

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

|               |  |
|---------------|--|
| <b>To:</b>    | Councillors Derbyshire (Chair), Dew (Vice-Chair), Shepherd, Cuthbertson, Fenton, Kramm and Steward, Mr Mendus and Mr Bateman |
| <b>Date:</b>  | Wednesday, 21 June 2017  |
| <b>Time:</b>  | 5.30 pm  |
| <b>Venue:</b> | 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 - 6)**

To approve and sign the minutes of the meeting of the Audit & Governance Committee held on 3 May 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 20 June 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**

Please note this meeting will be filmed and webcast and that includes any registered public speakers, who have given their permission. This broadcast can be viewed at:

<http://www.york.gov.uk/webcasts>.

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

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

[http://www.york.gov.uk/download/downloads/id/11406/protocol\\_for\\_webcasting\\_filming\\_and\\_recording\\_of\\_council\\_meetings\\_20160809.pdf](http://www.york.gov.uk/download/downloads/id/11406/protocol_for_webcasting_filming_and_recording_of_council_meetings_20160809.pdf)

### **4. Mazars Audit Progress Report (Pages 7 - 18)**

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

### **5. Monitor 1 2017/18 - Key Corporate Risks and Update on Major Projects (Pages 19 - 88)**

This report presents Audit & Governance Committee (A&G) with an update on the key corporate risks (KCRs) and an update on major projects for City of York Council (CYC).

### **6. Treasury Management Annual Report (Pages 89 - 104)**

Attached at Annex A is the draft Treasury Management Annual Report and Review of Prudential Indicators 2016/17. This information provides Members with an update of treasury management activity for 2016/17.

**7. Draft Social Media Policy & Media Protocol (Pages 105 - 136)**

This report presents the draft social media policy and media protocol for information and/or comment prior to approval by the Chief Executive. The report was requested by the Committee as part of the consideration of the council's Key Corporate Risks.

**8. Annual Report of the Head of Internal Audit (Pages 137 - 190)**

This report summarises the outcome of audit and counter fraud work undertaken in 2016/17 and provides an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control.

**9. Annual Report of the Audit and Governance Committee (Pages 191 - 204)**

This report seeks Members' views on the draft annual report of the Audit and Governance Committee for the year ended 5 April 2017, prior to its submission to Full Council.

**10. Annual Governance Statement 2016/17 (Pages 205 - 234)**

The purpose of this report is to present the draft Annual Governance Statement (AGS) 2016/17 for approval. The AGS is attached at Annex A.

**11. Audit and Governance Committee Forward Plan (Pages 235 - 242)**

This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to April 2017.

**12. Urgent Business**

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

Democracy Officer:

Name: Laura Clark

Contact Details:

- Telephone – (01904) 554538
- Email – [Laura.Clark@york.gov.uk](mailto:Laura.Clark@york.gov.uk)

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

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

**This information can be provided in your own language.**

**我們也用您們的語言提供這個信息 (Cantonese)**

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

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

**Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)**

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

** (01904) 551550**

City of York Council

Committee Minutes

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|           |   |
|-----------|---|
| Meeting   | Audit & Governance Committee  |
| Date      | 3 May 2017  |
| Present   | Councillors N Barnes (Chair), Fenton, Kramm, Steward (in attendance for agenda items 1 to 5), Brooks and Looker (sub for Cllr Flinders) and Mr Mendus |
| Apologies | Councillors Dew, Cuthbertson, Flinders and Bateman  |

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## 76. 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.

## 77. Minutes

Resolved: (i) That the minutes of the meeting held on 22 February 2017 be approved and then signed by the Chair as a correct record subject to the following amendments

In Minute 63 – Public Participation  
In the second paragraph, third line, delete the word '*allegations*', and in the final sentence, amend the wording to read '*She asked Councillors to demand Police action, an independent investigation by CIPFA, and that statutory officers be held to account.*'

(ii) That the minutes of the meeting held on 5 April 2017 be approved and then signed by the Chair as a correct record subject to the following amendments

Minute 69 – Minutes  
First line delete the word '*any*'.

**78. Public Participation**

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Ms Gwen Swinburn, expressed her concerns in relation to five points. Firstly, she requested publication of the terms of reference for the investigation into the Audit & Governance Committee meeting held on 22 February. She questioned timescales for the external evaluation of the internal audit function and requested structured prioritisation of future internal audits. Ms Swinburn also questioned when the expenditure, which the auditors had been unable to audit owing to a lack of paperwork, would be addressed. Finally Ms Swinburn requested consideration of the Council's social media policy by the Executive or Executive Member to ensure transparent decision making.

**79. Internal Audit and Counter Fraud Plan 2017/18**

Consideration was given to the planned programme of internal audit and counter fraud work to be undertaken during 2017/18, which required the approval of the Committee, set out at Annex 1 of the report.

In response to questions the Head of Internal Audit confirmed that the plan of work had been based on a risk assessment undertaken by Veritau, together with discussions with individual managers. He confirmed that close working with managers had then enabled Officers to prioritise planned work. He clarified that, prior to each audit; a scoping report would be prepared in conjunction with the manager, although work needed to be flexible to account for emerging issues.

Officers responded to a number of questions in relation to items listed in the work plan including:

- Other Chargeable Work - Shareholder Committee – chargeable costs to be removed from plan for listing elsewhere
- Property Income - confirmed that this audit would examine the policies of the Council relating to balancing income whilst helping small businesses to flourish
- Confirmation that the actions arising from the recommendations of the Flood Inquiry would be

addressed in the Business Continuity and Emergency Planning audit

- Confirmation that the Procurement of Sub-Contractors audit would include areas where an absence of documentation had previously been found and may be extended to other areas
- Networking with other local authorities who often had similar issues and discussions with external auditors also assisted in the preparation of the work plan
- Health and Safety and IT would be included in many of the audits and would focus on all areas of work including security
- Adequate protection against cybercrime would be considered for future consideration
- Clarification that the Budget Savings audit had been cancelled, for rescheduling in December, however it was noted that there were systems in place to monitor progress

Following further discussion it was

Resolved: That the Committee approve the 2017/18 internal audit and counter fraud plan.

Reason: In accordance with the committee's responsibility for overseeing the work of internal audit.

## **80. Audit and Counter Fraud Monitoring Report**

Consideration was given to an update report on progress made in delivering the internal audit work plan for 2016/17 and current counter fraud activity.

Members noted that copies of the audit reports had been published on-line with paper copies available on request and that to date 95% of the audits had been completed from the 2016/17 audit plan. It was also noted that the fraud team had now achieved £347k in savings for the council as a result of their investigative work.

Members made the following requests regarding the reports<sup>1</sup>:

- Internal Fraud – confirmation required on number of referrals to date

- Summary of Breaches of Financial Regulations identified in Annex to include information on Directorates and sums involved
- Digital Services Project Review to confirm whether work is still ongoing on this review
- Add Contracts and Employees to Forward Plan following preparation of a scoping report by Officers

In answer to questions raised, Officers confirmed that all actions in the Access to Key IT Systems would be followed up, including the removal of leavers from CYC systems, as would those identified in the Better Care Fund audit.

Members were reminded that, if they had concerns regarding particular audit reports, they could request a report on the issues for review where necessary.

Resolved: That the Committee note the progress made in delivering the 2016/17 internal audit work programme, and current counter fraud activity.

Reason: To enable members to consider the implications of audit and fraud findings.

#### Action Required

1. Circulate requested information and update Committee Forward Plan.

EA

### **81. Internal Audit Follow Up Report**

Members considered the regular six monthly report which set out progress made by council departments in implementing actions agreed as part of the internal audit work.

Officers confirmed that 105 actions had been followed up since the last report to Committee, of which 83% had been satisfactorily implemented and 6% no longer required.

Members noted that in a further 12 cases (11%) the action had not been implemented by the target date and that of these 2 actions had had their implementation dates revised by more than 6 months, details of which had been included in Annex 1 of the report.

Resolved: That the Committee note the progress made in implementing internal audit agreed actions as



reported in paragraphs 5 – 12, of the report, subject to the provision of additional information relating to any delay in P1 actions and a delay of over 6 months in P2 actions.

Reason: To enable Members to fulfil their role in providing independent assurance on the council's control environment.

## **82. Audit and Governance Committee Forward Plan**

Members considered a report which presented the future plan of reports expected to be presented to the committee during the forthcoming year to February 2018. Members were invited to identify any further items they wished to add to the Forward Plan.

The following requests were put forward:

- The Council's Media and Social Media protocols, to enable the Committee to seek assurances and provide comments
- Draft Annual Governance Statement, due for consideration on 21 June 2017, to include details of the Governance Assessment Service and information on services suppliers

Resolved: That the Committee's Forward Plan for the period up to February 2018 be received and noted.

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 7.05 pm].

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**Audit and Governance Committee**

21 June 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) A summary of audit progress
  - b) A technical update
  - c) National reports and other updates

**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 contributing to an 'Effective Organisation'.

## 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 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** 13 June  
2017

**Specialist Implications Officers** N/A

**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 June 2017

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# Audit Progress Report

Audit and Governance Committee – June 2017



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# Audit progress at May 2017

This report provides the Audit and Governance Committee with details on our progress in delivering each of our responsibilities as the Council's appointed external auditors. We outline our main responsibilities in the table below together with an update on the status of our work.

| Area of work  | Target date       | Complete?            | Further commentary  |
|---|-------------------|----------------------|---|
| <b>Audit planning</b>   |                   |                      |   |
| <p>We are required to set out a detailed plan for the delivery of the 2016/17 audit of the Council's financial statements and our Value for Money conclusion.</p> <p>We presented our Audit Strategy Memorandum to the Committee in April.</p>  | <b>April 2017</b> | <b>Yes</b>           |   |
| <b>Interim audit work</b>   |                   |                      |   |
| <p>To support the delivery of an efficient audit, that meets the statutory reporting deadline, we have undertaken early audit testing in a number of areas, including:</p> <ul style="list-style-type: none"> <li>- Payroll expenditure</li> <li>- Non-payroll expenditure</li> <li>- Journals</li> </ul> <p>We have also discussed management's proposed accounting treatments to meet the revised presentation requirements in the CIPFA accounting code as part of our regular liaison meetings.</p> | <b>Ongoing</b>    | <b>Ongoing</b>       | <p>Given the significant presentational changes introduced by the CIPFA accounting code for 2016/17, we have agreed with management that we will provide initial comments on the draft statements when the Council's internal QA arrangements have been completed.</p> <p>We intend to provide initial comments on presentation and disclosure matters to management by mid-June, subject to the timing of draft statements being passed to us.</p> |
| <b>Audit of the financial statements</b>  |                   |                      |   |
| <p>Our audit of the financial statements will be delivered to meet the statutory reporting deadline of the end of September.</p> <p>We intend to commence detailed audit testing on the financial statements in mid-July with the aim of completing the bulk of our work by the end of August.</p>  | <b>September</b>  | <b>Not commenced</b> | <p>We have agreed a list of suggested working papers to be provided by management that will support the delivery of an efficient audit and assist us in:</p> <ul style="list-style-type: none"> <li>- Meeting the statutory reporting deadline</li> <li>- Minimising the amount of officer time required to respond to audit queries, as far as is possible</li> </ul>  |

| Area of work  | Target date | Complete?     | Further commentary  |
|---|-------------|---------------|---|
| <p>We will present our Audit Completion Report, which outlines the results of our work on the Council's financial statements, at the September Committee meeting.</p>   |             |               |   |
| <p><b>Value for Money conclusion</b></p> <p>The work required on significant risks to our conclusion, as outlined in the Audit Strategy Memorandum, is ongoing.</p> <p>We will present our Audit Completion Report, which outlines the results of our Value for Money conclusion, at the September Committee meeting.</p>   | September   | Ongoing       |   |
| <p><b>Housing Benefit Subsidy certification</b></p> <p>We have held initial meetings with officers to discuss the nature and timing of the work required for the certification of the Council's Housing Benefit Subsidy return.</p> <p>We will report the findings from this work, and any other assurance work that we undertake for the year, as part of our Certification and Assurance Report. We anticipate presenting this to the Committee in late 2017.</p> | November    | Not commenced | Further information on future arrangements for the delivery of this work is provided later in this report.  |
| <p><b>Annual Audit Letter</b></p> <p>The National Audit Office Code of Audit Practice requires us to provide a summary of the work we have undertaken for the year, as soon as practicable after issuing our certificate to close the audit. We do this by issuing our Annual Audit Letter.</p> <p>We plan to issue the Annual Audit Letter for 2016/17 in October 2017.</p>  | October     | Not commenced | The Annual Audit Letter, while addressed to the members of the Council, is designed to be a public-facing document within which we outline matters that we wish to bring to the public's attention. |
| <p><b>Fee letter for 2017/18</b></p> <p>We are required to write to the Council's Chief Executive, to outline our proposed fees for our work under the NAO Code of Audit Practice and to certify the Housing Benefit Subsidy return.</p>  | April       | Yes           | We wrote to the Chief Executive confirming that we propose to charge fees for work to be delivered in 2017/18, in line with the scale fees set by Public Sector Audit Appointments Ltd.             |

# Technical update

## **Accounting for the Highways Network Asset – Update**

In our April progress report, we told members that the CIPFA / LASAAC Code Board had decided not to proceed with the intended change in measurement basis for the Council's Highways Network Asset (e.g. carriageways, footways, traffic management systems, highways land, and street furniture).

The change, that officers and auditors have been working hard to implement for 2016/17, would have seen these assets measured on the basis of their depreciated replacement cost as opposed to their historic cost. This significant change would have led to revaluation gains running into billions of pounds.

We will continue to keep the situation under review and will contribute to national discussions on any future decisions to implement the planned changes. We will also ensure that Council officers are kept aware of developments in this area.

## **Code of Practice on Local Authority Accounting ('the Code')**

As a result of the decision not to implement the change to Highways Network Asset, the CIPFA / LASAAC Code Board issued an update to the Code. The only substantive change introduced by the update was to remove provisions relating to the change in measurement basis for the Highways Network Asset.

In addition, CIPFA's Local Authority Accounting Panel has issued Bulletin 105 which covers issues to consider as part of the preparation of the 2016/17 financial statements. We have discussed these issues with management as well as providing a briefing on emerging accounting issues as part of our financial reporting workshops, attended by officers in February.

## **Housing Benefit Subsidy assurance arrangements**

Our work on the Council's Housing Benefit Subsidy return currently forms part of our responsibilities under our contract with Public Sector Audit Appointments Ltd (PSAA). Our work on the 2017/18 subsidy return will be the last time the work is carried out under this regime.

For the 2018/19 subsidy return, this work will no longer be carried out as part of the appointed auditor's responsibilities. As such, the Council will need to make arrangements to appoint a 'reporting accountant' to provide assurance over the accuracy of the return to it and the Department for Work and Pensions (DWP).

We have been working with the DWP to assist in the design of the new assurance framework and will issue a briefing to officers on the new approach when it is finalised in June.

# National reports and other updates

## Public Accounts Committee – Report on Health and Social Care Integration

Following-on from the report published by the NAO, on which we briefed members in April, the Public Accounts Committee has recently issued its [report on health and social care integration](#). Its primary conclusions were that:

- The Department of Health and Department of Communities and Local Government do not know what is the most effective balance of limited funding across health and social care;
- The Better Care Fund (BCF) has been used as a means of moving resources from the health sector to social care; and
- The BCF has been rendered redundant as a means of building integration as a result of the introduction of sustainability and transformation plans, and that these plans are neither transparent nor inclusive enough.

## National Audit Office – Report on 100% business rates retention

The NAO has recently published a report on [planning for 100% local retention of business rates](#). The report finds that DCLG has made good progress in designing the scheme but the scale of the remaining challenges presents clear risks both to the timely delivery of the initiative and to the achievement of its overall objectives.

The report also highlights the risk that the pressure to deliver by 2019/20 could result in a scheme that has not been fully tested, and stresses the need for DCLG to assure itself that the scheme will deliver its core policy objectives and that these are not overlooked among the technical challenges of designing the scheme to a tight timetable.

## Local Audit (Public Access to Documents) Act 2017

The Local Audit (Public Access to Documents) Act 2017 received royal assent in April 2017. The Act extends rights of inspection under section 26 of the Local Audit and Accountability Act 2014 to include journalists and citizen journalists.

The Act defines a journalist as ‘any person who produces for publication journalistic material (whether paid to do so or otherwise).’ While the Act extends rights of inspection, there are no changes in respect of our powers and duties under the Local Audit and Accountability Act 2014. The ability to ask the auditor questions about the accounts, and to make an objection at audit, continue to be restricted to local government electors only.

For any further information on any of the points in this report, please contact one of your audit engagement team:

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**Audit & Governance Committee**

21 June 2017

Report of the Director of Customer and Corporate Services

**Monitor 1 2017/18 - 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) and an update on major projects for City of York Council (CYC).

**Background**

2. 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
3. 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
4. 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).
  5. 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 required to inform the risk officer of any updates on at least a quarterly basis.
  6. In addition to the current KCRs, in line with the policy, risks identified by any of the Directorates can be escalated to Council Management Team (CMT) for consideration as to whether they should be included as a KCR. KCRs are reported bi-annually to CMT.
  7. The risk management officer meets attends DMTs bi-annually to update directorate risks and KCRs and has one to one sessions with Directors.
  8. 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.
  9. 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).
  10. 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.



11. 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**

12. There are currently 11 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks. A new risk KCR11 is included in this monitor.

13. In summary the key risks to the Council are:

- KCR1 – Financial Pressures: The Council’s increasing collaboration with partnership organisations and 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 – Effective and Strong Partnership: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes.
- KCR4 – Changing Demographics: Inability to meet statutory deadlines due to changes in demographics
- KCR5 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm
- KCR6 – Health and Wellbeing: Failure of Health and Wellbeing Board to deliver outcomes, resulting in the health and wellbeing of communities being adversely affected.
- KCR7 – Capital Programme: Failure to deliver the Capital Programme, which includes high profile projects
- KCR8 - Local Plan: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding
- KCR9 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
- KCR10 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.
- KCR11 – External market conditions: Failure to deliver commissioned services due to external market conditions.

14. 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. The risk scoring matrix is included at Annex B for reference.
15. 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 the previous monitor are shown in brackets.

|                   |        |          |          |          |                 |
|-------------------|--------|----------|----------|----------|-----------------|
| <b>Impact</b>     |        |          |          |          |                 |
| Critical          |        |          | 5 (5)    |          |                 |
| Major             |        |          | 5 (5)    |          |                 |
| Moderate          |        | 1 (0)    |          |          |                 |
| Minor             |        |          |          |          |                 |
| Insignificant     |        |          |          |          |                 |
| <b>Likelihood</b> | Remote | Unlikely | Possible | Probable | Highly Probable |

16. 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- One new KCR has 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

### **New KCR – External Market Conditions**

17. A new risk has been added in relation to commissioned services. There is a risk that the council fail to deliver commissioned services due to the external market conditions. This would apply to provider failure (for example in adult social care) and also the risk that the council are unable to commission a service if external providers are limited in number or unwilling to tender. Some services cannot be provided by the

council internally (eg Park and Ride) and a lack of competition in the external market may result in an increase in costs for the council.

18. The net risk score is 13 (unlikely and moderate) as there are controls in place to mitigate the gross risk.

**Updates to KCR actions or controls since the last monitor report**

19. KCR1 –Financial Pressures; There are no changes to the controls or actions.

20. KCR2 – Governance; There are 3 new controls added as follows:

- Open data platform which provides FOI requested data
- Regular review of transparency code legislation and compliance
- Ongoing management of data architecture to provide de-personalised data to the open data platform

A new action is also included to ensure regular review of internal audit reviews and recommendations.

21. KCR3 – Effective and Strong Partnerships; There are 5 new controls added as follows;

- Creating Resilient Communities Working Group (CRCWG)
- Account management approach to monitoring key partnerships
- Safeguarding Board revised governance in place
- Shareholder Committee to monitor Council owned companies
- York Central Partnership

22. KCR4 – Changing Demographics; A new control has been added, Creating Resilient Communities Working Group (CRCWG). In addition an new action has been added to undertake a review to link the Local Plan and Major development projects to demographic data to determine the impact on CYC services.

23. KCR5 – Safeguarding; There are 2 new controls added as follows;

- Controls in place from the Peer Review action plan

- CORAG group (Chief Officer Reference and Accountability Group) which brings together Chief Officers from relevant organisations in relation to safeguarding
- A new action has been added. The Community Safety Plan is now included with a deadline of July 2017.

24. KCR6 – Health and Wellbeing; There are 5 new controls added as follows;
- Development sessions delivered by the Local Government Association (LGA)
  - Improved workforce awareness of Health & Wellbeing Strategy
  - One Planet York's better decision making tool to assist with the Integration of the Health & Wellbeing Agenda in relation to all Council service areas and external organisations
  - Restructured Healthy Child Service
  - Public Health is a statutory requirement of the Council
25. KCR7 – Capital Programme; There are no changes to the controls or actions.
26. KCR8 – Local Plan; A new action has been added to provide an update report to Executive in July 2017.
27. KCR9 – Communities; There are 5 new controls added as follows;
- Revised Community Safety Plan
  - Devolved budgets to Ward Committees and delivery of local action plans through ward teams
  - Local area working restructures for Children's, Adults and Housing Services
  - Improved information and advice, Customer Strategy and ICT support to facilitate self service
  - CYC staff and Member training and development
28. KCR10 – Workforce/ Capacity; There are 4 new controls added as follows;
- Development of coaching/ mentoring culture to improve engagement with staff
  - Corporate Cost Control Group monitoring of absence and performance reporting
  - Apprenticeship task group
  - Agency and Interim Staffing Policies

A new ongoing action to continually review HR policies to ensure they compliment the new ways of working is now included with a deadline of March 2018.

### **Update on Major or “Large” projects**

29. The refresh of the corporate Project Management framework (All About Projects) continues and the corporate Project Management system has now been upgraded to the new version.
30. In terms of the Major Projects, the Housing Development (HCA partnership) project has been added to the list. This is a Programme of council-led housing delivery in partnership with the HCA.
31. In the next period the following items will also be added to the list after they emerged as “Large” projects following the matrix assessment.
  - Adult Social Care – Future focus
  - School place planning programme
  - Specialist therapeutic short breaks

### **Updates on Risk and Programme/Project Management**

32. The recruitment process for filling the Project Assurance Officer post is now in train and will be out to advert in June.

### **Options**

33. Not applicable.

### **Council Plan 2015 - 2019**

34. 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**

35. There are no further implications.

## **Risk Management**

36. 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**

37. 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

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**Chief Officer Responsible for the report:**

Ian Floyd  
Director of Customer & Corporate  
Services

**Report  
Approved ✓**

**Date** 12 June 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”

CRCWG – Creating Resilient Communities Working Group

CORAG - Chief Officer Reference and Accountability Group

**Annexes**

Annex A – Key corporate risk register

Annex B - Update of major projects

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**ANNEX A  
KEY CORPORATE RISK REGISTER AT JUNE 2017**

**KCR 1 FINANCIAL PRESSURES: The 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. In addition other partner organisations are facing financial pressures.

| Risk Detail (cause)  | Implications (consequence)   | Gross Likelihood | Gross Impact | Controls  | Net Likelihood | Net Impact    | Direction of Travel | Risk Owner and Actions   |
|--|--|------------------|--------------|---|----------------|---------------|---------------------|--|
| <p>Reduction in government grants leading to the necessity to make savings</p> <p>Increased service demand and costs (for example an aging population).</p> <p><b>NEW</b> – Financial pressures on other partners that impact on the Council</p> | <p>Potential major implications on service delivery</p> <p>Impacts on vulnerable people</p> <p>Spending exceeds available budget</p> | Probable         | Major (20)   | <p>Regular budget monitoring</p> <p>Effective medium term planning and forecasting</p> <p>Chief finance officer statutory assessment of balanced budget</p> <p>Regular communications on budget strategy and options with senior management and politicians</p> <p>Skilled and resourced finance function, supported by managers with financial awareness</p> <p>Efficiency Plan agreed by Executive June 2016</p> <p>Financial Strategy 2017/18 approved</p> | Possible       | Moderate (14) | No change           | Development of budget strategy for 2018-19 (Ian Floyd, 31/01/2018) |

**ANNEX A  
KEY CORPORATE RISK REGISTER AT JUNE 2017**

**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 (20)   | <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>Ongoing Internal Audit review of information security</p> <p>Health and Safety monitoring by CMT and DMTs</p> <p>Regular monitoring reports to Audit &amp; Governance committee and Executive Member decision sessions</p> <p><b>NEW</b> - Open Data platform providing Freedom of Information (FOI) requested data</p> <p><b>NEW</b> - Regular review of transparency code legislation and compliance</p> | Possible       | Major (19) | No change in score but new controls and action are added | <p>Ongoing Action - Health and Safety training programmes at all levels (Ian Floyd, 31/03/2018)</p> <p>Revise media and social media protocols (Ian Floyd, 30/06/2017)</p> <p><b>NEW</b> - Ongoing Action: regular review of internal audit reviews and recommendations (Ian Floyd 31/03/18)</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 |
|---------------------|----------------------------|------------------|--------------|--|----------------|------------|---------------------|------------------------|
|                     |                            |                  |              | <b>NEW</b> - Ongoing management of data architecture to provide de-personalised data to open data platform |                |            |                     |                        |

**ANNEX A  
KEY CORPORATE RISK REGISTER AT JUNE 2017**

**KCR 3 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, and Council owned organisations</p> <p>Partner (especially NHS, Academies) financial pressures may effect outcomes</p> <p><b>NEW</b> - Unilateral decisions made by key partners may effect CYC budgets or services</p> | <p>Key partnerships fail to deliver or 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 (20)   | <p><b>NEW</b> - Creating Resilient Communities Working Group (CRCWG)</p> <p><b>NEW</b> – Account management approach to monitoring key partnerships</p> <p><b>NEW</b> – Safeguarding Board revised governance in place</p> <p><b>NEW</b> – Shareholder Committee to monitor Council owned companies</p> <p><b>NEW</b> - York Central Partnership</p> | Possible       | Moderate (14) | No change in score but new controls are added | Ongoing action - Monitoring of controls (CMT, 31/03/2018) |

**ANNEX A  
KEY CORPORATE RISK REGISTER AT JUNE 2017**

**KCR 4 CHANGING DEMOGRAPHICS: Inability to meet statutory deadlines due to changes in demographics.** York has a rapidly changing demographic in relation to both residents and business. This brings with it significant challenges particularly in the delivery of adult social care and children's 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 to York</p> <p>Development and regeneration makes York more desirable and accessible to residents and business</p> <p>An aging population requiring services from the council placing significant financial and delivery challenges</p> <p>Increased ethnic diversity</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 from residents; school placements, SEN, emotional mental health, adult social care and environmental services (eg waste collection)</p> <p><b>NEW</b> – Increased service demand in relation to business (eg Regulation, Planning)</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 (20)   | <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>Local area working restructures in frontline services, including Early intervention initiatives and better self-care</p> <p>Place planning strategy in place</p> <p>School population reported every 6 months</p> <p>Direct access to support and services</p> <p>Investment in support brokerage work with NHS integrated commissioning</p> <p><b>NEW</b> - Creating Resilient Communities Working Group (CRCWG)</p> | Possible       | Major (19) | No change in score but new control and action are added | <p>Ongoing Action - Ensure adequate supply of schools places (CYC Place Planning Strategy, Governance Structure) (Jon Stonehouse, 31/03/2018)</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, 31/12/2018)</p> <p>Advise and Information Strategy and Action Plan (Martin Farran, 31/12/2018)</p> <p><b>NEW</b> – Undertake a review to link the Local Plan and Major</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  |
|---|----------------------------|------------------|--------------|----------|----------------|------------|---------------------|---|
| <b>NEW</b> - Failure to plan for the impact of a rapid change in demographics to front line service provision |                            |                  |              |          |                |            |                     | development projects to demographic data to determine the impact on all CYC services<br>(CMT, 31/03/18) |

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KEY CORPORATE RISK REGISTER AT JUNE 2017**

**KCR 5 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 (20)   | <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 &amp; ASB)</p> <p>Ongoing inspection preparation &amp; peer challenge</p> <p>National Prevent process</p> <p>DBS checks and re-checks</p> <p>Effectively resourced and well managed service</p> <p>Safeguarding Board annual plan</p> | Possible       | Major (19) | No change in score but new controls and action are 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 annual action plan 2018/19 (Martin Farran, 31/03/2018)</p> <p><b>NEW</b> - Community Safety Plan (Martin Farran 31/07/17)</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 |
|---------------------|----------------------------|------------------|--------------|--|----------------|------------|---------------------|------------------------|
|                     |                            |                  |              | <p>2017/18 and Strategic Plan to 2019/20 are approved</p> <p><b>NEW</b> – Controls implemented from peer review action plan</p> <p><b>NEW</b> – CORAG (Chief Officer Reference and Accountability Group) which brings together Chief Officers from relevant organisations in relation to safeguarding eg police, CYC</p> |                |            |                     |                        |



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**KCR 6 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 (20)   | <p>The Council have oversight of the Health and Wellbeing Board, which own the Health &amp; Wellbeing strategy and receives reports on progress.</p> <p>The Health &amp; Wellbeing Board has approved a new 5 year joint strategy for the period 2017-21, including a joint strategic needs assessment</p> <p>A governance structure is in place for delivery of the Health &amp; Wellbeing strategy.</p> <p><b>NEW</b> - Development sessions delivered by the Local Government Association (LGA)</p> <p><b>NEW</b> – Improved workforce awareness of Health &amp; Wellbeing Strategy</p> <p><b>NEW</b> – One Planet York's better decision making tool to assist with the Integration of the Health &amp; Wellbeing Agenda in relation to all Council service areas and external organisations</p> <p><b>NEW</b> – Restructured Healthy Child Service</p> | Possible       | Moderate (14) | No change in score but new controls are added | Develop a Performance Management Framework for monitoring of outcomes.<br>(Sharon Stoltz, Jon Stonehouse, Martin Farran 30/09/2017) |

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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 |
|---------------------|----------------------------|------------------|--------------|--|----------------|------------|---------------------|------------------------|
|                     |                            |                  |              | <b>NEW</b> – Public Health is a statutory requirement of the Council |                |            |                     |                        |

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KEY CORPORATE RISK REGISTER AT JUNE 2017**

**KCR 7 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  |
|---|--|------------------|--------------|--|----------------|---------------|---------------------|---|
| Complex projects with inherent risks<br><br>Large capital programme being managed with reduced resources across the Council | Additional costs and delays to delivery of projects<br><br>The benefits to the community are not realised<br><br>Reputational Damage | Probable         | Major (20)   | Project boards and project plans<br><br>Regular monitoring of schemes<br><br>Capital programme reporting to Executive and A&G<br><br>Financial, legal and procurement support included within the capital budget for specialist support skills<br><br>Revised Project Management Framework<br><br>Capital Strategy 2017/18 to 2021/22 approved in Feb 2017<br><br>Additional resource approved to support project management | Possible       | Moderate (14) | No change           | Development of capital strategy for 2018-19 (Ian Floyd, 31/01/2018) |

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**KCR 8 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 (20)   | <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, Planning Advisory Services and Planning Inspectorate</p> | Possible       | Major (19) | No change in score but new action is added | <p>Ongoing action - Monitoring of controls (Mike Slater, 31/03/2018)</p> <p><b>NEW</b> - Update report to Executive in July 2017 (Mike Slater, 30/06/2017)</p> |

**ANNEX A  
KEY CORPORATE RISK REGISTER AT JUNE 2017**

| 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<br><br>Ongoing costs of the preparation of the Local Plan<br><br>Potential loss of funding if Plan is not approved |                  |              |          |                |            |                     |                        |

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KEY CORPORATE RISK REGISTER AT JUNE 2017**

**KCR 9 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 (including Members and CYC staff) 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><b>NEW</b> - Lack of cohesion in the planning and use of CYC and partner community based assets in the city</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 – reputational and financial implications</p> <p>Budget overspend</p> <p>Create inefficiencies</p> <p>Services not provided</p> <p><b>NEW</b> - Poor quality provision not focused on need, potential duplication, ineffective use of resources, difficulty in commissioning community services e.g. Library services</p> | Probable         | Major (20)   | <p>Creating Resilient Communities Working Group (CRCWG)</p> <p>New service delivery models</p> <p><b>NEW</b> - Revised Community Safety Plan</p> <p><b>NEW</b> – Devolved budgets to Ward Committees and delivery of local action plans through ward teams</p> <p><b>NEW</b> - Local area working restructures for Children’s, Adults and Housing Services</p> <p><b>NEW</b> – Improved information and advice, Customer Strategy and ICT support to facilitate self service</p> <p><b>NEW</b> – CYC Staff and Member training and development</p> | Possible       | Major (19) | No change in score but new controls are added | Develop a Community Engagement Strategy (Jon Stonehouse, 30/09/2017) |

**ANNEX A  
KEY CORPORATE RISK REGISTER AT JUNE 2017**

**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 requiring new and specialist skills</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><b>NEW</b> – HR Policies may not be consistent with new ways of working (eg remuneration policy)</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 (20)   | <p>Workforce Strategy/ People Plan</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> <p><b>NEW</b>- Development of coaching/ mentoring culture to improve engagement with staff</p> <p><b>NEW</b>- Corporate Cost Control Group monitoring of absence and performance reporting</p> <p><b>NEW</b>- Apprenticeship task group</p> <p><b>NEW</b> – Agency and Interim Staffing Policies</p> | Possible       | Moderate (14) | No change in score but new controls and action are added | <p>Develop a comprehensive health and wellbeing policy consolidating all current and planned actions. (Sharon Stoltz, 31/03/2018)</p> <p><b>NEW</b> – Ongoing action: Review of HR policies to ensure they compliment the new ways of working in the future (Ian Floyd 31/03/18)</p> |

**ANNEX A  
KEY CORPORATE RISK REGISTER AT JUNE 2017**

**NEW - KCR 11 EXTERNAL MARKET CONDITIONS: Failure to deliver commissioned services due to external market conditions.**  
 The financial pressures experienced by contracted services (in particular Adult Social Care providers) as a result of increases to the living wage could put the continued operation of some providers at risk. The Council has a duty to ensure that there is a stable/diverse market for social care services delivery to meet the assessed needs of vulnerable adults/children.  
 Some services provided by the Council cannot be provided internally (eg Park and Ride) and must be commissioned. External market conditions such as the number of providers willing to tender for services may affect the Council's ability to deliver the service within budget constraints.

| Risk Detail (cause)   | Implications (consequence)  | Gross Likelihood | Gross Impact | Controls  | Net Likelihood | Net Impact    | Direction of Travel | Risk Owner and Actions   |
|---|---|------------------|--------------|---|----------------|---------------|---------------------|--|
| Increases to the national living wage.<br><br>Recruitment and retention of staff<br><br>If failure occurs, the Council may remain responsible for ensuring the needs of those receiving the service continue uninterrupted. | Vulnerable people do not get the services required or experience disruption in service provision<br><br>Safeguarding risks<br><br>Financial implications:<br>Increased cost of alternative provider<br>Increased cost if number of providers are limited<br><br>Reputational damage | Unlikely         | Major (18)   | Clear contract and procurement measures in place<br><br>Ongoing review of operating and business models of all key providers<br><br>CYC investment in extra care OPHs has reduced recruitment pressure<br><br>Revised SLA with independent care group and quarterly monitoring meetings with portfolio holder<br><br>Increase in homecare fees to reflect actual cost of care<br><br>Local policies in place for provider failure | Unlikely       | Moderate (13) | New Risk            | Ongoing action:<br>Ongoing attendance at Independent Care Group Provider Conference (Martin Farran 31/03/18) |



## 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 |               |        |          |          |          |                 |

| <b>Large projects summary</b>         | <b>Previous period (RAG)</b> | <b>This period (RAG)</b> | <b>Direction of travel</b> |
|---------------------------------------|------------------------------|--------------------------|----------------------------|
| Allerton Waste Recovery Park (AWRP)   | <b>Green</b>                 | <b>Green</b>             | <b>Same</b>                |
| Castle Gateway                        | <b>Amber</b>                 | <b>Amber</b>             | <b>Same</b>                |
| Community Stadium                     | <b>Amber</b>                 | <b>Amber</b>             | <b>Same</b>                |
| Digital services (CRM)                | <b>Red</b>                   | <b>Red</b>               | <b>Same</b>                |
| Guildhall                             | <b>Green</b>                 | <b>Green</b>             | <b>Same</b>                |
| Housing development (HCA partnership) |                              | <b>Amber</b>             |                            |
| Local Plan                            | <b>Amber</b>                 | <b>Amber</b>             | <b>Same</b>                |
| Older person's accommodation (ASC)    | <b>Green</b>                 | <b>Green</b>             | <b>Same</b>                |
| Outer ring road (A1237)               | <b>Amber</b>                 | <b>Amber</b>             |                            |
| York Central                          | <b>Amber</b>                 | <b>Amber</b>             | <b>Same</b>                |

**Detailed updates**

|   |                                     |
|---|-------------------------------------|
| <b>Project title</b>  | Allerton Waste Recovery Park (AWRP) |
| <b>Reporting period</b>   | June 2017                           |
| <b>Description</b>  |                                     |
| <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> |                                     |
| <b>Current status</b>   |                                     |
| <p><b>GREEN</b></p> <p>The project is well into the delivery phase and the construction is on schedule. The facility is on track to be ready for the commissioning period starting in early July.</p> <p>CYC are now fully engaged with the Project team (with a CYC lead), attending the monthly Project meeting with North Yorkshire county council (NYCC) and Amey Cespa. A regular joint strategic meeting is in place between CYC and NYCC and well as a working group. Work is in train to review and refresh the Joint Waste Management Agreement (JWMA) between CYC and NYCC.</p>         |                                     |
| <b>Future outlook</b>   |                                     |
| <p>The hot commissioning will start in the next period. The purpose of this is to test the facility with near operational levels of Waste in order to be able to sign off the construction and move into full operation in February 2018.</p> <p>Work will continue on the review of the JWMA and close working with NYCC.</p>  |                                     |

|   |   |              |            |
|---|---|--------------|------------|
| Work will also be undertaken to test the payment mechanisms and performance systems between CYC and NYCC.         |   |              |            |
| <b>Key risks</b>  |   |              |            |
| <b>Risk (brief description/consequence )</b>  | <b>Control/action</b>   | <b>Gross</b> | <b>Net</b> |
| 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.<br><br>Ensure principles of joint working are robust through the JWMA. | 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         |
| <b>Reports to</b>   | The Project is managed by NYCC and the delivery partner Amey and CYC have a representative at the Project group.  |              |            |
| <b>Exec member</b>  | Cllr. Andrew Waller   |              |            |
| <b>Director responsible</b>   | Neil Ferris – Director of City and Environment Services   |              |            |
| <b>Dependencies</b>   | None  |              |            |
| <b>Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee)</b>     |   |              |            |

|   |                |
|---|----------------|
| <b>Project title</b>  | Castle Gateway |
| <b>Reporting period</b>   | June 2017      |
| <b>Description</b>  |                |
| <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>  |                |
| <b>Current status</b>   |                |
| <p><b>AMBER</b></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 May and if approved they aim to open in summer 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 on 3rd 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</p> |                |

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, 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. Terms of reference have been agreed and will be ratified at the next meeting on 2nd May.

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. The inception meeting was held on 23rd March.

The procurement of masterplanning consultants is out to tender through the HCA framework. A bidder's day was held on 6th April with tender returns due back mid May. Interview will follow with an appointment in mid-June.

The public engagement process has been agreed. This will be facilitated through the My Castle Gateway project, an open conversation process facilitated by the council, Helen Graham from the University of Leeds, and Phil Bixby. The model builds on the experience of previous public engagement.

### **Future outlook**

Assess tender returns from masterplan consultants and interview and appoint.

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

Initiate the My Castle Gateway engagement process. This will begin public

conversations on the vision for the area to feed in to the masterplanning process.

Agree with Deloitte, our commercial advisors, final development appraisals and land values of council land assets.

Negotiations with Steamrock Capital to extend and regear the head lease on the Coppergate Centre, and explore potential development partnership options, are ongoing.

### Key risks

| Risk (brief description/consequence )   | Control/action   | Gross | Net |
|---|--|-------|-----|
| <p>Insufficient legal resources and internal experience in to support the establishment of a 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>It is likely that the council will need to seek external legal support and advice</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> | 21    | 14  |
| <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</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</p>  | 23    | 19  |

|  |   |    |    |
|--|---|----|----|
| <p>quality sites damaging the local area and having a negative impact on the capital and revenue value of the council's assets</p>   | <p>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>  |    |    |
| <p>Failure to provide a realistic 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</p> | <p>To develop and bring 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</p> | 20 | 19 |



|  |   |    |    |
|--|---|----|----|
| <p>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>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 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>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 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> | 21 | 20 |
| <p><b>Reports to</b></p>   | <p>Working group has been established to manage the project governance. Chaired by Neil Ferris and reports through to the Executive.</p>  |    |    |
| <p><b>Exec member</b></p>  | <p>Cllr Chris Steward and Cllr Ian Gillies</p>  |    |    |

|   |   |
|---|---|
| <b>Director responsible</b>   | Neil Ferris, Director of Economy and Place  |
| <b>Dependencies</b>   | Local Plan Policy, City Transport Policy  |
| <b>Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee)</b> | <p>Executive October 2015<br/> <a href="http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=8842&amp;Ver=4">http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=8842&amp;Ver=4</a></p> <p>Document<br/> <a href="http://democracy.york.gov.uk/documents/s100456/Report.pdf">http://democracy.york.gov.uk/documents/s100456/Report.pdf</a></p> <p>Executive November 2016<br/> Land assets on Piccadilly<br/> <a href="http://democracy.york.gov.uk/documents/s110378/Executive%20report%20-%20Update%20on%20land%20assets%20on%20Piccadilly.pdf">http://democracy.york.gov.uk/documents/s110378/Executive%20report%20-%20Update%20on%20land%20assets%20on%20Piccadilly.pdf</a></p> <p>Executive January 2017<br/> Update<br/> <a href="http://democracy.york.gov.uk/documents/s112252/York%20Castle%20Gateway.pdf">http://democracy.york.gov.uk/documents/s112252/York%20Castle%20Gateway.pdf</a></p> |

|  |                   |
|--|-------------------|
| <b>Project title</b>   | Community Stadium |
| <b>Reporting period</b>  | June 2017         |
| <b>Description</b>   |                   |
| <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>   |                   |
| <b>Current status</b>  |                   |
| <p><b>AMBER</b></p> <p>An update report to executive was 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"> <li>•Judicial review case was won in the High Court 18 January 2017, Vue cinema challenge was rejected.</li> <li>•Construction retender launched 3 March 2017, 12 week tender for construction partner and final build price.</li> <li>•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.</li> <li>•Extension of the Bootham Crescent licence until end of 2018.</li> <li>•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.</li> </ul> <p>Finalisation and signing of all DBOM contracts in the project cannot take</p> |                   |

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 underwrite all costs for the NHS areas which total c£240k at present per year. | Discussions ongoing at high level between CYC Chief Exec and Chief Exec of the York NHS Trust. Confirmation of design and | 19    | 19  |

|   |   |    |    |
|---|---|----|----|
|   | delivery and NHS approval of legal agreement.   |    |    |
| Failure to deliver completion of the DBOM legal contract in the current timescales.<br>Delay to the project build and delivery timescales.<br>Increased cost of build, increase in legal and project costs.   | Legal advice and input from Bond Dickenson as well as Legal officers.<br>Ongoing work to finalise all contracts within the agreed timeline  | 19 | 19 |
| Commercial return on land receipt<br><br>Not realising estimated commercial return on commercial proposals in the final bid<br>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 | Savilles report supports figures as proposed<br>Potential to increase the amount of retail in the final scheme<br>Reduce the outputs of the project<br><br>Awaiting outcome of the call in and the judicial review periods before contract can be closed. | 19 | 18 |
| <b><u>ISSUE:</u></b><br><br>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.   | 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.   |    |    |
| <b>Reports to</b>   | Executive, Economic Development and Transport Scrutiny Committee, Project Board   |    |    |
| <b>Exec member</b>  | Cllr. Nigel Ayre  |    |    |
| <b>Director</b>   | Ian Floyd – Director of Customers and Corporate   |    |    |

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

|   |                        |
|---|------------------------|
| <b>Project title</b>  | Digital Services (CRM) |
| <b>Reporting period</b>   | June 2017              |
| <b>Description</b>  |                        |
| <p>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.</p>   |                        |
| <b>Current status</b>   |                        |
| <p><b>RED</b></p> <p>The project has continued to make progress however no work in the current live environment has taken place. In regards to the Softcat dispute as reported at last board, all parties agreed on an independent review of the system build but we are still awaiting this due to discussions being prolonged. At this time we are considering the Oracle Platinum Partner BoxFusion.</p> <p>Until this review has taken place the change freeze has remained in place on all current environments however we have a second live site which the project configurers are working in. This environment is on the latest version of Service Cloud which means transitioning to the online browser version is achievable. By Friday 9th June we will be in a position to begin testing a newly developed online form which feeds through the new live environment. We are commissioning a new test environment where we will be running sprint tests and full UAT with CSRs and BO along with the project conducting full functional testing.</p> <p>In regards to Revenues and Benefits processes we have continued to make new processes available to residents. Change of Circs was made available to residents 7th March. WebCapture Plus New Claim 'move in' enhancement and 'move in' change of address were made available to residents on Tuesday 16th May. Digital DHP waiver solution has been approved and we are now in the contractual phase. Details of Universal Credit full service, which comes into place on the 12th July, have been passed to Team Netsol to ammend our existing new claim form.</p> <p>The business case for Registrars was approved by the ICT Board. The requirements document has been produced and is now being led by an ICT Technical Project Manager.</p> |                        |

| <b>Future outlook</b>   |   |              |            |
|---|---|--------------|------------|
| Development of 9 processes in the 'new' live<br>Assign partner to conduct review<br>Develop revised phase plan<br>Analysis of MyAccount offering  |   |              |            |
| <b>Key risks</b>  |   |              |            |
| <b>Risk (brief description/consequence )</b>  | <b>Control/action</b>   | <b>Gross</b> | <b>Net</b> |
| <b>Issue</b><br>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.   | <b>Controls</b> - Engage with all business areas - stakeholders through a business readiness assessment<br><b>Actions</b> - Business readiness assessments and VSM to be completed by end of Sept   | 23           | 23         |
| Unable to configure system once transferred to the council. This would mean that there would be a failure to ensure system is maintained effectively<br>And that the recovery from system problems is delayed | <b>Controls:</b><br>Work with Connection point on the skills transfer and ensure all staff involved in future support are fully skilled up<br>Ongoing face to face dialogue with services<br><b>Actions</b><br>CPT to complete knowledge transfer including training material<br>Processes (outside of Release 2) passed to | 17           | 12         |



|   |  |    |    |
|---|--|----|----|
|   | configurers whilst CPT are still on-site<br>Schedule Oracle training course (5 day)  |    |    |
| Service not ready to implement solution due to a of robust business readiness assessments. This would impact the go-live  | <b>Controls:</b><br>Ongoing face to face dialogue with services<br><b>Actions:</b><br>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. | <b>Controls</b> - Engage with all business areas - stakeholders through a business readiness assessment<br><b>Actions</b> - Business readiness assessments and VSM to be completed by end of Sept  | 23 | 23 |
| <b>Reports to</b>   | Digital Services Programme Board; Corporate Scrutiny and Management Board  |    |    |
| <b>Exec member</b>  | Cllr. Chris Steward  |    |    |
| <b>Director responsible</b>   | Ian Floyd – Director of Customers and Corporate Services   |    |    |
| <b>Dependencies</b>   | CRM<br>Lagan<br>MDM -Clearcore<br>Govtech Rev's and Ben's.   |    |    |
| <b>Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee)</b>   | Corporate and Scrutiny Management Policy and Scrutiny Committee<br>9th May 2016<br>City of York Digital Inclusion<br><br><a href="http://democracy.york.gov.uk/documents/s105678/City%20of%20York%20Digital%20Inclusion.pdf">http://democracy.york.gov.uk/documents/s105678/City%20of%20York%20Digital%20Inclusion.pdf</a> |    |    |

|  |           |
|--|-----------|
| <b>Project title</b>   | Guildhall |
| <b>Reporting period</b>  | May 2017  |
| <b>Description</b>   |           |
| <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>  |           |
| <b>Current status</b>  |           |
| <b>GREEN</b>   |           |
| <p>The project remains on track with all approvals now in place for delivery</p> <ul style="list-style-type: none"> <li>• Planning and LBC approvals granted 16 Feb 17</li> <li>• Executive approval for scheme delivery 16 Mar 2017</li> <li>• Full Council approval of budget requirement 30 Mar 2017</li> <li>• Grant Agreement letter signed with WYCA 7 Apr 2017 securing £2.347m of LGF funding from LCR LEP to support project delivery</li> <li>• SQ live on 7 Apr 17 seeking contractors to deliver scheme</li> <li>• Bidder day 26 Apr 17 - giving contractors the opportunity to visit / view the site</li> <li>• SQ closes 9 May 17</li> <li>• Design Team are preparing RIBA stage 4 detail design documentation to meet agreed procurement timetable - final ITT documentation on target for completion 17 May 17</li> <li>• Marketing of Restaurant unit by Cushman Wakefield in progress to secure best offers.</li> <li>• Arrangements for operation / management of the business club / serviced office offer by CYC now in development with FM working group engaged with Design team</li> <li>• Cross Party member working group to be established to agree Management Plan for Common Hall Yard and Civic / Council uses</li> </ul> |           |

- Proposals for Construction project management using CYC framework to be confirmed by 31 May 17
- Party Wall Surveyor to secure agreements with neighbours to be in place by 31 May 17

### Future outlook

- SQ deadline (for the selection of a main contractor) 9 May 17
- Assessment of submission and selection of ITT shortlist 10 May - 22 May 17
- Design Team completion of ITT package by 17 May 17
- confirmation of ITT shortlist 23 May 17
- Formal issue of ITT information to agreed contractor shortlist 24 May
- Preparation and issue of RFQ for Party Wall surveyor services by 5 May
- Preparation and issue of Construction project manager requirements spec to AECOM through CYC framework by 5 May
- Establish cross party member working group to consider Guildhall management plan
- Establish FM working group to develop CYC operational proposals
- Agree final arrangements for securing bets and final offers on restaurant unit

### Key risks

From project risk register

| Risk (brief description/consequence)   | Control/action   | Gross | Net |
|--|--|-------|-----|
| Capital costs increase/exceed budget<br><br>Costs of scheme exceed current budget estimate as scheme is developed in detail.<br><br>Project becomes unaffordable | Project team approach - early contractor involvement - value engineering workshops | 23    | 19  |
| Insufficient revenue income to repay borrowing<br><br>Gap between cost of  | Soft market testing<br><br>Robust marketing - selection and assessment             | 23    | 19  |

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

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|  | <p>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</p> <p><a href="https://planningaccess.york.gov.uk/online-applications/applicationDetails.do?activeTab=summary&amp;keyVal=OCD5KESJMZK00">https://planningaccess.york.gov.uk/online-applications/applicationDetails.do?activeTab=summary&amp;keyVal=OCD5KESJMZK00</a></p> <p>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</p> <p><a href="https://planningaccess.york.gov.uk/online-applications/applicationDetails.do?activeTab=summary&amp;keyVal=OCD5LDSJMZL00">https://planningaccess.york.gov.uk/online-applications/applicationDetails.do?activeTab=summary&amp;keyVal=OCD5LDSJMZL00</a></p> <p>Executive March 2017</p> <p><a href="http://democracy.york.gov.uk/documents/s113442/Development%20of%20the%20Guildhall%20Complex.pdf">http://democracy.york.gov.uk/documents/s113442/Development%20of%20the%20Guildhall%20Complex.pdf</a></p> |
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| <b>Project title</b>  | Housing Development (HCA partnership)  |
| <b>Reporting period</b>   | June 2017  |
| <b>Description</b>  |  |
| Programme of council-led housing delivery in partnership with the HCA               |  |
| <b>Current status</b>   |  |
| <b>AMBER</b>  |  |
| The Housing Delivery Programme Manager, Michael Jones, has now started in the role. |  |
| <u>Lowfield Green</u>   |  |
| 1.  | BDP designers continue their work to prepare and submit a hybrid planning application for the site including a detailed application relating to the housing, roads and public open space plus an outline application relating to the care home, health centre and community self-build. Good progress is being made. |
| <u>Burnholme</u>  |  |
| 2.  | The development of the Burnholme school site is progressing well.  |
| <u>The Askham Bar site</u>  |  |
| 3.  | In August 2015, external advice was obtained on development options and values including a market assessment of property types. This is being reviewed.  |
| <u>The Former Clifton Without School site</u>                                       |  |
| 4.  | Agreement is expected to be reached soon with the neighbouring school regarding continued use of part of this site.  |
| <u>The Manor school site</u>  |  |
| 5.  | Negotiations continue regarding the wider development potential utilising the British Sugar land.  |
| 6.  | Tenders are being sought for the demolition of the school buildings.   |

## **Future outlook**

Develop business case.

### Lowfield Green

7. A pre-planning public engagement event is planned for early July 2017 and the planning application is expected to be submitted in August 2017.
8. The proposed housing and infrastructure intended for the site will be priced by our cost-consultants and form a component of the Housing Delivery business case.

### Burnholme

9. The access road to the edge of the housing site should be complete by Q4 2017 and the housing land accessible and ready for development in Q3 2018.
10. During the summer and autumn of this year we will develop the detailed designs for the housing on this site with the intention of submitting a planning application by December 2017.

### The Askham Bar site

11. Over the summer it is proposed to update existing advice to enable its use as a guide for designing the development of housing on the site. This design will be priced and will form a component of the Housing Delivery business case.

### The Former Clifton Without School site

12. We will shortly progress the seeking of Department for Education consent to relinquish from education use the remainder of the site.
13. The Housing Delivery Programme Manager will lead a development appraisal for the site and this will inform the Housing Delivery business case.

### The Manor school site

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| 14.   | The child care nursery that are currently on site move in the summer.  |              |            |
| 15.   | Tenders are being sought for the demolition of the school buildings.   |              |            |
| 16.   | We will shortly progress the seeking of Department for Education consent to relinquish from education use the remainder of the site.   |              |            |
| 17.   | The Housing Delivery Programme Manager will lead a development appraisal for the site and this will inform the Housing Delivery business case.   |              |            |
| <b>Key risks</b>  |  |              |            |
| <b>Risk (brief description/consequence )</b>                              | <b>Control/action</b>  | <b>Gross</b> | <b>Net</b> |
| Reaching agreement over the correct commercial partner to deliver housing | Soft market testing. Obtaining legal and procurement advice.   | 19           | 19         |
| Housing market fluctuations   | Robust market testing and analysis. Maintaining control over costs.  | 18           | 18         |
| Planning permission   | Resident and Ward Councillor consultation. Taking advice from internal specialists. Careful consideration of site proposals.   | 19           | 19         |
| Approval of business case   | Robust and tested proposals.   | 18           | 18         |
| <b>Reports to</b>   | Working group established which reports into Executive where approval is sought for key decisions.   |              |            |
| <b>Exec member</b>  | Cllr. David Carr   |              |            |
| <b>Director responsible</b>   | Neil Ferris – Director of Economy and Place  |              |            |
| <b>Dependencies</b>   | None   |              |            |
| <b>Link to paper if it has been to another member meeting (e.g.</b>       | March Executive meeting - approval of project inception<br><a href="http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=9311">http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=9311</a> |              |            |



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| <b>executive,<br/>council, a<br/>scrutiny<br/>committee)</b> |  |
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| <b>Project title</b>   | Local plan |
| <b>Reporting period</b>  | June 2017  |
| <b>Description</b>   |            |
| <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> |            |
| <b>Current status</b>  |            |
| <p><b>AMBER</b></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>   |            |

In addition to the 'Local Plan – Preferred Sites 2016' several technical 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 12<sup>th</sup> September. This has included exhibitions, drop in sessions, attendance and dialogue with stakeholders.

Following the consultation the Ministry of Defence (MOD) announced on the 7<sup>th</sup> 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, 7<sup>th</sup> 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.

### **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

| <b>Risk (brief description/consequence )</b>  | <b>Control/action</b>  | <b>Gross</b> | <b>Net</b> |
|---|--|--------------|------------|
| 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   | Work to approve LDS continuing to develop a strong evidence base.  | 19           | 18         |

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

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| <b>Project title</b>   | Older Persons' Accommodation Programme |
| <b>Reporting period</b>  | May 2017                               |
| <b>Description</b>   |  |
| <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"> <li>• fund 24/7 care support at Auden House, Glen Lodge and Marjorie Waite Court Sheltered Housing with Extra Care schemes;</li> <li>• progress with plans to build a 27 home extension to Glen Lodge;</li> <li>• seek the building of a new Extra Care scheme at Oakhaven in Acomb;</li> <li>• see the procurement of a new residential care facility as part of the wider Health and Wellbeing Campus at Burnholme; and</li> <li>• 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.</li> </ul> <p>These efforts will facilitate the replacement of council-run Older Persons' Homes which are not longer fit for purpose.</p> |  |
| <b>Current status</b>  |  |
| <b>GREEN</b>   |  |
| <p>This report now includes the Burnholme Project</p> <p>Glen Lodge Extra Care scheme</p> <ol style="list-style-type: none"> <li>1. Construction of the extension to Glen Lodge Extra Care facility in Heworth is progressing well. The roof is going on to the 25 apartment block and the internal fit-out is now at second floor level.</li> <li>2. Colleagues are working together to ensure that the new homes are let to those with appropriate care needs. Assessment and nominations protocols have been reviewed and updated and the priority is now to identify potential tenants. Achieving the co-ordination of care assessment and housing need assessment is proving to be a challenge.</li> </ol>  |  |

### Burnholme Health & Wellbeing Campus

1. Construction of The Centre @ Burnholme is about to commence. Swell Construction have been appointed to build The Centre and they expect to set up their site facilities in June. Their first priority will be the construction of the access road and this will be completed by October 2017. The Centre will be ready for occupation in May 2018.
2. Ashley House are progressing plans for the Care Home @ Burnholme. They have received favourable comments from planning colleagues and intend to seek public feedback during June. A planning application will be submitted in July.
3. We continue to discuss the detail of the care contract with HC-One and expect resolution of these discussions shortly.
4. Priory Medical Group have appointed designers for their c4,000 m<sup>2</sup> facility. They propose a building which “sits” well between The Centre and The Sports facilities.

### Oakhaven Extra Care Facility

1. Ashley House continue with their work to secure a Housing Association partner to be involved in the management of the Oakhaven Extra Care Scheme.
2. We continue to press them to begin design work for this development.

### Marjorie Waite Court Extra Care scheme

1. Designers have draw up plans for the Marjorie Waite Court extension including 29 new apartments, four new bungalows, a 180m<sup>2</sup> community facility and enhancements to the facilities of the wider complex.
2. External cost planners estimate that the cost of construction is £5.9m and our finance colleagues confirm that this investment, following value engineering, is affordable.
3. Because of the additional costs and technical issues related to the re-location of the Marjorie Waite boilers, the capital investment needed from the Programme budget increases from £600k to £1m.

### Lowfield re-development

1. BDP designers continue their work to prepare and submit a hybrid planning application for the site including a detailed application relating to the housing, roads and public open space plus an outline application relating to the care home, health centre and community self-build. Good progress is being made.
2. Yospace, the community self-build partner, continue with the development of their plans, assisted by grant funding to help them prepare the business case in support of their investment at Lowfield. They have engaged Acomb residents and continue to involve them in the development of their plans.
3. Yospace have offered to take on the management of any allotments or growing spaces provided on the site.
4. We have met with central government officials from the Self Build Task Force (giving life to the Right to Build) and they will be asked to provide us with specialist support to help us develop our planning framework for self build and custom build housing, helping to fulfil our obligations under the Self-build and Custom Housebuilding Act 2015.
5. We are progressing plans for new football provision at the Ashfield estate and have met with the Football Federation, who support the proposals. However, we will also pursue the enhancement of the football pitches at Chesney Fields in order to ensure that replacement provision is in place to allow the re-development of sports pitches at Lowfield.

### Existing Older Persons' Homes

1. Octopus Healthcare continue with their plans for a 62 bed care home at Fordlands. Planning colleagues have given positive support for the plans as part of a pre-planning application. They will hold a public engagement event in mid June and prior to that we will brief Fulford Parish Council on the plans.
2. The prospective purchasers of the Grove House site propose to refurbish and extend the current building to deliver 33 apartments. They will seek planning consent shortly.
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. We have received the first phase of their payment



for the site.

4. Willow House Older Persons' Home on Long Close Lane, Walmgate, has now closed and residents have moved safely. The site will shortly be advertised for sale at an asking price of £2m.

5. We had planned to re-locate change and rest facilities previously provided at Willow House for people with a learning disability but during the period of closure we have been able to work with users to find more suitable solutions to their needs. Therefore, any decision to re-provide will be put on hold and only revived should user needs change.

6. We have suspended consultation on the option to close another care home during the General Election campaign and will resume in mid June.

#### New Independent Sector Care Home provision

1. The Chocolate Works care home will open in May, providing 90 care beds.

2. Plans have submitted 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. We have written in support of the proposal.

3. 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 Joseph Rowntree Housing Trust. Planners have identified complications with their proposal.

#### New Independent Sector Extra Care provision

1. Work will begin in August 2017 on the construction of the care home and Extra Care apartments at New Lodge in New Earswick. The Joseph Rowntree Housing Trust expect the first phase of accommodation to be ready by May 2019 and work will continue until late 2020.

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. A pre-planning consultation event was held on 25th April with positive support coming from some, including those who had experience of the services currently provided, while residents living on the approach road to the site expressed opposition to the proposal. A planning application for the extension will be

submitted in early June 2017.

### Resources

1. The Board have reviewed the revenue and capital performance of the Programme and confirm that the savings expected to be achieved are higher than expected, at £1.3m per annum, and that higher capital receipts are also being generated.
2. The sale of unclaimed jewellery held in the closed care homes has raised £2,835. This money will be shared between the city wide welfare fund and the amenity (social) fund of each remaining care home.
3. We have interviewed for a Summer Intern to join the team; 20 applications were received and six candidates interviewed. Out of a strong cohort of candidates, Chris Haley has been offered and has accepted the post.

### Future outlook

1. The interior fit-out at Glen Lodge will progress.
2. Interior designers will be appointed to advise on furniture and decoration of the communal parts of the extension at Glen Lodge.
3. Focus will be given to identifying residents with appropriate care needs who may wish to move to Glen Lodge.
4. Site facilities for the construction of The Centre @ Burnholme will be installed and construction work will begin.
5. The architects who are designing the three buildings at Burnholme will get together to ensure that individual designs complement each other and to develop a coherent design approach for the public realm.
6. Proposals will be brought forward for the playing fields and outdoor sports facilities at Burnholme, working to integrate with the Derwenthorpe development to the south of the site.
7. A bid will be made to the government's Self Build Task Force for specialist help and assistance to help us formulate and plan and other policies for this activity.
8. Design of the new Extra Care facility at Oakhaven will progress.

9. We will begin the process to seek Executive agreement to invest in the Marjorie Waite Court extension.
10. We will resume consultation on the option to close a further care home.
11. A number of public engagement events will be held:
- a. relating to The Care Home @ Burnholme in June;
  - b. for the Health Centre @ Burnholme in July;
  - c. at Fordlands in mid June and concerning the plans to build a new care home on the site; and
  - d. concerning the Lowfield Green development in late June.
12. Chris Haley, Summer Intern, will join the team in June

### **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 now 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 either 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.

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| Loss of EPH staff morale leading to negative impact on service provided to existing EPH residents                    | Maintain staff morale and focus through regular, open and honest briefings/updates; engagement through EPH Managers and staff groups; investment in staff training, support and development.  | 19 | 13 |
| Project does not deliver the right number and type of care places required by the City.<br><br>Needs remain unmet.   | Regular market review<br><br>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.<br><br>The Programme does not progress. | Sale of vacant OPH sites and land at Burnholme.<br><br>Alternative sources of funding be identified and secured in order to achieve full project  | 19 | 13 |
| <b>Reports to</b>  | Executive, CMT, Project board, DMT  |    |    |
| <b>Exec member</b>   | Cllr. Carol Runciman  |    |    |
| <b>Director responsible</b>  | Martin Farran – Director of Adult Social Care   |    |    |
| <b>Dependencies</b>  | Burnholme Health & Wellbeing Campus Capital Programme   |    |    |
| <b>Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee)</b>        | <p>Executive July 2016<br/><a href="http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=9303&amp;Ver=4">http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=9303&amp;Ver=4</a></p> <p>Executive October 2015<br/><a href="http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=8842&amp;Ver=4">http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=8842&amp;Ver=4</a></p> <p>Executive July 2016<br/><a href="http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=8840&amp;Ver=4">http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=8840&amp;Ver=4</a></p> |    |    |

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|  | <p>Executive November 2016 (Willow house OPH)<br/><a href="http://democracy.york.gov.uk/documents/s110335/Willow%20House%20Older%20Persons%20Homes%20-%20Executive%2024th%20November%202016%20f.pdf">http://democracy.york.gov.uk/documents/s110335/Willow%20House%20Older%20Persons%20Homes%20-%20Executive%2024th%20November%202016%20f.pdf</a></p> <p>Older Persons' Accommodation Programme Update – December 2016<br/><a href="http://democracy.york.gov.uk/documents/s111003/Older%20Persons%20Accommodation%20Programme%20Update.pdf">http://democracy.york.gov.uk/documents/s111003/Older%20Persons%20Accommodation%20Programme%20Update.pdf</a></p> <p>Oakhaven Extra Care Facility: the sale of land to facilitate the development – March 2017<br/><a href="http://democracy.york.gov.uk/documents/s113398/Oakhaven%20Extra%20Care%20Facility.pdf">http://democracy.york.gov.uk/documents/s113398/Oakhaven%20Extra%20Care%20Facility.pdf</a></p> <p>Burnholme: the sale of land to facilitate the development of a Care Home; agreement to management arrangements for the Community &amp; Library facilities; disposal of the Tang Hall Library site – March 2017<br/><a href="http://democracy.york.gov.uk/documents/s113384/Burnholme%20Report.pdf">http://democracy.york.gov.uk/documents/s113384/Burnholme%20Report.pdf</a></p> <p>Sale of Land at Fordlands Road as Part of the Older Persons' Accommodation Programme – February 2017<br/><a href="http://democracy.york.gov.uk/documents/s112465/Sale%20of%20Land%20at%20Fordlands%20Road.pdf">http://democracy.york.gov.uk/documents/s112465/Sale%20of%20Land%20at%20Fordlands%20Road.pdf</a></p> |
|--|---|

|  |                         |
|--|-------------------------|
| <b>Project title</b>   | Outer Ring Road (A1237) |
| <b>Reporting period</b>  | June 2017               |
| <b>Description</b>   |                         |
| <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>   |                         |
| <b>Current status</b>  |                         |
| <p><b>AMBER</b></p> <p>Activity in May 2017:</p> <ol style="list-style-type: none"> <li>1. Drafting report to CYC Executive setting out the proposed management of the project and scheme of delegation.</li> <li>2. Recruiting two new posts for Senior Transport Project Managers to manage this and other transport projects.</li> <li>3. Assessing fee proposal from Engineering Designers for all seven junction upgrades.</li> <li>4. Chasing progress on the York Traffic Model updates to enable this to be fed into the business case</li> <li>5. Setting up Project Board and Working Groups for YORR. These will be named YORR Project Delivery Group and Technical Working Group.</li> </ol> |                         |
| <b>Future outlook</b>  |                         |
| <p>Planned activities for June 2017:</p> <ol style="list-style-type: none"> <li>1. Complete assessment of Engineering Designer's fee and formally instruct to commence design work.</li> <li>2. Hold discussions with CYC Procurement to ensure compliance with regulations for appointing the Designers and develop strategy for construction phase procurement.</li> </ol>   |                         |

3. Report from Property Surveyors due on work to acquire land.
4. Continue setting up major project systems and procedures in association with West Yorkshire Plus Transport Fund.
5. Prepare for submission of first quarterly claim for fees from WYCA.

### Key risks

| Risk (brief description/consequence)  | Control/action  | Gross | Net |
|---|---|-------|-----|
| Risks associated with land acquisition. There is a high risk that some landowners will be unwilling to sell land to the City of York Council by private agreement, or in a timely manner. This presents a programme risk potentially prolonging the time to complete the overall project, and in turn risks the release of funding from WYCA. | In order to mitigate this risk, preparation of a CPO in parallel to land negotiation is proposed.   | 20    | 14  |
| Risk associated with withdrawal of funding for the programme. All projects in the WY+TF Programme are under review by UK Government in order to ensure efficient delivery. There is a risk that funding could be withdrawn by the Centre if targets for delivery are not met by the WYCA as a whole.  | The risk level is low at the current time, but it is incumbent on City of York Council to take all necessary measures to play its part and ensure delivery is met. The delivery period extends until the end of financial year 2021-22. | 18    | 13  |
| Risks associated with Planning Approval. Two junction upgrades will require Planning Approval because they present a  | The risk is estimated to be low at this stage as the overall timescale for the project is adequate and provides sufficient  | 14    | 13  |

|  |  |  |  |
|--|--|--|--|
| <p>bigger environmental impact on their surroundings. These are at Haxby Road and Strensall Road. There is a risk that preparation, submission and procuring Planning Approval may delay the programme e.g. ecology surveys can only be done at certain times in the year.</p> | <p>allowance for preparation to avoid this..</p>   |  |  |
| <b>Reports to</b>  | Transport board  |  |  |
| <b>Exec member</b>   | Cllr. Ian Gillies  |  |  |
| <b>Director responsible</b>  | Neil Ferris, Director of Economy and Place   |  |  |
| <b>Dependencies</b>  | LTP3, Local plan   |  |  |
| <b>Link to paper if it has been to another member meeting (e.g. executive, council, a scrutiny committee)</b>  | <p>Executive West Yorkshire Transport Fund – 24 November 2016</p> <p><a href="http://democracy.york.gov.uk/documents/s110381/WYTF%20Exec%20Nov%202016%20v5.pdf">http://democracy.york.gov.uk/documents/s110381/WYTF%20Exec%20Nov%202016%20v5.pdf</a></p> |  |  |



|  |              |
|--|--------------|
| <b>Project title</b>   | York Central |
| <b>Reporting period</b>  | June 2017    |
| <b>Description</b>   |              |
| <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>  |              |
| <b>Current status</b>  |              |
| <p><b>AMBER</b></p> <p>There has been significant progress on Masterplanning which will continue over the spring period and into early summer. 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 sought in July 2017 to secure CYCs commitment to development of formal partnership arrangements.</p> <p>Land acquisition is nearing completion. HCA have invested significantly on the site and have purchased Unipart site, surplus land from NRM and a portion of land from NR off Leeman Rd.</p> <p>Legal agreements with WYCA has been signed and this will allow WYCA funds to be drawn down. The first phasing of this will be used to progress the masterplan and design and consultation work. This will feature in the July Executive paper.</p> <p>The first meeting of the LEP Enterprise Zone (EZ) board has 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 after purdah and this will compliment YC's Housing Zone status.</p> |              |
| <b>Future outlook</b>  |              |

|   |  |              |            |
|---|--|--------------|------------|
| <p>MoU with HCA for accelerated Housing delivery.<br/>Partnership arrangements and funding principles to be agreed by Members<br/>Masterplan work to conclude<br/>Public consultation on draft masterplan</p> |  |              |            |
| <b>Key risks</b>  |  |              |            |
| <b>Risk (brief description/consequence )</b>  | <b>Control/action</b>  | <b>Gross</b> | <b>Net</b> |
| Partnership with NR, HCA 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   | Consideration of all potential funding routes and securing of appropriate partnership terms.<br><br>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         |
| <b>Reports to</b>   | Executive, Economic Development and Transport Policy and Scrutiny Committee, Project steering group  |              |            |
| <b>Exec member</b>  | Cllr David Carr and Cllr Keith Aspden  |              |            |
| <b>Director responsible</b>   | Neil Ferris – Director of Economy and Place  |              |            |
| <b>Dependencies</b>   | Local Plan Policy, Economic Strategy, City Transport Policy  |              |            |
| <b>Link to paper if it has been to another</b>  | Executive December 2015<br><a href="http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=8844&amp;Ver=4">http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=8844&amp;Ver=4</a> |              |            |

|  |  |
|--|--|
| <p><b>member meeting (e.g. executive, council, a scrutiny committee)</b></p> | <p>Document</p> <p><a href="http://democracy.york.gov.uk/documents/s101740/York%20Central%20Exec%20December%2015%20Final.pdf">http://democracy.york.gov.uk/documents/s101740/York%20Central%20Exec%20December%2015%20Final.pdf</a></p> <p>Member update – May 2016</p> <p>Executive July 2016</p> <p><a href="http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=9303&amp;Ver=4">http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&amp;MId=9303&amp;Ver=4</a></p> <p>Document</p> <p><a href="http://democracy.york.gov.uk/documents/s107107/York%20Central%20Exec%20July%202016%20final.pdf">http://democracy.york.gov.uk/documents/s107107/York%20Central%20Exec%20July%202016%20final.pdf</a></p> <p>Executive November 2016</p> <p>Consultation on access options</p> <p><a href="http://democracy.york.gov.uk/documents/s110389/York%20Central%20Exec%20Nov%202016%20Consultation%20on%20access%20options%20V7.pdf">http://democracy.york.gov.uk/documents/s110389/York%20Central%20Exec%20Nov%202016%20Consultation%20on%20access%20options%20V7.pdf</a></p> <p>Third party acquisitions</p> <p><a href="http://democracy.york.gov.uk/documents/s110392/York%20Central%20-%20Third%20Party%20Acquisition%20November%2016%20v7.pdf">http://democracy.york.gov.uk/documents/s110392/York%20Central%20-%20Third%20Party%20Acquisition%20November%2016%20v7.pdf</a></p> |
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**Audit & Governance Committee****21 June 2017**

Report of the Director of Customer &amp; Corporate Services

**Treasury Management Annual Report & Review of Prudential Indicators  
2016/17****Summary**

1. Audit & Governance Committee are responsible for ensuring effective scrutiny of the treasury management strategy and policies, as stated in the Treasury Management Strategy 2016/17 approved by full Council on 23 February 2016.
2. Attached at Annex A is the draft Treasury Management Annual Report and Review of Prudential Indicators 2016/17. This information provides Members with an update of treasury management activity for 2016/17.

**Background**

3. The report reviews the economic and market conditions and provides an update on the outturn position for the year.

**Consultation**

4. Not applicable

**Options**

5. It is a statutory requirement under Local Government Act 2003 for the council to operate in accordance with the CIPFA prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice "the Code". No alternative options are available.

**Council Plan**

6. Treasury management is an integral part of the council's finances providing for cash flow management and financing of capital schemes. It aims to ensure

that the council maximises its return on investments, (whilst the priority is for security of capital and liquidity of funds) and minimises the cost of its debts. This allows more resources to be freed up to invest in the Council's priority areas as set out in the council plan. It therefore underpins all of the council's aims.

## **Implications**

7. The implications are
  - Financial – the security of the Councils capital funds is a priority, maximising returns on investments is still key along with minimising the finance costs of debt.
  - Human Resources - there are no human resource implications to this report.
  - One Planet Council / Equalities - there are no One Planet Council or equality implications to this report.
  - Legal - there are no legal implications to this report.
  - Crime and Disorder - there are no crime and disorder implications to this report.
  - Information Technology - there are no information technology implications to this report.
  - Property –there are no property implications to this report.
  - Other – there are no other implications to this report.

## **Risk Management**

8. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

## **Recommendations**

9. Audit & Governance Committee note and scrutinise the Treasury Management Annual Report and Review of Prudential Indicators 2016/17 at Annex A

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

**Contact Details**

**Author:**

Debbie Mitchell  
Corporate Finance & Commercial  
Procurement Manager

**Chief Officer responsible for the report:**

Ian Floyd  
Director of Customer & Corporate  
Services

Report approved ✓ Date 13 June 2017

**Specialist Implications Officer(s)** None

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

**For further information please contact the author of this report**

**Background Papers – None**

**Annexes**

Annex 1 - Treasury Management Annual Report and Review of Prudential Indicators 2016/17

Annex A (to above report) – Prudential Indicators 2016/17

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**Executive****29 June 2017**

Report of the Director of Customer and Corporate Services  
Portfolio of the Leader of the Council

**Treasury management annual report and review of prudential indicators  
2016/17****Summary**

1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2016/17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
2. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
3. This report also confirms that the Council has complied with the requirement under the Code to give prior scrutiny to treasury management reports by Audit & Governance Committee.

**Recommendations**

4. The Executive is asked to:
  - 1) Note the 2016/17 performance of treasury management activity and prudential indicators outlined in annex A.

Reason: to ensure the continued performance of the treasury management function can be monitored and to comply with statutory requirements.

**Background and analysis**

The Economy and Interest Rates

5. The two major landmark events that had a significant influence on financial markets during 2016/17 were the UK EU referendum on 23<sup>rd</sup> June and the election of President Trump in the USA on 9<sup>th</sup> November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4<sup>th</sup> August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.
6. In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. This meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum.

Overall treasury position as at 31 March 2017

7. The Council's year end treasury debt and investment position for 2016/17 compared to 2015/16 is summarised in the table below:

| <b>Debt</b>                        | 31/03/2017<br>£m | Rate<br>% | 31/03/2016<br>£m | Rate<br>% |
|------------------------------------|------------------|-----------|------------------|-----------|
| General Fund debt                  | 122.3            | 4.23      | 126.7            | 4.20      |
| Housing Revenue Account (HRA) debt | 139.0            | 3.34      | 140.3            | 3.34      |
| Total debt                         | 261.3            | 3.76      | 267.1            | 3.75      |
| <b>Investments</b>                 |                  |           |                  |           |
| Councils investment balance        | 91.6             | 0.49      | 77.2             | 0.56      |

Table 1 summary of year end treasury position as at 31 March 2017

The Strategy for 2016/17

8. The expectation for interest rates within the treasury management strategy for 2016/17 anticipated low but rising Bank Rate and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
9. In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.
10. During 2016/17 there was major volatility in PWLB rates with rates falling during quarters 1 and 2 to reach historically very low levels in July and August, before rising significantly during quarter 3, and then partially easing back towards the end of the year.

Borrowing requirement and debt

11. The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

|                  | 31 March<br>2017<br>Actual £m | 31 March<br>2017<br>Budget £m | 31 March<br>2016<br>Actual £m |
|------------------|-------------------------------|-------------------------------|-------------------------------|
| CFR General Fund | 183.9                         | 205.0                         | 179.1                         |
| CFR HRA          | 139.0                         | 140.3                         | 140.3                         |
| Total CFR        | 322.9                         | 345.3                         | 319.4                         |

Table 2 capital financing requirement

Borrowing outturn for 2016/17

12. The Council continues to make efficient use of its strong cash balance position to support its current capital expenditure requirements. One new loan was taken during the year. This was a ten year fixed rate loan for £1,221,500 on 23<sup>rd</sup> March 2017 from West Yorkshire Combined Authority at 0% interest, repayable on the 28<sup>th</sup> February 2027. No repayments are due during the term of the loan. The purpose of the loan is to help to fund York Central infrastructure projects. Members are reminded that this is the first instalment of a total £2.55m loan agreed by Executive on the 14<sup>th</sup> July 2016.

13. As outlined in the mid year review report, two PWLB loans totalling £7m were repaid during the year. On 10th August 2016 a £5m PWLB loan was repaid which had an interest rate of 2.5% and on 5th November 2016 a £2m PWLB loan was repaid which had an interest rate of 3.6%, taking the Councils long-term borrowing figure to £261.3m. The weighted average interest rate for the repaid loans was 2.5%.
14. The HRA CFR has reduced from the previous year due to the appropriation of shops from the HRA to the General Fund as outlined in the 2016/17 financial strategy agreed by Full Council on the 25<sup>th</sup> February 2016.
15. No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

#### Investment rates in 2016/17

16. As outlined in paragraph 5, the Bank Rate has remained at 0.25% since August 2016. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two quarters and fell even further after the 4<sup>th</sup> August MPC meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.

#### Investment outturn for 2016/17

17. The Council's investment policy is governed by CLG guidance, which has been implemented in the annual investment strategy approved by the Council on 25<sup>th</sup> February 2016. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
18. The Council maintained an average investment balance of £108.55m compared to £104.57m in 2015/16. The surplus funds earned an average rate of return of 0.49% in 2016/17 compared to 0.555% in 2015/16. There has been a gradual increase in cash balances over recent years due to the level of developer's contributions held pending investment through the capital programme, along with the continued early receipt of grant funding from Government in advance of spending. These balances are therefore not available in the longer term and will start to decrease as capital investment is made in a range of projects, as outlined in the Capital Strategy approved by Council in February 2017.

19. The comparable performance indicator for the Councils investment performance is the average London Inter Bank Bid Rate (LIBID) which represents the average interest rate at which major London banks borrow from other banks. Table 3 shows the rates for financial year 2016/17 and shows that for all cash holdings the rate of return exceeds the levels of the usual 7 day and 3 month benchmarks.

| Benchmark | Benchmark Return | Council Performance |
|-----------|------------------|---------------------|
| 7 day     | 0.20             | 0.49                |
| 3 month   | 0.32             | 0.49                |

Table 3 – LIBID vs. CYC comparison

20. This compares with a budget assumption of average investment balances between a low point of £32m and high point of £112m at an average 0.6% investment return.

### Consultation

21. The report has been reviewed and scrutinised by Audit and Governance Committee on 21<sup>st</sup> June 2017.

### Options

22. Not applicable.

### Council Plan

23. Effective treasury management ensures the Council has sufficient liquidity to operate, safeguards investments, maximises return on those investments and minimises the cost of debt. This allows more resources to be allocated for delivering the Council's priorities as set out in the Council Plan.

### Implications

24. This report has the following implications:

- **Financial** are contained throughout the main body of the report.
- **Human Resources (HR)** There are no HR implications.
- **One Planet Council / Equalities** There are no One Planet Council or equalities implications.

- **Legal** Treasury management activities have to conform to the Local Government Act 2003, which specifies that the Council is required to adopt the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice.
- **Crime and Disorder** There are no crime and disorder implications.
- **Information Technology (IT)** There are no IT implications.
- **Property** There are no property implications.
- **Other** There are no other implications.

## Risk Management

8. The treasury function is a high-risk area due to the large value transactions that take place. As a result, there are strict procedures set out as part of the treasury management practices statement. The scrutiny of this and other monitoring reports is carried out by Audit and Governance Committee as part of the Council's system of internal control.

## Contact Details

### Author:

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Tel No (01904) 554161

Sarah Kirby  
Principal Accountant

### Chief Officer Responsible for the report:

Ian Floyd  
Director of Customer & Corporate Services  
(Deputy Chief Executive)

**Report**  **Date** Insert Date  
**Approved**  tick

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

**All**

**For further information please contact the author of the report**

### Background Papers:

None

### Annexes:

Annex A: Prudential Indicators 2016/17

## **List of Abbreviations Used in this Report**

CIPFA - Chartered Institute of Public Finance & Accountancy

MRP - Minimum Revenue Provision

CFR - Capital Financing Requirement

MPC - Monetary Policy Committee

PWLB - Public Works Loan Board

CLG – (Department for) Communities and Local Government

LIBID – The London Interbank Bid Rate

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## Annex A

|    | Prudential Indicator   |   | 2016/17   | 2017/18   | 2018/19   | 2019/20   | 2020/21   | 2021/22   |
|----|--|---|---|---|---|---|---|---|
| 4b | <p><b>Incremental impact of capital investment decisions – Housing Rents</b></p> <p>Shows the actual impact of capital investment decisions on HRA rent. For CYC, the HRA planned capital spend is based on the government's approved borrowing limit so there is no impact on HRA rents.</p>  |   | £0.00   | £0.00   | £0.00   | £0.00   | £0.00   | £0.00   |
| 5  | <p><b>External debt</b></p> <p>To ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose and so not exceed the CFR.</p>  | <p>Gross Debt</p> <p>Invest</p> <hr/> <p>Net Debt</p> | <p>£266.3m</p> <p>£91.6m</p> <hr/> <p>£174.7m</p> | <p>£281.2m</p> <p>£35.8m</p> <hr/> <p>£245.4m</p> | <p>£291.0m</p> <p>£25.0m</p> <hr/> <p>£266.0m</p> | <p>£289.9m</p> <p>£20.0m</p> <hr/> <p>£269.9m</p> | <p>£289.7m</p> <p>£20.0m</p> <hr/> <p>£269.7m</p> | <p>£287.6m</p> <p>£20.0m</p> <hr/> <p>£267.6m</p> |
| 6a | <p><b>Authorised limit for external debt</b></p> <p>The authorised limit is a level set above the operational boundary in acceptance that the operational boundary may well be breached because of cash flows. It represents an absolute maximum level of debt that could be sustained for only a short period of time. The council sets an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long-term liabilities.</p> | Borrowing / Other long term liabilities Total         | <p>£355.3m</p> <p>£30.0m</p> <hr/> <p>£385.3m</p> | <p>£363.5m</p> <p>£30.0m</p> <hr/> <p>£393.5m</p> | <p>£373.5m</p> <p>£30.0m</p> <hr/> <p>£403.5m</p> | <p>£373.0m</p> <p>£30.0m</p> <hr/> <p>£403.0m</p> | <p>£370.6m</p> <p>£30.0m</p> <hr/> <p>£400.6m</p> | <p>£368.8m</p> <p>£30.0m</p> <hr/> <p>£398.8m</p> |

## Annex A

|    | Prudential Indicator  |   | 2016/17                             | 2017/18                             | 2018/19                             | 2019/20                             | 2020/21                             | 2021/22                             |
|----|---|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 6b | <p><b>Operational boundary for external debt</b><br/>The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk management and analysis to arrive at the maximum level of debt projected as part of this prudent assessment. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed authority limit. It is a direct link between the Council's plans for capital expenditure; our estimates of the capital financing requirement; and estimated operational cash flow for the year.</p> | Borrowing Other long term liabilities Total | £345.3m<br>£10.0m<br><u>£355.3m</u> | £353.5m<br>£10.0m<br><u>£363.5m</u> | £363.5m<br>£10.0m<br><u>£373.5m</u> | £363.0m<br>£10.0m<br><u>£373.0m</u> | £360.6m<br>£10.0m<br><u>£370.6m</u> | £358.8m<br>£10.0m<br><u>£368.8m</u> |
| 6c | <p><b>HRA debt limit</b><br/>The Council is also limited to a maximum HRA CFR through the HRA self-financing regime, known as the HRA Debt Limit or debt cap.</p>   |   | £146.0m                             | £146.0m                             | £146.0m                             | £146.0m                             | £146.0m                             | £146.0m                             |
| 7a | <p><b>Upper limit for fixed interest rate exposure</b><br/>The Council sets limits to its exposures to the effects of changes in interest rates for 5 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts.</p>   |   | 136%                                | 111%                                | 110%                                | 108%                                | 108%                                | 108%                                |
| 7b | <p><b>Upper limit for variable rate exposure</b><br/>The Council sets limits to its exposures to the effects of changes in interest rates for 5 years. The Council should not</p>   |   | -36%                                | -11%                                | -10%                                | -8%                                 | -8%                                 | -8%                                 |





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**Audit & Governance Committee**

21 June 2017

Report of the Assistant Director, Customer &amp; Digital Services

**Draft Social Media Policy & Media Protocol****Summary**

1. This report presents the draft social media policy and media protocol for information and/or comment prior to approval by the Chief Executive. The report was requested by the Committee as part of the consideration of the council's Key Corporate Risks.

**Recommendations**

2. Members are asked in relation to their Risk Management role to:
  - a) note/comment on the draft social media policy at Annex A to the report; and
  - b) note/comment on the draft media protocol at Annex B to the report.

**Background**

3. The policies were drafted in light of:
  - best practice at other local authorities ;
  - increased use of Social Media generally; and
  - LGA guidance specifically in relation to the Social Media Policy.
4. These policies assist in mitigating a key corporate risk (KCR2) contained in the council's Corporate Risk Register. The risk relates specifically to '*Governance: Failure to ensure key governance frameworks are fit for purpose.*'

## Social Media Protocol

5. The council has existing social media guidance but it is part of an internal-facing document currently available at:

[https://www.york.gov.uk/downloads/file/6815/social\\_media\\_policypdf](https://www.york.gov.uk/downloads/file/6815/social_media_policypdf)

6. The new draft specifically covers:

- Part 1 – the benefits of the use of social media within the council but setting out a set of ‘rules’ for employees;
- Part 2 – sets down acceptable behaviour in terms of interaction and engagement from residents, the actions the council might take to respond to unacceptable behaviour and who makes any decisions to restrict access to users.

7. Part 2 works alongside the council’s ‘Dealing with Abusive or Vexatious Customers’ Policy’ approved by the former Cabinet in June 2013. . This can be found at (see item 9):

<http://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=7638&Ver=4>

## Media Policy

8. The draft media protocol is an updated operational document which sets out how the council should engage with traditional media. It reflects the prevailing political leadership model in the council and is likely to change if the model changes. The published last media protocol (from 2011) can be found at:

[https://www.york.gov.uk/downloads/download/1243/media\\_protocols](https://www.york.gov.uk/downloads/download/1243/media_protocols)

9. In reality, however, revised internal protocols have been in use for the last two years and form the basis of the Protocol at Annex B.

## Consultation

10. The documents have been subject to consultation with all Group Leaders.

## Options

11. Members are asked to note and/or comment on the draft documents, in respect of their risk management role, and to formally agree any comments it wishes the decision maker to consider prior to the adoption of the policies.

## Contact Details

### Author:

Pauline Stuchfield  
AD – Customer Services &  
Digital

### Chief Officer Responsible for the report:

Ian Floyd  
Director of Customer & Corporate  
Support Services (Deputy Chief  
Executive)

Report  
Approved



Date 13 June  
2017

## Specialist Implications Officers

Not applicable

### Wards Affected:

All



For further information please contact the author of the report

## Annexes

**Annex A** Social Media Policy  
**Annex B** Media Protocol

**List of Abbreviations Used in this Report**

|     |                              |
|-----|------------------------------|
| LGA | Local Government Association |
| KCR | Key Corporate Risk           |





# Social Media Policy

June 2017

## **CITY OF YORK COUNCIL**

### **Social Media Policy**

#### **Part 1**

##### Introduction

City of York Council strives to be an open and honest organisation which actively engages with our residents, businesses, visitors and partners. Our communication with stakeholders should be a two-way process, so everyone's views can help shape the services we provide. We are a listening council.

This policy is intended to provide clear guidance regarding the acceptable use of electronic communications and social media both within, and outside, of work.

The policy covers you if you are:

- One of our employees
- An agency, temporary or contract member of staff working for us or on our behalf
- Staff of third party suppliers contracted to and/or providing services to the council
- Volunteers working with us on our projects
- Students on work placements with us

Councillors should consult the Local Government Association's [social media best practice](#) guidelines and refer to our own [code of conduct](#) document.

We acknowledge that social media is a reality and, when used effectively, can support council business and the services we provide.

There is increasing use of social media for work related purposes, be this posting proactive messages about our services or activities; dealing with queries, complaints or comments; uploading audio and video material or professional/peer networking.

### Understanding the risks of social media

Exceptional care should be taken when using any social media tools. Most social media sites work on the principle of 'broadcast-by-default', which means it is not always possible to control who may, or may not, see the content.

Even where such sites allow users to set up privacy settings and to block unwanted contacts, the content published may be broadcast beyond a controlled audience.

The terms and conditions of such sites give powers and, in many cases, ownership of the published content to the social media site itself and not to the originator.

Clear legal precedents have now emerged whereby the misuse of social media can result in both civil and criminal action. Users of digital communication channels need to have due regard for such consequences. Recent high profile cases have shown the legal dangers posed by social media and led to both significant fines and, in some cases, imprisonment.

The Data Protection Act applies to the use of digital communications. Therefore, whether using social media for work or personal purposes, you are advised to follow the principles of this act when referring to any other living individual.

Failure to do so could lead to enforcement action and potential civil or criminal action against the council and/or against you as the individual responsible.

### Acceptable use and monitoring social media

This policy should be read together with the council's other policies, and, as such, the employee code of conduct and electronic communications policy and the duty and obligations they impose, also apply.

Any activity using social media, which could be deemed a breach of the code of conduct or electronic communications policy will be subject to investigation in the same way that similar action would be in other circumstances, for example, verbally in the work-place, on the phone or in public.

No data about individuals or organisations collected for the council's business use should be published or distributed via social media because:

- We cannot control or secure the potential audience
- We cannot ensure ownership of this data remains with the council
- We must comply with UK and European laws which state all data must be held on servers in 'approved locations' (we cannot do so for social media providers)
- We must comply with relevant laws before sharing data with partners
- We have a duty of care to the data 'subject'

We reserve the right to monitor and maintain audit trails of electronic communications (including, but not limited to, content on social media sites, or other digital communication channels and/or email sent using the council's email system).

We do not monitor use of electronic communications or social media set up by individuals and not in the name of City of York Council. However, where items are published electronically referring to the council, our business, activities or services, or to named employees in their council role, we may respond where it is brought to our attention.

### Official communications

Our policies and procedures for official communications, and for issuing media statements, apply equally to digital communications and social media.

Only those with delegated authority to issue such statements should use electronic communications and social media to do so.

Before any official public statement or post intended as a news release or in response to an enquiry from the media is issued, it must be checked with the communications team.

Official communications prepared in advance, with an embargo set, must not be published using a digital or social media channel before the embargo date and time.

It is also important we continue to have effective internal communications which allow us to share information with staff and others on a basis of trust and in confidence.

No content published or distributed as an internal communication or as a communication with or between trusted partner(s), may be copied or republished via a digital or social media channel without prior authorisation.

### Social media for work use

We allow, and encourage, the use of social media and digital channels of communication for business purposes as defined in this policy.

Examples may include:

- To engage residents (or other stakeholders) who prefer to use social media
- To engage partner organisations who use social media
- To participate in peer and professional body networks
- To access business-related content posted or published via social media

We have a duty to protect ourselves and our reputation and want to use social media in a way that is consistent with our overall communications strategy.

If you want to set up a new social media or digital channel(s), you need approval to do this from the communications team. The team will provide advice on what is required and how the site(s) should be branded. The use of such sites will be monitored and passwords must be shared with the communications team.

Social media accounts should make it clear in the description that they are provided by the City of York Council. Our logo must be used as the profile image for service-led accounts unless agreed otherwise with the communications team.

You should not use a separate social media site for content that could (and should) be published on our corporate Twitter or Facebook sites or the council website.

If you wish to extend the reach of relevant content, it should be published on the council website first, before a link to the material is posted to social media.

If you are signing up to any social media facility for work use, you should use your council email address and give your job title.

Our customers and others have a right to transparency and openness. Don't forget you represent the council when posting to social media or digital platforms. Any content you publish or post (and any material you access) must be relevant to your role at the council and could be understood to be made on behalf of the council.

In the same way that you are responsible for your actions by email, on the telephone or when wearing your council ID badge or uniform, you are entirely responsible for your actions, views, opinions and any published comments on social media.

### Your personal use of social media

The council does not want to prevent or restrict your use of social media in your own time and for your own purposes.

However, we need to make you aware that if your personal use of social media conflicts with your duties for the council, or your obligations as an employee, as a contracted supplier, a volunteer or councillor, then we may take action.

No information you have as a representative of the council should be copied, published or commented upon when using social media for personal use.

Our standards and codes of behaviour extend beyond the workplace in respect of your actions or communication(s) that could bring the council into disrepute.

### Use of social media at work

We do not block access to social media sites at work but will restrict access to sites whose purpose or content are not consistent with our values and policies.

Personal use of social media sites is only permitted in your own time.

If you are suspected of using social media for personal use during working time, just as carrying out other personal activities in work time, you may be subject to investigation and potential disciplinary action.

Your use of social media and other electronic communications, whether for work or personal use, must be consistent with the standards of behaviour expected by the council at all times, and must be legal.

## **Part 2**

### **The Acceptable Use of Social Media by Customers and Residents**

#### Introduction

We recognise that social media has an important role to play in how we communicate with, engage and promote dialogue with our residents.

For some people, sites like Twitter and Facebook are their preferred method of interacting with the council.

We are pleased to be able to offer this method for people to get in touch, to ask us questions, reporting issues and to seek our help or support. We have an existing process for dealing with complaints via the 'have your say' section [on our website](#).

We acknowledge that everyone has a right to free speech. This is enshrined in law.

But, a right to free speech must be balanced with UK laws covering matters such as libel and defamation, contempt of court, harassment, the Communications Act, Computer Misuse Act and what is generally acceptable.

As a council, we also have a duty of care towards our employees and councillors.

#### What is and isn't acceptable

We know that there will be times when people will be unhappy with what the council does (or doesn't do) or the decisions it takes.

Criticism is a fact of life and we know organisations like ours are in the public spotlight. In fact, we encourage public debate and it's good that people are free to share their views about the city and the council.

We have no intention of stifling discussion about us as an organisation.

But, we do draw the line at posts or messages, on whatever channel or social media site, that cross the line in terms of acceptability. This includes targeting named members of staff with direct, unacceptable, criticism.



We will not accept social media posts or messages which:

- Contain swear words
- Are abusive
- Are harassing
- Cause offence
- Are threatening
- Use sexist, racist or other unacceptable language
- Are defamatory or libellous
- May be in contempt of court
- Break any other law (such as hate crime)
- Are spam
- Contain inappropriate material (photographs or video)
- Incite someone/people to break the law

#### How we will deal with unacceptable behaviour

In the first instance, we will issue a written warning to the author.

We will make all efforts to identify the person responsible, but where we cannot, or, in the case unacceptable content continues to be published, we may remove posts, messages or content we consider to be unacceptable, from our social media feeds.

If unacceptable behaviour continues we may block users from interacting with the council's Twitter feed.

A decision to block a user will be made by the chief executive. If a block is imposed, we will contact the person concerned, explaining our reasons and setting out the terms of when we will review the block. The chief executive will use their discretion and a decision whether to continue blocking a user will be made on a regular basis.

When considering how we manage unacceptable behaviour on social media, we will also refer to our 'Dealing with Abusive or Vexatious Customers' policy.

We may also address unacceptable behaviour by restricting the way someone can communicate with the council, or restrict their participation/attendance at meetings.

We may also report the matter to the police where behaviour amounts to abuse or harassment or a criminal offence is suspected. All decisions on these matters will be made by the chief executive.

And, we reserve the right to take whatever legal action that may be necessary in the case of libellous or defamatory posts/messages.

Queries relating to the application of this policy should be addressed, in writing, to [haveyoursay@york.gov.uk](mailto:haveyoursay@york.gov.uk)



# Media Protocol

June 2017

## **CITY OF YORK COUNCIL**

### **Media Protocol**

#### **Introduction**

The Local Government Act places tight restrictions on what and who the council can legally publicise.

This particularly applies to information about the activities of individual councillors, where the council is required by law to avoid any implication that it is spending public money on promoting a single political party or individual.

The rules and legal restrictions governing official council publicity are too many, complex and difficult to understand. Therefore, this protocol seeks to provide a more straightforward guide on the key aspects of the rules and how they impact upon our communications activity and publicity. It also sets out and defines the roles and responsibilities for officers and councillors.

This guidance relates primarily to council communications or publicity through the media. While the (traditional) media is a key channel for us, there are others which we can use. The principles outlined in this protocol will be similarly applied to all other channels such as social media.

Official council publicity will only relate to the functions and activities of the city council, not individual political groups. This means we are largely restricted to only using an officer or Executive members who has an official position and/or area of responsibility within the organisation.

This protocol is divided into four parts as follows:

Part 1 - Those holding 'official positions'

Part 2 - Legal restrictions

Part 3 - Application of the rules

Part 4 - Special rules governing council pre-election periods

Part 5 - The clearance process

## **Part One**

### **Those Holding Official Positions**

City of York Council's decision-making executive group is made up of councillors who each have responsibility for an area of council policy/business. These areas of responsibility are referred to as executive 'portfolios'.

City of York Council currently has a joint administration and executive responsibilities are held jointly across two leadership groups. This arrangement is reflected in these protocols.

In addition, policy and scrutiny committees, ward committees and regulatory hearing chairs take responsibility for the business transacted by their respective committees and such should consult with the communications team on any related media matters.

The Lord Mayor, in respect of his/her civic responsibilities may also speak on behalf of the council in publicity relating to his/her responsibilities.

Officers who are directly approached by a member of the media should not answer questions themselves. The journalist should be referred to the communications team which will manage the response.

Councillors who are directly approached by a member of the media may make use of the guidance contained in this protocol.

Officers and councillors who have contact with the media in a personal capacity or as members of non-council related organisations must not refer to their council posts and must make it clear to the journalist concerned that they are speaking in a personal capacity or on behalf of the non-council related organisation.

Trades union officers who are employees of the council and who have contact with the media in their trade union capacity must make clear that they are speaking as a union representative.

If trades union officers have contact with the media in their capacity as a council employee, then the relevant provisions of this protocol relating to council officers will apply.

## **Part Two**

### **Legal Restrictions**

The Local Government Act 1986 says the council must not publish anything, (including issuing news releases) which appears to be designed to affect public support for a political party.

The Act also says we must have regard to codes of practice about publicity as issued by the government. We will follow the code where publicity is addressed to the public at large, or a section of it, although different rules may apply where the council is consulting with the users of specific services.

Other areas of legislation require that the council does not act incompatibly with individuals' right to respect for their private and family life, home and correspondence, under the Human Rights Act 1998, and must only disclose personal data in line with the Data Protection Act.

Key legal points to note:

- publicity describing the council's policies and aims should be as objective as possible, concentrating on facts or explanation of both.
- publicity used to comment on, or respond to, the policies or proposals of the government, or other public authorities, should be objective, balanced, informative and accurate, and not prejudiced, unreasoning or party political.
- publicity relating to the provision of a service should concentrate on providing factual information about the service.



- publicity on controversial issues should not over-simplify facts, issues or arguments.
- publicity should not attack or appear to undermine, generally accepted moral standards.
- the council must not use public funds to mount publicity campaigns, whose primary purpose is to persuade the public to hold a particular view on a question of policy.
- publicity about the views or activities of individual councillors, is only appropriate where they are representing the council as a whole and usually in an official capacity such as executive portfolio holder.
- between publishing a notice of an election and polling day, publicity should not be issued which deals with controversial issues, or which reports views or policies in a way that identifies them with individual parties, political groups or groups of councillors.
- press releases and media interviews generally should not deal with issues about identifiable councillors, groups of councillors or individuals.
- the council's publicity must not criticise other organisations or individuals to the extent that this could be defamatory.

## **Part Three**

### **Application of the Rules (speaking on behalf of the council)**

In general, it is our preferred option that we use a named individual to speak on behalf of the authority. However, circumstances, or the required response, may dictate (particularly when dealing with a reactive query) that a quote provided by a member of the communications team acting as a spokesperson is more convenient or practical.

#### *Leader, deputy leader and executive portfolio holders*

The leader and deputy leader will be jointly quoted in circumstances when they are representing the city in a statesman role and in connection with their role(s) as chair/vice chair of the executive.

For example, major policy announcements, launches of high profile council initiatives or schemes and civic emergencies will require the leader and deputy leader to speak jointly on behalf of the council.

On occasion, and when key policy statements or significant and sensitive issues need a comment or quote, both the leader and deputy will be consulted so they can agree on who should be quoted and whether joint statements are necessary.

Executive portfolio holders will be generally be quoted in news releases which relate to their portfolio, including overall policy decisions and in response to press enquiries relating to their portfolio.

#### *Lord Mayor and civic party*

The Lord Mayor will be quoted in appropriate press releases and statements in respect of his/her civic responsibility and function, where the

issue is ceremonial and an ambassadorial role to represent the city is required.

Examples of this might include be news releases about civic receptions and hospitality functions, memorials such as Armistice Day, Remembrance Sunday, Holocaust Memorial Day, award ceremonies and presentations, tributes and charity fundraising work.

In his/her absence the deputy Lord Mayor will be quoted.

### *Officers*

Officers will normally be used to speak on behalf of the council in any announcement which relates to operational issues or where an officer has a specific area of responsibility which requires a professional profile or where the involvement of an elected portfolio holder is considered not appropriate (e.g. election matters, legal issues, code of conduct issues etc).

In radio or TV interviews where a detailed knowledge of the subject material is more important than broad policy, it may be more appropriate to put forward a suitably qualified officer to speak on behalf of the council.

On occasion, it may be appropriate and preferable that a member of the communications team fronts interviews on behalf of the council. This could be the case, even if he or she does not have detailed knowledge of a subject, but does have the skills, experience and appropriate briefing to carry out the interviews competently and professionally.

The same would apply where a pre-prepared statement (already approved by an officer and/or executive portfolio holder) needs to be read aloud for the benefit of a broadcast organisation, say for instance, in the event of a reactive query.

There are no hard and fast rules about the level of seniority of officers who can be used in council publicity. Generally, it is best to identify someone with the correct balance of authority and subject knowledge for that specific issue. The communications team will advise on this.

### *Individual councillors and group support officers*

The Act and Code relating to publicity places tight restrictions on what and who the council can legally publicise. This applies particularly to individual councillors, where official publicity is restricted to using an officer with an official position and area of responsibility within the council to speak on behalf of the authority. Political assistants will provide professional communication support to elected members on request, which is designed to provide an explanation of the views of the relevant political group on matters facing the council or which relates to local ward matters of a non-political issue, which cannot be provided by the council communications team under its protocols.

Media statements which relate to ward specific issues will, as normal, be drafted in liaison with the relevant department and cleared by the executive portfolio holder. Relevant ward councillors will be provided with a copy of the statement once it has been issued to the media for their information.

### *Partnerships*

Where the council is involved in issuing communication as part of a partnership arrangement, the partnership's arrangements for whom to quote should be followed. This would normally be the chair of the organisation. In the case of a communication being prepared on behalf of a number of partners it may be appropriate to offer each partner an opportunity to be quoted. All partners should be given an opportunity to approve the release within a set timeframe.

## **Responding to Enquiries and Criticism**

We normally respond to enquiries through a named council officer or spokesperson depending on who issues the statement or speaks to the journalist. In certain cases, an executive portfolio holder may need, or wish, to respond to enquiries.

Where the council is being criticised by a politician, it is not normally appropriate to quote a council officer in response or put forward an officer for a radio or TV interview. This could easily give the false impression that council officers were politically partisan. In these cases, we will normally quote the leader or deputy leader, executive portfolio holder or another councillor(s) who has an official position in accordance with the guidelines given above.

On rare occasions, officers may need to respond to specific criticisms when there is a need to correct factual information.

Where an enquiry relates to a party-political issue, then such matters will be referred to the appropriate party's political assistant for consideration. However, a political assistant can only provide a press statement which expresses the group's view on the matter as it affects the council.

## **Responding to Enquiries During Emergencies/Out of Office Hours**

The communications team provides an out-of-hours service for emergency media enquiries during times when the office is closed (between 5.30pm and 8.30am Monday to Friday, at weekends and on bank holidays).

The on-duty officer from the communications team may be required to respond to an incident as it unfolds. Under these circumstances, he/she will establish the facts of the incident with the senior officers involved and provide a factual statement/public information response to the media.

Circumstances may dictate that it is difficult or impossible to arrange clearance with the relevant executive portfolio holder before release to the media. If the media require a council officer for interview, the duty communications officer will agree the appropriate interviewee with the senior officer involved.

A copy of any media statement will be sent to the relevant executive portfolio holder and political assistants. Regular updates on an emergency incident/situation will be provided to the party group offices.

## **Part Four**

### **Special Rules Covering Pre-Election Periods**

The period between the notice of an election and the election itself is particularly sensitive and publicity should not deal with controversial issues or report views, proposals or recommendations in such a way that identifies them with individual councillors or groups of councillors.

This means that during this period:

#### **Proactive** Publicity:

- caution must be exercised in the use of proactive publicity especially on contentious topics.
- we must avoid proactive publicity in all its forms of candidates and other politicians involved directly in the election.
- proactive events arranged in this period should not involve members likely to be standing for election.
- publicity must be factual not party political.

#### **Reactive** Publicity:

- we may continue to quote appropriate councillors (including the Lord Mayor) in response to events or external enquiries, but only where the nature of the event or enquiry properly calls for such a response.
- such responses must also be factual, so as not to allow people to infer we are promoting the views of a single political party.

It is important to note that the above restrictions apply to council funded publicity.

This does not affect the ability of individual candidates to use their own resources to publicise themselves prior to any election, subject of course to the rules regarding election expenses and their declaration.

The council's deputy returning (monitoring) officer will provide written guidelines at the time of any relevant elections and should be consulted for advice for the appropriate approach on a case-by-case basis.



## Part Five

### The Clearance Process

One of the most important aspects of dealing with and managing the media is being able to provide a prompt response to a query, question or interview request. The sooner we can respond and involve ourselves in the story, the greater the chance we have to influence it. This is especially important where the council's reputation might be affected.

We also wish to influence the news agenda proactively by offering people for interview or providing case studies to illustrate topical issues. We will use our forward planning process to identify opportunities in advance, but may still want/have to exploit on-the-day stories particularly when there is breaking news or developing stories.

Many news organisations will have made most of their routine editorial decisions by mid-morning. **It is therefore important we make prompt decisions in terms of our own proactive communications or when we are dealing with a reactive query; especially when we are working to tight deadlines.** A streamlined and simple clearance process is essential to the council's ability to influence or exploit the news agenda.

The communications team will work with heads of service, assistant directors and directors to identify the most appropriate officer to provide the information required to respond to a query. A timely and efficient response to requests for information or comment is vital.

This protocol applies to office hours (8.30am to 5.30pm Monday to Friday). Out-of-hours, or in the case of an emergency incident, it may be necessary to depart from this agreed approach.

The communications team will have responsibility for the council's policies and practices which reflect the style, tone and language to be used in

written communications. Any communications material that does not reflect the council's policies may be amended.

Political assistants will share information relating to interviews (print or broadcast) involving portfolio holders that have been arranged directly.

Responses, statements or comments which have been cleared previously may be re-used if appropriate.

The chief executive may speak on behalf of, and/or clear communication materials relating to the corporate business of, the council. A copy of any communication will be sent to the joint administration group political assistants.

Proactive media activity should be planned as far in advance as possible to allow all enough time for officers and councillors to respond and clearance to be approved.

### Clearing Materials

Reactive queries from the media relating to matters of fact or information concerning the council's routine business may be answered by a member of the communications team without automatic referral to a portfolio holder or the joint administration group political assistants. Information may be provided to the journalist verbally, or, if requested, in a written statement.

Portfolio holders (including the leader/deputy leader as appropriate) will always be involved in the response to reactive queries relating to policy, political issues or matters of controversy, even if it is decided an officer-only response is appropriate.

In these cases, the communications team will:

- Work with the most appropriate officer(s) to establish the facts and source the information required for the response.

- Draft a proposed response and share this with the relevant officer(s), executive portfolio holder/leader/deputy leader and the joint administration political assistants **at the earliest opportunity** for feedback. Any deadlines should be made clear at this stage.
- Liaise with the portfolio holder/leader/deputy leader and the joint administration officers and make any amends as necessary and once clearance has been agreed by both offices, the response will be published.
- Forward a copy of the final response to officers and/or portfolio holders as appropriate.

If there is any doubt to the correct approach to a response, advice will be sought from the head of communications and/or the joint administration political assistants.

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**Audit and Governance Committee**

21 June 2017

Report of the Head of Internal Audit

**Annual Report of the Head of Internal Audit****Summary**

- 1 This report summarises the outcome of audit and counter fraud work undertaken in 2016/17 and provides an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control.

**Background**

- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, and the council's internal audit charter, the Head of Internal Audit is required to provide an annual report to the Audit and Governance Committee. This report is to be used by the committee to inform its consideration of the council's annual governance statement and it must include:
  - the Head of Internal Audit's opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control
  - a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
  - any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
  - any particular control weakness judged to be relevant to the preparation of the Annual Governance Statement

- a statement on conformance with the PSIAS
  - an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme.
- 3 From April 2017, revised PSIAS came into effect. This report also includes a proposed update to the council's internal audit charter to reflect the changes to the standards.

### **Internal Audit & Counter Fraud Work Completed**

- 4 The results of completed audit work have been reported to service managers and relevant chief officers during the course of the year. In addition, summaries of all finalised audit reports have been presented to this committee as part of regular monitoring reports. Details of audits finalised since the last report to this committee in May 2017 are included at annex 2 and copies of the reports are available on the council's website. Internal audit delivered 95.5% of the 2016/17 internal audit plan by 30 April 2017 (against a target of 93%).
- 5 All of the actions agreed with services as a result of internal audit work are followed up to ensure that the underlying control weaknesses are addressed. The results of follow up work are summarised twice yearly for this committee. The last report in May 2017 identified that, overall, good progress in implementing actions continues to be made by management.
- 6 Counter fraud work was undertaken in accordance with the approved plan. A summary of activity is included at annex 3. This has been a successful year for the counter fraud team with investigations leading to the recovery of £347k defrauded from the council - an increase of 145% from 2015/16 (£142k). Overall, 47% of investigations resulted in a positive outcome (for example a sanction being given, recovery or prevention of loss, or other action being taken). Housing fraud investigations resulted in 12 properties being recovered or prevented from being let. The team has successfully investigated a range of other fraud being committed against the council including adult social care fraud, internal fraud, council tax and non domestic rates fraud, parking fraud, abuse of the York Financial Assistance Scheme and fraud relating to applications for school admissions.

## **Breaches of Financial Regulations**

- 7 Where breaches of council regulations, legislation, or other external regulations are identified through internal audit work these are reported to the committee in accordance with best practice. In most cases, actions agreed with managers as a result of the audit work will address the breaches identified. There have been a number of breaches of the council's financial regulations identified during the year. Fifteen breaches have been identified since the last report to this committee in May 2017. These are summarised in annex 4. All of the breaches relate to the audit of social care contracts included in annex 2.

## **Variations to the 2017/18 Plan**

- 8 A variation to the 2017/18 plan has been made to correct the number of counter fraud days in the original plan, which should have been recorded as 1,123 instead of 1,250. The original allocation of 2 days for preparation of reports and attendance at the Shareholder Committee has also been removed. Details are included in annex 5.

## **Conformance with the Public Sector Internal Audit Standards & Update to Charter**

- 9 Veritau maintains a quality assurance and improvement programme (QAIP) to ensure that internal audit work is conducted to the required professional standards. Quality assurance arrangements include ongoing operational procedures, annual internal self assessment against the PSIAS, and periodic external assessment. Further details on the QAIP and the outcomes of the quality assurance process are provided in annex 6.
- 10 The Chartered Institute of Public Finance and Accountancy (CIPFA) are responsible for setting internal audit standards for local government. CIPFA works jointly with other responsible bodies in the UK public sector (such as HM Treasury and the Department of Health) to produce common standards - the Public Sector Internal Audit Standards (PSIAS). The PSIAS are based on standards set by the Global Institute of Internal Auditors (Global IIA). Global IIA introduced new and revised International Standards that came into force on 1 January 2017. To ensure the UK public sector standards continue to

reflect the international standards, the revisions were adopted into the PSIAS from 1 April 2017. To reflect the changes to the standards, a number of updates to the council's internal audit charter are required. The updated charter is included at annex 7, with amendments shown as tracked changes.

### **Opinion of the Head of Internal Audit**

- 11 In accordance with the PSIAS and the council's internal audit charter, the Head of Internal Audit is required to provide an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control. The opinion of the Head of Internal Audit is given at annex 1. The opinion is based on audit and counter fraud work completed during the year including that detailed in the annexes to this report and other monitoring reports to this committee during the year. Internal audit work has been conducted in accordance with proper standards. No qualifications to this opinion are considered necessary.
- 12 In giving this opinion attention is drawn to the following significant control issues which are considered relevant to the preparation of the 2016/17 Annual Governance Statement.
  - Procurement: A number of audits completed during the year have highlighted issues with procurement and contracting arrangements.
  - Information Security: Information security sweeps undertaken during the year indicate a lack of progress in addressing security issues in some areas. The themed audit of schools information governance arrangements also indicates a lack of awareness of information security risks and a lack of procedures across schools. While we've previously seen significant improvements year on year it is important that controls continue to be strengthened to mitigate risks in this area.

### **Consultation**

- 13 Not relevant for the purpose of the report.

### **Options**

- 14 Not relevant for the purpose of the report.

### **Analysis**



- 15 Not relevant for the purpose of the report.

### **Council Plan**

- 16 The work of internal audit and counter fraud helps to support overall aims and priorities by promoting probity, integrity and accountability and by helping to make the council a more effective organisation.

### **Implications**

- 17 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

### **Risk Management Assessment**

- 18 The council will not comply with proper practice for internal audit if the results of audit work are not reported to senior management and the Audit and Governance Committee.

### **Recommendation**

- 19 Members are asked to:

- (a) note the results of audit and counter fraud work undertaken.

#### Reason

*To enable members to consider the implications of audit and counter fraud findings.*

- (b) note the opinion of the Head of Internal Audit on the adequacy and effectiveness of the council's framework of governance, risk management and internal control .

Reason

*To enable members to consider the implications of audit and counter fraud findings.*

- (c) note the outcome of the Quality Assurance and Improvement Programme and the confirmation that the internal audit service conformed with Public Sector Internal Audit Standards.

Reason

*To enable members to consider the opinion of the Head of Internal Audit.*

- (d) note the significant control weaknesses identified during the year which are relevant to the preparation of the Annual Governance Statement.

Reason

*To enable the Annual Governance Statement to be prepared.*

- (e) approve the proposed changes to the internal audit charter at annex 7.

Reason

*In accordance with the responsibility of the committee to consider reports dealing with the management of the internal audit function, and to comply with proper practice for internal audit.*

**Contact Details**

**Author:**

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Veritau Limited  
01904 552940

**Chief Officer responsible for the report:**

Ian Floyd  
Director of CCS  
Telephone: 01904 551100

**Report  
Approved**



**Date** 08 June  
2017

## **Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

All

**For further information please contact the author of the report**

## **Background Papers**

- 2016/17 Internal Audit and Counter Fraud Plan
- Internal Audit and Counter Fraud Monitoring Reports to Audit and Governance Committee in 2016/17 (September, December and May)
- The Public Sector Internal Audit Standards 2017

## **Annexes**

- Annex 1 - Opinion of the Head of Internal Audit
- Annex 2 - Audits Completed and Reports Issued
- Annex 3 - Counter Fraud Activity
- Annex 4 - Breaches of Council Financial Regulations
- Annex 5 - Variations to the 2017/18 Audit Plan
- Annex 6 - Veritau Internal Audit Quality Assurance and Improvement Programme
- Annex 7 - Updated Internal Audit Charter

## **Available on the council's website**

The following Internal Audit reports referred to in annex 2 are published on the council's website:

- Adult Social Services Contracts
- Asset Disposal Policy (review)
- Concessionary Bus Passes
- Council Tax Support and Housing Benefits
- Information Security Checks (March)
- Management of Travellers' Sites
- Public Health
- School Placement Planning

- Server Room Security

Information which might increase risk to the Council, its employees, partners or suppliers has been redacted.

**Opinion of the Head of Internal Audit**

I have evaluated the results of the audit and fraud work undertaken during the 2016/17 year. In my opinion the council's framework of governance, risk management and control provides **Substantial Assurance**. The council can therefore continue to place reliance on the adequacy and effectiveness of its systems of internal control and the overall control environment.

Signed

Max Thomas  
Head of Internal Audit  
Veritau Ltd

21 June 2017

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**AUDITS COMPLETED AND REPORTS ISSUED**

The following categories of opinion are used for audit reports.

| <b>Opinion</b> | <b>Level of Assurance</b>   |
|----------------|---|
| High Assurance | Overall, very good management of risk. An effective control environment appears to be in operation.   |
| Substantial    | 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     | 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        | 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. |

Actions to address issues are agreed with managers where weaknesses in control are identified. The following categories are used to classify agreed actions.

| <b><u>Priority</u></b> | <b><u>Long Definition</u></b>   | <b><u>Short Definition – for use in Audit Reports</u></b>  |
|------------------------|---|--|
| 1 (High)               | <p>Action considered both critical and mandatory to protect the organisation from exposure to high or catastrophic risks. For example, death or injury of staff or customers, significant financial loss or major disruption to service continuity.</p> <p>These are fundamental matters relating to factors critical to the success of the area under review or which may impact upon the organisation as a whole. Failure to implement such recommendations may result in material loss or error or have an adverse impact upon the organisation's reputation.</p> <p>Such issues may require the input at Corporate Director/Assistant Director level and may result in significant and immediate action to address the issues raised.</p> | <p>A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.</p> |



**Priority**

**Long Definition**

**Short Definition – for use in Audit Reports**

2

Action considered necessary to improve or implement system controls so as to ensure an effective control environment exists to minimise exposure to significant risks such as financial or other loss.

A significant system weakness, whose impact or frequency presents risks to the system objectives, and which needs to be addressed by management.

Such issues may require the input at Head of Service or senior management level and may result in significantly revised or new controls.

3

Action considered prudent to improve existing system controls to provide an effective control environment in order to minimise exposure to significant risks such as financial or other loss.

The system objectives are not exposed to significant risk, but the issue merits attention by management.

Such issues are usually matters that can be implemented through line management action and may result in efficiencies.

### Draft Reports Issued

Sixteen internal audit reports are currently in draft. These reports are with management for consideration and comments. Once the reports have been finalised, details of the key findings and issues will be reported to this committee.

### Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in May 2017. In all cases the actions have been agreed with management, and will be followed up by internal audit when the due date is reached.

| Audit                           | Opinion              | Agreed actions |    |    | Work done / issues identified  |
|---------------------------------|----------------------|----------------|----|----|--|
|                                 |                      | P1             | P2 | P3 |  |
| Adult Social Services Contracts | Reasonable Assurance | 0              | 5  | 1  | <p>The audit involved a review of Adult Social Services Contracts, including the contracts register and the documentation of individual contracts. Officers were aware of issues in this area and requested an audit to help them ensure all the weaknesses were identified and appropriate action was taken.</p> <p>Good practice was observed in respect of contract specifications and overall document</p> |

| Audit                          | Opinion          | Agreed actions |    |    | Work done / issues identified  |
|--------------------------------|------------------|----------------|----|----|--|
|                                |                  | P1             | P2 | P3 |  |
|                                |                  |                |    |    | <p>management, contract monitoring and management, approval of variations and ensuring relevant contracts were sealed.</p> <p>A number of breaches to the Contract Procedure Rules were identified. These included contracts being awarded or extended without the requisite level of authorisation and contract award decisions not being recorded on the mod.gov system.</p> <p>Additional findings from the audit were incorporated into actions already being taken to address known weaknesses.</p> |
| Asset Disposal Policy (review) | No Opinion Given | 0              | 1  | 2  | This was a review of the council's Asset Disposal Policy. No compliance work was undertaken. Whilst the policy was found to be largely in line with the Financial Regulations it was incomplete and lacked clarity.  |

| Audit                                    | Opinion              | Agreed actions |    |    | Work done / issues identified   |
|--|----------------------|----------------|----|----|---|
|  |                      | P1             | P2 | P3 |   |
| Concessionary Bus Passes                 | Reasonable Assurance | 0              | 2  | 5  | <p>The audit examined the issuing of bus passes, the accuracy of data returns and the calculations for reimbursements.</p> <p>An analysis of data returns suggested they are generally reliable and that calculations for reimbursement are accurate. However, the audit found issues with the pass issuing and recording system. There were also concerns regarding a lack of reasonableness checks on data returns.</p> |
| Council Tax Support and Housing Benefits | High Assurance       | 0              | 0  | 0  | The audit reviewed the management controls in place to monitor achievement of system objectives and found that detailed and comprehensive performance information is produced and monitored regularly.  |
| Information Security Checks (March)      | Reasonable Assurance | 0              | 3  | 0  | This regular audit found some improvement in the degree to which information is being held securely, since the previous checks in   |

| Audit                           | Opinion              | Agreed actions |    |    | Work done / issues identified  |
|---------------------------------|----------------------|----------------|----|----|--|
|                                 |                      | P1             | P2 | P3 |  |
|                                 |                      |                |    |    | September 2016. However, some personal and sensitive information was left unsecured at West Offices and Hazel Court with council assets also left unsecured across both sites.   |
| Management of Travellers' Sites | High Assurance       | 0              | 0  | 0  | The audit reviewed the council's management of Travellers sites. Policies and procedures were found to be up to date and compliant with relevant legislation, thorough tenant records are held on the Document Management System and a review of repairs data indicated that traveller sites receive the same standard of service as tenants in other forms of social housing. |
| Payroll (procedure notes)       | N/A                  | -              | -  | -  | Provision of support to help document systems and prepare procedure notes for payroll processes, including pensions and HMRC returns.  |
| Public Health                   | Reasonable Assurance | 0              | 3  | 1  | This audit continued work carried out in previous Public Health audits. Significant improvements   |

| Audit                     | Opinion        | Agreed actions |    |    | Work done / issues identified   |
|---------------------------|----------------|----------------|----|----|---|
|                           |                | P1             | P2 | P3 |   |
|                           |                |                |    |    | were found to have been made since the previous audit with the recruitment of a full time Director of Public Health and other senior officers. However, issues were observed with contract management arrangements, specifically the lack of formal assessment and monitoring, poor quality minutes from supplier meetings and an absence of formal reviews.                                  |
| School Placement Planning | High Assurance | 0              | 0  | 0  | This audit reviewed the processes for allocating school places and the associated monitoring arrangements. Detailed forecasting information is produced for each Primary and Secondary planning area and the electronic admissions system includes a full audit trail of the admissions process. Action is taken to ensure that places are available for all school age children in the city. |
| Server Room Security      | High Assurance | 0              | 0  | 0  | This was a review of the physical security arrangements at the council's two server rooms.  |

| Audit | Opinion | Agreed actions |    |    | Work done / issues identified   |
|-------|---------|----------------|----|----|---|
|       |         | P1             | P2 | P3 |   |
|       |         |                |    |    | The audit found that the server facilities at West Offices are such that the risk of service interruption, unauthorised access, loss or disclosure of data and disruption of operational services is minimal. Backup servers allow for service continuity in the event of a disruption at West Offices. |

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**COUNTER FRAUD ACTIVITY 2016/17**

The table below shows the total numbers of fraud referrals received and summarises the outcomes of investigations completed during the year.

|   | <b>2016/17<br/>(Actual: Full Yr)</b> | <b>2016/17<br/>(Target: Full Yr)</b> | <b>2015/16<br/>(Actual: Full Yr)</b> |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| % of investigations completed which resulted in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked, management action taken). | 47%                                  | 30%                                  | 41%                                  |
| Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.  | £346,944                             | £100,000                             | £141,549                             |
| Amount of notional savings (estimated savings - e.g. housing tenancy fraud) identified through fraud investigation.   | £144,400                             | £250,000                             | £511,000                             |

**Caseload figures for the period are:**

|                     | <b>As at 31/3/17</b> | <b>As at 1/4/16</b> |
|---------------------|----------------------|---------------------|
| Awaiting allocation | 64                   | 10                  |
| Under investigation | 105                  | 93                  |

## Summary of counter fraud activity:

| Activity                          | Work completed or in progress   |
|-----------------------------------|---|
| Data matching                     | <p>Results from the 2016/17 National Fraud Initiative have been returned. There are over 2,600 matches to investigate covering a range of council services. Investigation of matches is underway.</p> <p>The council has joined Ryedale, Selby, Hambleton and Richmondshire district councils to undertake data matching exercises to detect cross boundary fraud. Results from a data match looking at single person discounts have been returned and matches are currently being reviewed.</p>  |
| Fraud detection and investigation | <p>The service continues to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> <li>• <b>Social Care fraud</b> – is a substantial risk to the council and remains an area of development for the fraud team. In 2016/17 the team identified over £216k of losses to the council in this area and helped to recover £143k. There are currently 19 ongoing social care fraud investigations.</li> <li>• <b>Housing fraud</b> – Working in conjunction with housing officers, 7 properties were recovered during the last financial year. In addition, 5 properties were prevented from being let where the prospective tenants had provided false information in their housing applications. There are currently 17 ongoing investigations in this area.</li> </ul> |

| Activity | Work completed or in progress   |
|----------|---|
|          | <ul style="list-style-type: none"> <li>• <b>Internal fraud</b> - The team has received 15 referrals for internal frauds in the last financial year and 10 cases are currently under investigation.</li> <li>• <b>Council Tax/Non Domestic Rates fraud</b> – In 2016/17 the team received 74 referrals for potential fraud in this area. The council prosecuted its first Council Tax fraud case where a resident falsely claimed a Single Person Discount. Fraud or loss was uncovered in a further 15 cases. There are currently 27 ongoing investigations into Council Tax and Non Domestic Rates fraud.</li> <li>• <b>York Financial Assistance Scheme fraud</b> – The fraud team received 7 referrals in 2016/17. The council achieved its first prosecution in the area where an applicant was found to be selling goods provided by the scheme before they had been delivered. The team issued a further two cautions/warnings for offences against the scheme. There are currently 4 ongoing investigations.</li> <li>• <b>Council Tax Support fraud</b> – In the last financial year 96 referrals for potential CTS fraud were received. The team identified £27k in losses due to CTS fraud during the year. There are currently 18 cases under investigation.</li> <li>• <b>Parking fraud</b> – Alongside the Parking department, the fraud team have instituted new working practices to help combat disabled badge fraud within the city. The new arrangements have helped increase the number and quality of referrals received from enforcement officers. In 2016/17 the fraud team issued 15 warnings for disabled badge or</li> </ul> |

| Activity      | Work completed or in progress  |
|---------------|--|
|               | <p>parking permit misuse. There are currently 17 cases under investigation.</p> <ul style="list-style-type: none"> <li>• <b>Education verification</b> – The fraud team works with the schools team to investigate and deter false applications for school placements. The team completed 3 investigations in 2016/17 and blocked one false application.</li> </ul>                            |
| Fraud liaison | <p>The council's remit to investigate and prosecute housing benefit fraud transferred to the Department for Work and Pensions (DWP) last year. The fraud team now acts as a single point of contact for the DWP and is responsible for providing data to support their housing benefit investigations. The team have dealt with 513 requests on behalf of the council this financial year.</p> |

**ANNEX 4**

**SUMMARY OF BREACHES OF FINANCIAL REGULATIONS  
IDENTIFIED DURING INTERNAL AUDIT WORK COMPLETED  
IN THE PERIOD**

| <b>Description of Breach</b>   | <b>Instances</b> |
|--|------------------|
| No evidence of an Executive decision or explicit delegation to the Director from the Executive | 3                |
| Contract award decisions had not been routinely recorded on the council's decision log         | 4                |
| Extensions not authorised by a Chief Officer   | 8                |

All of the breaches above relate to the audit of adult social care contracts included in Annex 2 (Directorate of Health, Housing and Adult Social Care)

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## VARIATIONS TO THE 2017/18 AUDIT PLAN

Additions to the plan are considered where:

- specific requests are received from the S151 Officer which are necessary for him to discharge his statutory responsibilities;
- new or previously unidentified risks result in changes to the priority of audit work;
- significant changes in legislation, systems or service delivery arrangements occur which have an impact on audit priorities;
- requests are received from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management;
- urgent or otherwise unplanned work arises as a result of investigations into fraud and other wrongdoing identifying potential control risks.

Additions to the audit plan are only made if the proposed work is considered to be of a higher priority than work already planned, the change can be accommodated within the existing resource constraints and the change has been agreed by the Head of Internal Audit.

Audits are deleted from the plan or delayed until later years where:

- specific requests are received from the S151 Officer or the audit customer and the grounds for such a request are considered to be reasonable;
- the initial reason for inclusion in the audit plan no longer exists;
- it is necessary to vary the plan to balance overall resources.

To reflect the contractual relationship between the council and Veritau, all proposed variations to the agreed audit plan arising as the result of emerging issues and/or requests from directorates will be subject to a change control process. Where the variation exceeds 5 days then the change must be authorised by the Director of Customer and Corporate Services. Details of variations are communicated to the Audit and Governance Committee for information.

## 2017/18 Audit Plan Variations

The following variations have been approved by the Director of Customer and Corporate Services since the 2017/18 audit plan was approved in May 2017.

| <b>Audit</b>          | <b>Days</b> | <b>Reason For Variation</b>   |
|-----------------------|-------------|---|
| Counter Fraud         | -127        | A correction to the agreed audit plan which was overstated by 127 days. The number of counter fraud days requires amending to reflect the level of service agreed.  |
| Shareholder Committee | -2          | Removal of the allocation of time for preparation of reports and attendance at the Shareholder Committee. This has been transferred to contingency and will be assigned to specific audit work during the year. |



**VERITAU****INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME****1.0 Background**Ongoing quality assurance arrangements

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards (specifically the Public Sector Internal Audit Standards). These arrangements include:

- the maintenance of a detailed audit procedures manual
- the requirement for all audit staff to conform to the Code of Ethics and Standards of Conduct Policy
- the requirement for all audit staff to complete annual declarations of interest
- detailed job descriptions and competency profiles for each internal audit post
- regular performance appraisals
- regular 1:2:1 meetings to monitor progress with audit engagements
- induction programmes, training plans and associated training activities
- the maintenance of training records and training evaluation procedures
- agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- the results of all audit testing work documented using the company's automated working paper system (Galileo)
- file review by senior auditors and audit managers and sign-off of each stage of the audit process
- the ongoing investment in tools to support the effective performance of internal audit work (for example data interrogation software)

- post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- performance against agreed quality targets monitored and reported to each client on a regular basis.

On an ongoing basis, a sample of completed audit files is also subject to internal peer review by a senior audit manager to confirm quality standards are being maintained. The results of this peer review are documented and any key learning points shared with the internal auditors and audit managers).

The Head of Internal Audit will also be informed of any general areas requiring improvement. Appropriate mitigating action will be taken (for example, increased supervision of individual internal auditors or further training).

#### Annual self-assessment

On an annual basis, the Head of Internal Audit will seek feedback from each client on the quality of the overall internal audit service. The Head of Internal Audit will also update the PSIAS self assessment checklist and obtain evidence to demonstrate conformance with the Code of Ethics and the Standards. As part of the annual appraisal process, each internal auditor is also required to assess their current skills and knowledge against the competency profile relevant for their role. Where necessary, further training or support will be provided to address any development needs.

The Head of Internal Audit is also a member of various professional networks and obtains information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

The results of the annual client survey, PSIAS self-assessment and professional networking are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan and/or individual personal development action plans. The outcomes from this exercise, including details of the Improvement Action Plan are also reported to each client. The results will also be used to evaluate overall conformance with the PSIAS, the results of which are reported to senior

management and the board<sup>1</sup> as part of the annual report of the Head of Internal Audit.

### External assessment

At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client (as set out above). Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.

## **2.0 Customer Satisfaction Survey – 2017**

Feedback on the overall quality of the internal audit service provided to each client was obtained in March 2017. Where relevant, the survey also asked questions about the counter fraud and information governance services provided by Veritau. A total of 149 surveys (2016 – 124) were issued to senior managers in client organisations. 32 surveys were returned representing a response rate of 21% (2016 - 33%). The surveys were sent using Survey Monkey and respondents were asked to identify who they were. Respondents were asked to rate the different elements of the audit process, as follows:

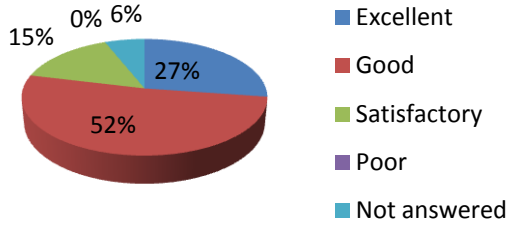
- Excellent (1)
- Good (2)
- Satisfactory (3)
- Poor (4)

Respondents were also asked to provide an overall rating for the service. The results of the survey are set out in the charts below:

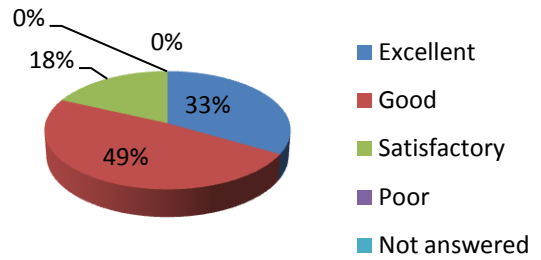
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<sup>1</sup> As defined by the relevant audit charter.

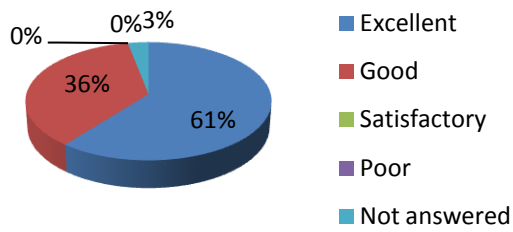
### Quality of audit planning / overall coverage



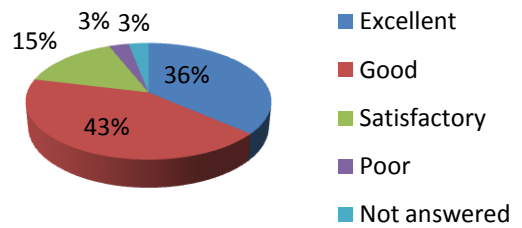
### Provision of advice / guidance



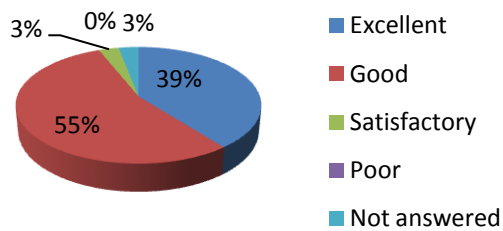
### Staff - conduct / professionalism



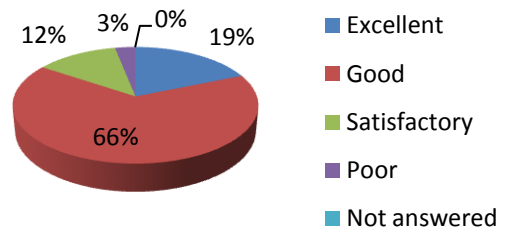
### Ability to provide unbiased / objective opinions



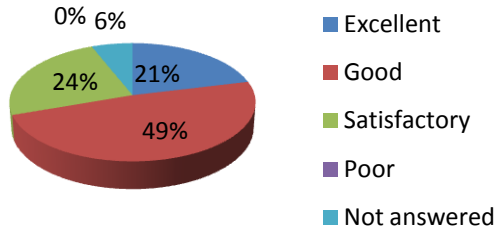
### Ability to establish positive rapport with customers



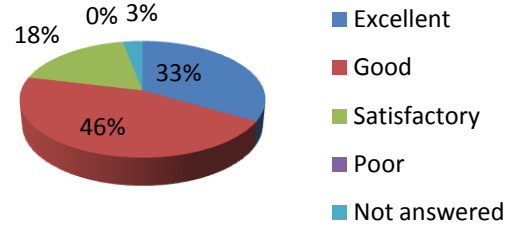
### Knowledge of system / service being audited



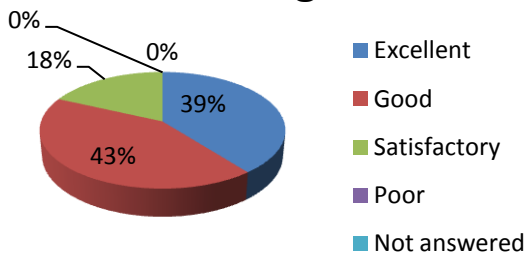
### Ability to focus on areas of greatest risk



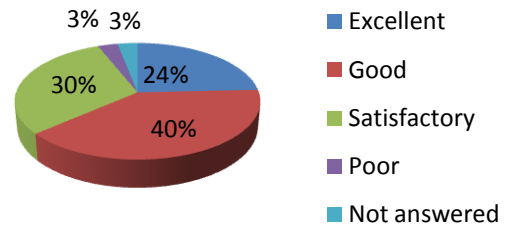
### Agreeing scope / objectives of the audit



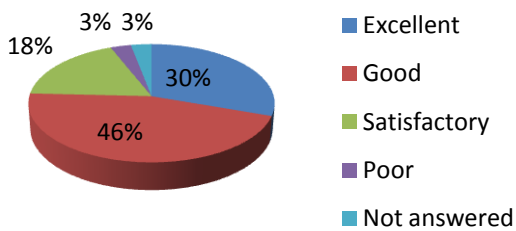
### Minimising disruption to the service being audited



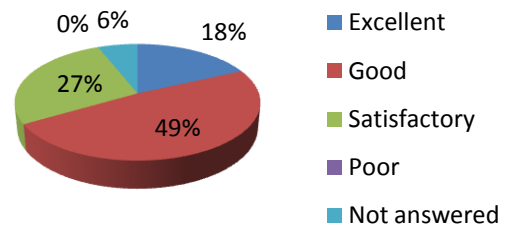
### Communicating issues during the audit



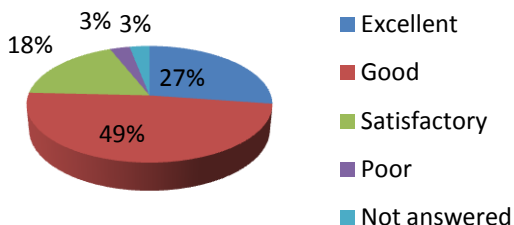
### Quality of feedback at end of audit



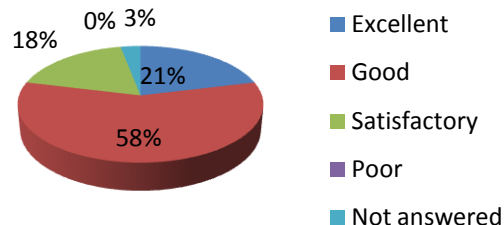
### Accuracy / format / length / style of audit report



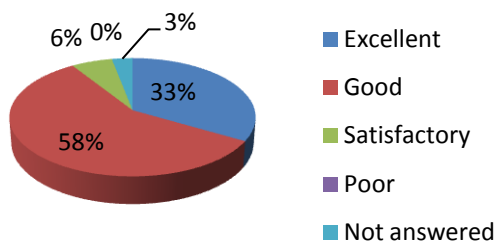
### Relevance of audit opinions / conclusions



### Agreed actions are constructive / practical



### Overall rating for Internal Audit service



The overall ratings in 2017 were:

|              | 2017  |            | 2016  |            |
|--------------|-------|------------|-------|------------|
|              | Count | Percentage | Count | Percentage |
| Excellent    | 11    | 34%        | 8     | 27%        |
| Good         | 19    | 60%        | 19    | 63%        |
| Satisfactory | 2     | 6%         | 3     | 10%        |
| Poor         | 0     | 0%         | 0     | 0%         |

The feedback shows that the majority of clients continue to value the service being delivered.

### 3.0 Self Assessment Checklist – 2017

CIPFA prepared a detailed checklist to enable conformance with the PSIAS and the Local Government Application Note to be assessed. The checklist was originally completed in March 2014 but has since been reviewed and updated annually. Documentary evidence is provided where current working practices are considered to fully or partially conform to the standards.

In most areas the current working practices are considered to be at standard. However, a few areas of non-conformance have been identified. None of the issues identified are however considered to be significant. In addition, in some cases, the existing arrangements are considered appropriate for the circumstances and hence require no further action.

The following areas of non-conformance remain unchanged from last year:

| <b><u>Conformance with Standard</u></b>  | <b><u>Current Position</u></b>  |
|--|---|
| Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the Head of Internal Audit?   | The Head of Internal Audit's performance appraisal is the responsibility of the board of directors. The results of the annual customer satisfaction survey exercise are however used to inform the appraisal.   |
| Is feedback sought from the chair of the audit committee for the Head of Internal Audit's performance appraisal?   | See above   |
| Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the audit committee before the engagement was accepted? | Consultancy services are usually commissioned by the relevant client officer (generally the s151 officer). The scope (and charging arrangements) for any specific engagement will be agreed by the Head of Internal Audit and the relevant client officer. Engagements will not be accepted if there is any actual or perceived conflict of interest, or which might otherwise be detrimental to the reputation of Veritau. |
| Does the risk-based plan set out the - (b) respective priorities of those pieces of audit work?  | Audit plans detail the work to be carried out and the estimated time requirement. The relative priority of each assignment will be  |

| <u>Conformance with Standard</u>  | <u>Current Position</u>  |
|---|--|
|   | considered before any subsequent changes are made to plans. Any significant changes to the plan will need to be discussed and agreed with the respective client officers (and reported to the audit committee).  |
| Are consulting engagements that have been accepted included in the risk-based plan?   | Consulting engagements are commissioned and agreed separately.   |
| Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources? | Reliance may be placed on other sources of assurances where this is considered relevant. However, the Head of Internal Audit will only rely on other sources of assurance if he/she is satisfied with the competency, objectivity and reliability of the assurance provider. |

#### **4.0 External Assessment**

As noted above, the PSIAS require the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

Whilst the new Standards were only adopted in April 2013, the decision was taken to request an assessment at the earliest opportunity in order to provide assurance to our clients. The assessment was conducted by Gerry Cox and Ian Baker from the South West Audit Partnership (SWAP) in April 2014. Both Gerry and Ian are experienced internal audit professionals. The Partnership is a similar local authority controlled company providing internal audit services to a number of local authorities.

The assessment consisted of a review of documentary evidence, including the self-assessment, and face to face interviews with a number



of senior client officers and Veritau auditors. The assessors also interviewed an audit committee chair.

The conclusion from the external assessment was that working practices conform to the required professional standards. Copies of the detailed assessment report were provided to client organisations and, where appropriate, reported to the relevant audit committee.

## 5.0 Improvement Action Plan

Last year's quality assurance process identified the following required changes and improvements:

| Change / improvement   | Progress to date |
|--|------------------|
| The internal peer review highlighted the need for further training to be provided on sampling and testing. | Completed        |

No specific changes to working practices have been identified in 2017. However, to enhance the overall effectiveness of the service, the following areas are considered to be a priority in 2017/18:

- Further development of in-house technical IT audit expertise
- Implementation of the data analytics strategy (stage 1) and investment in new capabilities
- Improved work scheduling, clearer prioritisation of objectives for individual assignments to enable them to be managed within budget, and better communication and agreement with clients on timescales for completion of audit work.

## 6.0 Overall Conformance with PSIAS (Opinion of the Head of Internal Audit)

Based on the results of the quality assurance process I consider that the service generally conforms to the Public Sector Internal Audit Standards, including the *Code of Ethics* and the *Standards*.

The guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the

top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards. 'Partially conforms' means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit service from performing its responsibilities in an acceptable manner. 'Does not conform' means the deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit service from performing adequately in all or in significant areas of its responsibilities.



# City of York Council Internal Audit Charter

15-21 June 2016 2017

## 1 Introduction

- 1.1 There is a statutory duty on the council to undertake an internal audit of the effectiveness of its risk management, control and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account public sector internal auditing standards or guidance. The Chartered Institute of Public Finance and Accountancy (Cipfa) is responsible for setting standards for proper practice for local government internal audit in England.
- 1.2 From 1 April 2017<sup>6</sup> Cipfa adopted revised Public Sector Internal Audit Standards (PSIAS)<sup>1</sup> compliant with the Institute of Internal Auditors' (IIA) International Standards. The PSIAS and Cipfa's local government application note for the standards represent proper practice for internal audit in local government. This charter sets out how internal audit at City of York Council will be provided in accordance with this proper practice.
- 1.3 This charter should be read in the context of the wider legal and policy framework which sets requirements and standards for internal audit, including the Accounts and Audit Regulations, the PSIAS and application note, and the council's constitution and financial regulations.

## 2 Definitions

- 2.1 The standards include reference to the roles and responsibilities of the "board" and "senior management". Each organisation is required to define these terms in the context of its own governance arrangements. For the purposes of the PSIAS these terms are defined as follows at City of York Council.

"Board" – the Audit and Governance Committee fulfil the responsibilities of the board, in relation to internal audit standards.

"Senior Management" – in the majority of cases, the term senior management in the PSIAS should be taken to refer to the Director of Customer and Corporate Services ~~Director of CBSS~~ in his role as

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<sup>1</sup> The PSIAS were adopted jointly by relevant internal audit standard setters across the public sector.

s151 officer. This includes all functions relating directly to overseeing the work of internal audit. In addition, senior management may also refer to any other director of the council individually (including the Chief Executive) or collectively as [the](#) Council Management Team (CMT) in relation to:

- having direct and unrestricted access for reporting purposes
- consulting on risks affecting the council for audit planning purposes
- approving the release of information arising from an audit to any third party.

2.2 The standards also refer to the “chief audit executive”. This is taken to be the Head of Internal Audit (Veritau).

### **3 Application of the standards**

3.1 In line with the PSIAS, the mission of internal audit at City of York Council is:

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”

3.2 The council requires that the internal audit service aspires to achieve the mission through its overall arrangements for delivery of the service. In aiming to achieve this, the council expects that the service:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

3.3 The PSIAS defines internal audit as follows.

*“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”*

- 3.4 The council acknowledges the mandatory nature of this definition and confirms that it reflects the purpose of internal audit in York. The council also requires that the service be undertaken in accordance with the code of ethics and standards set out in the PSIAS.

#### **4 Scope of internal audit activities**

- 4.1 The scope of internal audit work will encompass the council’s entire control environment<sup>2</sup>, comprising its systems of governance, risk management, and control.
- 4.2 The scope of audit work also extends to services provided through partnership arrangements, irrespective of what legal standing or particular form these may take. The Head of Internal Audit, in consultation with all relevant parties and taking account of audit risk assessment processes, will determine what work will be carried out by the internal audit service, and what reliance may be placed on the work of other auditors.

#### **5 Responsibilities and objectives**

- 5.1 The Head of Internal Audit is required to provide an annual report to the Audit and Governance Committee. The report will be used by the committee to inform its consideration of the council’s annual governance statement. The report will include:
- the Head of Internal Audit’s opinion on the adequacy and effectiveness of the council’s framework of governance, risk management, and control

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<sup>2</sup> For example the work of internal audit is not limited to the review of financial controls only.

- any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
- any particular control weakness judged to be relevant to the preparation of the annual governance statement
- a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
- an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme
- a statement on conformance with the PSIAS (including the code of ethics and standards) and the results of the quality assurance and improvement programme.

5.2 To support the opinion the Head of Internal Audit will ensure that an appropriate programme of audit work is undertaken. In determining what work to undertake the service should:

- adopt an overall strategy setting out how the service will be delivered in accordance with this charter
- draw up an indicative risk based audit plan on an annual basis following consultation with the Audit and Governance Committee and senior management. The audit plan will also reflect which takes account of the requirements of the charter, the strategy, and proper practice
- consider trends and emerging issues that may impact the organisation.

5.3 In undertaking this work, responsibilities of the internal audit service will include:

- providing assurance to the board and senior management on the effective operation of governance arrangements and the internal control environment operating at the council<sup>3</sup>
- objectively examining, evaluating and reporting on the probity, legality and value for money of the council's arrangements for service delivery

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<sup>3</sup> Where third parties place reliance on the assurance provided then they do so at their own risk

- reviewing the council's financial arrangements to ensure that proper accounting controls, systems and procedures are maintained and, where necessary, for making recommendations for improvement
- helping to secure the effective operation of proper controls to minimise the risk of loss, the inefficient use of resources and the potential for fraud and other wrongdoing
- acting as a means of deterring all fraudulent activity, corruption and other wrongdoing; this includes conducting investigations into matters referred by members, officers, and members of the public and reporting findings to directors and members as appropriate for action
- advising the council on relevant counter fraud and corruption policies and measures, for example the counter fraud and corruption policy.

5.4 The Head of Internal Audit will ensure that the service is provided in accordance with proper practice as set out above and in accordance with any other relevant standards – for example council policy and legal or professional standards and guidance.

5.5 In undertaking their work, internal auditors should have regard to:

- the mission of internal audit ~~and~~ core principles and standards as set out in the PSIAS and reflected in this charter
- the code of ethics in the PSIAS<sup>4</sup>
- the codes of any professional bodies of which they are members
- standards of conduct expected by the council
- the Committee on Standards in Public Life's *Seven Principles of Public Life*.

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<sup>4</sup> Veritau has adopted its own code of ethics which fulfil the requirements of the PSIAS.



## 6 Organisational independence

- 6.1 It is the responsibility of directors and service managers to maintain effective systems of risk management, internal control, and governance. Auditors will have no responsibility for the implementation or operation of systems of control and will remain sufficiently independent of the activities audited to enable them to exercise objective professional judgement.
- 6.2 Audit advice and recommendations will be made without prejudice to the rights of internal audit to review and make further recommendations on relevant policies, procedures, controls and operations at a later date.
- 6.3 The Head of Internal Audit will put in place measures to ensure that individual auditors remain independent of areas they are auditing for example by:
- rotation of audit staff
  - ensuring staff are not involved in auditing areas where they have recently been involved in operational management, or in providing consultancy and advice<sup>5</sup>
  - ~~seeking external oversight of any audit of functional activities managed by the Head of Internal Audit through Veritau client management arrangements.~~

## 7 Accountability, reporting lines, and relationships

- 7.1 Internal audit services are provided under contract to the council by Veritau. The company is a separate legal entity<sup>6</sup>. Staff undertaking internal audit work are employed by Veritau or are seconded to the company from the council. The ~~Assistant Director CBSS (finance, property & procurement)~~ Director of Customer and Corporate Services acts as client officer for the contract, and is responsible for overall monitoring of the service.

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<sup>5</sup> auditors will not be used on internal audit engagements where they have had direct involvement in the area within the previous 12 months

<sup>6</sup> Veritau is part-owned by the council. The company provides internal audit services to a number of member councils and other public sector organisations

7.2 In its role in providing an independent assurance function, Veritau has direct access to members and senior managers and can report uncensored to them as considered necessary. Such reports may be made to the:

- Council, Cabinet, or any committee (including the Audit & Governance Committee)
- Chief Executive
- ~~Director of CBSS~~ Director of Customer and Corporate Services (s151 officer)
- ~~M~~onitoring ~~O~~fficer
- other directors, assistant directors and managers.

7.3 The ~~Director of CBSS~~ Director of Customer and Corporate Services (as s151 officer) has a statutory responsibility for ensuring that the council has an effective system of internal audit in place. In recognition of this, a protocol has been drawn up setting out the relationship between internal audit and the ~~Director of CBSS~~ Director of Customer and Corporate Services. This is included in Appendix 1.

7.4 The Head of Internal Audit will report independently to the Audit and Governance Committee<sup>7</sup> on:

- proposed allocations of audit resources
- any significant risks and control issues identified through audit work
- his/her annual opinion on the council's control environment.

7.5 The Head of Internal Audit will informally meet in private with members of the Audit and Governance Committee, or the committee as a whole as required. Meetings may be requested by committee members or the Head of Internal Audit.

7.6 The Audit and Governance Committee will oversee (but not direct) the work of internal audit. This includes commenting on the scope of internal audit work and approving the annual audit plan. The committee will also protect and promote the independence and rights

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<sup>7</sup> The committee charged with overall responsibility for governance at the council.

of internal audit to enable it to conduct its work and report on its findings as necessary<sup>8</sup>.

## 8 **Fraud, and consultancy services and non-audit services**

8.1 The primary role of internal audit is to provide assurance services to the council. However, the service is also required to undertake fraud investigation and other consultancy work to add value and help improve governance, risk management and control arrangements.

8.2 The prevention and detection of fraud and corruption is the responsibility of directors and service managers. However, all instances of suspected fraud and corruption must be notified to the Head of Internal Audit, who will decide on the course of action to be taken in consultation with relevant service managers and/or other advisors (for example human resources). Where appropriate, cases of suspected fraud or corruption will be investigated by Veritau.

8.3 Where appropriate, Veritau may carry out other consultancy related work, for example specific studies to assess the economy, efficiency, and effectiveness of elements of service provision. The scope of such work will be determined in conjunction with service managers. Such work will only be carried out where there are sufficient resources and skills within Veritau and where the work will not compromise the assurance role or the independence of internal audit.

8.4 Where Veritau provides non-audit services (for example information governance), appropriate safeguards will be put in place to ensure audit independence and objectivity are not compromised. These safeguards include the work being performed by a separate team with different line management arrangements. Separate reporting arrangements will also be maintained. The Head of Internal Audit will report any instances where audit independence or objectivity may be compromised to the Corporate Director of Customer and Corporate Services and the Audit and Governance Committee. The Head of Internal Audit will also take steps to limit any actual or perceived

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<sup>8</sup> The relationship between internal audit and the Audit and Governance Committee is set out in more detail in Appendix 2.

impairment that might occur (for example by arranging for the audit of these services or functional activities to be overseen externally).

## 9 Resourcing

9.1 As part of the audit planning process the Head of Internal Audit will review the resources available to internal audit, to ensure that they are appropriate and sufficient to meet the requirements to provide an opinion on the council's control environment. Where resources are judged to be inadequate or insufficient, recommendations to address the shortfall will be made to the ~~Director of CBSS~~Director of Customer and Corporate Services and to the Audit and Governance Committee.

## 10 Rights of access

10.1 To enable it to fulfil its responsibilities, the council gives internal auditors employed by Veritau the authority to:

- enter all council premises or land, at any reasonable time
- have access to all data, records, documents, correspondence, or other information - in whatever form - relating to the activities of the council
- have access to any assets of the council and to require any employee of the council to produce any assets under their control
- be able to require from any employee or member of the council any information or explanation necessary for the purposes of audit.

10.2 Directors and service managers are responsible for ensuring that the rights of Veritau staff to access premises, records, and personnel are preserved, including where the council's services are provided through partnership arrangements, contracts or other means.

## 11 Review

11.1 This charter will be reviewed periodically by the Head of Internal Audit. Any recommendations for change will be made to the ~~Director of CBSS~~ Director of Customer and Corporate Services and the Audit and Governance Committee, for approval.

**Relationship between the ~~Director of CBSS~~ Director of Customer and Corporate Services  
(the s151 Officer) and internal audit**

- 1 In recognition of the statutory duties of the council's ~~Director of CBSS~~ Director of Customer and Corporate Services (the Director) for internal audit, this protocol has been adopted to form the basis for a sound and effective working relationship between the director and internal audit.
- (i) The Head of Internal Audit (HoIA) will seek to maintain a positive and effective working relationship with the director.
  - (ii) Internal audit will review the effectiveness of the council's systems of control, governance, and risk management and report its findings to the director (in addition to the Audit and Governance Committee).
  - (iii) The director will be asked to comment on those elements of internal audit's programme of work that relate to the discharge of his/her statutory duties. In devising the annual audit plan and in carrying out internal audit work, the HoIA will give full regard to the comments of the director.
  - (iv) The HoIA will notify the director of any matter that in the HoIA's professional judgement may have implications for the director in discharging his/her s151 responsibilities.
  - (v) The director will notify the HoIA of any concerns that he/she may have about control, governance, or suspected fraud and corruption and may require internal audit to undertake further investigation or review.
  - (vi) The HoIA will be responsible for ensuring that internal audit is provided in accordance with proper practice.
  - (vii) If the HoIA identifies any shortfall in resources which may jeopardise the ability to provide an opinion on the council's control environment, then he/she will make representations to

the director, as well as to the Audit and Governance Committee.

(viii) The HoIA will report to the Director of Customer and Corporate Services (and the Audit and Governance Committee) any instances where internal audit independence or objectivity is likely to be compromised, together with any planned remedial action.

(ix) The HoIA will report to the Director of Customer and Corporate Services (and the Audit and Governance Committee) any instances where audit work has not conformed to the code of ethics and/or the standards. This includes the reasons for non-conformance and the possible impact on the audit opinion.

(xviii) The director will protect and promote the independence and rights of internal audit to enable it to conduct its work effectively and to report as necessary.

### **Relationship between the Audit and Governance Committee and internal audit**

- 1 The Audit and Governance Committee plays a key role in ensuring the council maintains a robust internal audit service and it is therefore essential that there is an effective working relationship between the committee and internal audit. This protocol sets out some of the key responsibilities of internal audit and the committee.
- 2 The Audit and Governance Committee will seek to:
  - (i) raise awareness of key aspects of good governance across the organisation, including the role of internal audit and risk management
  - (ii) ensure that adequate resources are provided by the council so as to ensure that internal audit can satisfactorily discharge its responsibilities
  - (iii) protect and promote the independence and rights of internal audit to conduct its work properly and to report on its findings as necessary.
- 3 Specific responsibilities in respect of internal audit include the following.
  - (i) oversight of, and involvement in, decisions relating to how internal audit is provided
  - (ii) approval of the internal audit charter
  - (iii) consideration of the annual report and opinion of the Head of Internal Audit (HoIA) on the council's control environment
  - (iv) consideration of other specific reports detailing the outcomes of internal audit work
  - (v) consideration of reports dealing with the performance of internal audit and the results of its quality assurance and improvement programme
  - (vi) consideration of reports on the implementation of actions agreed as a result of audit work and outstanding actions



escalated to the committee in accordance with the approved escalation policy

(vii) approval (but not direction) of the annual internal audit plan.

4 In relation to the Audit and Governance Committee, the HoIA will:

(i) attend its meetings and contribute to the agenda

(ii) ensure that overall internal audit objectives, workplans, and performance are communicated to, and understood by, the committee

(iii) provide an annual summary of internal audit work, and an opinion on the council's control environment, including details of unmitigated risks or other issues that need to be considered by the committee

(iv) establish whether anything arising from the work of the committee requires consideration of the need to change the audit plan or vice versa

(v) highlight any shortfall in the resources available to internal audit or any instances where the independence or objectivity of internal audit work may be compromised (and to make recommendations to address these to the committee)

(vi) report any significant risks or control issues identified through audit work which the HoIA feels necessary to specifically report to the committee. This includes risks which management are failing to address but which the HoIA considers are unacceptable for the council

(vii) report any actual or attempted interference in the performance or reporting of internal audit work

(viii) participate in the committee's review of its own remit and effectiveness

(viiiix) discuss the outcomes of the quality assurance and improvement programme, and consult with the board on how external assessment of the internal audit service will be conducted (required once every five years).

- 5 The Head of Internal Audit will informally meet in private with members of the Audit and Governance Committee, or the committee as a whole as required. Meetings may be requested by committee members or the HoIA.



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**Audit and Governance Committee**

21 June 2017

Report of the Chair of the Audit Committee

**Annual Report of the Audit and Governance Committee****Summary**

- 1 This report seeks Members' views on the draft annual report of the Audit and Governance Committee for the year ended 5<sup>th</sup> April 2017, prior to its submission to Full Council.

**Background**

- 2 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to local authorities to help ensure that audit committees operate effectively. The guidance recommends that audit committees should report annually on how they have discharged their responsibilities.

**Annual Report of the Audit and Governance Committee**

- 3 A copy of the draft annual report of the Committee is attached at Appendix 1. A copy of the Committee's terms of reference as set out in Section 7, Part 3C of the Constitution is also attached to the report at Appendix 2, for information.

**Options**

- 4 This report sets out the proposed wording of the Committee's Annual Report. Members are asked to suggest alternative wording if necessary.

**Analysis**

- 5 Not relevant for the purpose of the report.

## **Corporate Priorities**

- 6 This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do.

## **Implications**

- 7 The implications are:
- **Financial** – none
  - **Human Resources (HR)** – there are no HR implications to this report.
  - **Equalities** – there are no equalities implications to this report.
  - **Legal** – there are no legal implications to this report.
  - **Crime and Disorder** – there are no crime and disorder implications to this report.
  - **Information Technology (IT)** – there are no IT implications to this report.
  - **Property** – there are no property implications to this report.

## **Risk Management**

- 8 Assurance in respect of the council's arrangements for managing risk, the maintenance of effective controls including those designed to prevent and detect fraud, and compliance with relevant legislation, may not be provided if the Audit and Governance Committee does not effectively discharge its responsibilities.

## **Recommendations**

- 9 Members are asked to:
- Consider and comment on the Annual Report of the Audit and Governance Committee prior to its submission to Full Council.

### Reason

*To enable the Committee to fulfil its role in providing assurance about the adequacy of the council's internal control environment and arrangements for managing risk and for reporting on financial and other performance.*

**Contact Details**

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**Chief Officer Responsible for the report:**

Ian Floyd  
Director Customer & Corporate Support Services  
Telephone: (01904) 551100

**Report  
Approved**



**Date** 21/06/2017

**Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

**All**

**For further information please contact the author of the report**

**Background Papers:**

None

## **Report of the Audit and Governance Committee For the Year to 5 April 2017**

### **Purpose of the Report**

To provide Members of the council with details of the work of the Audit and Governance Committee covering the year to 5<sup>th</sup> April 2017. The report also details how the Audit and Governance Committee has fulfilled its terms of reference.

### **Background**

The Audit and Governance Committee is responsible for overseeing the council's corporate governance, audit and risk management arrangements. The Committee is also responsible for approving the Statement of Accounts and the Annual Governance Statement. The functions of the Audit and Governance Committee are set out in Section 7, Part 3C of the Constitution. A copy of the list of the Committee's responsibilities is attached at **Appendix 2** for information.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to local authorities to help ensure that audit committees are operating effectively. The guidance recommends that audit committees should report annually on how they have discharged their responsibilities.

### **Training**

The Committee has continued to receive a number of training sessions during 2016/17 in order to assist the Committee in effectively fulfilling its responsibilities. These included:

- Statement of Accounts training session
- Project Management briefing/ training session
- Annual Governance Statement training session

### **Work Undertaken**

The Audit and Governance Committee has met on seven occasions in the year to 5<sup>th</sup> April 2017. During this period, the Committee has assessed the adequacy and effectiveness of the council's risk management arrangements, control environment and associated counter

fraud arrangements through regular reports from officers, internal audit and the external auditors, Mazars. The Committee has sought assurance that action has been taken, or is otherwise planned, by management to address any risk related issues that have been identified by auditors or inspectors during this period. The Committee has also sought to ensure effective relationships exist between internal and external auditors, inspection agencies and other relevant bodies.

The specific work undertaken by the Committee is set out below by subcategory:

### **Risk**

1. The Committee received a number of update reports on the key corporate risks for the Council during the year, along with the refreshed Key Corporate Risk Register.
2. Members received a further risk report which included an update on the major projects .

### **Internal Audit and Counter Fraud**

3. The Committee received and considered the results of internal audit work completed during the period and monitored the progress made by management to address identified control weaknesses.
4. Received, considered and approved the initial Internal Audit and Counter Fraud plan along with a number of update reports on the progress made throughout the year.
5. Considered a report which sought member's views on the priorities for internal audit for 2017/18, to inform the preparation of the Internal Audit plan.
6. Considered a report which sought approval for changes to the Council's Internal Audit Charter to reflect changes to the Public Sector Internal Audit standards (PSIAS). Members approved and adopted the proposed charter.
7. Received and considered a new Counter Fraud and Corruption Policy and Strategy. The Committee also considered the results of the annual fraud risk assessment.
8. Received the Annual Report of the Head of Internal Audit which summarised the outcome of audit and fraud work undertaken in

2015/16 and provided an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control. Members scrutinised the significant control issues highlighted in the report and noted that these were reflected within the Annual Governance Statement.

9. Members received and considered regular reports on counter fraud activities, and other investigations, including a report providing information on the results of a recent internal audit investigation into the procurement of an external consultant.

### **External Audit**

10. Received and considered Mazars Audit Strategy Memorandum which set out the audit plan in respect of the audit of the Councils Financial statements for 2016/17. The report summarised the audit approach, highlighted significant audit risks and provided details of the audit team.
11. Received and considered the Annual Audit Letter which summarised the outcome of the 2015/16 audit carried out by Mazars on the annual accounts and work on its value for money conclusion. Members discussed and noted the findings of the audit contained in the report.
12. Received regular reports on the progress made by Mazars in meeting their responsibilities as the Council's external Auditor. The Committee were also kept updated on key emerging national issues and developments
13. Received and scrutinised a report from Mazars considering whether the Council's arrangements over some of the major programmes of work are effective in terms of governance, management of risk and project delivery.
14. Members also received a report from Mazars on issues arising from the objection to the 2015/16 accounts. The report covers the work undertaken to investigate the issues raised by the objection and the key findings.

### **Treasury**

15. The committee continued the role of scrutinising the council's treasury management strategy and policies and considered both strategy statements and update reports during the year



16. Members received and considered the annual treasury management strategy statement and prudential indicators for 2016/17, and also later considered a mid year review report updating members on the performance for the first six months of the year.
17. Members later received the Treasury Management Strategy Statement for 2017/18 to 2021/22..

### **Governance and Statement of Accounts**

18. Considered and approved the Annual Governance Statement for 2015/16, noting that action plans would be put in place to address each of the significant governance issues identified. The Committee received various update reports from officers during the year on the progress that had been made on each of the items identified as significant governance issues.
19. Considered the Annual report of the Audit & Governance Committee prior to its submission to Full Council.
20. Initially considered a draft pre audited version of the Statement of Accounts for 2015/16 in June before approving the Final audited Statement of Accounts in September.
21. Members received a report providing a review of the Code of Corporate Governance following the updated framework and guidance notes issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Authority Chief Executives (SOLACE). Members expressed their support for the code and recommended to Full Council that the revised code be adopted.

### **Democratic Governance**

22. The Committee have received a number of reports related to Democratic Governance throughout the year including:
23. A paper presented at the Committees request on the process for implementing and actioning Council motions.
24. A report presented at the Committees request on the terms of reference of the Group Leader's meeting and its role in Local

Democracy. Members noted the report and asked that it be circulated to Group Leaders for information.

25. A report seeking Members' views on changes to the Officer Scheme of Delegations. After considering the content of the report Members recommended to the Leader and Council that the new scheme of delegations be adopted.

## **Other**

26. At each meeting the Committee has maintained a rolling Forward Plan for meetings a year in advance, to ensure that its responsibilities are discharged in full and appropriate reports are scheduled to be brought by officers on a timely basis.
27. Members considered a resolution which had been referred by the Executive to the Committee which requested the Committee gave consideration to proposed changes to the Council Procedure Rules and the Councils Webcasting protocol. Members recommended that the amendment to the council Procedure Rules be adopted, and recommended if any decision was taken to edit any webcast the reason for the editing should be stated.
28. Members received a report which set out changes to the arrangements for appointing External Auditors following the end of the current transitional arrangements on completion of the 2017/18 audit. The report set out the advantages and disadvantages of each option available for future appointment available to the Council. Members recommended and referred to Full Council that the Council should opt in to the approved sector led body, Public Sector Audit Appointments Ltd (PSAA), to act as the appointing person for the appointment of external auditors for the council for the five years commencing 1 April 2018.
29. Members received a Procurement Action Plan report from officers which considered the management response to reports on the same subject 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.
30. Members also received a further Procurement report from officers at their request, which set out an overview of the procurement function. Members scrutinised the report and requested further information from officer. A training session on procurement was

subsequently held for members of the Committee at their request during 2017/18.

31. At the Committees request received a number of update reports throughout the year on the Project Management framework which informed members of areas that were being strengthened along with an update on major projects.
32. Members considered and approved a report setting out the proposed changes to the current Contract Procedure rules, prior to submission to Full Council.
33. Members also received a report providing and update on progress in delivering the Older Persons Accommodation Programme.
34. Received a number of update reports in relation to Sickness Absence Management from officers in response to specific issues identified in the Attendance Management follow up memo. Members noted the report which provided an update on sickness absence monitoring on iTrent and requested further information from officers including: benchmarking from other authorities; breakdown of sickness absence by directorate and Information on the Workforce Wellbeing Charter.
35. Members also received a progress update report which responded to specific issues identified in the Health and Safety Internal Audit Follow up report previously presented to members.
36. Received a number of progress reports in relation to Information Governance update report which provided Members with an update on the Information Commissioners Office (ICO) audit; updates on information security checks; updates on the Health and Social Care Information Toolkit; the new General Data Protection Regulation; a compliance update report on the Transparency Code 2015; and Information on the current consultation by the Department for Communities and Local Government (DCLG) on changes to the Transparency code.
37. Members also received an update report on Schools Information Governance following an earlier internal audit report . It was agreed further updates would be brought back to the Committee as part of the regular governance reports presented to the Committee.

## Summary

38. The Audit & Governance Committee have considered a large number of reports during 2016-17 in carrying out their responsibility for overseeing the council's corporate governance, audit and risk management arrangements and providing assurance that the Council's financial and governance procedures are effective. The Committee has also carried out its duty in scrutinising the Statement of Accounts and Annual Governance statement prior to approval.

Cllr Fiona Derbyshire  
Chair of the Audit & Governance Committee

## Part 3 C of the Constitution (Council Committees and Other Bodies)

7.1 The functions of the Audit &amp; Governance Committee are:

| No. | Delegated authority   | Conditions   |
|-----|---|--|
|     | <b>Audit</b>  |  |
| 1   | To consider the annual report and opinion of the Head of Internal Audit. The report should include a summary of internal audit activity in the relevant period and the level of assurance that can be given over the control environment and corporate governance arrangements at the Council |  |
| 2   | To consider periodic reports from the Head of Internal Audit detailing the summary findings and the main issues arising from internal audit work.   |  |
| 3   | To consider reports dealing with the management and performance of the Internal and External Audit functions.   |  |
| 4   | To consider whether internal audit work conforms to professional standards and to review the effectiveness of Internal Audit and the Committee itself on an annual basis.   |  |
| 5   | To consider reports of the Head of Internal Audit detailing the progress made by management to address control weaknesses identified by Internal or External Audit.   |  |
| 6   | To consider the action plan arising from the Annual Letter of the External Auditor.   | With respect to the Annual Letter being first considered and accepted by the Executive |

| No.                                | Delegated authority   | Conditions                      |
|------------------------------------|---|---------------------------------|
| 7                                  | To consider all other relevant reports received from the External Auditor as scheduled in the forward plan for the Committee or otherwise requested by Members.   |                                 |
| 8                                  | To comment on the scope and depth of external audit work and ensure it provides value for money.  |                                 |
| 9                                  | To liaise with the Audit Commission (or its successor body) over the appointment of the Councils External Auditor.  |                                 |
| 10                                 | To approve the Internal Audit Charter   |                                 |
| 11                                 | To approve the Annual Plans of the Internal Audit Service and the External Auditor.   |                                 |
| 12.                                | To commission work from the Internal Audit Service and External Audit with regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee. | Subject to budgetary provision. |
| <b>Governance &amp; Regulatory</b> |   |                                 |
| 13.                                | To keep under review the Councils contract procedure rules, financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Joint Standards Committee).                          |                                 |
| 14                                 | To review any relevant issue referred to it by the Chief Executive, S151 Officer, the Assistant Director (Financial Services), the Monitoring Officer, the Head of internal Audit or any other Council body.                |                                 |
| 15                                 | To consider the effectiveness of the Councils arrangements for corporate governance (including information governance).   |                                 |

| <b>No.</b> | <b>Delegated authority</b>   | <b>Conditions</b>  |
|------------|--|--|
| 16         | To monitor the effective development and operation of risk management arrangements across the Council.   |  |
| 17         | To assess the effectiveness of the Councils counter fraud arrangements including the Whistle blowing policy and other relevant counter fraud policies and plans. |  |
| 18         | To consider the Councils compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.                |  |
| 19         | To bring to Full Council all proposals for amendment to this Constitution submitted by Members in accordance with this Constitution.                             | Subject to the advice of the Assistant Director Legal and Governance |
|            | <b>Annual Governance Statement and Accounts etc</b>  |  |
| 20         | To approve the Statement of Accounts and the Annual Governance Statement.  |  |
| 21         | To consider the External Auditors report to those charged with governance on issues arising from the audit of the accounts.                                      |  |
| 22         | To scrutinise the Treasury Management Strategy and Monitoring Reports.   |  |
|            | <b>General</b>   |  |
| 23         | To meet informally with the External Auditor and the Head of Internal Audit on a periodic basis to discuss audit related matters.                                |  |
| 24         | To report on the discharge of the Committees responsibilities under the Constitution to Full Council on an annual basis.   |  |

| <b>No.</b> | <b>Delegated authority</b>  | <b>Conditions</b> |
|------------|---|-------------------|
| 25         | To maintain and participate in a programme of training relevant to the activities and responsibilities of the Committee |                   |





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**Audit and Governance Committee**

21 June 2017

Report of the Director of Customer & Corporate Services (Deputy Chief Executive)

**Annual Governance Statement 2016/17****Summary**

- 1 The purpose of this report is to present the draft Annual Governance Statement (AGS) 2016/17 for approval. The AGS is attached as Annex A and a signed version as agreed by the Leader and Chief Executive of the council will accompany the Statement of Accounts 2016/17.
- 2 The AGS continues to form part of the Statement of Accounts, however it is now considered as an accompanying document rather than a core statement. The Draft Statement of Accounts will be approved by the S151 Officer by the 30<sup>th</sup> June and will be reviewed by this Committee at the meeting in July 2017. The final version of the Statement of Accounts will be approved by this Committee, at the meeting in September 2017.
- 3 During 2016/17, a Local Code of Corporate Governance was adopted by this Committee in line with the latest best practice set out in the updated framework and guidance notes issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and is now available on the Councils website along with links to relevant policies/ guidance. This document is attached as an Annex to the Annual Governance Statement as it will be considered alongside the AGS each year during the preparation process.
- 4 A review of the format of the Annual Governance Statement was carried out last year ensuring the format is consistent with other local authorities and compliant with statutory guidance, The Statement is audited each year as part of the Annual

external audit on the Statement of Accounts. There have been no concerns brought to officers or members attention during this time and the Statement is compliant with statutory guidance.

- 5 Members requested information on the option of an external Governance Review. This service could be carried out by a number of professional firms across the country, including the Council's current Auditors Mazars. If such a review was carried out this would need to be subject to the Council's Procurement rules in appointing the supplier to carry out the work.
- 6 Members should note there is currently no budget to carry out such a review, therefore any decision would need to be supported by Executive and budget made available.

## **Background**

- 7 The Accounts and Audit Regulations 2003 imposed a legal requirement on all local authorities to conduct a review of the effectiveness of systems of internal control and to publish Statements of Internal Control (SIC) as part of the annual accounts.
- 8 In 2016, CIPFA/SOLACE published an updated Framework document entitled "*Delivering Good Governance in Local Government*" which set out seven core principles of governance and a number of sub principles which in turn translate into a range of specific behaviours and actions that apply across the Council to demonstrate good governance. In response to this the Council adopted an updated Local Code of Corporate Governance which is referred to within this document and links to current policies and guidance which demonstrate compliance.
- 9 The Framework introduced the requirement on local authorities to prepare an Annual Governance Statement (AGS) instead of a SIC from 2007/08 onwards. In preparing the AGS it is necessary to address the overall governance arrangements of the organisation rather than specifically the systems of internal control.

## Preparation Process

- 10 Both the significant governance issues and more general issues facing the Council are presented in the table at section 5 in the AGS along with details of actions taken/ planned, and where follow up reports will be taken to allow transparent monitoring during the year.
- 11 In compiling the 2016/17 AGS, a range of sources of evidence have been gathered and analysed. These have then been reviewed by the Officer Governance, Risk and Assurance Group (GRAG), which includes senior management and internal audit, to consider the following:
  - (a) the adequacy and effectiveness of key controls, both within individual directorates and across the council
  - (b) any control weaknesses or issues identified by the Section 151 Officer and Monitoring Officer
  - (c) any control weaknesses or issues identified and included in the annual report of the Head of Internal Audit, presented to the council's Audit and Governance Committee
  - (d) significant issues and recommendations included in reports received from the external auditors, Mazars/ or other inspection agencies;
  - (e) the results of internal audit and fraud investigation work undertaken during the period;
  - (f) the views of those members and officers charged with responsibility for governance, together with managers who have responsibility for decision making, the delivery of services and ownership of risks;
  - (g) the council's risk register and any other issues highlighted through the Council's risk management arrangements
  - (h) the outcomes of service improvement reviews and performance management processes
  - (i) progress in dealing with control issues identified in the 2015/16 Annual Governance Statement.
  - (j) The councils counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption
- 12 Local authorities are required to use judgement in deciding whether control weaknesses are significant and hence require

disclosure in the AGS. The Governance, Risk and Assurance Group (GRAG) have therefore evaluated all the control issues identified through the review process and considered which should be disclosed in the AGS as a significant control weakness. A control weakness is considered to be significant where:

- a) the issue has seriously prejudiced or prevented achievement of a principal council aim or objective;
- b) the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from another aspect of the council's services;
- c) the issue has led to a material impact on the accounts;
- d) the Audit and Governance Committee has advised that it should be considered significant for this purpose;
- e) the Head of Internal Audit has reported on it as significant in the annual opinion on the Council's internal control environment;
- f) the issue, or its impact, has attracted significant public interest or has seriously damaged the council's reputation;
- g) the issue has resulted in formal action being taken by the S151 Officer and/or the Monitoring Officer.

13 The items that the Governance, Risk and Assurance Group (GRAG) have agreed meet the criteria above have been published within Section 5 of the AGS in the enhanced Issues disclosure table.

### **Monitoring of AGS Action Plans**

14 The Governance, Risk and Assurance Group (GRAG) will have oversight and regularly monitor the progress of all AGS actions. Follow up reports will also be brought back to the relevant Committees during the year as set out in the Significant Issues table to keep members updated on the progress being made in improving the issues raised.

- 15 The Governance, Risk and Assurance Group will also continue to monitor the Local Code of Corporate Governance during the year, bringing any updates required to the Code to the committee's attention.

### **Consultation**

- 16 Not relevant for the purposes of this report

### **Options**

- 17 Not relevant for the purpose of the report.

### **Analysis**

- 18 Not relevant for the purpose of the report.

### **Corporate Priorities**

- 19 This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything it does. It specifically contributes to the Effective Organisation priority in the Corporate Strategy.

### **Implications**

- 20 The implications are;
- **Financial** – there are no financial implications other than the time required to undertake the review of key controls and prepare the AGS and that it will form part of the published statement of Accounts for 2016/17.
  - **Human Resources (HR)** – there are no HR implications to this report.
  - **Equalities** - there are no equalities implications to this report.
  - **Legal** - there is a legal requirement for the council to publish an Annual Governance Statement as part of the annual Statement of Accounts.
  - **Crime and Disorder** – there are no crime and disorder implications to this report.
  - **Information Technology (IT)** - there are no IT implications to this report.

- **Property** - there are no property implications to this report.

### **Risk Management Assessment**

21 The council will fail to comply with legislative requirements if it does not publish an Annual Governance Statement with the annual Statement of Accounts. The council would be criticised by the external auditor if the process followed to prepare the Annual Governance Statement was not sufficiently robust.

### **Recommendation**

Members are asked to consider and approve the AGS 2016/17, particularly the significant governance issues identified in section 5 of the Statement.

Reason: To enable Members to consider the effectiveness of the council's governance framework, and in particular the significant control issues.

### **Contact Details**

**Author:**

Emma Audrain  
Technical Accountant

**Chief Officer Responsible for the report:**

Ian Floyd  
Director of Customer & Corporate Support Services (Deputy Chief Executive)

**Report Approved**



**Date** 13 June 2017

### **Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

All

**For further information please contact the author of the report**

## **Background Papers**

- CIPFA/SOLACE – ‘Delivering Good Governance in Local Government’ – Framework and Guidance Note for English Authorities’ (2007)
- CIPFA/SOLACE – Application Note to Delivering Good Governance in Local Government:a Framework (March 2010)
- CIPFA/ SOLACE Delivering Good Governance in Local Government Framework (2016)
- Accounts and Audit Regulations 2015
- 2015/16 Annual Governance Statement
- Local Code of Corporate Governance
- CIPFA – The role of the Chief Finance Officer (2015)

## **Annexes**

Annex A – Draft Annual Governance Statement 2016/17

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## SCOPE OF RESPONSIBILITY

City of York Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the council is also responsible for putting in place proper arrangements for the governance of its affairs, which facilitate the effective exercise of the council's functions and which includes arrangements for the management of risk.

The council has approved and adopted a code of corporate governance, which is consistent with the principles of CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the City of York Council's Local Code of Corporate Governance is available on the council's website at [www.york.gov.uk](http://www.york.gov.uk).

This statement explains how the council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

### 1. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values, by which the council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

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

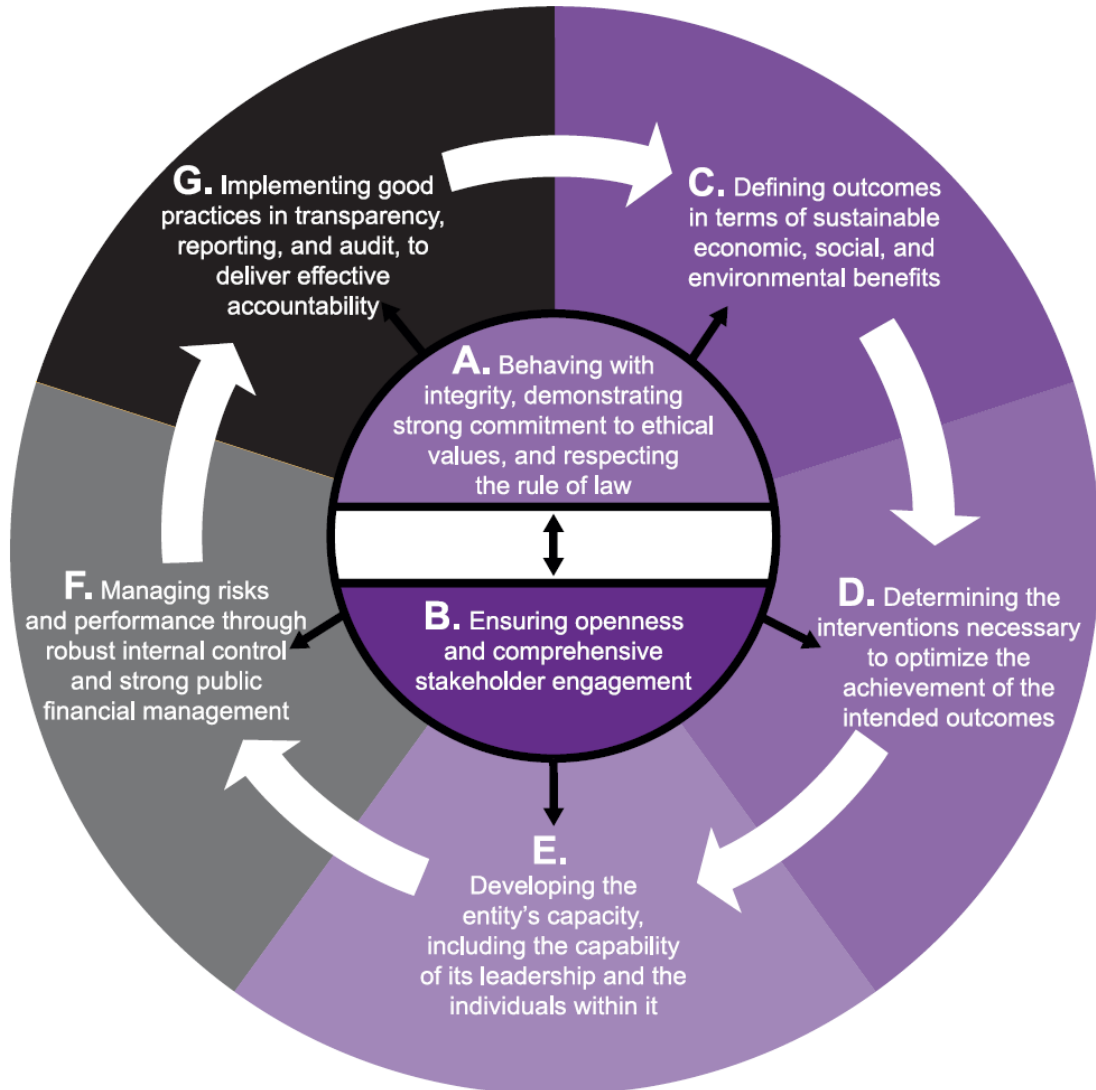
**ANNEX A****ANNUAL GOVERNANCE STATEMENT**

to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The overall Governance Framework, and in particular the system of internal control, described in this Statement, has been in place within the Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts for 2016/17.

**CORE PRINCIPLES OF GOOD GOVERNANCE**

The Diagram below taken from the *International Framework: Good Governance in the Public Sector (CIPFA/ IFAC)* illustrates the 7 core principles of good governance in the public sector and how they related to each other. The Council's Local Code of Corporate Governance sets out various documents and arrangements within these core and sub principals which demonstrate that the Council continues to seek to ensure it remains well governed, and that to deliver good governance the Council must seek to achieve its objectives whilst acting in the public interest at all times. The Code is reviewed annually as part of the preparation of the Annual Governance statement and any amendments will be brought to the Committee as part of this process.



## 2. OUR GOVERNANCE FRAMEWORK

The requirement to have a robust governance framework and sound system of internal control covers all of the council's activities. The internal control environment within the council consists of a number of different key elements, which taken together contribute to the overall corporate governance framework. The key elements of the governance framework within the council are set out below:

### Strategic Planning Processes

The council has in place a strategic planning process, informed by community and member consultation, that reflects political and community objectives and acts as the basis for corporate prioritisation.

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The council's Council Plan expresses the council's key priorities until 2019. The aims and associated milestones are refreshed each year. The council has also developed a standard directorate and service planning process which integrates priority setting with resource allocation and performance management.

### Political and Managerial Structures and Processes

The full Council is responsible for agreeing overall policies and setting the budget. The Executive, which meets monthly, is responsible for decision making within the policy and budget framework set by full Council. The Corporate Management Team (CMT), which meets weekly, has responsibility for implementing council policies and decisions, providing advice to members and for coordinating the use of resources and the work of the council's directorates. The Executive and CMT monitor and review council activity to ensure corporate compliance with governance, legal and financial requirements. The Chief Finance Officer (Director of Customer and Corporate Services) and the Monitoring Officer (Head of Governance) review reports before they are presented to the Executive to ensure that all legal, financial and other governance issues have been adequately considered.

The council implemented new scrutiny arrangements during 2009/10 and continues to seek to develop and improve these arrangements. During 2015 further improvements included the early publication of forward items for Executive, to allow for pre decision of Scrutiny items.

There is an Audit and Governance Committee which acts as the responsible body charged with governance on behalf of the Council. In doing so it provides independent assurance on the adequacy of the risk management framework and the associated control environment, independent scrutiny of the council's financial and non-financial performance to the extent that it affects the council's exposure to risk and weakens the control environment. It also oversees the financial reporting process and approves the final Statement of Accounts.

A Joint Standards Committee comprising members of the City of York Council and parish councils is responsible for promoting good ethical governance within the organisation and within local parish councils. The Standards Committee is also responsible for adjudicating in cases where a complaint is made against a member of either, the City of York Council, or the parish councils within its administrative boundary. The

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council has appointed independent persons to assist in making decisions on complaints and in promotion of high standards generally.

### Management and Decision Making Processes

Corporate management and leadership at officer level is led by CMT, and is supported and developed through the Corporate Leadership Group (CMT plus Assistant Directors). Decisions are operated in accordance with the Council's constitution. The council has a Workforce Strategy which sets out the way the council will develop the skills of our staff to help deliver our key priorities effectively.

### Policies and Guidance

Specific policies and written guidance exist to support the corporate governance arrangements and have been brought together in one place within the council's Local Code of Corporate Governance, which is available on the council's website and contains live links to relevant documents.

The Local Code of Corporate Governance sets out how the council continues to ensure it remains well governed under the 7 principles set out in the CIPFA/ SOLACE framework 'Delivering Good Governance in Local Government', and is reviewed annually as part of the preparation of this statement, and any amendments will be brought to the Committee as part of this process.

### Financial Management

The Director of Customer & Corporate Services (as the Section 151 Officer) has the overall statutory responsibility for the proper administration of the council's financial affairs, including making arrangements for appropriate systems of financial control.

The council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) in that:

- he is a key member of the Corporate Management Team, helping it to develop and implement strategy and to resource and deliver the council's strategic objectives sustainably and in the public interest;
- he is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term

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implications, opportunities and risks are fully considered, and aligned with the council's financial strategy; and

- he leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

In delivering these responsibilities:

- he leads and directs a finance function that is resourced to be fit for purpose; and
- he is professionally qualified and suitably experienced.

The council operates a system of delegated financial management within a corporate framework of standards and financial regulations, comprehensive budgetary control systems, regular management information, administrative procedures (including the segregation of duties) and management supervision. The financial management system includes:

- A Medium Term Financial Plan highlighting key financial risks and pressures on a 5 year rolling basis
- An annual budget cycle incorporating Council approval for revenue and capital budgets as well as treasury management strategies
- Annual Accounts supporting stewardship responsibilities, which are subjected to external audit and which follow best professional practice as set out in the Chartered Institute of Public Finance and Accountancy's guidance and International Financial Reporting Standards
- Joint budget and performance monitoring as outlined in the section on Performance Management below.

### Compliance Arrangements

Ongoing monitoring and review of the council's activities is undertaken by the following officers to ensure compliance with relevant policies, procedures, laws and regulations:

- The Section 151 Officer
- The Monitoring Officer
- The Head of Internal Audit

**ANNEX A****ANNUAL GOVERNANCE STATEMENT**

- Finance officers and other relevant service managers.

The Council's Monitoring Officer has a statutory responsibility for ensuring that the council acts lawfully and without maladministration.

Compliance with the council's governance arrangements is subject to ongoing scrutiny by the external auditors, Mazars and other external agencies. The Governance, Risk and Assurance Group (GRAG) also monitors, reviews and manages the development of the council's corporate governance arrangements. The group includes the Section 151 Officer, the Monitoring Officer and the Head of Internal Audit as well as other key corporate officers and is responsible for drafting the Annual Governance Statement on behalf of the Chief Executive, Leader and Audit & Governance Committee.

### Risk Management

The council has adopted a formal system of Risk Management. Although responsibility for the identification and management of risks rests with service managers, corporate arrangements are co-ordinated by the Risk Management Service to ensure that:

- the council's assets are adequately protected
- losses resulting from hazards and claims against the council are mitigated through the effective use of risk control measures
- service managers are adequately supported in the discharge of their responsibilities in respect of risk management.

The system of risk management includes the maintenance of risk registers, to which all directorates have access. The risk registers include corporate, operational, project and partnership risks, in accordance with best practice in local government. The risk registers are used to monitor risks and identify appropriate action plans to mitigate risks. Relevant staff within the council have also received training, guidance and support in risk management principles. These risk management arrangements and the Corporate Risk Register containing the council's key strategic risks are monitored by CMT and the Audit & Governance Committee.

### Internal Audit and Fraud

The council also operates internal audit and fraud investigation functions which comply with the Accounts and Audit Regulations and

**ANNEX A****ANNUAL GOVERNANCE STATEMENT**

the Public Sector Internal Audit Standards. The service in 2016/17 was provided by Veritau Limited, a shared service company jointly established by the Council and North Yorkshire County Council. Veritau's internal audit and counter fraud teams undertake an annual programme of review covering financial and operational systems and including systems, regularity, and probity audits designed to give assurance to members and managers on the effectiveness of the governance, risk management and control environment operating within the council. Through its work Veritau also provides assurance to the Section 151 Officer in discharging his statutory review and reporting responsibilities. In addition the team:

- provides advice and assistance to managers in the design, implementation and operation of controls
- helps to maintain the council's counter fraud arrangements including policy framework
- supports managers in the prevention and detection of fraud, corruption and other irregularities.

Performance Management

The council recognises the importance of effective performance management arrangements and has established the Business Intelligence Hub. It has a Performance Management Framework (PMF), which sets out the formal arrangements for effective performance management at a directorate and corporate level, including both service and finance based monitoring. Each directorate reports finance and service performance progress to members through the established Scrutiny arrangements.

Finance and service performance monitoring is reported regularly at CMT and Executive, and there is ongoing regular discussion of financial performance at CMT to ensure that the Council is able to manage the major savings programmes.

Consultation and Communication Methods

The council communicates the vision of its purpose and intended outcomes for all stakeholders to enable accountability and encourage open consultation. To enable this, analysis of the council's stakeholders is undertaken and relevant and effective channels of communication are developed. The Council has in place an Engagement Strategy and media protocol. Examples of communication and consultation include:



**ANNEX A****ANNUAL GOVERNANCE STATEMENT**

- communication of community and corporate strategies
- publishing an annual Statement of Accounts and Performance Report to inform stakeholders and services users of the previous year's achievements and outcomes
- the annual report on the performance of the scrutiny function
- opportunities for the public to engage effectively with the council including attending meetings and watching meetings live or recorded at [www.york.gov.uk/webcasts](http://www.york.gov.uk/webcasts)
- residents' surveys and consultations via [www.york.gov.uk/consultations](http://www.york.gov.uk/consultations) including public consultation events – in the council offices, libraries, public transport and supermarkets
- budget and other consultation processes including statutory public notices
- providing a place for businesses, organisations and residents to publicly share their data, for free, so that anybody can connect to hundred's of up-to-date, searchable data sets and use them to make a difference in their local area at <https://www.yorkopendata.org/>
- citywide publications such as Our City and Your Ward and Streets Ahead (for 8,000 council tenants)
- internal communications within City of York Council to ensure staff and arms length partners are kept informed of communications
- daily interaction via the council's social media channels including Twitter and Facebook
- involvement in devolved budget decision-making at ward level
- customer feedback through the council's complaints procedure or other direct service feedback processes.

Partnership working arrangements

The overall governance framework established by the council contributes to effective partnership and joint working arrangements.. The council has developed a methodology and protocols during to ensure that partnerships operate effectively across the Council.

**3. REVIEW OF EFFECTIVENESS**

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the systems of internal control. In preparing this Statement a review of corporate governance arrangements and the effectiveness of the council's systems of internal control has been undertaken, co-ordinated by the

**ANNEX A****ANNUAL GOVERNANCE STATEMENT**

Governance, Risk and Assurance Group (GRAG), which comprises the Director of Customer & Corporate Support Services/ Deputy Chief Executive (the Section 151 Officer), the Assistant Director of Customer & Corporate Services - Governance (the Monitoring Officer), the Assistant Director of Customer & Corporate Services (ICT) and the Head of Internal Audit (Veritau Ltd). The review included consideration of:

- the adequacy and effectiveness of key controls, both within individual directorates and across the council
- any control weaknesses or issues identified and included on the Disclosure Statements signed by the Section 151 Officer and Monitoring Officer
- Disclosure Statements signed by Directors identifying control weaknesses or significant issues
- any control weaknesses or issues identified and included in the annual report of the Head of Internal Audit, presented to the council's Audit and Governance Committee
- significant issues and recommendations included in reports received from the external auditors, Mazars/ or other inspection agencies
- the results of internal audit and fraud investigation work undertaken during the period
- the views of those members and officers charged with responsibility for governance, together with managers who have responsibility for decision making, the delivery of services and ownership of risks
- the council's risk registers and any other issues highlighted through the council's risk management arrangements
- the outcomes of service improvement reviews and performance management processes
- progress in dealing with control issues identified in the 2015/16 Annual Governance Statement.
- The council's counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption

The council recognises an ongoing need to review its governance arrangements, and to respond to external reports and changes in legislation to ensure it continues to learn, improve systems, and ensure compliance with relevant legislation. Having considered all of the principles, we are satisfied that the council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

This on-going review of the effectiveness of governance and internal control systems is also informed by the work of Veritau who have responsibility for providing assurance on the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

#### 4. SIGNIFICANT GOVERNANCE ISSUES

On the basis of the review work carried out it was considered that the majority of the governance and internal control arrangements continue to be regarded as fit for purpose in accordance with the governance framework during the financial year 2016/17. There were however some areas identified which require attention to address weaknesses and ensure continuous improvement of governance and internal control arrangements; included within this definition are more general issues relating to service delivery and national challenges which whilst not significant governance issues in themselves, represent important issues which affect the council across all areas.

##### Follow up of issues identified in 2015/16

Last year's Annual Governance Statement highlighted both significant governance issues along with more general issues relating to service delivery and national challenges which affect the council across all areas. The majority of these general issues remain relevant for 2016/17 therefore remain on the statement and have been updated to reflect the latest position. One new Issue has been identified during 2016/17 and two issues have been removed as set out below.

|                                      | <b>Issue</b>   | <b>Action taken to date/<br/>Planned 2017/18</b>  | <b>Reports/<br/>Decisions<br/>to be<br/>presented<br/>to</b> |
|--------------------------------------|--|---|--|
| 1 –<br>Existing<br>Issue,<br>updated | <b>Financial Risks</b><br><b>(i) Pressures -<br/>Impact of funding<br/>reductions -</b><br><br>The council | The MTFS reflects the expected need to make future savings over the medium term taking into account anticipated | Executive/<br>Council  |

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| Existing Issue, updated | <p>continues to face significant funding pressures and changes to both national and regional funding regimes which naturally present a potential risk to the council's overall governance arrangements.</p> <p>The financial position of the health economy in York, and the impact that may bring for the Better Care Fund, and implications on the Adult Services budget</p> <p><b>(ii) Major capital projects</b></p> <p>The council has a number of major capital projects at different stages, including the Community Stadium, York Central, and the Older Peoples Accommodation Programme (including Burnholme)</p> | <p>changes in financing. This informs the budget process for future years. The council set a budget in February 2017 covering detailed proposals for 17/18 and outlined broad plans for the 2 years after. Further development of the strategy will take place during 17/18, leading to the budget report in February 2018..</p> <p>There are significant risks associated with the range of major schemes which have been identified in various reports, including the potential implications for both capital and revenue budgets. Ongoing regular reporting to various member meetings, alongside effective project management will be essential to ensure risks can be mitigated/ managed.</p> <p>The council has put in</p> | <p>Executive/<br/>Council</p> <p>Audit &amp;<br/>Governance<br/>Committee</p> <p>Scrutiny<br/>Committees</p> |
|-------------------------|--|--|--|

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|                                    |  | <p>place dedicated project management expertise for its major projects, and invested in a project management system to manage programme/cost risks attached to these major projects</p>  |                               |
| <p>2 – Existing Issue, updated</p> | <p><b>Local Plan</b></p> <p>Officers produced a publication draft Local Plan in autumn 2014. This process, however, was halted by Council resolution on the 9th October 2014. Following the Local Government Elections in May 2015 the agreement between the Conservative and Liberal Democrat Groups, to establish a joint administration for City of York Council from May 21st 2015 indicates that:</p> <p>‘We will prepare an evidence-based Local Plan which delivers much needed housing whilst focusing development on brownfield land and taking all practical</p> | <p>Following the Preferred Sites Consultation the MOD announced as part of their Defence Estate Strategy on 7<sup>th</sup> November 2016 the release of three sites in York – Imphal Barracks, Fulford Road and Queen Elizabeth Barracks and Towthorpe Lines both in Strensall.</p> <p>As highlighted in the reports to LPWG and Executive in December 2016 and January 2017 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</p> | <p>Executive/<br/>Council</p> |

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## ANNUAL GOVERNANCE STATEMENT

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|  | <p>steps to protect the Green Belt and the character of York.'</p> <p>Planning policy sits within a national regulatory framework; non-compliance with that framework means that planning decisions by the local authority can be successfully challenged both in the Courts and through the Secretary of State. In addition failure to adopt a compliant Local Plan, given the expectations embodied in the National Planning Policy Framework (NPPF) leaves undeveloped areas of the city vulnerable to development proposals which the council will be unable to stop.</p> <p>Also given Ministerial statements failure to progress a plan could lead to interventions by Government into the City's planning services along with the removal of funding such as New</p> | <p>Community Involvement (SCI).</p> <p>Officers need to undertake further technical work relating to the MOD sites as highlighted in the report to Executive. 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 for public consultation as part of a Draft Plan.</p> <p>It is anticipated that the work outlined to evaluate new sites and to undertake an additional consultation prior to reaching publication stage will add around 6 months to the Local Plan timetable and require an adjustment of its key milestones with <b>Local Plan adoption target December 2018</b></p> |  |
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## ANNUAL GOVERNANCE STATEMENT

|   | Homes Bonus   |  |   |
|---|---|--|---|
| 3 | <p><b>Adults/ Health Risks - Challenges of Better Care Act/ Pool budgets</b></p> <p>Adult Social Care is the biggest area of spend (excepting Housing Revenue Account and Education). There is an increasing and ageing population with more complex needs which could dominate council finance's in years to come.</p> <p>The Department continues to implement new duties imposed under the Care Act 2014 as well as pooling budgets with the Vale of York Clinical Commissioning Group in the Better Care Fund, a step in the longer term ambition to integrate Health and Social Care</p> | <ul style="list-style-type: none"> <li>• Regular budget monitoring meetings and reports with all levels of budget managers within the Department</li> <li>• Robust plans in place to deliver savings proposals and develop mitigating actions where savings are not being met</li> <li>• Development of a new operating model which will prevent , reduce, delay and manage an individual's care needs and reduce the number of people needing ongoing statutory agency based support</li> <li>• Increase in reablement and community based support</li> <li>• Increase use of community assets and capacity</li> <li>• Ambition to pool more budgets in order to achieve system wide efficiencies and improve the customer/resident experience</li> <li>• Ensure appropriate</li> </ul> | Executive/ Health and Wellbeing Board, Scrutiny |

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|  |  | <p>governance is in place for the pooled budgets</p> <ul style="list-style-type: none"> <li>• Attendance at the appropriate level of cross organisation meetings to ensure council's best interests and strategic aims are met</li> <li>• Complete the national stocktakes relating to how successful implementation of the Care Act has been and what further needs doing</li> <li>• Review Universal Information and Advice in line with the Care Act to support people to self manage</li> <li>• Change culture of workforce and population to promote self care/ management</li> <li>• Comprehensive Service plans with clear objectives</li> <li>• BCF Performance and Delivery Task Group meets monthly</li> <li>• Update reports to HWBB regularly on performance of the programme</li> <li>• BCF risks are reviewed regularly</li> </ul> |  |
|--|--|--|--|



| ANNEX A                     |   | ANNUAL GOVERNANCE STATEMENT   |                              |
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| 4 – Existing Issue          | <p><b>Devolution –</b></p> <p>Ensuring the council is best positioned to be able to take advantage of devolution opportunities with particular benefit for the local economy</p>  | <p>Ongoing dialogue with neighbouring councils, LEP's, Central Government and other key stakeholders in order to maximise outcomes</p>  | Executive                    |
| 5 – Existing Issue, updated | <p><b>Information Governance -</b></p> <p><b>(i) Information security</b> - due to the nature of the issue there remains ongoing risks in terms of control of data, particularly in electronic form, and risks of financial, service and reputational damage.</p> | <p>Information security sweeps have been undertaken during the year by Veritau which indicate a lack of progress in addressing security issues in some areas. As there is a risk that performance may deteriorate without further focus on this area it remains a focus for this statement.. The themed audit of schools information governance arrangements also indicated a lack of awareness of information security risks and a lack of procedures across schools</p> | Audit & Governance Committee |
| Existing Issue, updated     |   | <p>Further update reports will be brought back to the Audit &amp; Governance Committee during the year to update on</p>   | Audit & Governance Committee |

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## ANNUAL GOVERNANCE STATEMENT

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|  | <p><b>(ii) Information Governance</b></p> <ul style="list-style-type: none"> <li>– Risk to individuals</li> <li>– Corporate risks</li> <li>– Compliance risks</li> </ul> | <p>progress made.</p> <p>The Council has maintained high levels of performance in responding to freedom of information requests and environmental information requests and has built on previous improvements in responding to subject access requests. The Council has a strong record in defending its decision making on these issues to the ICO.</p> <p>A regular programme of training and awareness raising is in place built on the Th!nk Privacy principles. Councillors have been included in the training offer.</p> <p>Further steps have been taken to improve physical security including agreement to purchase a secure key storage system which will assist in managing issues identified in security sweeps.</p> <p>The Council has maintained its accreditations for accessing NHS and Government systems.</p> |  |
|--|--|---|--|

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|                             |   | The General Data Protection Regulation will apply in the UK from May 2018. All existing information governance policies are currently scheduled for review to ensure that they meet the standards required by the Regulation   |                              |
| 6 – Existing Issue, updated | <p><b>Absence Management -</b></p> <p>Internal Audit work carried out in previous years highlighted inconsistencies in the recording of sickness on iTrent and evidence of supporting documentation. The work also highlighted delays in implementing the new iTrent module</p> | <p>Significant progress has been made by the Absence Management progress group in 2016/17 and plans are in place to address Absence reporting issues however implementation has been delayed. As this action has not been fully implemented it is therefore retained as an issue.</p> <p>Further update reports will be brought back to the Committee in 2017/18</p> | Audit & Governance Committee |
| 7 – Existing issue, updated | <p><b>Risk Management -</b></p> <p>The Council needs to reliably manage its risks to meet its strategic objectives</p>  | Risk reports have been brought to the Audit & Governance Committee throughout the year on a  | Audit & Governance Committee |

**ANNEX A****ANNUAL GOVERNANCE STATEMENT**

|         |   |   |  |
|---------|---|---|--|
|         | <p>and agreed priorities. This is particularly important given the range of issues/challenges set out in this AGS, and the range of complex projects, transformation, and changing legislation the Council has to respond to.</p> <p>The Key Corporate Risks (KCR's) set out the Key risks facing the Council and require continual monitoring to ensure risks are suitable managed.</p> <p>An example of a Key Corporate Risk is the risk to the council of the impact of significant failure to safeguard children effectively.</p> | <p>quarterly basis. Progress has been made in relation to reporting format and processes however due to its nature risk will always remain a significant issue. Ongoing reports will therefore be presented to Audit Committee during the year providing an update on the Key Corporate Risks (KCRs).</p> |  |
| 8 - NEW | <p><b>Procurement and Contracting arrangements</b></p> <p>The Council needs to continue to ensure effective procurement and commissioning practice and compliance with the contract procedure</p>   | <p>The Council has established procurement and commissioning processes which have been in place for many years. During 2016/17 priorities for the team have included raising awareness and</p>  | <p>Executive/<br/>Audit &amp;<br/>Governance<br/>Committee</p> |

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|         | rules and other relevant legislation | <p>compliance with the established rules. Process improvements have also been made, particularly in relation to document retention. However, some further improvements are needed to ensure consistent and effective contract management. The Council has invited the Local Government Association to carry out a peer review of procurement to provide an external perspective and challenge, as part of a process of continual improvement.</p> |  |

### Key Areas of Improvement from previous Statement that have been completed

- **Local Code of Corporate Governance** – A Local Code of Corporate governance was prepared during the year which met the requirements of the *CIPFA/ SOLACE Delivering Good Governance in Local Government Framework (2016)* and was presented to the Audit & Governance Committee. The Local Code can be found on the Council's website and will be kept under review and updated annually as part of the process of preparing the Annual Governance Statement
- **External Reports from the Councils external auditors Mazars**
  - **Public Interest Report** – Mazars presented an update on the Public interest report to Audit & Governance Committee during the year. There were no further outstanding actions/ comments in relation to the 10 recommendations set out in the report
  - **Review of Project Management Arrangements for the Transformation Programme** – A number of recommendations

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**ANNUAL GOVERNANCE STATEMENT**

were issued in relation to project management. During the year a number of reports in relation to this have been presented to the Committee. Whilst this specific issue has been removed from the statement, the issue is still covered under the Project Management of Major capital projects Issue in the table above.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Dated

M Weastell  
Chief Executive

Signed

Dated

Cllr D Carr  
Leader of the Council



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**Audit and Governance Committee**

21 June 2017

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

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

1. This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to April 2017.

**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 April 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 have been made to the forward plan since the last version was presented to the Committee on 3 May. A follow up report from the services in relation to Building services/ Housing/ Highways Contracts/ Overtime will be presented to the committees next meeting in July.

**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 contributing to an 'Effective Organisation'.

## **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 April 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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**Chief Officer Responsible for the report:**

Ian Floyd  
Deputy Chief Executive/Director of  
Customer & Corporate Services  
Telephone: 01904 551100

**Report  
Approved**



**Date** 21/06/2017

### Specialist Implications Officers

Head of Civic and Democratic Services

**Wards Affected:** Not applicable

**All**

**For further information please contact the author of the report**

### Background Papers:

None

### Annexes

Annex A - Audit & Governance Committee Forward Plan to April 2018

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## **Audit & Governance Committee Draft Forward Plan to April 2018**

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

- **Committee 19 July 2017**

Draft Statement of Accounts *(Statutory)*

Mazars Audit Progress Report

Information Governance Update Report

Health & Safety update report

Overview of Constitution

Follow up report from service in relation to Building service/housing/  
highways Contracts / Overtime

*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)

Key Corporate Risk Monitor (including project risks)

*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)*

- **Committee April 2018**

Approval of Internal Audit Plan

Internal Audit & Fraud Plan Progress Report

Internal Audit Follow up of Audit Recommendations Report

Mazars Audit Progress Report

Mazars Audit Strategy Report

Key Corporate Risk Monitor (including project risks)

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