA, FOI, etc.

5. Schools can purchase information governance advice and support through the council's Service for Schools offer or can choose to get this from other providers. In 2016/2017, 15 schools bought 30 days of information governance advice, support and training.
6. However the council team has provided free of charge and open to all schools (both maintained and academies) and Heads, awareness raising training sessions following the audit report. These were aimed at supporting schools to identify where the recommendations and actions from the audit applied in their school and raising awareness of information governance and legislation e.g. DPA, FOI etc.
7. The sessions were well attended by various school staff e.g. Heads, school business managers etc and feedback to the council team has been positive. The council team has also published on the York Education website, proforma, templates, guidance, toolkits and links to other useful sites, to enable individual schools and Heads, to put in place robust, compliant and useful processes to improve and evidence their practices in relation to personal data and against their own progress with the audit recommendations.
8. The council team will deliver FOI training sessions to the school business managers' team in May and DPA awareness raising training sessions for school governors in June.
9. The council team where requested as part of the Service to Schools offer, has also provided one to one support and advice in a number of areas e.g. onsite/bespoke training; responding to FOI enquiries; data protection risk assessment and management; subject access requests to records; data breaches; privacy notices and consents; ICO registration.

10. **Consultation**

Not relevant for the purpose of this report.

11. Options

Not relevant for the purpose of this report.

12. Analysis

Not relevant for the purpose of this report.

13. Council Plan

13.1 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.

14. Implications

14.1 Relevant implications are set out in the body of the report

15. Risk Management

15.1 Data controllers may face financial and reputational risks if the information it holds is not managed and protected effectively. For example, the ICO can impose civil monetary penalties up to £500k for serious data security breaches (this may be increased following the signing of the General Data Protection Regulation (GDPR)). The failure to identify and manage information risks may diminish data controller's overall effectiveness. Individual(s) may be at risk of committing criminal offences. For example, under section 55 and/or section 61 of the Data Protection Act (DPA) 1998

16. Recommendations

Members are asked:

- To note the work undertaken by the council team to support schools and Heads to meet their information governance responsibilities
- To note the work undertaken and still required by schools to meet their information governance responsibilities.

Reason: To update the Committee, following the recent internal audit report on schools information governance.

Annexes

Annex 1 – Information Governance Themed Audit – Schools

Contact Details

Author:

Lorraine Lunt
Information governance
and feedback team
manager

Chief Officer Responsible for the report:

Andy Docherty , Assistant Director , Legal
and Governance
Maxine Squire, Assistant Director,
Education and Skills

**Report
Approved**

Date 21 March 2017

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Information

Not applicable



Themed Audit Information Governance

City of York Council

Internal Audit Report 2015/16

Business Unit: Children's Services, Education & Skills,
 Responsible Officer: Assistant Director Education & Skills
 Service Manager: Headteachers
 Date Issued: 13/10/2016
 Status: Final
 Reference: 15699/009

| | P1 | P2 | P3 |
|------------------------------|-------------------|----------|----------|
| Actions | 0 | 4 | 4 |
| Overall Audit Opinion | Limited Assurance | | |

Summary and Overall Conclusions

Introduction

The Information Governance themed audit was agreed as part of the 2015/16 audit plan for Children's Services, Education & Skills to try and gauge the level of understanding of Data Protection and Freedom of Information requirements within City of York Council schools.

Objectives and Scope of the Audit

The purpose of the audit was to provide assurances to management that the processes that schools have implemented to manage key requirements in compliance with Data Protection and Freedom of Information Acts are effective.

An initial Information Governance Audit Questionnaire was issued to 20 randomly selected schools.

The questionnaire covered the following key controls:

- Schools are registered with the Information Commissioner as data holders.
- Schools have appointed a Senior Information Risk Owner (SIRO) and they have received appropriate training.
- Staff are aware of their Data Security procedures and requirements.
- Policies are in place to comply with the various requirements.
- Data is stored securely and retained only in line with guidance.
- Back-up of electronic data procedures are in place

Key Findings

20 schools were issued with a questionnaire. 5 schools failed to return these questionnaires despite subsequent reminders. The key findings taken from the 15 returned questionnaires and some limited additional testing included:

All schools who responded had procedures in place to ensure that staff were aware of their responsibilities regarding data security and e-mail and internet acceptable use.

All schools ensured that personal data relating to children and staff was kept up to date.

All schools had anti-virus software firewalls and filters on their ICT network.

All schools ensured they had permission from parents before allowing children to be photographed.

However several schools did not have appropriate policies in place to comply with legislation.

Schools were not generally aware of the term SIRO and their role and responsibilities prior to the audit.

Schools did not evidence that they had disposed of records in accordance with document retention schedules and a small number of schools were not clear on how long to retain personal files of staff and children.

At least a third of schools could not confirm that back-up data was tested to ensure its functionality.

Around a third of schools did not have encrypted memory sticks or laptops.

Data sharing protocol agreements were not in place to govern the work of any third party data processors.

Overall Conclusions

It was found that the arrangements for managing risk were poor with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided Limited Assurance.

1 Data Protection Roles and Responsibilities

Issue/Control Weakness

Although the majority of schools identified their Headteacher as their SIRO they were not generally aware of the term Senior Information Risk Owner (SIRO) and their role and responsibilities.

Risk

Data Protection and information governance may not be effectively managed.

Findings

Every school should have a member of staff, who has overall responsibility for information risk to ensure information relating to both teaching staff and pupils is managed securely. This person is the designated Senior Information Risk Owner (SIRO). It was found that of the 15 schools returning their questionnaire:

- Nine schools were not aware of the term SIRO prior to receiving the questionnaire, however fourteen schools named the Headteacher or School Business Manager as their SIRO. Guidance states that the SIRO must be an executive operating at Board level. In a school environment it is unclear if anyone other than the Headteacher has sufficient seniority to fulfil this role.
- No training for this role was identified as having been completed by these officers.

Agreed Action 1.1

Each school is its own data controller and is legally responsible for complying with data protection legislation. The findings from the internal audit report will be shared with all headteachers and will include recommended action points to consider implementing. It will be suggested that all schools consider completing a data protection risk assessment in the first instance. If training and support is required arrangements can be made through the CYC team to provide this through the traded service for Information Governance or alternatively support can be obtained through other organisations.

Priority

2

Responsible Officer

Children's Services /School(s) / Head teacher(s)

Timescale

31st July 2017

Actions for Schools

1. To understand role of SIRO and provide at each school.
2. Training needs to be identified at school(s) and then a programme of training to be provided which must be recorded / evidenced.

2 Data Protection and Freedom of Information Policies and Procedures

Issue/Control Weakness

Some schools did not have policies and procedures in place that adequately covered data protection and Freedom of Information requirements.

Risk

The school may not be complying fully with the requirements under the Data Protection Act (DPA), Environmental Regulations (EIR) and Freedom of Information Act (FOIA). Failure to address Information Security Risks could result in breaches and financial penalties from the Information Commissioner.

Findings

Part of a schools compliance with the Data Protection and Freedom of Information legislation is to implement an Information Policy, adopt a Publication Scheme and to issue Privacy Notices parents and staff. A number of schools were not clear whether they had policies in place that adequately covered the security and management of records. A review of policies at several schools identified that most policies did not adequately cover the security of physical records, the removal of images from peripheral devices and guidance to staff on changing passwords. Of the fifteen schools returning questionnaires:

- Four schools had not adopted their own information management/data protection policy. It was noted that the model policy for schools is a number of years old and makes no reference to the role of SIRO.
- One school had not required staff to acknowledge the e-mail and internet acceptable use policy and seven schools had not periodically renewed this acknowledgement.
- Nine schools had no procedure in place for investigating and responding to security incidents.
- Three schools stated they had no monitoring procedure to ensure compliance with school policies.
- Five schools had not adopted the Information Commissioners Model Publication Scheme. Of those who had, four had not published the scheme and guide to information on their website.

Agreed Action 2.1

Each school is its own data controller and is legally responsible for complying with data protection legislation. The findings from the internal audit report will be shared with all headteachers and will include recommended action points to consider implementing. It will be suggested that all schools consider completing a data protection risk assessment in the

Priority

2

Responsible Officer

Children's Services
/School(s) / Head
teacher(s))

first instance. If training and support is required arrangements can be made through the CYC team to provide this through the traded service for Information Governance or alternatively support can be obtained through other organisations.

Actions for Schools

1. Adopt and publish their Publication Scheme based on (as a minimum) the Information Commissioners Office (ICO) model publication scheme for schools
2. Undertake a review of required information governance and security policies and procedures and implement either new or up to date ones
3. Implement a method of monitoring and recording that their information governance and security policies and procedures have been read and understood by all staff & governors.
4. To introduce (or review their existing one) a data breach management policy/procedure in their school
5. Introduce (or review existing) retention policy/procedures and retention schedules for their records
6. Introduce or review the policies/procedures for responding to both FOI and Subject Access to Records (SARs) requests

3 Freedom of Information and Subject Access Requests

Issue/Control Weakness

A designated person and a deputy had not been appointed in all schools to champion and coordinate information management and process information requests.

Risk

Information requests may not be passed to the appropriate officer to ensure they are properly addressed within given timescales.

Findings

All schools confirmed that they had a system in place to ensure requests for information received (including subject access requests and freedom of information requests) were logged and responded to within the appropriate deadlines. However, five schools did not name a designated officer who would take responsibility for dealing with these requests.

Agreed Action 3.1

Each school is its own data controller and is legally responsible for complying with data protection legislation. The findings from the internal audit report will be shared with all headteachers and will include recommended action points to consider implementing. It will be suggested that all schools consider completing a data protection risk assessment in the first instance. If training and support is required arrangements can be made through the CYC team to provide this through the traded service for Information Governance or alternatively support can be obtained through other organisations.

Priority

3

Responsible Officer

Children's Services
/School(s) / Head
teacher(s)

Timescale

31st July 2017

Actions for Schools

1. To provide either a named person or post to be designated officer with responsibility for dealing with FOIs and SARs

4 Data Back Up

Issue/Control Weakness

A number of schools were not sure of the location of their back up data and whether this data could be restored.

Risk

Back up data could be lost or not function as required.

Findings

Although all fifteen schools confirmed they had procedures in place to back up their finance and admin data on a regular basis:

- One school confirmed they did not store back-up data in a secure location or away from the main server and one was not sure (the back up being held by the IT managed service contractor).
- Five had not tested (or had not asked their IT managed service contractor to test) that data could be restored from their back-ups.

Agreed Action 4.1

Each school is its own data controller and is legally responsible for complying with data protection legislation. The findings from the internal audit report will be shared with all headteachers and will include recommended action points to consider implementing. It will be suggested that all schools consider completing a data protection risk assessment in the first instance. If training and support is required arrangements can be made through the CYC team to provide this through the traded service for Information Governance or alternatively support can be obtained through other organisations.

Priority

2

Responsible Officer

Children's Services
/School(s) / Head
teacher(s)

Timescale

31st December 2016

Actions for Schools

1. Check contracts with their IT managed services providers or suppliers where
 - a. Back up data is stored
 - b. How it is stored
 - c. Is it retrievable/able to be restored from back ups
2. If there is no back up and/or inadequate security of back up data and/or no restoration ability, to urgently put these into place and ensure this is evidenced. Ongoing quality checking/monitoring and /or testing should be put in place

5 Disposal of Records

Issue/Control Weakness

Schools were unable to evidence destruction of records in accordance with document retention schedules.

Risk

Failure to comply with Data Protection Principles for retention of records.

Findings

Schools should ensure that records, both physical and electronic, are destroyed in accordance with the schools document retention schedule. Of the fifteen schools returning questionnaires:

- Three schools were not clear how retention guidelines were applied to personal information (such as files for staff and students) and how long personal files should be retained.
- Although schools confirmed they used suitable methods of disposal for physical records most were not clear on the disposal of electronic records.
- There was no record of what groups of documents had been destroyed in compliance with the document retention guidelines.

Agreed Action 5.1

Each school is its own data controller and is legally responsible for complying with data protection legislation. The findings from the internal audit report will be shared with all headteachers and will include recommended action points to consider implementing. It will be suggested that all schools consider completing a data protection risk assessment in the first instance. If training and support is required arrangements can be made through the CYC team to provide this through the traded service for Information Governance or alternatively support can be obtained through other organisations.

Priority

3

Responsible Officer

Children's Services
/School(s) / Head
teacher(s)

Timescale

31st July 2017

Actions for Schools

1. Introduce or review retention guidance, schedules etc based on legislative/statutory records management and/or best practice including method(s) for recording destruction of information etc
2. Introduce or review current disposal methods for electronic records ensuring they meet information security/Data Protection Act (DPA) etc requirements

6 Encryption

| Issue/Control Weakness | Risk |
|--|--|
| Data held on portable storage devices such as laptops and memory sticks was not adequately protected at all schools and confidential or sensitive information could be accessible by unauthorised persons. | If the unencrypted laptop or other assets holding confidential or sensitive information is lost or stolen this would be a data protection breach notifiable to the Information Commissioner and sanctions may be incurred. |

Findings

Whilst the majority of schools ensured that any IT equipment staff use for work purposes such as laptops or memory sticks were encrypted:

- Five schools had laptops that could be used to hold personal data that were password controlled but not encrypted.
- Four schools used unencrypted memory sticks.

Agreed Action 6.1

Each school is its own data controller and is legally responsible for complying with data protection legislation. The findings from the internal audit report will be shared with all headteachers and will include recommended action points to consider implementing. It will be suggested that all schools consider completing a data protection risk assessment in the first instance. If training and support is required arrangements can be made through the CYC team to provide this through the traded service for Information Governance or alternatively support can be obtained through other organisations.

| | |
|----------------------------|--|
| Priority | 2 |
| Responsible Officer | Children's Services /School(s) / Head teacher(s) |
| Timescale | 31 st December 2016 |

Actions for Schools

1. Ensure that all portable storage devices eg laptops, memory sticks etc are encrypted

7 Data Sharing Protocol

Issue/Control Weakness

Information shared with other data controllers may not be adequately protected and may be used for unauthorised purposes.

Risk

Failure to comply with the legal duty to protect data.

Findings

Schools need to ensure that data passed to other data controllers and third party providers is transmitted and held securely and is only used in accordance with the schools privacy notice. It was noted that there is no formal data sharing protocol agreement in place at schools which clearly sets out the responsibilities of both parties:

- Six schools did not know whether information sharing protocols were in place to govern routine information sharing with other data controllers.
- Six schools did not know whether there were contracts in place to govern the work of data processors (third party providers) that provide assurance of their compliance with data protection principles.

Agreed Action 7.1

Each school is its own data controller and is legally responsible for complying with data protection legislation. The findings from the internal audit report will be shared with all headteachers and will include recommended action points to consider implementing. It will be suggested that all schools consider completing a data protection risk assessment in the first instance. If training and support is required arrangements can be made through the CYC team to provide this through the traded service for Information Governance or alternatively support can be obtained through other organisations.

Priority

3

Responsible Officer

Children's Services /School(s) / Head teacher(s)

Timescale

31st December 2016

Actions for Schools

1. Review what data is shared and with who and for what purpose
2. Put in place or review information sharing agreements
3. Review contracts with data processors to ensure DPA compliance

8 CCTV

Issue/Control Weakness

Schools may not be compliant with the information Commissioners Code of Practice for the use of CCTV.

Risk

Data Protection breaches may occur.

Findings

Nine out of the fifteen schools returning questionnaires had CCTV cameras in place and had specified the use of CCTV on their data registration. However, two schools indicated on the questionnaire that they were unable to confirm that they were compliant with the Information Commissioners code of practice for the use of CCTV and schools did not have their own policy or procedures in place to ensure compliance.

Agreed Action 8.1

Each school is its own data controller and is legally responsible for complying with data protection legislation. The findings from the internal audit report will be shared with all headteachers and will include recommended action points to consider implementing. It will be suggested that all schools consider completing a data protection risk assessment in the first instance. If training and support is required arrangements can be made through the CYC team to provide this through the traded service for Information Governance or alternatively support can be obtained through other organisations.

Priority

3

Responsible Officer

Children's Services
/School(s) / Head
teacher(s)

Timescale

31st December 2016

Actions for Schools

1. Introduce as a minimum, the ICOs code of practice on use of CCTV in schools
2. Introduce or review the policy and procedures covering CCTV use in schools

Audit Opinions and Priorities for Actions

Audit Opinions

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.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

| 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. |
| Reasonable 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. |

Where information resulting from audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information at its own risk. Veritau will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Veritau in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.



Audit and Governance Committee5th April 2017

Report of the Deputy Chief Executive/Director of Customer & Corporate Services

Audit & Governance Committee Forward Plan to February 2018**Summary**

1. This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to February 2018.

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 February 2018. 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 last version was presented to the Committee on 22nd February. Due to the size of the April Agenda an additional meeting has been scheduled for May and the Agenda items split across both meetings. The Chair of the Committee will continue to monitor the size of the Agendas of future meetings and where deemed necessary will split large Agendas and hold additional meetings.

Consultation

4. 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

5. Not relevant for the purpose of the report.

Analysis

6. Not relevant for the purpose of the report.

Council Plan

7. This report contributes to the overall effectiveness of the council's governance and assurance arrangements.

Implications

8.
 - (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

9. 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

10.
 - (a) The Committee's Forward Plan for the period up to February 2018 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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Deputy Chief Executive/Director of
Customer & Corporate Services
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**Report
Approved**



Date 05/04/2017

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 February 2018

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Audit & Governance Committee Draft Forward Plan to February 2018

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

- **Committee 3 May 2017 (Additional meeting)**

Approval of Internal Audit Plan

Internal Audit & Fraud Plan Progress Report

Internal Audit Follow up of Audit Recommendations Report

- **Committee 21 June 2017**

Draft Annual Governance Statement

Annual Report of the Audit & Governance Committee (Statutory)

Mazars Audit progress report

Annual Report of the Head of Internal Audit (Statutory)

Key corporate Risk Monitor (including project risks)

Changes to the Constitution (if any)

- **Committee 19 July 2017**

Draft Statement of Accounts (Statutory)

Mazars Audit Progress Report

Information Governance Update Report

Health & Safety update report

Overview of Constitution

Changes to the Constitution (if any)

• **Committee 20 September 2017**

Mazars Audit Completion Report (Statutory)

Final Statement of Accounts (Statutory)

Follow up of Internal & External Audit Recommendations

Internal Audit & Fraud plan progress report

Key Corporate Risks Monitor (including project risks)

Changes to the Constitution (if any)

• **Committee 6 December 2017**

Treasury Management mid year review report 2016/17 and review of prudential indicators

Mazars Annual Audit Report (Statutory)

Mazars Audit Progress Report

Internal Audit & Fraud Progress Report

Information Governance & Freedom of Information Report (including information security)

Changes to the Constitution (if any)

• **Committee 7 February 2018**

Mazars Audit Progress Report

Scrutiny of the Treasury Management strategy statement and Prudential indicators

Counter Fraud: Risk Assessment and review of policies

Audit & Counter Fraud Plan & Consultation

Changes to the Constitution (if any)