

**Notice of meeting of**

**Audit & Governance Committee**

<b>To:</b>	Councillors B Watson (Chair), Brooks (Vice-Chair), Bowgett, Jamieson-Ball, Scott, Kirk and R Watson
<b>Date:</b>	Monday, 21 December 2009
<b>Time:</b>	5.30 pm
<b>Venue:</b>	The Guildhall, York

**AGENDA**

**Note:**

**As agreed at previous meetings, the Chief Internal Auditor and District Auditor (Audit Commission) will be present in the meeting room from 5:00 pm to provide a private briefing for Members, if required.**

**1. Declarations of Interest**

At this point Members are asked to declare any personal or prejudicial interests they may have in the business on this agenda.

**2. Exclusion of Press and Public**

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annex B to Agenda Item 10 (Key Corporate Risk Monitor Quarter Three 2009/10) on the grounds that it contains information relating to negotiations in connection with a labour relations matter arising between the authority and employees of the authority. This information is classed as exempt under paragraph 4 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

**3. Minutes (Pages 3 - 6)**

To approve and sign the minutes of the meeting of the Audit & Governance Committee held on 4 November 2009.

**4. Public Participation**

At this point in the meeting members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the Committee's remit can do so. The deadline for registering is **5:00 pm on Friday, 18 December 2009**.

**5. Comprehensive Area Assessment 2009 (Pages 7 - 70)**

This report presents to Audit & Governance Committee the Audit Commission's final reports for the 2009 Comprehensive Area Assessment.

**6. Response to Comprehensive Area Assessment 2009 (including Improvement Plan 2009/10 Update) (Pages 71 - 82)**

This report provides an initial response to the findings highlighted in the 2009 Comprehensive Area Assessment reports. The response includes the delivery of the 2009/10 milestones contained within the Council's Improvement Plan as approved by Executive on 21 July 2009.

**7. Asset Management Report 2008/09 - Audit Commission (Pages 83 - 102)**

This report invites Members to consider the Asset Management Report produced by the Audit Commission as part of the 2008/09 audit, which reviews the Council's arrangements for a strategic approach to asset management, the management of assets to deliver value for money and partnership and community involvement in asset management.

**8. Asset Management - The Way Forward (Pages 103 - 112)**

This report responds to the Audit Commission's report in the previous item on the Council's performance in asset management, and to a national report issued by the Audit Commission in June 2008, and outlines the objectives of the Council's approved Property Blueprint included in the More for York programme.

**9. Data Quality Policy - Progress Report (Pages 113 - 118)**

This report outlines the progress made towards implementing and embedding a data quality policy across the Council and provides feedback from the Audit Commission on the Council's Data Quality Arrangements under Use of Resources Key Lines of Enquiry (KLOE) 2.2, as part of the Organisational Assessment.

**10. Key Corporate Risk Monitor Quarter Three 2009/10 (Pages 119 - 138)**

This report presents details of the revised risks associated with the refreshed Key Corporate Risks (KCRs) as at the third quarter of 2009/10.

**11. Audit and Counter Fraud Mid-Term Monitor (Pages 139 - 174)**

This report provides details of the progress made in delivering the Internal Audit and Counter Fraud work plan for 2009/10 and asks Members to consider and approve revised Terms of Reference for Internal Audit.

**12. Follow Up of Audit Recommendations (Pages 175 - 180)**

This report sets out the progress made by departments in implementing those agreed audit recommendations which were due for implementation by 31 October 2009.

**13. Review of the Audit & Governance Committee's Terms of Reference (Articles & Functions) (Pages 181 - 192)**

This report asks Members to consider proposed revisions to the Audit & Governance Committee's Terms of Reference (described as Articles and Functions in the Council's Constitution) and to recommend these changes to Full Council for approval.

**14. International Financial Reporting Standards (IFRS) Update (Pages 193 - 196)**

This report provides an update on progress being made towards implementing the statutory required changes in financial reporting from UK General Accepted Accounting Practice (GAAP) to International Financial Reporting Standards (IFRS).

**15. Annual Review of the Effectiveness of the System of Internal Audit** (Pages 197 - 200)

This report seeks Members' views on future arrangements for undertaking the review the effectiveness of the Council's system of internal audit.

**16. Urgent Business**

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

Democracy Officer:

Name: Fiona Young

Contact details:

- Telephone – (01904) 551027
- E-mail – [fiona.young@york.gov.uk](mailto:fiona.young@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.

## About City of York Council Meetings

### Would you like to speak at this meeting?

If you would, you will need to:

- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than 5.00 pm** on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

**A leaflet on public participation is available on the Council's website or from Democratic Services by telephoning York (01904) 551088**

### Further information about what's being discussed at this meeting

All the reports which Members will be considering are available for viewing online on the Council's website. Alternatively, copies of individual reports or the full agenda are available from Democratic Services. Contact the Democracy Officer whose name and contact details are given on the agenda for the meeting. **Please note a small charge may be made for full copies of the agenda requested to cover administration costs.**

### Access Arrangements

We will make every effort to make the meeting accessible to you. The meeting will usually be held in a wheelchair accessible venue with an induction hearing loop. We can provide the agenda or reports in large print, electronically (computer disk or by email), in Braille or on audio tape. Some formats will take longer than others so please give as much notice as possible (at least 48 hours for Braille or audio tape).

If you have any further access requirements such as parking close-by or a sign language interpreter then please let us know. Contact the Democracy Officer whose name and contact details are given on the order of business for the meeting.

Every effort will also be made to make information available in another language, either by providing translated information or an interpreter providing sufficient advance notice is given. Telephone York (01904) 551550 for this service.

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### **Holding the Executive to Account**

The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Advisory Panel (EMAP)) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

### **Scrutiny Committees**

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

### **Who Gets Agenda and Reports for our Meetings?**

- Councillors get copies of all agenda and reports for the committees to which they are appointed by the Council;
- Relevant Council Officers get copies of relevant agenda and reports for the committees which they report to;
- Public libraries get copies of **all** public agenda/reports.

City of York Council

Committee Minutes

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MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	4 NOVEMBER 2009
PRESENT	COUNCILLORS B WATSON (CHAIR), BROOKS (VICE-CHAIR), BOWGETT, KIRK, R WATSON AND FIRTH (SUBSTITUTE)
APOLOGIES	COUNCILLORS JAMIESON-BALL AND SCOTT
IN ATTENDANCE	COUNCILLOR MOORE (EXECUTIVE MEMBER FOR CORPORATE SERVICES)

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**33. DECLARATIONS OF INTEREST**

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda. No interests were declared.

**34. MINUTES**

RESOLVED: That the minutes of the Audit and Governance Committee meeting held on 21 September 2009 be approved and signed by the Chair as a correct record

**35. PUBLIC PARTICIPATION**

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

**36. DRAFT REVISED CONTRACT PROCEDURE RULES**

Members considered a report which invited them to comment on the format and content of a set of draft revised Contract Procedure Rules (CPRs) prior to their referral to Executive and Full Council.

The draft revised CPRs, attached at Annex A to the report, were intended to provide a more flexible set of rules and reflect the more devolved decision-making framework adopted by the Council in April 2009, whilst maintaining the key principles of the current procurement regulations. Unlike the current regulations, which formed part of the Financial Regulations, they would be maintained as a separate document. One major change contained in the revised CPRs was that 'routine' procurements over £500k (as defined in Annex B to the report) would no longer need to go to the Executive for approval. Other substantial and minor changes were listed in paragraph 10 of the report.

The draft CPRs had been issued to finance managers and other key Officers for consultation and were now before the Committee to seek Members' views before the final draft was taken to Executive. Officers confirmed at the meeting that a number of amendments had already been made to the draft document at Annex A, to correct typographical errors and respond to consultation. During their discussion, Members agreed a number of further changes, as detailed in Resolution (i) below.

RESOLVED: (i) That the draft revised Contract Procedure Rules at Annex A to the report be recommended to the Executive, for onward approval at Full Council, subject to the amendments already made by Officers and subject to the following additional amendments:

- Paragraphs 6.1 and 9.1 – reduce the financial limit for verbal quotations to £5,000.
- Paragraphs 6 to 11 – amend the wording so as to clarify the position in respect of procurements of an exact value as well as those under or above a specific value.
- Paragraph 13.1 – remove the word 'racial' from the sixth bullet point.
- Paragraph 27.6 – remove the word 'cancel' from the second line and substitute 'rescind', and break down the paragraph into sub-paragraphs to make it clearer.
- Paragraph 27.9 – remove the word 'formal' from the first line.
- Paragraph 30.2 – Officers to consider whether this paragraph should be re-worded.<sup>1</sup>

REASON: To reflect the Committee's views on the appropriateness of the Contract Procedure Rules in maintaining the integrity of the Council's procurement arrangements.

(ii) That the recommendation to Executive / Full Council in respect of the delegation of routine procurements (as defined in Annex B) to the Chief Finance Officer and Monitoring Officer be approved.

REASON: To ensure that the Council can continue to deliver business as usual and that only non-routine procurements are referred to the Executive for approval.

Action Required

1. Include the requested amendments in the report to Executive

SA

**37. CORPORATE DEBT POLICY**

Members considered a report which invited them to review and comment on the content and format of a draft Corporate Debt Policy prior to its referral to Executive and Full Council.

The draft Policy, attached as Annex A to the report, set out a framework for a consistent, 'firm but fair' approach to debt collection that would apply across the organisation to ensure that the Council continued to maximise collection performance, in line with its Income Policy.

The draft Policy had been circulated to all finance managers and key Officers involved in debt collection across the Council, as well as to efficiency partners Northgate Kendrick Ash. Consultation had also taken place with the Social Inclusion Working Group and comments had been invited from the Citizens Advice Bureau and Christians Against Poverty.

During their discussion, Members emphasised the need for clear communication with customers, in particular those with learning difficulties, as well as the need to use tact and discretion when communicating with relatives of the deceased. Officers explained that the standard correspondence was currently under review. They agreed to make the new draft templates available to view on the intranet and to circulate an e-mail to Members of the Audit & Governance Committee when this had been done.<sup>1</sup>

**RESOLVED:** That the draft Corporate Debt Policy be approved for submission to the Executive, subject to the following amendments:

- Paragraph 28(l) – make reference to the Data Protection Act with regard to the sharing of personal information
- Paragraph 50 – clarify the wording of this paragraph with the Legal team.<sup>2</sup>

**REASON:** To reflect the Committee's views on the policy prior to its approval by Full Council.

Action Required

1. Make the templates available on completion of review and e-mail A&G Members to inform them SA
2. Include the requested amendments in report to Executive SA

B Watson, Chair

[The meeting started at 5.30 pm and finished at 6.35 pm].

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**Audit & Governance Committee****21 December 2009**

Report of the Director of Resources

**Comprehensive Area Assessment 2009****Summary**

- 1 The purpose of this paper is to present to Audit & Governance Committee the Audit Commission's final reports for the 2009 Comprehensive Area Assessment.
- 2 The council is pleased to receive the Comprehensive Area Assessment reports set out the final results for 2009, these are attached as annexes as follows:
  - Area assessment with one green flag for 'working together for disabled children' and no red flags (see Annex A);
  - Organisational assessment with an overall score of 2, Performing Adequately (see Annex B);
  - Annual Audit Letter with a clear audit opinion on the council's financial statements for 2008/09 (see Annex C). The content of this Letter has already been published in the Annual Governance Report, presented to the Audit & Governance Committee on 21 December 2009.
- 3 The final reports in addition to other performance information relating to the city have been published by the Audit Commission on the 'One Place' website as from 9 December 2009.
4. The council's detailed response to these reports is contained in a further report called "Response to CAA 2009" published in the agenda for this meeting.

## Background

### The process

- 5 Comprehensive Area Assessment (CAA) is the new framework for the independent assessment of local public services in England; CAA was introduced in April 2009.
- 6 The CAA framework is area based and focused on outcomes delivered by councils working alone or in partnership. It is designed to be more proportionate than previous performance frameworks, and is aligned with frameworks in other public sectors. The development of CAA came at a time when government was committing to an overhaul of performance management. CAA has been developed to work closely with the new Local Area Agreements (LAAs) and the National Indicator Set as part of a single system.
- 7 By bringing together evidence across different local services, the Audit Commission believe that CAA is more effective in driving improvement than separate assessments for each sector can be.
- 8 CAA has two main elements which inform each other:
  - An area assessment that looks at how well local public services are delivering better results for local people across the whole area, focusing on agreed priorities such as health, economic prospects and community safety, and how likely they are to improve; and
  - Organisational assessments for councils, combining the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of council service performance, for example Audit Commission, Ofsted and Care Quality Commission.
- 9 The area assessment is not be scored, it is a narrative report providing an overview of key priorities for the area, overall success and challenges, and a summary of prospects for improvement highlighting where different or further action is required. It identifies significant contributions made by individual partners and, if need be, where a partner organisation needs to do more. The area assessment may include green and red 'flags':
  - **Green flags** highlight exceptional performance or outstanding improvement from which others can learn
  - **Red flags** represent significant concerns about outcomes or future prospects where more or different actions are required.

- 10 The organisational assessment is carried out annually across all councils, fire and rescue services (FRSs), police authorities and PCTs. Organisational assessment will include two elements:
- use of resources
  - managing performance

The organisational assessment is scored for the use of resources and performance elements separately. These two scores will then be combined to give an overall organisational score as follows:

Score	Descriptor	Performance
1	An organisation that <b>does not meet</b> minimum requirements	Performs poorly
2	An organisation that <b>meets only</b> minimum requirements	Performs adequately
3	An organisation that <b>exceeds</b> minimum requirements	Performs well
4	An organisation that <b>significantly exceeds</b> minimum requirements	Performs excellently

- 11 The Area and organisational assessments are being published annually; the first round of CAA results are to be published on 9 December 2009. The Audit Commission is committed to making the CAA more relevant and accessible to the public and has adopted the 'oneplace' brand for public reporting to help this. The main vehicle for publication will be on the 'oneplace' website where results of both area and organisational assessments are accessible by geographical area. The Audit Commission envisages 'oneplace' becoming a powerful tool for public accountability.

### Summary Results 2009

#### **Area Assessment:**

- 12 York has been assessed on how well it delivers against its seven aims in the Sustainable Community Strategy - to create a Thriving City, Sustainable City, Safer City, Learning City, Inclusive City, City of Culture and Healthy City.
- 13 The council is delighted that the city has been awarded a Green Flag for its achievements and innovative working with disabled children. Strong partnership working, including the involvement of parents, is having a significant and positive impact on the lives of children with disabilities in York.
- 14 York has one of only seven green flags in the Yorkshire & Humber Region and significantly no red flags. Nationally there are 62 red flags in areas of concern with a lack of future prospects.
- 15 York is quite unique, with only two other authorities (Slough & Wolverhampton) matching York's CAA profile in terms of:

- achieving 1 green flag and no red flag
- scoring only a 2 overall for the organisational assessment, despite scoring a 3 on managing performance. Most councils in this position score a 3 overall (see 'Analysis' below).

16 The area assessment in summary:

- City of Culture** - highlights the satisfaction amongst residents regarding art galleries and museums in the city, as well as a lower level of satisfaction with leisure and sporting facilities.
- Healthy City** - praises York as a healthy city, where life expectancy is higher than the national average. The number of early deaths from heart disease, strokes and cancer has reduced in recent years. The number of adults taking part in regular physical activity, however, is decreasing.
- Inclusive City** - highlights York's growing BME population and that people from these backgrounds are less likely to have positive experiences in the city. It recognises the work that has already been done to tackle issues of equality, but also raises concerns about high house prices in York and the impact that has on home ownership.
- Learning City** - rates York's educational and children's services as excellent quality and highlights the city's exam results as amongst the best in the country. The OFSTED children's services annual rating for York has been confirmed as 'performing excellently'.
- Safer City** - rates York as a safe city, where overall levels of crime have fallen in recent years. Youth offending is also relatively low, but alcohol and drug misuse is a significant contributory factor to crime.
- Sustainable City** - praises the work of organisations making York more sustainable, for example through its status as Cycling City and the use of Park & Ride as particularly good. The assessment praises the city for planning to mitigate further flooding in the future as a result of climate change. Particularly strong performance has been highlighted in reducing waste and increasing recycling in partnership with communities, with this being raised as a potential Green Flag area for the future.
- Thriving City** - rates York's local economy as strong, with levels of unemployment below regional and national levels and weekly wages high. It recommends that the main area of focus should be on ensuring that local people can acquire the necessary skills to get the new jobs that are coming to the city, as well as helping businesses weather the recession.

***Organisational Assessment:***

- 17 The council has been awarded a score of 3 'Managing Performance' within its services and a 2 for its 'Use of Resources'. The Audit Commission weighted combined score for the organisation is 2 'performing adequately'. See 'Analysis' below for national comparisons relating to this score.
- 18 The Managing Performance score reflects the continuing strong performance scores across the council with Children's Services continuing excellent performance and in respect of adult care services, the council responding well to address the need for improvement in its services provided for older people.
- 19 Within the Use of Resources score there are elements of stronger performance in some areas, in particular the council's provision of value for money services, its risk management arrangements and elements of its commissioning of services. The report acknowledges that the council has already embarked on a challenging programme to deliver £15m efficiency savings over a three year period, the need for which was identified through our own self assessment processes. The successful effective delivery of the 'More for York' programme should have a positive impact on the council's future use of resources.

***Annual Audit Letter:***

- 20 The Letter summarises the findings from the District Auditor's audit of the council's 2008/09 financial statements, giving an unqualified audit opinion, and the work undertaken to assess the council's arrangements to secure value for money in its use of resources. This confirms the outcomes reported earlier this year by the Audit Commission in the Annual Governance Statement (Audit & Governance Committee 21 September 2009).

**The Council's Response**

- 21 The council's response to the CAA reports is outlined in the next report on this meeting's agenda, which also updates progress against the council's Improvement Plan 2009/10.

**Consultation**

- 22 The Audit Commission consulted with the council and its partners on the CAA findings before presenting the final report.

**Options**

- 23 No options are required in this report.

## Analysis

- 24 Unlike York, the vast majority of councils who scored a 3 for managing performance and a 2 for Use of Resources, received a 3 overall for their Organisational Assessment:

	All Authorities	District	Single Tier	Authorities in Yorkshire & Humber
Scored 3 for organisational Assessment made up of 3 – managing performance 2 - UoR	71	24	29	4 Wakefield Scarborough Harrrogate Hambleton

- 25 A much smaller proportion of councils received an overall score of 2 for their organisational assessment, having scored a 3 for managing performance and a 2 for Use of Resources:

	All Authorities	District	Single Tier	Authorities in Yorkshire & Humber
Scored 3 for organisational Assessment made up of 3 – managing performance 2 - UoR	19	10	9	2 York Richmondshire

- 26 Also, other councils who have scored 4 (excellent) for Children's services, also scored well on their overall organisational assessment. However in comparison to Kingston on Thames (who have the same scores for Use of Resources and managing performance), York's overall Organisational Assessment score has been labelled a 2 rather than a 3 (see table below). It should also be noted that Kingston upon Thames received a red flag, whereas York did not.

	Green Flags?	Red Flags?	UoR	Managing Performance	Overall OA	Children's score
York	1	0	2	3	2	4
Blackburn with Darwen	0	1	3	3	3	4
Camden	2	0	4	4	4	4
City of London	2	0	3	4	4	4
Kensington and Chelsea	2	0	3	4	4	4
Kingston upon Thames	1	1	2	3	3	4
Lewisham	1	0	3	3	3	4
Tower Hamlets	1	0	3	3	3	4

## **Corporate Priorities**

- 27 The delivery of the council's priorities through the sustainable community strategy and the corporate strategy is a fundamental part of the comprehensive area assessment, both at a citywide level and at a more local level through the organisation assessment.

## **Implications**

28

- (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**

- 29 Comprehensive Area Assessment is a key strategic risk area for the council, which is being monitored by CMT and the Audit & Governance Committee.

## **Recommendations**

- 30 Audit & Governance members are asked to consider the content of this report and its annexes in conjunction with next item on the agenda for this meeting entitled 'CAA Response'.

### *Reason*

*To ensure that members are aware of inspection and audit outcomes, recognise the achievements and also areas for improvement identified in the report.*

**Contact Details**

**Author:**

Pauline Stuchfield  
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(Customer Service &  
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**Chief Officer Responsible for the report:**

Ian Floyd  
Director of Resources

Tel: 01904 4551706

Report Approved

Date 7.12.09

Marilyn Summers  
Head of Performance and  
Business Assurance

Tel: 01904 551723

**Specialist Implications Officer(s)** Not applicable

**Wards Affected** Not applicable

All

For further information please contact the author of the report

**Background Papers**

Comprehensive Area Assessment (Framework Document)  
published by the Audit Commission

<http://www.audit-commission.gov.uk/localgov/audit/caa/pages/caaframework.aspx>

**Annexes**

Annex A Area Assessment detailed report  
Annex B Organisational Assessment detailed report  
Annex C The Annual Audit Letter

# York

## Area Assessment

Dated 9 December 2009



**oneplace**

for an independent overview  
of local public services

## Contents

York at a glance

How is York doing?

About York

How well do priorities for York express community needs and aspirations?

Priorities for York

- The City of Culture
- The Healthy City
- The Inclusive City
- The Learning City
- The Safer City
- The Sustainable City
- The Thriving City

## York at a glance

This independent assessment by six inspectorates sets out how well local public services are tackling the major issues in York. It says how well they are delivering better results for local people and how likely these are to improve in future. If, and only if, our assessment shows that the following special circumstances are met in relation to a major issue, we use flags to highlight our judgements. We use a green flag to highlight where others can learn from outstanding achievements or improvements or an innovation that has very promising prospects of success. We use a red flag to highlight where we have significant concerns about results and future prospects that are not being tackled adequately. This means that local partners need to do something more or different to improve these prospects.

### Green flags - exceptional performance or innovation that others can learn from

 Green flag: Working together for disabled children

### Red flags - significant concerns, action needed

No red flags have been identified for York

## The local area

York has been a centre of government, religion, education, commerce, entertainment and transport for 2000 years. The City and its surrounding area include the historic walled city, the suburbs and a large area of countryside. Four million visitors each year bring wealth into the area as well as disruption and congestion.

The total population is 195,400, 4.9 per cent of which come from black and minority ethnic (BME) communities. The proportion of people from BME communities doubled between 1991 and 2001 and is expected to grow further in the next few years.

York's population is growing and is projected to rise by 4.2 per cent between 2001 and 2011 and by a further 8.3 per cent up to 2021. The four institutions of further and higher education bring the total number of students in York to around 20,000 (or approximately one-tenth of the population). York's four million visitors each year boost the local economy but place significant demands on the transport system.

The next section tells you how York's public services are doing in each of their local priority areas.

## How is York doing?

### The City of Culture

Local partners want to inspire residents and visitors to free their creative talents and make York the most active city in the country. They plan to achieve this by providing high quality cultural and sporting activities for all. Public satisfaction with museums and art galleries and parks and open spaces is among the highest in the country.

Four million tourists visit the city each year, attracted by a number of the city's cultural attractions including York Minster, the National Railway Museum and the Yorvik Viking Centre. These facilities are well regarded by both visitors and residents of the city, and a City of Festivals programme provides year-round cultural activities for local people.

However, local people are less satisfied with the quality of local sports centres. York is home to a large variety of sporting organisations, with around 350 sports clubs based in local communities. Public sector partners are working with these sports clubs to provide activities for local people, particularly those in the poorer parts of the city, although there is a lack of public sports and recreation facilities to meet the needs of local people.

### The Healthy City

Partners want York to be a place where residents enjoy long healthy and independent lives. The city's strategic partnership - Without Walls - plans to achieve this by supporting people to make healthy lifestyle choices. They also want to develop health and social care services quick to respond to those that need them.

York is a healthy city. Life expectancy is high and the number of early deaths from heart disease, strokes and cancer has reduced significantly in recent years. However, there are differences across the city with people in some poorer parts of the city dying up to five years earlier than in more well-off areas.

Several other issues are becoming more significant. Adults are not as physically active as they should be and this is contributing to increasing obesity. Binge drinking is also increasing and has resulted in an increase in alcohol-related hospital admissions. The number of teenage pregnancies has increased. Drug misuse in York is above the national average and more needs to be done to tackle the problem.

The standard of general health care is good, although the quality of care for adults with mental health problems, whether in hospital or in their own homes, needs to be improved. Social care services perform well but there are plans to improve these further.

### The Inclusive City

Local partners want York's citizens to feel included in the life of the area. They plan to achieve this by improving prospects for all, tackling poverty and exclusion and making services and facilities easy to access.

York's community is changing, with an increasing number of people from black and minority ethnic (BME) backgrounds coming to live in the city. Although most local people think York is a pleasant place to live people from BME communities are much less positive about the city. Public sector partners are taking action to develop their understanding of the issues facing BME communities and have recognised that more needs to be done to meet the needs of this group of people.

The needs of other groups, such as older people, children and young people, and people with disabilities, are more likely to be met. And much work is going on to ensure people from the less well-off parts of the city are not disadvantaged. Public sector agencies are working together to help people from these neighbourhoods into employment and make sure they get the benefits they are entitled to.

York is an expensive place to live and home ownership is beyond the reach of many local people. Increasing the supply of affordable housing remains a major issue for public sector partners. Some progress has been made but, because of the current economic downturn, it is unlikely that targets for the next two years will be met. Homelessness in the area is higher than elsewhere, particularly for young people.

## The Learning City

The city's strategic partnership - Without Walls - wants to make sure that local people have access to world class education and training facilities and provision. Partners want people to develop the skills and aspirations they need to play an active part in society and contribute to the life of the city.

York's children and young people can take advantage of good quality education in the city. Most of the city's schools perform well and the city's universities and further education colleges have a good reputation.

Ofsted has rated the City Council's services for children and young people as performing excellently. A review in 2008 by the Audit Commission and Ofsted rated the city's arrangements for keeping the city's children safe as outstanding. Exam results for York's schools are consistently among the highest in the country.

But children from the poorer parts of the city do not do as well as other children, and this gap is wider than in many other parts of the country. This also applies to a small number of pupils from black and minority ethnic (BME) backgrounds.

Fewer of York's young people from poorer backgrounds go on to higher education than in other parts of the country. However, most young people do go into education, employment or training when they leave school and opportunities for adult education are improving.

Skill levels in the city are high in comparison with local areas in Yorkshire and Humberside and among the highest nationally. But more needs to be done to enable all local people to gain the skills they need to take advantage of the new industries arriving in the city. Partners in the city know this and are working together to tackle the problem.

## The Safer City

The Without Walls Partnership wants to make York a safer city with low crime rates and high public satisfaction with the city's safety record.

York is a safe place to live. Overall levels of crime have fallen consistently in recent years although the fear of crime, though reducing, remains an issue for local people. Youth offending rates are low when compared to other areas, although the number of young people who re-offend is relatively high.

Drug and alcohol misuse continues to be a significant contributory factor to crime in the city. One issue of particular concern in York is the level of cycle theft - particularly as the city is nationally recognised as a cycling city. There has been some success in improving road safety, particularly in more rural areas, which has resulted in a fewer road casualties.

## The Sustainable City

York's partnership (the Without Walls Partnership) is aiming to reduce its impact on the environment while maintaining York's special qualities and enabling the city and its communities to grow and thrive.

Good work by local organisations is making York a greener more sustainable place to live, work and visit. Recycling rates have improved because of this strong partnership working and are now among the highest levels of performance nationally.

Investment in park and ride and developing cycling routes through the City is reducing traffic and giving people healthier choices for travelling into the City. The City was recently awarded Cycling City Status in recognition of its progress.

There's a strong focus on reducing the CO2 people in York produce as they go about their lives. Partners are working well together to plan for the increasing risk of flooding that will go with climate change.

## The Thriving City

Partners aim to support York's economy to make sure that employment rates remain high and that local people benefit from new job opportunities.

Despite job losses in recent years from the loss of traditional industries such as the railways and chocolate making, York's local economy remains strong. Levels of unemployment are below national and regional averages and weekly pay levels are high. The tourism industry remains buoyant despite the

recent economic downturn and new jobs, many in science-related industries, are being created.

The main challenges facing the city are to help local people to weather the recession and to make sure that local people have the training and skills they need to get the newly created jobs. The number of people with formal qualifications is higher than many other cities nationally, but the challenge is to make sure those qualifications are relevant to the new jobs being created as the local economy changes. The need for new economic development in the city also has to be balanced against the need to preserve the historic nature of the city, which is one of the main attractions for tourists.

## About York

A recent survey shows that in York 87 per cent of people are satisfied with their immediate local area as a place to live. This is higher than the average for similar areas and higher than the national average of 81 per cent.

Covering an area of 105 square miles, the district of York comprises an urban area centred on the historic city surrounded by many small rural and semi rural settlements. For many it provides a great standard of living. Schools are good as is healthcare. The City is popular with students and both its universities are growing. Until recently the economy has been strong with well-paid jobs in financial services as well as many other opportunities in tourism. Despite the recession for most York residents unemployment is a risk that seems remote.

But some people are still not sharing the benefits that living in York brings. Owning their own home is out of reach of many residents on average incomes. Residents are dissatisfied with the choices for recreation available to them. Some in York do not have the skills and qualifications that will help them get good jobs in the new businesses coming into the City. A fifth of York's people live in poverty. This poses a major challenge to its hope of being an even more inclusive city.

Population growth and a decrease in the average number of people in a household is placing pressure on housing. 'Affordable' housing is in particularly short supply and house prices are well above the regional average. Given the historic nature of the city's built environment, planning and development are highly sensitive issues.

York is a relatively affluent city but this masks pockets of deprivation. There are low levels of unemployment in the city, but high levels of relatively poorly paid jobs, most associated with the tourist sector. Over the last few years, the city has responded to the relative decline in employment in traditional local industries (such as chocolate manufacturing and railways). Traditional industries have been replaced by a high-tech and science based industrial sector linked to the universities. The Council and partners see Science City York as playing an increasingly important part in the development of the city.

Educational attainment in York is high, with achievements that are significantly higher than both the Yorkshire and Humber and England averages. Adults in York have better skills levels than adults in most other areas but a minority, often from poorer areas, do not. Partners in the City

know this and are working on the problem.

Health is generally good and life expectancy is greater than the national average. However, there are pockets of poor health in more deprived areas of the city. Levels of crime are below regional and national averages. Congestion is a significant issue in the area as York remains a major tourist destination in the UK.

The Without Walls - WoW - partnership brings together local private, public and voluntary organisations to work on the most significant issues facing the city.

## How well do priorities for York express community needs and aspirations?

The needs and aspirations of York's people are reflected to a great extent in the priorities the Without Walls Partnership (WoW) is working on. The partnership has a clear shared set of ambitions for the City for the next 20 years or so. The local area agreement and Sustainable Community Strategy are based on a good understanding of local needs. The local area agreement has 35 national and 13 local indicators within the priority themes for the City.

The City's priorities are based on a clear vision and challenging ambitions, underpinned by priorities which have been influenced by the views of local people. The preparation of the sustainable community strategy involved an extensive consultation exercise, a robust assessment of current performance and analysis of the issues facing the city. Partners are ambitious for the City and all its people.

It was informed by a wide ranging consultation such as the 'Festival of Ideas' which used approaches such as radio debates, conferences and neighbourhood consultations and targeted communities of interest, such as older people, people with disabilities, representatives from BME communities and Lesbian, Gay, Bisexual and Transgender (LGBT) residents.

Local communities are getting increasingly involved in decision making through neighbourhood management with local action plans setting out the ambitions and actions for local areas. A more comprehensive approach to engagement with local communities has recently been adopted. The impact of this is not yet clear. Before its introduction the results of consultation were not being shared in a systematic way. Partners did not know whether all groups in local communities have had a chance to contribute.

## The City of Culture

The City's cultural heritage is a key element of its attraction to tourists and makes a significant contribution to the local economy. Four million tourists visit the city each year generating around 11,000 jobs for local people and bring some £350 million into York. Partners in the City focus strongly on preserving and improving the city's built environment and Visit York, the local tourism

partnership, has made good progress in raising the profile of the city's attractions since its inception in April 2008.

The city is the home to notable national and regional attractions, such as York Minster, the National Railway Museum, Yorvik Viking Centre and York Racecourse. These are well used and regarded by visitors and residents alike. The city's Museums Trust, which manages a number of museums and galleries across the city, runs many events designed to involve visitors and local people in cultural activities and is increasingly using museums for educational purposes for local schools. The city's racecourse is the venue of major race meetings which provide an additional attraction for people within the city and across the region.

The level of public satisfaction with these facilities is understandably high - significantly higher than in most other parts of the country - and many local people participate in cultural activities. York's residents participate in the arts more than those in any other city in the region. At 53.5 per cent, participation is also well ahead of the national average. The proportion of local people who visit museums is also much higher than the national average, and York schools have the highest level of achievement of "Culture Mark" of any authority in the country.

Another important feature of the cultural life of the city is the City of Festivals programme. This year-round programme includes a range of events dealing with different cultural activities such as dance, drama, food and drink, literature and sport. Local people are heavily involved in the festivals and they are highly valued by residents and visitors alike.

However, the situation regarding facilities designed specifically to meet the needs of local people is less positive. Although the number of visits to public libraries is relatively high, public satisfaction with them is low. The City Council has recognised this and is part way through a programme to make them more attractive to local people and place them at the centre of local communities.

There is a lack of public sports and recreation facilities that meet the needs of local people. Only about one in three local people are satisfied with the quality of sport and leisure facilities. This places York in the bottom 20 per cent of cities in the country. The gap between what people need and want and what is available now is great. This applies to indoor activities such as swimming and badminton, and external facilities such as football and rugby pitches. Some facilities are seeing more use though, for example, the redeveloped Oaklands Sports Centre. York's people's dissatisfaction with these gaps may also be contributing to falling numbers of people taking part in exercise.

Action is being taken to tackle these problems. For example, the 'Fit as a Fiddle' programme for older people is increasing the numbers of people taking exercise. York is home too to a large variety of sporting organisations, with around 350 sports clubs based in local communities. Public sector partners are working with these sports clubs to provide activities for local people, particularly those in the poorer parts of the city.

We want to look more deeply at how partners in the City are working together to ensure that all York's people get to benefit from the City's status as an important visitor destination.

We will also want to know more about how the city is going to close the gaps in what sport and leisure facilities are on offer. We will be following this up in our work ahead and report what we find next year.

## The Healthy City

There is a lack of public sports and recreation facilities to meet the needs of local people. The gap between what people need and want and what is available now is great. This applies to indoor activities such as swimming and badminton, and external facilities such as football and rugby pitches. York's people are dissatisfied with these gaps which may also be contributing to falling numbers of people taking part in exercise. Some facilities are seeing more use though, for example, the redeveloped Oaklands Sports Centre.

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We want to know more about how the city is going to close the gaps in what is on offer. We will be following this up in our work ahead and report what we find next year.

York is a healthy city. Average life expectancy at birth is increasing and, at 83 for women and 78 for men, is higher than both regional and national averages. Early deaths from heart disease and strokes and from cancer have reduced significantly in recent years and are below the national average. Deaths from smoking are also below the national average, as is the number of smokers. York's babies and young children are more likely to live than in other areas. Babies born in the City are also more likely to be the right weight than is the case across the country as a whole. Expectant mothers are smoking less and breastfeeding rates are improving.

More needs to be done to deal with health inequalities and encourage local people to develop healthy lifestyles. Life expectancy varies across the city, with people in more deprived parts of the city dying five years earlier than in more well-off areas. Local GP surgeries provide a way to promote better health with other projects to encourage more healthy lifestyles.

The number of people taking part in physical activity is low and falling. Latest data shows that only one in five adults exercise three times a week compared with one in four in 2007/08. This is contributing to an increase in the number of obese adults. Partners across the city have recognised the problem. They are working together to improve access to more sport and leisure facilities. They have also developed programmes aimed at specific groups, such as the over 55s and people with a disability, to increase participation.

The number of children and young people participating in physical activity is high, with almost all school children taking part in at least 2 hours PE and school sport a week. This is well above the national average. However, childhood obesity is becoming more of an issue. Although not high when

compared with other parts of the country, 8.4 per cent of children at age 5 are obese and this figure increases to 15.6 per cent when they reach eleven years of age.

Alcohol and drug misuse in the city is a concern. Estimated levels of binge drinking are high, affecting almost one in four adults compared with one in five nationally. As a result, the number of alcohol-related hospital admissions is increasing. Although still below the national average, the number is expected to rise further. Drug misuse in York is also above the national average, and actions to reduce drug and alcohol related harm have also been inadequate, resulting in intervention from the National Treatment Agency. Good evidence about the scale of drug misuse among the adult population is not available.

The number of teenage pregnancies has increased by a quarter since 1998. However, the rate of teenage pregnancy remains one of the lowest rates in the Yorkshire and Humberside region and is lower than the national average, although partners recognise the need to do more to address the issue which provides an additional health risk to both mother and child.

Most patients feel the quality of health care is good, although there are some issues about the quality of care for people with mental health problems. The Healthcare Commission has assessed the quality of hospital services for people with acute mental health problems to be weak - in other words, not meeting minimum requirements and the reasonable expectations of patients and the public. The proportion of adults with learning difficulties and mental health problems who are helped to live at home is low and declining, as is the number of households receiving intensive homecare.

Dental health in the city is good, with the average number of decayed, extracted or filled teeth in young children being significantly lower than the national average. However, access to NHS dentists is a major issue and local health organisations have recognised the need to make it easier for local people to get dental treatment, particularly those in less well-off areas.

We will continue to monitor the impact of actions taken to improve the health of local people, particularly about reducing inequalities in health and in encouraging people to develop healthy lifestyles.

## The Inclusive City



### Green flag: Working together for disabled children

Strong partnership working, including the involvement of parents, is having a significant and positive impact on the lives of children with disabilities in York. In early 2009, parents of disabled children in York gave the city's quality of health, education, social care and support for their children the highest score in the country. Meeting the needs of disabled children, young people and their families is a strategic priority for the city. Strong partnership working in the city is giving children and families personalised services across health, education and the voluntary sector.

An inspection in 2008 by Ofsted and the Audit Commission judged the City Council's services for children with learning difficulties and/or disabilities as

outstanding. These services are making real differences to the lives of children. For example, Council services, a voluntary agency and the parent forum are working together to provide a pioneering service of personalised mentoring. This is giving children support that matches their needs tailored to their problems. Another outcome from joint working is increased access to and take-up of leisure opportunities by children with disabilities. Families value these opportunities for the difference they are making to their children's lives.

Innovation is strengthening the joining up of services. For example, 'end to end' care and support is now provided. Children and young people are supported through the significant challenges that they face in their lives when they move from school into further education, employment or independent living. A new multi-agency Transitions Team supports young people aged 14-25. This nationally recognised team provides independent travel training, children and adults social care support, participation support and provision of shared and independent housing. Support is seamless - its focus is on the child or young person not on the particular organisation providing the support. It successfully puts the customer at the heart of what partners are doing.

Other actions are having a positive impact on the quality of life of children with disabilities. They include the City of York Charter for Disabled Children which sets out what children and their parents can expect from partners. This provides a way to hold partners to account to ensure they provide joined-up services to meet their specific needs. It is based around nine promises covering a range of issues. These include: involvement in planning and decision making, access to more places and activities, a wider range of short breaks, and better support in the transition into adulthood. All children have a single named contact to make sure that all service providers work together to deliver seamless services.

In early 2009, York gained the highest score in the country in a national survey that asked parents with disabled children to rate the quality of health, education, social care provision and support. The survey gives a way of finding out whether partners really are delivering on the ambitions set out in the national strategy - Aiming High for Disabled Children. Feedback to parents is done through a You Said, We Did booklet. This shows how services have been shaped and changed to meet children's and families' needs. This booklet has been recognised by government as an example of good practice.

The views of disabled children and their parents are at the heart of the way services are delivered. Disabled young people have completed accessibility surveys of leisure services and helped schools write their Disability Equality Schemes. The issues they raised have resulted in changes to the way services are provided. The long-standing parent forum, CANDI, (Children and Inclusion) is a dynamic group that has co-written, and jointly leads, two levels of unique disability equality training for all staff and universal providers. CANDI supports participation of parents and young people at every level and has helped to ensure parent and carer representation in strategic planning for services in the city.

Successful action is being taken to raise children's aspirations. In 2009, a ground breaking Opportunities Fair provided young people and parents with information, advice and guidance about the options available to them when they leave school. Participants received one to one advice, face to face contact with providers and workshop taster activities, designed to raise young

people's aspirations and support them in making decisions about their future. Young people, families and providers gave the Fair excellent feedback.

Partners in the City know that children with special educational needs do less well than their peers when they take their GCSEs. This is because York tries, whenever possible to avoid labelling children as having these needs. So York's pupils with special educational needs are those for whom an academic qualification will be unattainable. Nevertheless the work on inspiring children through mentoring and the other initiatives going on in the City give these children a real chance of making their own positive contribution to the City.

## The Inclusive City

York's population is changing. It is getting older and the over 50s will make up an increasing proportion of York's people. At the same time people from a black and minority ethnic (BME) background are coming into the city in greater numbers. York experienced the second highest percentage growth rate in ethnic minorities of any city in the country in the period 1991-2001.

People from these communities believe that York is a less welcoming and tolerant place than people from other communities think is the case. Although more than half the population of the city feel they belong to their local neighbourhood, fewer than one in five people from BME communities feel the same way. Some of the needs of these communities are being met but organisations in the city know they don't yet fully understand the needs of the growing BME community. Public sector partners know they will need to alter the way they work to address these differences.

Partners in the city are working together to address inequality with many groups such as people with disabilities, children and young people and older people. Young people with learning difficulties or physical disabilities get good support in their transition to adult life. Such support includes encouraging independent travel and by providing shared and independent housing. Many programmes and activities provide support targeted at the most vulnerable children and their families. New arrivals from Eastern Europe and the Traveller community receive prompt and suitable support to help them settle into the life of the area. Changes have been made at some sports centres to make them more accessible to people with disabilities and a local library runs a computer club designed for older people and those with disabilities.

York is rightly seen as a well-off city (In 2007, York was ranked as the 242nd least deprived of 354 areas nationally, having improved its position from 219th least deprived in 2004). But there are pockets of significant deprivation in some parts of the city. One neighbourhood is in the 10 per cent most deprived in the country. Around a third of households are living on low annual incomes and around 1 in 8 of the city's children live in poverty. About 4,600 homes suffer from fuel poverty - their inhabitants are spending more and more of their money on keeping warm. This is better than in other areas regionally and nationally but it's still a real problem for the people involved. Some of the older houses in York are hard to heat and keep warm too.

The poorest area of the city is now the focus of joined-up working to tackle its long-standing problems. This is improving the lives of many people in this community. Some local people have been helped into work and others, many

of whom are elderly, have also been helped to claim the benefits to which they are entitled. Benefit payments to people in this neighbourhood have increased by £22,000. This project is now being rolled out into neighbouring communities.

Living in York is becoming more expensive, with house prices increasing by 38 per cent between 2002 and 2005, while earnings only increased by 16 per cent over the same period. York's average wage is around £19,000 while an average house costs a little under £200,000. Home ownership is out of reach of many York residents. There has been a drive to provide more "affordable" housing in the city through agreements with developers, and 151 such homes were built in 2008/09. However, the current economic downturn means that this is unlikely to be repeated in 2009/10 which places increased pressure on the social housing stock and housing waiting lists.

The quality of housing in York is improving. The number of houses failing to meet national decency standards has fallen significantly. Almost all council housing now meets basic decency standards, compared with almost 84 per cent four years ago. The quality of private sector housing is also improving, with less than one-fifth of private sector homes failing to meet decency standards compared with a national average of around two-fifths.

More housing is also being provided to meet the specific needs of older people. Recently 100 bungalows that could not be brought up to decent homes standards were demolished and are to be replaced by a 40-bed extra care facility for older people, with 60 new bungalows and 100 affordable general needs houses.

The number of homeless people, particularly young people, is high compared with many other parts of the country. In 2007/08, half the people accepted as homeless in York were 16 to 24 years old. A fifth of this group were 16 to 17 year olds - twice the national rate for this age group. However, partners have recognised the issue and have had some success in dealing with it. At the end of 2008/9, there were 167 households in temporary accommodation, which is a 20 per cent improvement on the 209 households in 2007/8. Specific action has been taken to help homeless young people. This includes joint action between the city council, Arc Light, the Salvation Army and the Peasholme Charity. Their work has reduced the number of rough sleepers in the city. Partners won external funding of £350,000 which has been used to deliver a Teenage Parent Housing Support Project.

There are some examples of how local people have been involved in issues affecting them, but this has not happened in a consistent way with different communities in the city. Partners have now agreed a comprehensive community engagement strategy. Turning this into action is an important priority for the City.

We will review the success of the Without Wall Partnership in putting its plans into action over the next year.

## The Learning City

York is well known for the standard of education received by its young

people. This year, Ofsted has rated the City Council's children's services as performing excellently.

Most schools, children's homes, pupil referral units, nurseries and childminders are good or better. This means that almost all children and young people get good help and support. Ofsted's inspections of York's schools found most of them to be good or better - more in similar areas or nationally. No school in York is inadequate. Almost two-thirds of the city's primary and secondary schools perform above the average for England.

York Council's adoption and fostering agencies are outstanding and children's homes are good or outstanding. Most childcare is good or better. Nursery and primary schools in York perform better than in similar areas or nationally.

Ofsted and the Audit Commission looked in December 2008 at how York's children are kept safe. They said these arrangements were outstanding. The review also looked at the services children in the Council's care receive. These too, were outstanding. One serious case review has taken place since December 2008. (These happen to ensure that lessons are learned after instances of potential abuse emerge.) The review was judged by Ofsted as adequate.

Some of York's most vulnerable children and young people do not do as well as their peers. Most young people get services that are good or better but one of the City's special schools and one of its units for pupils with challenging behaviour are not so good and are rated as adequate. Also, children aged 11 who have free school meals do less well than the rest of their age group in the City. This gap is wider in York than elsewhere in the country.

A similar gap exists for young people at 16 who have special educational needs. A small number of young people from a minority ethnic background do not do as well as their peers at 16. More of York's teenage girls get pregnant than is the case nationally or in similar areas. Partners in the City know about these problems and are working together to tackle them.

The difference in achievement between the City's poorest and wealthiest continues into higher education. Fewer of York's young people from low-income backgrounds go into higher education than in most other parts of the country.

In November 2008, the QS-Times Higher Educational Supplement ranked the University of York 81st out of the world's top 200 universities - a rise of 43 places from 2006. York St John's University plays an important regional role and is particularly popular with mature students. Both universities continue to grow with significant building programmes. They are playing a significant role in developing science-based and high-tech industries which are replacing more traditional industries in the city and are a key element of the city's future economy.

Almost all adults in York have some form of qualification. But, although not high in comparison with most other parts of the country, there are a significant number of adults with no formal qualifications, and many people experience literacy and numeracy problems. Developing higher level, more diverse skills across the working age population is key for partners in the city.

York's people will need these skills to succeed in the knowledge-based industries replacing the traditional manufacturing industries on which the city was built. Good work is underway on this but partners in the city know more needs to be done.

## The Safer City

York is a safe city. Overall, crime has fallen consistently between 2003/04 and 2007/08 and is below regional and national averages. Serious acquisitive crime has continued to fall and local targets have been achieved. Targeted action has resulted in significant decreases in crime and anti-social behaviour in some areas of the city. For example, an alley-gating campaign resulted in a 68 per cent fall in reported crime levels in the Clifton area in August and September 2008, compared with figures for the same period in 2006.

There has been an increase in the percentage of people who feel York is a safe place. But partners in the City are not complacent about this. Of 18 Neighbourhood Action Plans developed by local communities, 17 contain ambitions around the theme of community safety. However, a high proportion of local people feel that their views are considered in dealing with crime and anti-social behaviour and many feel these issues are being dealt with successfully.

A high number of offences in the city are carried out by a few persistent offenders. Although reoffending rates of young offenders supervised by the Youth Offending Team fell by 32 per cent in 2008, they remain at a level significantly above those for similar cities. The percentage of young offenders engaging in education and work is low compared with other similar areas. The number of first-time entrants into the youth justice system has fallen and young people in care who offend are well supported and few are involved in reoffending.

Preventive programmes such as the Youth Inclusion Support Programme (YISP) and targeted youth work are contributing well to continuing these low numbers. The Youth Offending Team has become the strongest performing team in the region, although the dependency on short-term funding presents a risk to keeping the current performance.

Partners have worked well together to improve road safety with a particular focus on the specific concerns of rural communities. This has had a significant impact, most notably in reducing accidents involving children, where a 50 per cent cut was achieved in six months in 2007/08.

However, some issues remain to be addressed. Despite overall decreases in crime, one issue of concern is the high level of cycle theft - particularly for a city recognised nationally as a cycling city. This issue has been recognised by partners and a programme of education and prevention is being carried out by the Safer York Partnership in parallel with the Cycling City programme.

Drug and alcohol abuse continues to be a significant contributory factor to offending within the city. Estimated levels of binge drinking are significantly higher than the national average, as is the drug abuse in the city. Local public sector bodies recognise the need to address these issues, but actions so far

have not been successful. This is strangely at odds with the views of local people. Few people feel that anti-social behaviour is a problem in the city, or that drunk and rowdy behaviour or drug misuse is a significant problem.

We have not had the chance to look in detail at the issues around alcohol and drug abuse this year. We will include these issues in next year's assessment.

## The Sustainable City

York has been recognised for the actions partners have taken to protect the environment. In a national survey, the City was ranked 18th out of 324 towns and cities for the number of recycling centres, conservation groups and eco-friendly businesses. Partners have made good progress in balancing the needs of a vibrant city against protecting the environment.

The volume of household waste is falling, while the proportion of waste recycled and composted has more than tripled from a low base a few years ago. Almost half of York's waste is either recycled or composted - one of the highest rates in the country. Three out of four local people are satisfied with recycling facilities. This is also higher than most other parts of the country.

A major reason for this success has been involving local people and action from local environmental groups such as York Rotters who champion composting. Young people in particular are recycling more, with schools recycling 76,600 kg of paper and cardboard which has saved more than 101 tonnes of CO<sub>2</sub> emissions going into the atmosphere. There are high levels of public satisfaction with street cleanliness standards, which have continued to increase in recent years, although levelled out in 2008/09.

The standard of parks, play areas and public spaces is good. Three parks have been awarded Green Flag status and public satisfaction is high. Despite an increase in visitors to the city, overall traffic volumes have remained stable. More people are using the city's park and ride system and there are plans to develop it further. The first Car Free Day took place in the city in September. It was supported by the City Council and around 30 local businesses who encouraged their employees to leave their cars at home and use alternatives to get to work. Early signs are that it was successful in reducing the volume of traffic in the city centre.

An increasing number of people in the city walk or cycle, and York has been awarded national Cycling City status. This means government funding will be available over the next three years to improve opportunities for cycling and to build on the one-in-five residents who currently cycle to work. Work is already underway to make the city's roads safer and easier to use by cyclists and to expand the existing cycle network.

Many events have also taken place to encourage more people to cycle. A Biking Viking event involved 70 school children from 4 schools in York dressed as Vikings riding into the town centre for a Viking show and various competitions. The city also hosted its first Festival of Cycling in August which attracted around 10,000 visitors and was successful in encouraging local people to take up cycling. The city also hosted a stage of the Tour of Britain raising the city's profile as a cycling city.

Some early progress has been made in reducing carbon emissions across the city. City of York Council introduced a carbon management programme in April 2008, which is helping to reduce its carbon footprint, and other organisations and businesses across the city are looking to follow suit. Progress has been made to improve local biodiversity, although not as quickly as expected. This is because of lack of resources (money and people), the need to negotiate with private landowners and altered management practices.

In a city where the built heritage is so important it obviously has an important effect on where development can happen. Despite this, the area of previously developed land that has been vacant or derelict for more than 5 years is high and increasing. However, developments are well planned to make best use of the space available and most are found near to other services which reduces the need to travel.

Another challenge facing the city is the growing risk of flooding, which has had a major impact on the city many times in recent years. Work is underway to improve flood defences in and around the city. Action is also being taken to manage the flow of the river upstream of the city in North Yorkshire.

We will track progress on the city's plans over the coming year. Our work will include a look at two main areas. Firstly, what are organisations in the city are doing to reduce their carbon footprint. Secondly, the progress on working with others on managing flood risk.

## The Thriving City

Local organisations are working well to give York's people the help and support they need to cope with the effects of the recession. Events have been held to provide advice and guidance both to small businesses and to individuals hit by the recession. For example, York Enterprise Week included a range of events to help local residents and businesses through the credit crunch. It included an event called Thrive and Survive at the city's racecourse. The event covered many issues including skills and training, business support and doing business with the Council. Free workshops were also provided aiming at giving businesses and individuals practical help. The event was popular and attendees' feedback has shaped other work.

People who have lost their jobs have been targeted for extra help and support to give them the best possible chance of getting back into work. Targeted programmes in the most deprived areas of the city have been successful, with 367 people from such areas helped into employment or training over the last year. People with money troubles have also had services developed to help with their particular needs and a benefits take-up campaign has resulted in people claiming £22,000 more benefits that they were not claiming. A mortgage rescue scheme has also helped some families facing repossession.

There was a significant fall in the number of new business start-ups in 2008/09, although the percentage of established small businesses showing year-on-year employment growth has improved and remains among the highest in the country. An Enterprise Fund is now in place to help with business start-ups. So far six new local businesses are now up and running

after support from the Fund. Other support for new businesses has been provided through initiatives like the Phoenix Centre and Eco Business Centre. This provides accommodation tailored to the needs of new small businesses and is popular - almost all of its 60 units have tenants. The City Council is paying suppliers quicker to help their cash flow.

Support is also available to longer-standing businesses. This is being done within a clear vision of how partners think York's economy should develop. Partners in the City have commissioned research from the Centre for Cities that has helped shape the vision. Partners understand the strong base the City's universities, colleges and the Science City development give them in developing an economy that can take the City forward while making it less dependent on tourism. Joint work on the York Business Forum and the VisitYork brand supports the wider plans for other areas of the City's economy.

Traditional local jobs in the railways, sugar processing and chocolate manufacturing industries have reduced significantly in recent years and are being replaced by jobs which need different skills.

The city's status as a national Science City means that many new jobs are being created in science-related industries and in more high-tech, knowledge based industries. This will make it more difficult for some local people to find employment unless they are able to develop the new skills needed.

Training more people to technician level (NVQ 3 and above) will support the development of a knowledge-led economy. The number of local people with formal qualifications is relatively high in comparison with many other similar cities. But more needs to be done to make sure they have the qualifications and skills they need for the new kinds of jobs being created.

In a survey carried out in 2006/07, almost one-in-five employers reported skills gaps in their current workforce, which is higher than the national average. More recent figures suggest this situation is improving. In 2003 around 25,000 people (one in five of the working age population) had numeracy and literacy problems. In 2008 more than 7,000 people (6.8 per cent of the working age population) had no formal qualifications.

Progress is being made but more needs to be done. A 'Spotlight on Skills' Campaign involving a month long programme of events has been successful in encouraging local employers to invest in developing the skills of their workforce and in encouraging working age adults to participate in skills training. The programme involved 110 employers, 290 individuals and 33 local agencies, and has improved working relationships.

Other longstanding programmes have had a positive impact on peoples' lives. Future Prospects provides help and support to people looking to develop their skills, get back into work or deal with being laid off. The service offered by this organisation includes skills training as well as helping people work through what getting work will mean for their household income when their benefits change. Finding a way through the benefits system was identified as a barrier to getting into work in a survey of Future Prospect's clients.

There has been an increase in the number of adults achieving basic literacy,

numeracy and IT qualifications, and young people gaining vocational qualifications. People in the less well-off parts of the city are not as well qualified, although partners are targeting actions in these areas and the gap with the rest of the city is narrowing. Partners are focusing on helping young people into work as they are being hit hard by the recession. However, after a continued fall, the percentage of young people not in education, employment or training (NEETs) increased to 4.2 per cent in 2008/09. The increase has continued into the first quarter of 2009/10, although it remains lower than most other places in the country.

We will follow up the City's progress in achieving its priorities for the City's economy in the next phase of our assessment. We want to know how the advantages the City has are being used to help the more disadvantaged in the area.

CAA looks at how well local public services, working together, are meeting the needs of the people they serve. It's a joint assessment made by a group of independent watchdogs about the performance of local public services, and how likely they are to meet local priorities. From 9 December you will find the results of Comprehensive Area Assessment on the Oneplace website - <http://oneplace.direct.gov.uk/>

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for an independent overview  
of local public services

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# City of York Council

## Organisational Assessment

Dated 9 December 2009



**oneplace**

for an independent overview  
of local public services

## City of York Council

Overall, City of York Council performs adequately

Managing performance	3 out of 4
Use of resources	2 out of 4
Managing finances	2 out of 4
Governing the business	2 out of 4
Managing resources	2 out of 4

Description of scores:

1. An organisation that does not meet minimum requirements, Performs Poorly
2. An organisation that meets only minimum requirements, Performs Adequately
3. An organisation that exceeds minimum requirements, Performs Well
4. An organisation that significantly exceeds minimum requirements, Performs Excellently

## Summary

City of York Council performs adequately overall. It is improving in many of the priorities for the city it identified with partners. These priorities are to make the city thrive, sustainable, safer, a learning place, inclusive, healthy and a city of culture.

In assessing the Council's overall performance we have given particular weight to its use of resources. The Council's systems for managing its resources meet minimum requirements. They do the things they are designed to achieve. But the evidence of outcomes from this aspect of the Council's work was not consistent enough to score a 3. Areas of lower performance include financial planning, asset management and ensuring diversity and equality are dealt with consistently. Achieving its priorities will put greater demands on its use of resources as public spending comes under increasing pressure. Budget constraints held back some priority services in the past. This remains a risk now.

York scores three out of four for managing its performance. The Council's priorities reflect the City's needs. Many community groups were consulted as local priorities were identified. Groups included travellers, the homeless, single parents with young children, students, housebound elderly, and people with a physical or learning disability. Their views have led to priorities being amended giving a stronger focus on housing and homelessness, and children and young people.

Services key to the Council's priorities are doing well.

Ofsted rate services for children and young people as performing excellently. The Care Quality Commission rate services for adults as performing well. But vulnerable peoples' needs and wishes want further attention though to

ensure they are met. The Council knows this and its plans reflect its ambitions for all of York's people.

The Council has worked well with partners to support the local economy and help local people through the economic downturn. Initiatives include providing advice and support to local businesses and individuals.

The Council has also worked well with partners to improve the environment. It has updated the way it manages waste and has increased recycling - a service now well regarded by local people. Progress on managing traffic congestion is being made. The Council is reducing its carbon footprint.

Successful joint action with the police is dealing with anti-social behaviour and reducing youth offending. York is a safe city although there has been an increase in some types of crime.

Quality and choice in housing is improving. Homelessness is reducing, but remains high for young adults when compared with similar areas. Plans are in place to tackle this. Satisfaction with local recreational facilities is poor, and the lack of good quality leisure facilities may be limiting progress in increasing adult participation in sport.

The Council scores two out of four for managing its resources. Its work meets minimum requirements. The quality of many services has improved while the Council's costs remain low in comparison with similar councils. But several issues held the Council's rating down in this area of its performance.

For example, the Council's arrangements for asset management lack consistency and are not helping it achieve better value for money. It does not have all the information it needs on the assets it has available to it in every area of the city. Coupled with a lack of robustness in its asset management plans all this means the Council cannot be certain that it has the assets it needs to deliver its priorities. Enforced delays in rationalising its offices have held up savings and other improvements in how the Council works.

The Council is improving its understanding of its impact on natural resources and has taken early steps to reduce its greenhouse gas emissions. Plans are being developed to improve the way the Council uses its buildings to make it easier for the public to get its services and to provide better value for money.

The Council has recently developed a Fairness and Inclusion Strategy satisfying its statutory duties as an employer and service provider. But equality and diversity are not yet consistently dealt with in all Council services. The Council has listened to local people to make it more likely that their needs are met. The Easy@York project has made access to services easier. It has also improved the way it responds to local people.

The Council's financial and corporate planning processes are only partially integrated. Links between the Council's medium term financial strategy and capital, IT and workforce planning are not strong enough. Financial planning has focused on savings that do not undermine priorities rather than starting from what funding is needed to achieve those priorities.

This will need to change - the Council's costs are already low and greater

financial constraints now face the public sector. Different ways of providing services are being explored that should improve efficiency. But the medium term financial strategy is not clear about the risks that may prevent the delivery of corporate and service priorities.

The Council provides good community leadership in bringing local partners together and gives good support to joint working. More work is needed though to ensure that all councillors and officers work together consistently to achieve the Council's overall purpose and vision. Managerial leadership has been strong which has strengthened joint working across services. However, the Council is in transition following the recent departure of the Chief Executive and the arrival of his replacement.

## About City of York Council

York is a historic city with an international reputation. The City and its surrounding area include the historic walled city, the suburbs and a large area of countryside. 4 million visitors each year bring wealth into the area as well as disruption and congestion. Covering an area of 105 square miles, the district of York comprises an urban area centred on the historic city surrounded by many small rural and semi rural settlements. The area has a total population of 195,400. The black and minority ethnic (BME) population is 4.9 per cent of the total. The proportion of people from BME communities doubled between 1991 and 2001 and is expected to grow further in the next few years.

The population of the district of York is increasing and is projected to increase by 4.2 per cent between 2001 and 2011 and by a further 8.3 per cent up to 2021. The four institutions of further and higher education bring the total number of students in York to around 20,000 (or about one-tenth of the population).

Population growth and an increase in smaller household is placing pressure on housing. 'Affordable' housing is scarce and house prices are well above the regional average. An average house in York costs around £200,000. The average annual wage in the city is about £19,000. Given the historic nature of the city's built environment, planning and development are sensitive issues.

For many the area provides a great standard of living. Schools are good as is healthcare. The City is popular with students and both its universities are growing. Until recently the economy has been strong with well-paid jobs in financial services as well as many other lower paid opportunities in tourism. The City has responded well to the relative decline in employment in traditional local industries (such as chocolate manufacturing and railways). These jobs have been replaced by a high-tech and science based industrial sector linked to the universities. Science City York is playing an increasingly important part in developing the city.

But some people are still not sharing the benefits that go with living in York. Owning their own home is out of reach of many residents on average incomes. Residents are dissatisfied with the choices for recreation available to them. A fifth of York's people live in poverty. This poses a major challenge to its hope of being an even more inclusive city. The Council's plans reflect the

depth of this challenge.

## Organisational assessment

### Thriving City

The Council and partners have worked well to soften the impact of the economic downturn on the city. Despite recent job losses, businesses still feel York is a good place to be. Initiatives involving the Council include York Enterprise Week. During the event businesses and individuals got advice and support. An enterprise fund to support new business start-ups is now in place. The Council, with its partners, has set up a mortgage rescue scheme to help people who are at risk of losing their homes. But, for all this increased support, York like other places saw significantly fewer new small businesses in 2008/09.

The city's economy is strong compared with neighbouring areas. The unemployment rate remains below those for the region and the UK. The number of people claiming job seekers allowance rose in line with national and regional trends. Interestingly - and in contrast with other trends - the number of working age people on out of work benefits fell slightly in 2008/09. The number of people of working age with qualifications has increased. Almost two-fifths have NVQ Level 4 qualification or above. This is higher than in most other parts of the country.

Housing and council tax benefits claimants are getting a better service. The average time taken to process new benefit claims fell to 15 days in 2008/09. But this is still longer than the national average. Benefit take up campaigns have been successful in helping people to claim what they are entitled to. The Council is working successfully with partners to help the poorer parts of the city. Residents are being helped into training and employment. Other people are being given advice on how to keep their homes warmer while saving money.

### Sustainable City

Council action to reduce household waste has led to a 5 per cent fall in the amount collected in 2008/09. Almost half of the waste collected is now recycled. Significantly less waste was disposed of through landfill. That's good for the environment and saves taxpayers money. Soon more waste will be recycled through a new kerbside collection scheme. Alternate weekly collection of waste and recycling across the city will help achieve its target of recycling half of the city's waste by December 2010. Public satisfaction is improving and is now around the national average.

After four years of improvement standards of street cleanliness were static in 2008/09. York's standards are just below the national average but satisfaction with the standard of street cleanliness is high. The Council improved the way it manages sites of nature conservation value in 2008/09, with more of these sites now being well managed. However, the Council carried out fewer conservation area appraisals than planned.

The Council has helped manage traffic congestion. While this remains a major local issue peak period journey times in the city have stopped increasing. Plans to extend the Park and Ride network are being rolled out. People are happier with their bus services than is the case in other areas. Over the last two years the number of bus journeys in the City increased putting the City amongst the best performers nationally. Almost half a million more bus journeys were made in 2008/09 than in the previous year. But this was 1.7 million short of the target of 17 million journeys the Council had set itself.

After a successful Council bid for national Cycling City status, external funding is available to enable it to improve facilities for cyclists over the next three years. Early progress has been made in resurfacing existing cycle lanes, improving cycle access and encouraging children to cycle through events such as the Biking Viking event involving children from four schools cycling into the city centre.

The Council has made some early progress in reducing its carbon footprint. Completed projects on the Eco Depot, Yearsley Pool, school waste recycling and the use of renewable energy has reduced carbon emissions. Other projects are in progress to make schools, sport centres, street lighting and Council housing more energy efficient as the Council works towards reducing its CO2 emissions by a quarter by 2013.

## Safer City

The Council's work is helping to make York an even safer city. Crime and anti-social behaviour are being tackled successfully. A high proportion of people feel that their views are considered and that issues are being dealt with effectively. Few people see anti-social or drunk and rowdy behaviour as being a problem. Serious acquisitive crime increased slightly in 2008/09 but it remains below the 2006/07 level. The increase is due mainly to a 14 per cent increase in domestic burglaries.

The Council's Youth Offending Team has worked well with young offenders, contributing to the number of first time entrants to the youth justice system falling by a third. Reoffending by young people in York is also going down but is higher than in similar areas. The percentage of young offenders engaging in education and work is also low compared with other areas.

The Council has good arrangements for ensuring children and young people are safeguarded. Children's needs are assessed quickly and families are given the support they need to help them cope. This has resulted in fewer children coming back on to the child protection register than in most other parts of the country.

The Council and its partners have also had some success in improving road safety, with a slight fall in the number of people killed or seriously injured in road traffic accidents in 2008/09.

## Learning City

Children's services in York perform excellently. York's schools provide a high standard of education for most local children. Most schools, children's homes,

pupil referral units, nurseries and childminders are good or better. This means that almost all children and young people get good help and support. Ofsted's inspections of York's schools found most of them to be good or better more than is found in similar areas or nationally. No school in York is inadequate. York Council's adoption and fostering agencies are outstanding and children's homes are good or outstanding. Most childcare is good or better. Nursery and primary schools in York perform better than in similar areas or nationally.

Ofsted and the Audit Commission looked in December 2008 at how York's children are kept safe. They said these arrangements were outstanding. The review also looked at the services children in the Council's care receive. These too were outstanding. There has been one serious case review since December 2008 which was judged adequate.

York's performance against almost all national performance indicators for education matches or exceeds that of similar areas. The number of children achieving 5 or more A\*-C grades at GCSE including English and Maths is among the highest in the country, despite falling slightly in 2008/09.

Children from communities at risk of disadvantage do not necessarily do as well though. York's vulnerable children and young people do not do as well as their peers. Most young people get services that are good or better but one of the City's special schools and one of its units for pupils with challenging behaviour are adequate. This is in the context of good or better provision for the majority of young people.

Also, children aged 11 who have free school meals do less well than the rest of their age group. This gap is wider in York than elsewhere in the country. A similar gap exists for young people at 16 who have special educational needs. Some young people from a minority ethnic background do not do as well as their peers at 16.

The skills of the working age population are improving. About three out of every four people in the city now have at least an NVQ Level 2 qualification. This is below the target the Council and its partners set for themselves. They know more needs to be done to ensure local people are able to take advantage of new job opportunities as the economic recession ends.

As the economic downturn developed, the number of 16 to 18 year olds not in education, training or employment increased in 2008/09 to 4.2 per cent. But this is still much lower than in most parts of the country.

A smaller proportion of young people from poorer homes in York go on to higher education than is the case for those from better off families. This gap is wider than in many other parts of the country.

## Inclusive City

The Council and its partners have made some improvements to the quality of services to those with specific needs. The Care Quality Commission has rated the City Council's adult social care as performing well and improvement from last year.

The Council has improved the quality of services to vulnerable older people,

but more needs to be done. Significant improvements were made in 2008/09 for older people with care needs, and the number of people being supported to live independently in their own homes increased by over a tenth.

More carers now get support. A high proportion of older people are satisfied with their homes and the local neighbourhood although many feel more needs to be done to help them live independently. In comparison with services in other similar areas, performance remains below average and the Council recognises the need to take further action to continue the improvement so far.

The Council has also reduced the time taken to carry out assessments of children with care needs. Children in its care are being moved around less which is better for them. A high proportion of parents are satisfied with the services provided to disabled children, with York coming out top of 30 authorities who took part in a survey in 2008/09.

Good progress has been made in meeting the city's housing needs. The number of homes not meeting the Government's decency standards fell by almost half to 5.7 per cent in 2008/09. There are 151 new affordable homes in the City because of the work of the Council and its partners. Although less than the Council's target it represents good progress in the current economic climate.

Work has recently started on replacing 100 prefabricated bungalows with 196 new homes across three sites in the city. These include 95 houses and apartments for affordable rent, discounted sale and sale on the open market. There will be new housing too designed to meet the needs of older people.

The Council has also been successful in dealing with homelessness, with the number of families living in temporary accommodation decreasing by a fifth, although homelessness of young adults remains relatively high.

## City of Culture

The Council, with partners, has continued to provide the City of Festivals programme. This includes events dealing with different cultural activities such as dance, food and drink, literature and sport. As well as a residents' festival, some events are targeted at different groups, such as older people. Local people are closely involved in the festival programme. The festivals uphold and promote the strong sense of community for many in the city.

Cultural facilities are a key part of the attraction for visitors to the city and satisfaction with subregional cultural attractions, such as museums and art galleries, is high.

The Council has taken some actions to encourage local people to take advantage of local facilities. For examples the Council is developing the "Changing Places" project. This is opening up the city and cultural and leisure opportunities to people with more complex health and care needs.

Satisfaction with facilities provided for the use of local people, such as libraries and sport and leisure facilities, is poor despite recent improvements. There have been delays with plans to redevelop the Barbican Centre and, although

progress has been made in improving the quality of some swimming pools and sports centres, rates of adult participation in active sport and recreation are low. Targets for increasing participation in physical activity have not been met.

The Council has taken action to develop and improve play areas and the level of satisfaction with parks and open spaces is above average.

## Healthy City

The Council has taken actions to improve the health of local people, although results have been mixed. The Council is joining in a local 'Altogether Better' programme focusing on healthy eating, physical activity and mental well-being and has targeted those with greater health and social care needs.

Healthy eating programmes have been introduced for older people in residential care, although these are not in place in all facilities provided by independent providers. Despite introducing a range of activities, the proportion of adults taking part in physical activity has fallen. A 'Fit as a Fiddle' programme has been introduced to encourage older people to take part in physical exercise. The numbers of people taking part are increasing and, as well as helping older people stay healthy, the programme provides older people who would otherwise have been isolated, a chance to socialise.

The Council has been successful in developing services to help older people live independently, although the number of older people being admitted to residential care remains relatively high. The Council has strengthened its arrangements for safeguarding vulnerable older people and treating them with dignity and respect. Carers now have greater choice to enable them to get personalised support that best meets their circumstances, although more needs to be done to support them.

The Council has been more successful in promoting healthy lifestyles with children and young people. Health promotion in York's schools has had a positive impact on most pupils. More children take part in PE and sport than in similar areas, although the take up of school lunches is lower. Obesity rates in primary schools remain lower than most parts of the country, although there was a slight increase in 2008/09.

Services for young people needing support for mental health issues are good and are better than most other parts of the country, although services for adults are not as effective.

Despite projects to reduce it, the rate of pregnancies in the under-18 age group has continued to increase. Unplanned and unwanted conceptions are a particular area of concern. Work is continuing on this and the Council is hopeful that the situation is now improving.

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for an independent overview  
of local public services

# Annual Audit Letter

City of York Council

Audit 2008/09

November 2009



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# Contents

<b>Key messages</b>	<b>3</b>
<b>Financial statements and annual governance statement</b>	<b>5</b>
<b>Value for money and use of resources</b>	<b>7</b>
<b>Closing remarks</b>	<b>10</b>
<b>Appendix 1 – Use of resources key findings and conclusions</b>	<b>11</b>
<b>Appendix 2 – Action plan</b>	<b>23</b>

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
-

# Key messages

**This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.**

---

## Audit Opinion

- 1 I gave an unqualified opinion on the Council's 2008/09 financial statements on 30 September 2009.
- 

## Financial Statements

- 2 The draft financial statements presented for audit contained a number of significant and material errors which the Council amended. The Council is designing and implementing quality assurance processes that will prevent and detect these errors before the 2009/10 draft financial statements are approved by members and submitted for audit.
  - 3 Additional audit work required to give the unqualified opinion has resulted in me charging the Council an extra £2,000.
- 

## Value for money

- 4 I gave an unqualified opinion on the Council's value for money arrangements in 2008/09.
  - 5 The Council's overall use of resources score for 2008/09 is level 2, meeting minimum standards and representing an adequate performance.
  - 6 Within this score there are elements of stronger performance in some areas, in particular the Council's provision of value for money services, its risk management arrangements and elements of its commissioning of services.
  - 7 The Council has embarked on a challenging programme to deliver £15m efficiency savings over a three year period. The successful delivery of this programme should have a positive impact on the Council's future use of resources.
-

**Table 1**      **Audit fees**

	<b>Actual</b>	<b>Proposed</b>	<b>Variance</b>
Financial statements and annual governance statement	134,701	132,701	2,000
Value for money	108,354	108,354	0
<b>Total audit fees</b>	<b>243,055</b>	<b>241,055</b>	<b>2,000</b>
Non-audit work	0	0	0
<b>Total</b>	<b>243,055</b>	<b>241,055</b>	<b>2,000</b>

### Actions

- 8** Recommendations are shown within the body of this report and have been agreed with officers.

### Independence

- 9** The audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

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# Financial statements and annual governance statement

**The Council's financial statements and annual governance statement are an important means by which it accounts for its stewardship of public funds.**

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## Audit opinion

**10** I gave an unqualified opinion on the Council's 2008/09 financial statements on 30 September 2009.

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## Significant issues arising from the audit

- 11** My audit of the 2008/09 financial statements identified a number of errors, and some were material.
- 12** A significant proportion of the errors related to the tangible fixed assets balance and the related capital accounting entries. In particular we identified a number of duplicate entries in the 'assets under construction' category of the balance sheet. In total the tangible fixed assets balance was reduced by £25.5m from the balance in the draft financial statements as a result of my audit.
- 13** The asset register has an important role in helping the Council manage and account for its tangible fixed assets. While the Council has improved the usefulness and quality of its asset register from 2007/08, further work is needed to ensure that it is fully effective. The Council is reviewing the register to ensure that it contains all, and only, the fixed assets that it needs to account for in 2009/10.
- 14** Other material errors included £15.3m of expenditure and £2.6m of income being mis-classified in the Income & Expenditure Account, and £19.5m mis-classified as a deferred asset and a deferred liability in the balance sheet, as a result of a change in the financial reporting requirements. In addition there were several smaller value errors.
- 15** Officers are establishing the reasons why these errors occurred, and are committed to implementing a thorough robust quality assurance process, to identify and correct the errors before the financial statements are approved in June 2010.

## Recommendation

- R1** Implement a thorough and robust quality assurance process that is designed to identify material errors in the financial statements before they are approved in June 2010.

- 16** Whilst my audit identified a greater number of errors than the previous year's audit, the Council had improved its project planning and project management for producing the 2008/09 financial statements. The financial statements were produced slightly earlier than in 2007/08, and the supporting working papers were generally produced to the required standard. I will continue to work with officers to enable them to deliver further improvements in 2009/10.

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**Material weaknesses in internal control**

- 17** Other than the comments above relating to the quality assurance processes in the closedown of the accounts, I did not identify any significant weaknesses in your internal control arrangements.

---

**Accounting Practice and financial reporting**

- 18** The Council made a number of amendments to the presentation of the financial statements before we gave our opinion. These amendments improved the quality of the financial statements.
- 19** There are some outstanding matters that officers intend to resolve in the 2009/10 financial statements, and I will work closely with officers to continuously improve the quality of the financial statements. These matters were fully reported in my 2008/09 Annual Governance Reports issued in September 2009.

# Value for money and use of resources

I considered how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

## Use of resources judgements

- 20** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 21** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work. However, the 2008/09 assessment is very different from previous assessments. Judgements are now much more strategic and less detailed, with a focus on outcomes rather than processes. The standard required to achieve a level two assessment has been raised and is now much more demanding.
- 22** The Council's use of resources theme scores are shown in Table 2 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

**Table 2** Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	2

- 23** The Audit Commission's overall score for the Council's use of resources is level 2 (performing adequately). This takes into account
- the Audit Commission's scoring criteria in the new Use of Resources approach this year; and
  - the Council's planned and actual progress, and the positive impact this should have on the Council's arrangements.
- 24** The Council has embarked on a three year efficiency programme to realise £15m of savings and improve service delivery. While it is too early to assess the impact of this programme on the outcomes delivered by the Council, it is clear that the successful delivery of the programme is critical for the Council to achieve its priorities with the strict financial climate facing all public service bodies.

### Financial planning and monitoring

- 25** The Council has an established and well understood financial planning and monitoring system. The design of the system is geared towards identifying and monitoring efficiencies and savings in a detailed and methodical way on a service by service level, rather than focusing on more corporate wide and cross directorate efficiencies.
- 26** The Council has recognised the difficulties in continuing with this approach and taken positive action by employing an efficiency partner to look for savings across the Council, as well as reviewing and revising the existing financial planning and monitoring arrangements.

### Asset management

- 27** The Council has developed a strategic approach to asset management, which has had some positive impact, but is not consistently applied across the organisation. The approach is centred around a corporate Asset Management Plan (AMP) and a corporate Asset Management Group charged with the task of implementing the AMP. The group relies on influence rather than direct control of asset management across the Council, and structures are not in place across the Council to ensure the principles of good asset management are applied consistently. Implementation plans for asset management are not consistently robust. Corporate and service AMPs are not under-pinned by robust implementation plans although the existing area-based AMPs have action plans which are clearly focused on local needs and priorities.
- 28** The delivery of the Council's ambitions for asset management is constrained by limited financial resources and a lack of a full understanding of how assets contribute to the achievement of corporate priorities. This makes it difficult to ensure that financial resources are consistently prioritised to maximise their impact, although there are examples of how social and environmental outcomes have been improved.
- 29** The Council does not have systems in place to effectively demonstrate value for money in asset management. Steps are being taken to address the gaps in information regarding the Council's asset portfolio through the development of a new asset database.

## Value for money and use of resources

- 30** Performance indicators are not routinely used to monitor progress against the corporate AMP. Annual benchmarking is carried out against a set of national asset management indicators, but there is no framework of local indicators and targets to monitor progress against the objectives and priorities contained in the corporate AMP.
- 31** The Council is not addressing the growing level of backlog maintenance. There is a repair and maintenance strategy which is managed by the corporate landlord, and aims to ensure the effective use of the Council's resources. It sets a number of objectives designed to ensure that all the Council's assets are fit for purpose by 2017. However, as repair and maintenance budgets are largely devolved to services, it is difficult to ensure that they are consistently prioritised in line with the corporate Asset Management Plan.
- 32** There are examples of how the Council is improving services through improvements to its asset base. However, there is no consistent approach to challenge whether assets are required, fit for purpose, and provide value for money in meeting current and future needs.
- 33** The Council has an established policy to work with community groups which is delivering community benefits. There are examples of assets being transferred to community groups which have had a positive impact and others are being considered, particularly in relation to those areas covered by an area Asset Management Plan. The Council is also developing its approach to working with partners to improve the effectiveness of the asset base. There are examples of shared use of buildings, but the Council recognises the need to adopt a more strategic approach.

### Recommendation

- R2** Produce and implement action plans arising from the use of resources assessments and value for money work.

### VFM conclusion

- 34** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 1.
- 35** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

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## Closing remarks

- 36** I have agreed this letter with the Chief Executive and the Director of Finance. I will present this letter at the Audit & Governance Committee in December 2009 and it will be made available to all members.
- 37** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year.

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**Table 3**      **Reports issued in 2008/09**

<b>Report</b>	<b>Date issued</b>
Audit & Inspection Plan	April 2008
Financial Planning & Monitoring Arrangements	March 2009
Data Quality Arrangements	April 2009
Supplementary Opinion Plan	April 2009
Use of Resources Report	September 2009
Annual Governance Report	September 2009
Supplementary Governance Report	September 2009
Asset Management Report	November 2009

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- 38** The Council has taken a positive and constructive approach to our audit. I wish to thank officers for their support and co-operation during the audit.

Steve Nicklin  
 District Auditor  
 November 2009

# Appendix 1 – Use of resources key findings and conclusions

1 The following tables summarise the key findings and conclusions for each of the three use of resources themes.

## Managing finances

<b>Theme score</b>	<b>2</b>
<b>Key findings and conclusions</b>	
The Council has performed strongly on understanding its costs, and is making improvements to the financial planning and financial reporting areas. The Council's efficiency programme which seeks to achieve £15m of efficiency savings in three years, will impact on future years' use of resources assessments. The previous years' pre-audit financial statements have had numerous issues with them, but the Council has set in place improved closedown arrangements including good project management arrangements and as a result some of the problems of previous years have not been repeated. However we have identified material issues with the draft accounts this year.	

<p><b>KLOE 1.1 (financial planning)</b></p> <p><b>Score</b></p> <p><b>VFM criterion met</b></p>	<p>2</p> <p>Yes</p>
<p><b>Key findings and conclusions</b></p> <p>Financial and corporate planning processes are partially integrated. Savings proposals are considered in terms of their impact on priorities, and reports to Council include an analysis of resource utilisation compared with priorities. The focus of financial planning has largely been on making savings, albeit ones that don't jeopardise the achievement of service priorities, rather than focusing on the expenditure needed to fully fund the service priority improvements. The priorities for funding have been subject to significant debate in previous years, and the redirection of funding to the Easy@york project has contributed to efficiency savings. The Council's new efficiency programme should enable it to fully integrate and deliver service improvements and efficiencies across all services.</p> <p>Clearer links need to be made to the risks of not achieving corporate and service priorities in relation to the medium term financial strategy (MTFS), although upcoming developments are actively considered and contingencies built in. Income charging is integral to the annual savings identification process, but closer and more explicit links need to be made to the processes for capital, IT and human resources planning that are run in parallel to the medium term and annual financial planning processes.</p> <p>A comprehensive, balanced and realistic budget is set, supported by challenging but realistic savings plans scrutinised by Members. The Council has recently moved to make savings more corporate than directorate focused by appointing an efficiency partner that has helped to identify required levels of savings over the medium term, and therefore had a direct input to the budget planning process from 2009/10. The £15m savings required over the next three years are a direct result of the Council's awareness of its resource shortfalls over the medium term, and the need to maintain a sound financial standing.</p> <p>The medium term financial strategy itself is regularly updated and reflects the Council's key strategic priorities, and the efficiency review now implemented is intended to challenge resource use and explore alternative ways to deliver priorities.</p> <p>The Council has been assessing its policies and strategies in line with the equalities legislation since 2007/08 by undertaking equalities impact assessments. In terms of financial planning, the Council has developed an Engagement Strategy and an engagement calendar that includes local improvement scheme budget consultation in September and postal and on line surveys as well as workshops with stakeholders as part of its wider budget consultation in December. In 2008/09 the surveys were responded to by 8 per cent of residents, and the consultation led to specific budget decisions being made such as the increase in the cost of non resident parking permits, previously thought to be unpopular.</p> <p>The Council has reviewed its Treasury Management strategy in light of the collapse of the Icelandic banks, and has taken into account CIPFA guidance. The Council did have investments in Icelandic banks but had ended these investments prior to the credit ratings being downgraded. Consequently it was not exposed when the banks collapsed.</p> <p>The Council has a well understood financial governance structure with clear lines of reporting and development of the financial plans from directorate through to full Council. Individual responsibilities are clearly set out in the Constitution, and the Financial Regulations and Scheme of Delegation provide the framework around these responsibilities. Some targeted training has been provided to officers and members, and lengthy debates have been held by Council in relation to the budget proposals in recent years, although these would benefit from more constructive scrutiny and challenge.</p>	

## Appendix 1 – Use of resources key findings and conclusions

<p><b>KLOE 1.2 (understanding costs and achieving efficiencies)</b></p> <p><b>Score</b></p> <p><b>VFM criterion met</b></p>	<p><b>3</b></p> <p><b>Yes</b></p>
<p><b>Key findings and conclusions</b></p> <p>The Council has a clear understanding of its costs, and the key drivers and pressures, both internally and externally. A strong focus on cost and performance has enabled the Council to deliver good quality services at the lowest spend per head and the third lowest Band D Council Tax rate of unitary councils nationally.</p> <p>The Council makes use of numerous benchmarking opportunities which it uses to identify areas of potential inefficiency. Despite the strong focus on managing costs, improvements have been made in a range of priority services in recent years, and high performance in children's services sustained. A review of adult care services included actions to reduce cost, but also delivered service improvements and took account of the growing demand for services.</p> <p>Successful action has also been taken to address corporate issues, such as reducing sickness absence costs across the Council. Whole life costing techniques are applied to major projects, such as the planned move to new office accommodation, which has also included an environmental assessment. Financial monitoring now reported to members with service performance management information but the links between these two areas need to be made more explicit to enable a more informed debate on how costs contribute to service delivery outcomes. This approach is being developed to cover partnership working.</p> <p>The Council is starting to make better use of the cost information at its disposal to inform decision making. This applies to routine operational decisions which have resulted in gradual improvements in the ratio of costs to outcomes in a number of areas. And it applies equally to major strategic decisions, such as those relating to the development of new office accommodation. This approach extends to partnership working where partners have made decisions on bids for allocation of the LAA delivery fund based on alignment with priorities and the scale of potential impact.</p> <p>There are a number of examples of how the Council has worked in partnership to improve efficiency whilst at the same time considering wider social and environmental impacts, with an increasing emphasis on narrowing the equalities gap which exists in some parts of the city. The Council's Sustainable Procurement Strategy takes account of environmental and social issues as well as the financial impact and some positive outcomes have been achieved.</p> <p>The tight financial constraints within which the Council operates requires the setting of challenging efficiency targets, and the Council has a track record of achieving them with efficiency targets for each of the three years to 2007/08 being exceeded and over £2m cash releasing savings measured by NI 179 being achieved in 2008/09. There is a clear focus on priorities, as evidenced by the easy@york programme. This programme is making innovative use of new technology and has incorporated a range of reviews over a number of years which has resulted in efficiency savings and improved access to services. The Council has worked with a private sector partner to develop an ambitious efficiency programme for the future which aims to make efficiency savings of £15m over the next three years through fundamental service redesign.</p>	

<p><b>KLOE 1.3 (financial reporting)</b></p> <p><b>Score</b></p> <p><b>VFM criterion met</b></p>	<p>2</p> <p>Yes</p>
<p><b>Key findings and conclusions</b></p> <p>Overall the Council has adequate financial monitoring systems in place, although in 2008/09 monitoring has been more frequent and effective at the directorate level than at the corporate level. Improvements have been made since 2007/08, particularly with regards to the directorate level monitoring and the level of corporate scrutiny on the monitoring information. This has contributed to the 2008/09 outturn being in line with the budget and the projected position through the year.</p> <p>The Council is developing a revised financial reporting framework, and had started to implement some of this before the end of 2008/09. Further improvements are being implemented in 2009/10 and we will assess the impact of these in next years' Use of Resources assessment. The continued improvements should help the Council cope with the anticipated pressures of faster accounts closure, the timetable adopted in 2008/09 and closure of the accounts meant that monitoring did not start until July 2008 in most directorates.</p> <p>Members did not receive budget monitoring information until September 2008, and reports were concentrated in the period to January 2009 before a final report was presented in June 2009.</p> <p>The financial reporting within directorates is primarily on a monthly basis, although only one directorate has a formal budget monitoring timetable and there are variations in approach. Above directorate level, monitoring is almost exclusively based on projections to the year end, and although there is no set methodology for producing these projections, most are based on prior year or prevailing trends and known upcoming developments. All variances over £50,000 are reported above the directorate level (where more minor variances might be looked at for performance management purposes), making these more formal reports lengthy, and potentially promoting more focus on minor issues. Our work in previous years has shown that information provided is sufficient for action to be taken to mitigate any potential impact on service delivery where overspends are identified. Due to the way in which projections are used in financial monitoring it is difficult to identify a clear trail between internally reported results and those reported externally in the financial statements, although the statements do contain a comparison of budget to outturn at a summary level in the foreword.</p> <p>Although financial and non financial information is reported together in a single report, and there are clear explanations in the reports to explain the two sets of data, the linkages between financial and non-financial data are currently not made in a clear and consistent way.</p> <p>The financial statements submitted for audit in 2008/09 have been produced using a more structured and project managed approach than last year, and the accounts were submitted to members on time. The working paper trail has improved from last year.</p> <p>The Council has made some progress in improving the accessibility of its publicly available documents, and has acknowledged that further work is needed to assess and meet the needs of the diverse local community. The Council's web site does contain information on different accessible versions of documents, including foreign language translation and recent improvements have been made to the ease of locating these.</p>	

**Governing the business**

	2
<p><b>Key findings and conclusions</b></p> <p>The Council has performed strongly on risk management, although there is scope to improve the extent to which the good practices are extended to the Council's partnerships. The Council has a strong approach to commissioning services for e.g. children and young people and older people, particularly those most vulnerable. Further improvements continue to be made to the Council's data quality, and these improvements are continuing in 2009/10 where the Council expects to be able to demonstrate clear improved outcomes.</p>	
<p><b>KLOE 2.1 (commissioning and procurement)</b></p> <p><b>Score</b> 2</p> <p><b>VFM criterion met</b> Yes</p>	
<p><b>Key findings and conclusions</b></p> <p>The Council has developed a clear understanding of the needs of local communities through extensive consultation and engagement in the development of the Sustainable Community Strategy. This is also informed by further analysis relating to economic development and the Joint Strategic Needs Assessment carried out in partnership with the Primary Care Trust (PCT). This is influencing the approach to commissioning services, particularly those most vulnerable, and takes account of future needs.</p> <p>There are examples of how users have been engaged in commissioning services and how their views have had an influence, particularly in respect of young people, people with disabilities and older people. User engagement linked to the Supporting People Programme has resulted in the commissioning of a handypersons service and a new advice and information service for older people. Communities are involved in agreeing local priorities for improvement through a network of effective Ward Committees which have developed neighbourhood action plans. Community engagement has also had an impact on the design of corporate projects such as the new office accommodation project and the easy@york project to ensure services are designed in a way to maximise access.</p> <p>The Council monitors service satisfaction and takes account of feedback from users and partners in identifying areas for improvement and prioritising services for review, and is making good use of technology to redesign services and improve efficiency. The easy@york programme has improved access to services and delivered £404,000 in cashable efficiency savings over the last three years through business process redesign and the use of technology.</p> <p>The Council is continuing to develop its web site as a means of direct access to services and is seeking to deliver further service improvements and efficiencies through initiatives such as extending mobile working. There are some examples of externally procured services, such as managed network services, fleet management and elements of home care, and some shared services. The easy@york programme is being integrated with a major Efficiency Review programme which aims to deliver £15m savings over the next three years through a fundamental redesign of a number of key services. This is driving the Council towards a more mixed economy of service delivery.</p>	

<p><b>KLOE 2.1 (commissioning and procurement) (continued)</b></p> <p>The Council has a good understanding of local supply markets and is working with partners to develop them. It is supporting adult care providers in the move towards more personalised services and in developing the capacity to meet an increasing demand for services. In addition to general support and advice to suppliers on how to tender for Council business, the Council has provided specific support to local businesses linked to the economic downturn. This has helped to protect local jobs as well as minimising the risk to Council services due to the potential failure of local suppliers.</p> <p>The Council procures over £14m of services each year from the voluntary sector and has recently reviewed commissioning to ensure a sustained focus on priorities and value for money. It is also working with the voluntary sector and others to plan for changes in demand for services, such as the anticipated increase in demand for elderly care services. The Council has well established processes for tender evaluation. Major tenders are evaluated using a CIPFA model which balances cost and quality, with evaluation criteria published in advance. The process includes a clear focus on environmental sustainability and the equalities agenda. The effectiveness of existing framework contracts is undermined by limited information on the extent of 'off-contract spend', although this is to be addressed through the introduction of new financial systems. The Sustainable Procurement Strategy is delivering environmental and social benefits as well as financial savings, although the Council is unable to fully quantify the impact.</p>	<p><b>Score</b></p> <p><b>VFM criterion met</b></p> <p style="text-align: center;"><b>2</b> <b>Yes</b></p>
<p><b>KLOE 2.2 (data quality and use of information)</b></p> <p><b>Key findings and conclusions</b></p> <p>There is a robust corporate framework to oversee data quality (DQ). The profile of DQ issues has been raised through the nomination of a Chief Officer as DQ champion and the inclusion of DQ as a key project within the Council's Improvement Plan. A policy has been adopted which sets out standards for accuracy, validity, timeliness and accessibility of data. It includes a matrix to allow a scored assessment of each indicator against the standards and identify actions to mitigate the risks of data being flawed. This assessment is in progress, starting with those priority indicators included in the Local Area Agreement (LAA), and is informing a risk-based approach to internal audit checks of DQ.</p> <p>The policy provides guidance and toolkits to support improvements in data collection and is translated into action through a Council-wide Performance Officer Group (POG) which champions DQ within services and provides an ongoing challenge to the accuracy of data. The Audit &amp; Governance Committee receives reports on the effectiveness of arrangements, including progress in responding to issues raised in last year's audit. The Council has a good track record of producing and using relevant and reliable data, and systems for validating data collected from partners are adequate, being done mainly through a shared area within the Council's intranet. Work is progressing to address weaknesses in some partnership data, as well as dealing with issues in respect of some of the new National Indicator set. Good quality information is provided to support decision makers. Reports include a combination of financial and operational performance information which is tailored to the needs of the audience. Their format has recently been reviewed to make them easier to understand.</p> <p>In addition to regular monitoring reports, joint performance monitoring sessions involving Corporate Management Team and the Council's Executive consider in-depth reports and presentations on current performance issues. Information provided includes relevant comparisons with other organisations.</p>	

## Appendix 1 – Use of resources key findings and conclusions

<p><b>KLOE 2.2 (data quality and use of information) (continued)</b></p> <p>Reporting arrangements take account of elements of diversity and the Council is developing its information systems to enable greater geographical analysis of data. The Council has integrated within its performance management system the local and national indicators included in the LAA and provides regular performance reports to the Local Strategic Partnership (LSP).</p> <p>The POG provides a mechanism for gathering feedback from decision makers to ensure reports remain relevant. Data management systems are effectively managed and controlled to minimise the risk of data loss or corruption. A disaster recovery plan is in place which is updated annually and regularly tested. Testing of the plan has not identified any problems which could impact on the reliability of data. An IT security policy is in place which covers key business areas, is compliant with national standards and is supported by appropriate practices and procedures, and the Council is working towards compliance with the Government Connect standard.</p> <p>The range of indicators used to manage performance has been reviewed to ensure alignment with the Local Area Agreement and the corporate priorities of the Council. Performance reports are structured around priorities for both the Council and the LSP and include summaries of performance at a strategic level. Information includes financial and efficiency measures as well as user satisfaction, quality of life indicators and elements of diversity. There are clear links between the performance management process and business planning and the Council has a track record of using performance information to target under-performance, improve value for money and identify actions to improve.</p>	<p><b>KLOE 2.3 (good governance)</b></p> <p><b>Score</b></p> <p><b>VFM criterion met</b></p> <p style="text-align: center;"><b>2</b> <b>Yes</b></p>
<p><b>Key findings and conclusions</b></p> <p>The Council Constitution is comprehensive, clearly sets out the roles and responsibilities of Members and Officers. It follows the DETR model and is regularly reviewed so it remains up to date. There are predominantly good working relationships between members and officers. Improvements have been made in recent years, though there are still some tensions and further improvements can be made. The Council has responded positively to the outcomes from our ethical governance audit, and is considering how to measure and track progress against improvements.</p> <p>The Council provides training to ensure that members are properly equipped and developed. A Member Development Committee has been established, so members can assess their own training needs and decide what training is required. Members have signed up to the IdeA Member Development Charter, and member development appraisals have been introduced, although only 17 members have currently signed up to a formal personal development plan.</p> <p>There is still some work to do to ensure that all members and officers work together to achieve the Council's overall purpose and vision, and the level of this cooperation differs across the organisation. The Leader and Chief Executive have worked together to achieve corporate priorities in a structured way, and there are four joint monitor sessions held each year between CMT and Executive Members to review progress against key performance areas that support council priorities.</p>	

**KLOE 2.3 (good governance) (continued)**

The Standards Committee operates in accordance with the requirements, publicises its role both internally and externally, and helps members follow their code of conduct. Consideration needs to be given to how high standards of behaviour are maintained when working in partnership with other organisations. The Council is actively trying to raise the profile of the Standards Committee, and has an independent co-opted member as chair. The Council hasn't fully assessed the training needs of members in relation to standards of conduct, but has provided some training in specific areas during 2008/09. The Standards Committee and chair do not routinely meet with the Chief Executive, Leader or other party leaders to discuss ethical issues, although an initial meeting with the Chief Executive was held in June 2009.

The member complaints process is widely available via the Council's website, and although the outcomes of all investigations are published on the website, feedback is not currently sought from those involved in the complaint. Member and officer codes of conduct are in place and there is a formal member/ officer protocol within the constitution. Registers of interests and registers of gifts and hospitality are in place for members and senior officers, and reminders are sent annually to members on the requirements of the code of conduct.

The Council maintains a database of its partnerships, has set criteria for determining its significant partnerships, training is provided to officers, there is a 30 point checklist in corporate guidelines to help officers determine whether a partnership should be formed, and resources are available to support officers in setting up and monitoring partnership activity. All the main partnerships have action plans and performance indicators to measure whether they are achieving their aims, and significant partnerships complete an annual self assessment, with the results fed back to the LSP. The Council has a locality wide agreement with the third sector, ie voluntary and community organisations that is being linked into their efficiency agenda. The Council have put in place the Third Sector Compact, a national framework for working with voluntary and community organisations that they have adapted to their local circumstances.

Appendix 1 – Use of resources key findings and conclusions

<p><b>KLOE 2.4 (risk management and internal control)</b></p> <p><b>Score</b></p> <p><b>VFM criterion met</b></p>	<p><b>3</b></p> <p><b>Yes</b></p>
<p><b>Key findings and conclusions</b></p> <p>The Council has good risk management arrangements, risk is embedded within working practices, and continues to be more embedded within the day to day activities of the Council, being included in all major and minor project management, and linked to all policy, decision making and procurement processes. Risk is understood as an enabler for more successful project delivery, and as a way of seeking opportunity and improving efficiency. Risks are owned, managed and delivered within departments rather than by the risk management officer. The Admin Accom Project and the waste PFI have both used risk to help make project decisions and consider the potential barriers to successful project completion. In the current economic climate, the Council has actively sought to identify and manage the economic downturn risks, aligning the risks to the achievement of specific corporate priorities. Partnership risk is considered on a project basis and also in an annual questionnaire to key partnerships.</p> <p>The Council provides risk management training to members and officers through the year, and the training was well received by Members who attended. Members are more involved in the risk management process, with updates being presented on key corporate risks to the Audit Committee for them to consider and comment upon as necessary. The final monitoring report of 2008/09 shows that the member review resulted in out of date risk actions being dealt with and the risks updated, and although some reference is made to corporate priorities in the report individual risks have not been explicitly linked to individual priorities.</p> <p>The programme of counter fraud and corruption work is resourced, risk based and proportionate. There is an annual counter fraud activity plan agreed by the Audit Committee. This includes budgets for both reactive and preventative work and time for staff training and general fraud awareness. The counter fraud and corruption policy was revised and approved in March 2008, prepared in accordance with CIPFA good practice principles, and it sets out the overall approach of the Council.</p> <p>The Council has a strong counter fraud culture and reviews the success of its arrangements. Fraud awareness training was provided to certain groups of staff, the council publicises successful investigations, and continued to work closely with the DWP and other organisations. The fraud team work with key departments such as housing to raise awareness and identify potential frauds, and internal and external publicity of the fraud team and successful prosecutions is used frequently. Several high profile cases with successful prosecutions, either working with the police or bringing their own prosecution, have served to embed a strong counter fraud culture within the council and a public awareness that fraud is not tolerated.</p> <p>The Council's Audit and Governance Committee has a balanced membership, is independent, receives and approves reports on the control framework, and training is provided to members of the Committee. The Committee is starting to actively challenge internal control arrangements, though there is little evidence of liaison with other committees to identify potential internal control issues. The Council has an effective internal audit service that completed over 90 per cent of the 2008/09 audit plan, but there have been vacancies in 2008/09 that have impacted on delivery. In addition in 2008/09 the Council has delivered the project to establish a separate Internal Audit shared service provider, which commenced on 1 April 2009. We will assess the operation and impact of the new arrangements in next years' Use of Resources assessment. The Internal Audit plan provides sufficient assurance over financial controls. The Constitution underpins all the internal control arrangements in place, and there is a framework in place for assessing and completing the AGS. An Officer Governance Group meets regularly to discuss governance arrangements, and coordinates preparation of the AGS. The s151 and Monitoring Officer, as well as the Constitution, effectively provide control over the legality of expenditure and compliance with law and regulations. Emergency and business continuity plans are in place and are regularly reviewed and tested.</p>	

**Managing resources**

	2
<b>Key findings and conclusions</b>	
<p>The Council has embarked on a number of projects to reduce its consumption of natural resources and its environmental impact. Further work is continuing in 2009/10 to demonstrate the impact of the projects and to accurately measure the improvements they have delivered. The Council's approach to asset management needs to be developed to ensure that it delivers positive impacts and outcomes across the organisation.</p>	
<p><b>KLOE 3.1 (use of natural resources)</b></p> <p><b>Score</b> 2</p> <p><b>VFM criterion met</b> Yes</p>	
<b>Key findings and conclusions</b>	
<p>The Council has an understanding of the natural resources it consumes and has developed a strategic approach to reduce its environmental impact. It has developed an internally-focused Environmental Sustainability Strategy and has embarked on a Carbon Management Programme, although the Council cannot fully demonstrate its impact.</p> <p>The Council calculated a baseline figure of its CO2 emissions based on 2006/07 information which it has used to set targets and measure progress. This estimated the Council's annual CO2 emissions as 57,800 tonnes, arising mainly from its housing stock (59 per cent), other buildings (28 per cent), transport (5 per cent) and street lighting (5 per cent). However, the Council has continued to verify the accuracy of the baseline data, and the original baseline included some estimates relating to buildings where accurate readings were not available.</p> <p>The Council has set a target to reduce its carbon emissions by 25 per cent by 2013 excluding housing. It aims to reduce emissions from its housing stock by 25 per cent by 2020, reflecting longer term funding issues in respect of housing. Early progress has been made on implementing projects to reduce emissions, but the Council cannot fully demonstrate their impact.</p> <p>The Council estimates that 400 tonnes of carbon were saved during 2008 through the opening of a purpose built Eco Depot, the installation of biomass boilers in a number of buildings and improved insulation, but is unable to accurately assess the impact of each project. Other projects are in progress which the Council anticipates will increase the saving to more than 2,400 tonnes by the end of 2010. Further savings are being delivered through improvements to heating systems and insulation of the housing stock linked to the Decent Homes Standard. Other projects relating to street lighting, transport and continued improvements to the Council's buildings are being developed to meet longer-term targets.</p>	

## Appendix 1 – Use of resources key findings and conclusions

<p><b>KLOE 3.1 (use of natural resources) (continued)</b></p> <p>All water usage is monitored and new council buildings have water conservation devices. There are also examples of water being re-used, for example at the Eco Depot to wash vehicles. A recent review of the Corporate Plan made climate change a priority for the Council, resulting in the redirection of £250,000 in 2008/09 to fund carbon reduction projects. Resulting financial savings are to be reinvested in further projects, and bids for external funding are being submitted for building and street lighting projects. Two new posts have been created along with a Carbon Board comprising senior officers and councillors to oversee delivery of the carbon reduction plan.</p> <p>Bids for capital investment in buildings must consider carbon reduction and information on carbon emissions is considered as part of the process to prioritise bids capital funding. The Council is also participating in a virtual trading scheme through Carbon Action Yorkshire to prepare for the introduction of the Carbon Reduction Commitment which will impose an annual carbon budget. The monitoring of elements of environmental performance is built into established performance management processes.</p> <p>The Council is working towards an organisation-wide approach to managing environmental risks through the introduction of an Environmental Management system. This is not yet complete, although the process is well advanced in some areas such as Neighbourhood Services and Environmental Protection. The Council has carried out sustainability impact assessments on the Corporate Strategy and the draft Economic Strategy and plans to introduce this approach across all directorates in 2009. The Council has a sustainable procurement strategy and promotes the use of products that have a low environmental impact. Tender evaluation arrangements are being reviewed to emphasise the importance of reducing the Council's carbon footprint through the services it procures.</p>	<p><b>KLOE 3.2 (strategic asset management)</b></p> <p><b>Score</b> 2</p> <p><b>VFM criterion met</b> Yes</p>
<p><b>Key findings and conclusions</b></p> <p>The Council has developed a strategic approach to asset management, which has had some positive impact, but is not consistently applied across the organisation. There is a corporate Asset Management Plan (AMP) and a corporate group of officers charged with the task of implementing it. The Plan is well structured and based on good practice principles. The officer group comprises a range of appropriate, experienced officers from across the Council, recently supplemented by representatives from partner organisations. It provides a useful forum for sharing information and identifying opportunities to improve asset management, and has a role in prioritising bids for capital funding. However, the group relies on influence rather than direct control of asset management and structures are not in place to ensure principles are applied consistently.</p> <p>There are some service AMPs in place which provide links with service planning, although these are not used effectively to manage progress towards strategic priorities. Area AMPs have been developed for some parts of the city to ensure the needs of local people are taken into account in managing assets in the locality. However, these are few, and are being developed in a piecemeal way. There are also examples of asset management taking place at a service level outside the Council's corporate approach. Implementation plans for asset management are not consistently robust. Corporate and service AMPs are not under-pinned by robust implementation plans although area AMPs have action plans which are clearly focused on local needs and priorities.</p>	

**KLOE 3.2 (strategic asset management) (continued)**

The delivery of ambitions for asset management is constrained by limited financial resources and a lack of a full understanding of how assets contribute to the achievement of corporate priorities. This undermines the Council's ability to demonstrate value for money in asset management. Steps are being taken to address the gaps in information regarding the Council's asset portfolio through the development of a new asset data base, but this is not yet complete.

Annual benchmarking is carried out against a set of national asset management indicators which is used to identify good practice, but there is no framework of local indicators and targets to routinely monitor progress against the objectives and priorities contained in the corporate AMP. Although a range of relevant indicators exist, they are seen as service-related indicators and are not brought together to provide a rounded view of the performance of the asset base.

The Council has a repair and maintenance strategy which aims to ensure its assets remain fit for purpose and there are examples of how the Council is improving services through improvements to its asset base. However, as repair and maintenance budgets are largely devolved to services, it is impossible to ensure that they are consistently prioritised and there is no consistent approach to challenge whether assets provide value for money in meeting current and future needs. The Council is failing to address the growing level of backlog maintenance. The planned move to new office accommodation is expected to reduce the backlog by £5m, but delays in the move mean that these savings are yet to materialise. There is an established policy to work with community groups which is delivering community benefits.

There are examples of Council assets being transferred to community groups which have had a positive impact and others are being considered, as part of area asset management planning. Through the corporate officer group, the Council is engaging partners in identifying opportunities for sharing assets for the benefit of the local community. There are some examples of shared use of buildings with partners, but the Council and partners are working to develop a more strategic approach.

## Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	<b>Annual Audit Letter 2008/09 Recommendations</b>					
5	R1 Implement a thorough and robust quality assurance process that is designed to identify material errors in the financial statements before they are approved in June 2010.	3				
9	R2 Produce and implement action plans arising from the use of resources assessments and value for money work.	3				

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## Agenda Item

**Audit & Governance Committee****21 December 2009**

Report of the Director of Resources

**Response to Comprehensive Area Assessment 2009  
(including Improvement Plan 2009/10 Update)****Summary**

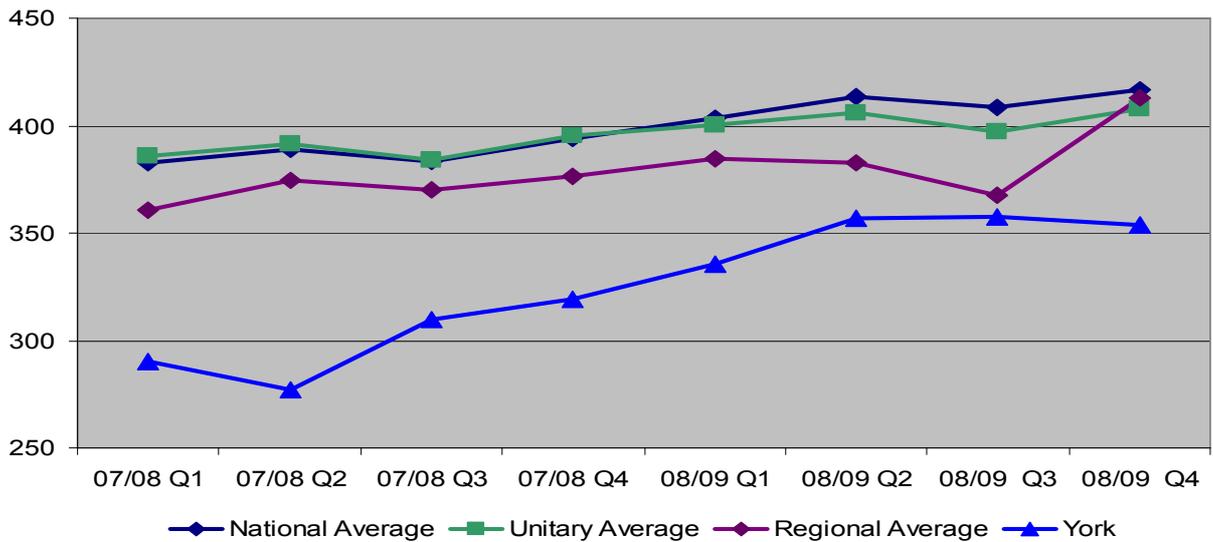
1. To provide an initial response to the findings highlighted in the 2009 Comprehensive Area Assessment reports. The response includes the delivery of the 2009/10 milestones contained within the council's Improvement Plan as approved by Executive on 21 July 2009.

**Background****Response to the Area Assessment Report**

2. The council is delighted with the findings of the Comprehensive Area Assessment reports which have highlighted a number of areas of high and excellent performance which has contributed to the award of a green flag and no red flags and places the city of York in a strong position nationally (see agenda item 10). The council and its partners have been recognised as working well in delivering the priorities set down by the citizens of York.
3. In addition to excellent partnership performance, the council itself has also achieved a 'performing well' status in managing the performance of services, a clear audit opinion on the council's financial statements and a clear value for money opinion.
4. Whilst the majority of the Audit Commission's reports are accurate and have been discussed and agreed with the council and its partners, the following matters have been raised with the Area Assessment Lead, which present an inaccurate picture of the performance within the city. These have been challenged previously and are of significant public interest. They appear on page Page 4 and 11 of Annex A (detailed report) to the CAA Report:

- *'Adults are not as physically active as they should be and this is contributing to increased obesity'*. The council had previously provided conclusive evidence previously that this analysis is inaccurate. The Audit Commission have confirmed that the Area Assessment reports need amending to reflect the error, but this may not take place until a week after publication.
- *'Binge drinking is also increasing and has resulted in an increase Alcohol related hospital admissions' and 'the number of alcohol related hospital admissions is increasing.....the number is expected to rise further'*. This is a priority area for York (NPI 39). Whilst it is accepted that overall rates increased on the previous year, at the end of 2008/09 York was still well below the unitary, regional and national average and is currently moving against the regional trend, with the last three quarters flattening out / reducing.

Graph: York's rate of alcohol-related admissions per 100,000 population



- The report also contains negative statements regarding the city's mental health services, when the national in-patient survey puts the city in the top 20 per cent of mental health trusts nationally for quality of patient care.
5. The Audit Commission's response on the above two points is that Oneplace is an on-going assessment, and it makes sense for them to look at the issues early in their programme, so they can update the Oneplace content as soon as is possible if it is appropriate to do so (the content will be updated quarterly). The lack of an early response on this will mean that an inaccurate view may be formed of the city until the reports are amended

6. Despite this the process is recognised to have identified areas for further review, such as the need for improved sports facilities, and is a judgement made of the city, not just the council. The detailed findings of the assessment have been fed back to the city's Local Strategic Partnership (Without Walls or WoW) Partnership Board, via the WoW Executive Delivery Board. The Board is being asked to take overall responsibility for ensuring improvements are made across the city. WoW fully respects the importance of this approach to delivering the improvements complementing current arrangements within the partnership and the council and a report will be brought back to Executive in the New Year.
  
7. The response to CAA will fit within the wider WoW improvement agenda that includes:
  - The outcomes of the successful WoW annual conference in September 2009, where a wide selection of partners identified future actions regarding challenges facing the city;
  - Monitoring progress against the strategic aims and actions under each of the seven themes within the Sustainable Community Strategy;
  - Ensuring the WoW partnership is fit for purpose to deliver the SCS, LAA and respond to the challenges of CAA.
  
8. These activities will identify improvements for WoW and its partnerships and partners to work on. A coordinated approach to identifying and agreeing these improvements will be developed to ensure that no improvements 'fall between the cracks', and repetition of effort is avoided. These improvements will incorporate issues identified in the Area Assessment and are likely to include:
  - Sustaining the proactive response to the recession (e.g. Improving Adult Skills, Working age people claiming out of work benefits);
  - Embedding the Fairness and Inclusion Strategy across the City;
  - Tackling Climate Change;
  - Developing a new Transport Strategy for the City;
  - Sharing the learning from the successful Kingsway West project and rolling the pilot out to other areas in the city;
  - Increasing Adult participation in physical activity;
  - Implementing the strategy to make York a 'Volunteering City'.
  - Encouraging a more collaborative approach to the Commissioning of services between partners.

## **Response to the Organisational Assessment Report**

9. The council welcomes the exceptional service performance and improvements highlighted in the 'Managing Performance' aspect of the report, particularly relating to children's and adults' services. The Audit Commission has highlighted areas for improvement in the Use of Resources Assessment, which was reported in detail to the Audit & Governance Committee on 21 September 2009. The assessment primarily covered the period from 1 April 2008 to 31 March 2009 – the response to this is partially covered in paragraphs 11 to 20 below through the reported delivery of Improvement Plan actions, with a further plan for new areas developed as outlined in paragraph 21 below.
10. In response to governance and Use of Resources self assessments in July 2009, the Executive agreed the milestones and activity contained within the 2009/10 Improvement Plan, which covered nine major areas for corporate improvement arising from those assessments. Members requested that future updates on progress be reported back to the Executive; these are outlined below and progress against milestones summarised in Annex A.

## **Improvement Plan Progress To Date**

11. Progress is summarised under each theme of the Improvement Plan and overall progress monitored by Executive against targets set within the Corporate Strategy.
12. **HR:** This area for improvement followed up on work done in 2008/09, and the key areas of progress for this year include:
  - a. **the launch of e-recruitment**, the ability both for applicants to apply for jobs online, and for managers to manage the recruitment process online. The e-recruitment project went live for three directorates, Chief Executives, Resources and City Strategy in November 2009, and will be rolled out to the other three in due course.
  - b. **Pay and Grading** has reached the stage of notifying all appeal outcomes to staff, after which there will be further follow-up actions but the full process is expected to be complete by the end of the financial year.
  - c. **Workforce Planning** is concentrating on the development of a Workforce Planning Strategy, and consultation on a preliminary draft is currently being carried out with Directorate Management Teams and the Joint Consultative Committee.
13. **Fairness & Inclusion (formerly Equalities):** The new national Equality Framework has introduced a new standard of equalities that CYC is currently working towards. This is a far more exacting standard, and there

is considerable work under way to secure the initial level of “Developing” within the framework, with plans to progress quickly onto the next level of “Achieving” by 2011. Further work has commenced across the council to be discussed with partners, to strengthen arrangements for social inclusion and equality of access to services. Finally, additional training on human rights is to be arranged.

14. **Health & Safety:** Work has been continuing from last year to promote a culture of safe working practices across the council, and a regular newsletter has been successfully launched. The analysis of training needs for all staff has been rolled into the replacement HR system, known as the Delphi Replacement Project, which will cover all training needs for staff. The Health & Safety (H&S) team are developing courses at present, which will be delivered through the training and development centre. Audits of Health and Safety practice are ongoing, and the H&S team are introducing a web-based risk assessment system to ensure that risks are reviewed and adequate control measures are put in place.
15. **Member Training:** Substantial progress has been made in working towards the IDeA Charter Status for Member Training and Development. A steering group was established in May 2009, and this year’s Member Development Programme has set out a wide variety of events in which members can participate. A Member handbook will be developed in the near future, and the initial external assessment of Member Development is expected to take place in Spring 2010.
16. **Project and Programme Management:** The aim of this workstream is to introduce a standardised project and programme management methodology across the council. York’s project management approach is currently being used to deliver the More for York programme, which is council-wide in its impact, however, the majority of milestones within this workstream, such as agreeing standard templates and a gateway review process, are still to be achieved. This, however, does not reflect that project management as an approach is fully embedded in the council; it is the future corporate framework for the council’s Business Model that is yet to be developed.
17. **Code of Conduct Awareness:** A fraud survey is currently being conducted amongst officers to gain further insight into code of conduct issues and levels of management awareness. Online fraud awareness training is being developed and will be available shortly. Training on the officer code of conduct is planned for later in the year. Current audit work is also looking at whistleblowing procedures, which picks up an item raised in the staff survey, and will inform future training programmes.
18. **Partnership Governance:** The current governance arrangement for partnerships and the Compact with the voluntary sector have been reviewed. The York Compact Group have agreed to adopt a set of dispute resolution procedures similar to those currently in use in Derby. Current governance arrangements for significant partnerships will be analysed

against the council's own best practice partnership guidelines, and training on partnership governance will be delivered by the end of the financial year.

19. **Internal Communications:** The new intranet, christened 'colin' (council on-line information network), is under development and due for a phased launch from January onwards. Once the launch is under way, there will be an audit of internal publications, and new publications likely from April onwards. A communications audit will also examine the role and practice of team briefings, to understand existing cascades and barriers to good communication, which is to be completed by the end of the financial year.
20. **Risk Management:** Risk reporting has been successfully integrated into the new performance management framework, and the key corporate risks examined and the risk register refreshed. The Risk Management Policy and Strategy have both been revised and the council is on target to deliver the revised Corporate Risk Monitor, reporting on risk management activity, by the end of December this year.

#### **Further Developments**

21. An analysis has been undertaken to identify new areas to be built into a supplementary action plan which are necessary, as a result of the Use of Resources Assessment and with a view to moving the council to 'Performing Well' in Use of Resources - lead officers have been identified to implement those actions. This plan is being monitored by the CAA Steering Group chaired by the Director of Resources and progress will be monitored by the Audit & Governance Committee.
22. The Audit Commission are already reviewing improvements since the last Organisational Assessment, and must have a draft opinion on Use of Resources 2009/10 by the end of March 2010, much earlier than in previous years.
23. Corporate and partnership planning processes are under way to develop the actions and milestones necessary to deliver outcomes for York's residents in 2010/11 onwards, and full cognisance will be taken of those areas in the Area Assessment where the Audit Commission want to focus their attention in 2010.

#### **Consultation**

24. In November 2009 the Directors responsible for each improvement workstream were consulted, and they have provided the information that is summarised in this report.

#### **Options**

25. No other options are presented as this report is an update report as requested by Executive in July 2009.

## Analysis

26. No analysis of options required.

## Corporate Priorities

27. The successful delivery of the CAA improvements and Improvement Plan contributes to the achievement of all community and council priorities, and is a key aim of the “Effective Organisation” priority contained within the Corporate Strategy.

## Implications

28.

- (a) **Financial** There are no financial implications
- (b) **Human Resources (HR)** There are HR implications relating to the HR workstream.
- (c) **Equalities** There will be Equalities implications if the Equalities milestones are not delivered.
- (d) **Legal** There are no immediate legal implications with this report but each area of key activity is likely to generate the need for detailed advice.
- (e) **Crime and Disorder** There are no implications for Crime and Disorder.
- (f) **Information Technology (IT)** There are IT implications contained within the Internal Communications workstream, relating to the new intranet.
- (g) **Property** There are no property implications.
- (h) **Other** No other known implications.

## Risk Management

29. Failure to achieve improvement could affect the next Comprehensive Area Assessment outcomes, which is a key corporate risk on the corporate risk register.

## Recommendations

30. Audit & Governance Members are asked to comment upon the response to the CAA reports, note progress and planned improvements to date and related monitoring and reporting arrangements.

Reason

To ensure that members are aware of the council's response to inspection and audit outcomes, recognise the achievements and also action taken or planned for areas for improvement identified in the report.

**Contact Details**

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Pauline Stuchfield Assistant Director of Resources (Customer service & Governance)	<b>Report Approved</b>	<input checked="" type="checkbox"/>	<b>Date</b> 7 December 2009
	Chief Officer's name Title		
	<b>Report Approved</b>	<input type="checkbox"/>	<b>Date</b> Insert Date
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<b>Wards Affected:</b> <i>List wards or tick box to indicate all</i>			<b>All</b> <input type="checkbox"/> <i>tick</i>
			<input checked="" type="checkbox"/>
<b>For further information please contact the author of the report</b>			

**Annexes**

Annex A – Progress against Improvement Plan Milestones.

**Background Papers:**

Executive Report 21 July 2009 on the 2009/10 Improvement Plan



	Key actions towards improvement	Key 2009/10 milestones	Lead	Status
Equalities	Meet all requirements of the Developing level of the Equality Framework	Completed by 31 March 2010	Bill Hodson/ Evie Chandler	↑
	Facilitate the development of a joint approach to equality in access to services amongst LSP partners	Completed by 31 March 2010	Bill Hodson/ Evie Chandler	√
	Review the procurement strategy in the light of equalities duties	Completed by 31 March 2010	Bill Hodson/ Evie Chandler	√
	Deliver training on Equalities and human rights, particularly to members	Completed by 31 December 2009	Bill Hodson/ Evie Chandler	⇒
Health & Safety	Carry out a H&S training needs assessment within each directorate	Completed by 30 September 2009	Sally Burns/ Angela Wilkinson/ Jon Grainger	X
	Deliver the H&S Training Plan to key managers	Completed by 31 March 2010	Sally Burns/ Angela Wilkinson/ Jon Grainger	↑
	Achieve 2009/10 workplan goals for assessing levels of legal compliance for Health & Safety within each service area in line with key performance indicators set out in the CYC Safety Management System	Completed by 31 March 2010	Sally Burns/ Angela Wilkinson/ Jon Grainger	↑
	Ensure all new H&S risks entered onto the corporate risk system have been reviewed by the H&S team to ensure appropriate control measures are in place	Ongoing from June 2009	Sally Burns/ Angela Wilkinson/ Jon Grainger	√
	Launch Health & Safety newsletter	Completed by 30 September 2009	Sally Burns/ Angela Wilkinson/ Jon Grainger	√

	Key actions towards improvement	Key 2009/10 milestones	Lead	Status
Member Training	Develop and agree Member Development Policy	Completed by 30 September 2009	Bill McCarthy/ Quentin Baker	√
	Agree annual programme 2009/10	Completed by 30 September 2009	Bill McCarthy/ Quentin Baker	√
	Agree implementation plan re achieving charter status	Completed by 30 September 2009	Bill McCarthy/ Quentin Baker	⇒
Project and Programme Management	Agree corporate adoption of common principles of project and programme management (via report to CMT and Executive)	Completed by 30 September 2009	Bill Woolley/ Tracey Carter	⇒
	Develop a range of Project Management templates and an assessment matrix to identify the appropriate level of Project Management control	Completed by 30 September 2009	Bill Woolley/ Tracey Carter	X
	Develop agreed gateway process for project review	Completed by 30 September 2009	Bill Woolley/ Tracey Carter	X
	Analyse training requirements for project/programme management	Completed by 30 September 2009	Bill Woolley/ Tracey Carter	X
	Develop training programme	Completed by 31 December 2009	Bill Woolley/ Tracey Carter	NS
Code of Conduct Awareness	Review whistle-blowing and other conduct procedures	Completed by 30 September 2009	Ian Floyd/ Pauline Stuchfield	↑
	Deliver training programme on the Officer Code of Conduct	Completed by 31 March 2010	Ian Floyd/ Pauline Stuchfield	⇒

	Key actions towards improvement	Key 2009/10 milestones	Lead	Status
Partnership Governance	Review current governance arrangements for partnerships and the current framework for the Compact	Completed by 30 September 2009	Ian Floyd/ Pauline Stuchfield	√
	Develop gap analysis between current compliance levels and the partnership guidelines	Completed by 31 March 2010	Ian Floyd/ Pauline Stuchfield	↑↑
	Deliver training and awareness on good partnership governance, including member training	Completed by 31 March 2010	Ian Floyd/ Pauline Stuchfield	↑↑
Internal Communications	Launch of the new intranet	Completed by 30 September 2009	Pete Dwyer/ Matt Beer	⇒
	Relaunch of News&Jobs and News in Depth	Completed by 31 December 2009	Pete Dwyer/ Matt Beer	NS
	Develop a cascade system for team briefings	Completed by 31 March 2010	Pete Dwyer/ Matt Beer	NS
Risk Management	Integrate risk reporting into the new Performance Management Framework	Completed by 30 June 2009	Ian Floyd/ Pauline Stuchfield	√
	Fundamental refresh of strategic risk register in line with the new Corporate Strategy	Completed by 30 September 2009	Ian Floyd/ Pauline Stuchfield	√
	Work with lead officers to address risks highlighted from partnership risk survey of significant partnerships	Completed by 30 September 2009	Ian Floyd/ Pauline Stuchfield	√



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## **Audit and Governance Committee**

21<sup>st</sup> December 2009

Report of the Assistant Director (Property Services)

### **Asset Management Report 2008/09 – Audit Commission**

#### **Summary**

- 1 The purpose of this report is to allow consideration of the Asset Management Report produced by the Audit Commission (see Annex) as part of the 2008/09 audit. The report reviews the Council's arrangements for:
  - The extent of the Council's strategic approach to asset management
  - How assets are managed to deliver value for money
  - Partnership and community involvement in asset management.
- 2 The Audit Commission have assessed the asset management arrangements under the Use of Resources assessment as meeting minimum requirements.

#### **Background**

- 3 The Audit Commission developed an audit approach, that integrated the key elements of:
  - the relevant 2008/09 use of resources KLOE;
  - the Audit Commission's national report, 'Hot Property: Getting the best from local authority assets'; and
  - the CLG report, 'Building on Strong Foundations'.
- 4 In summary the Audit Commission report that the council has developed a strategic approach to asset management, which has had some positive impact, but is not consistently applied across the organisation.
- 5 Delivery of ambitions for asset management is constrained by limited financial resources and a lack of a full understanding of how assets contribute to corporate priorities. This undermines the Council's ability to demonstrate value for money in asset management.
- 6 It is improving the quality of information on its asset base as a step towards addressing its weak performance management of assets. Tight financial constraints on service-based budgets undermine corporate prioritisation and backlog maintenance is not being reduced.

- 7 There are examples of asset transfer to local communities which have provided benefits. The Council is developing a more strategic approach to sharing assets with partners, to build on examples already in place.
- 8 As a result of discussions resulting from this review, an action plan has been agreed with the Audit Commission and this can be found at Appendix 1 within the report.
- 9 In response to this report and to the Audit & Governance Committee's request for further information relating to the national 'Room for Improvement' report (21 September 2009), a separate report is contained in this Committee's agenda papers.

### **Consultation**

- 10 Corporate officers have contributed to this report where appropriate.

### **Options**

- 11 Not relevant for the purpose of the report.

### **Analysis**

- 12 Not relevant for the purpose of the report.

### **Corporate Priorities**

- 13 Links can be made to a number of the council's priorities:

**Thriving City** - the council's non-operational (commercial) portfolio provides opportunities for a number of businesses to provide employment, especially for start-up and small businesses.

**Sustainable City** - new development and refurbishment of Council properties such as schools and the new HQ all have high sustainable standards and the service and area asset management planning process gives an opportunity to relocate from unsustainable existing buildings - those with high energy costs and outstanding repairs etc.

**Learning City** - provision of fit-for-purpose schools, library learning centres etc. will help with the access to the education and training.

**Inclusive City** - again construction of new buildings and refurbishment of key existing buildings will ensure access for all, especially for those with disabilities - buildings which cannot be adapted or made accessible will be closed.

**City of Culture** - service and area asset management plans look at sporting and cultural provision and audit existing facilities against the service vision and priorities. Completing these plans is vital in bidding for external money as it complements a lot of the work needed for the bids.

**Healthy City** - again review of the location and suitability of appropriate buildings and assets can highlight the priorities needed to respond to the objectives.

**Effective Organisation** - Proper Asset Management Planning will ensure the Council occupies property and land assets which are 'fit-for-purpose' and sustainable which will improve the effectiveness of service delivery and make best use of limited revenue and capital budgets.

## Implications

14 The implications are:

- **Financial** – implementing the action plan contained in the audit report will have resourcing implications both in terms of staffing and also capital and revenue needed to deliver the outcomes - i.e. funds to put buildings in a decent state of repair, make them accessible, carry out refurbishments and/or sell and buy develop new buildings. These actions of course will be subject of separate reports, bids etc. and will be commented on and detailed more in the new Corporate Asset Management Plan which will be brought to members in the Autumn.
- **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** –implications are fully outlined in the report.

## Risk Management

15. Failure to provide adequate arrangements for effective property management could present risks that range from basic and safety hazards to significantly impacting on the ability to deliver services effectively. Failure to implement the proposed action plan at Annex 1 may result in property and land assets continuing to deteriorate, both in terms of condition, performance, suitability and so the 'fit-for-purpose' and sustainable goals will not be achieved which will affect the effectiveness of service delivery and put pressure on revenue and capital budgets as well as the Use of Resources/Organisational Assessment score under the KLOE 3.1.

**Recommendation**

16 Members are asked to:

- a. Consider the content of the Asset Management Report;

Reason

*To enable Members to consider the effectiveness of the council's asset management activity, and in particular the areas for improvement identified within the report.*

- b. Note the agreed Action Plan presented as Appendix 1 to the Audit Commission Report.

Reason

*To enable Members to comment on the proposed improvement arrangements.*

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**Chief Officer Responsible for the report:**

Neil Hindhaugh  
AD Property Services

**Report Approved**



**Date** 7 December  
2009

**Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

All



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

**Background Papers**

None

**Annexes**

Annex – Asset Management Report 2008/09

# Asset Management

City of York Council

Audit 2008/09

Date

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# Contents

<b>Summary report</b>	<b>3</b>
<b>Detailed report</b>	<b>6</b>
<b>Appendix 1 – Action Plan</b>	<b>13</b>

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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# Summary report

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## Introduction

- 1 Effectively and efficiently managing the council's assets is an important task for a variety of reasons. These range from the more simplistic, cost savings perspective - ensuring that the assets are maintained at a level that reduces the overall lifetime costs, to the more complex perspective of contributing effectively to service delivery, in particular the land, buildings and infrastructure that are integral to supporting the delivery of council services.
- 2 There have been several recent publications focusing on asset management, including the Communities and Local Government, Building on Strong Foundations, and RICS 2008 Public Sector Asset Management Guidelines. This increasing focus on this area demonstrates the importance of the topic, and this is also highlighted by the inclusion of asset management within the Audit Commission's 2008/09 Use of Resources Key Lines of Enquiry (KLOE).

---

## Background

- 3 At City of York Council we have assessed the asset management arrangements under previous use of resources assessments as only meeting minimum standards. These assessments are consistent with the conclusions from other elements of our work, where we have found weaknesses with the asset register and recording of asset information, and have found improvements required in the management of the capital programme.

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## Audit approach

- 4 Although there has been a large of amount research and published papers on these areas, there is no single 'off the shelf' audit approach to apply.
- 5 We have therefore produced a bespoke audit approach, that integrates the key elements of:
  - the relevant 2008/09 use of resources KLOE;
  - the Audit Commission's national report, 'Hot Property: Getting the best from local authority assets'; and
  - the CLG report, 'Building on Strong Foundations'.
- 6 The approach is structured around three key issues:
  - The extent of the Council's strategic approach to asset management
  - How assets are managed to deliver value for money
  - Partnership and community involvement in asset management

- 7 We have obtained an understanding of the current arrangements from discussions with key officers: from property services, members of the Corporate Asset Management Group, corporate finance officers, within the wider Resources directorate and finance managers, and from reviewing the documentary evidence.

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## Main conclusions

- 8 The Council has developed a strategic approach to asset management, which has had some positive impact, but is not consistently applied across the organisation. The approach is centred around a corporate Asset Management Plan and a corporate Asset Management Group of officers charged with the task of implementing it. The corporate Asset Management Plan is well structured and based on good practice principles. The corporate Asset Management Group comprises a range of appropriate, experienced officers from across the Council, recently supplemented by representatives from partner organisations. This group meets monthly with extended meetings to include partners on a quarterly basis. It provides a useful forum for sharing information and identifying opportunities to improve asset management, and also has a role in prioritising bids for capital funding.
- 9 However, the group relies on influence rather than direct control of asset management across the Council, and existing structures in place across the Council to ensure the principles of good asset management are not applied consistently. There are some service Asset Management Plans in place which provide links with service planning, although these have not been developed for all services and are not used to manage progress towards strategic priorities. Similarly, area Asset Management Plans have been developed for some parts of the city to ensure the needs of local people are taken into account in taking a co-ordinated approach to managing assets in the locality. However, these are few, and are being developed in a piecemeal way as opportunities arise. There are also examples of asset management taking place at a service level in departments such as Learning, Culture and Children's Services which employs its own team to manage its extensive asset portfolio. This team is engaged in the corporate approach through membership of the corporate Asset Management Group and regular meetings with corporate Property Services managers. However, the delegation of asset-related budgets to schools means this team can only play an advisory and influencing role on many issues rather than directly control the management of the department's assets.
- 10 Implementation plans for asset management are not consistently robust. Corporate and service AMPs are not under-pinned by robust implementation plans although area AMPs have action plans which are clearly focused on local needs and priorities. Successful delivery is often dependent on funding and other external issues.
- 11 The delivery of the Council's ambitions for asset management is constrained by limited financial resources and a lack of a full understanding of how assets contribute to the achievement of corporate priorities. The CRAM process enables prioritisation of capital resources, but revenue resources are not consistently prioritised to maximise their impact, although there are examples of how social and environmental outcomes have been improved.

## Summary report

- 12 The Council does not have performance management systems in place to effectively demonstrate value for money in asset management. Steps are being taken to address the gaps in information regarding the Council's asset portfolio through the development of a new asset data base. This will provide a more robust and comprehensive basis for effectively managing assets, but is not yet complete.
- 13 Performance indicators are not routinely used to monitor progress against the corporate Asset Management Plan. Annual benchmarking is carried out against a set of national asset management indicators which is used to identify good practice, but there is no framework of local indicators and targets to monitor progress against the objectives and priorities contained in the corporate Asset Management Plan. Although a range of relevant indicators exist, such as library usage or housing standards, they are seen as service-related indicators and are not brought together to provide a rounded view of the overall performance of the asset base.
- 14 The Council is failing to address the growing level of backlog maintenance. There is a repair and maintenance strategy which is managed by the corporate landlord, and aims to ensure the effective use of the Council's resources. It sets a number of objectives designed to ensure that all the Council's assets are fit for purpose by 2017. However, as repair and maintenance budgets are largely devolved to services, it is impossible to ensure that they are consistently prioritised in line with the corporate Asset Management Plan. This makes it difficult to demonstrate value for money. Anticipated reductions in the backlog of £5 million arising from the move to new office accommodation have failed to materialise as the planned move has been delayed.
- 15 There are examples of how the Council is improving services through improvements to its asset base. Service Asset Management Plans provide some challenge to the existing asset base, but there is no consistent approach to challenge whether assets are required, fit for purpose, and provide value for money in meeting current and future needs.
- 16 The Council has an established policy to work with community groups which is delivering community benefits. There are examples of assets being transferred to community groups which have had a positive impact and others are being considered, particularly in relation to those areas covered by an area Asset Management Plan. The Council is also developing its approach to working with partners to improve the effectiveness of the asset base. There are examples of shared use of buildings, but the Council recognises the need to adopt a more strategic approach. The engagement of partners as part of the corporate Asset Management Group provides a meaningful step towards this and the development of the Local Development Framework is providing a catalyst for strengthening this approach.

# Detailed report

## A Strategic Approach to Asset Management

- 17** The Council has developed a strategic approach to asset management, which has had some positive impact, but is not consistently applied across the organisation. The approach is centred around a corporate Asset Management Plan (AMP) and a corporate Asset Management Group (AMG) of officers charged with the task of implementing it.
- 18** The corporate AMP provides a sound basis for the effective management of the Council's assets, although systems are not in place to effectively measure progress against it. It is:
- based on best practice principles;
  - sets out a clear framework for engaging elected members and senior managers, both corporate and service based, in decisions regarding the Council's asset portfolio;
  - recognises the need to improve the quality and range of data regarding assets, making clear links with corporate priorities;
  - identifies a number of priorities and key outputs and a range of performance indicators to be used to measure progress; and
  - includes targets for some elements of asset management, eg reducing the backlog of maintenance, although they do not cover all aspects of performance.
- 19** The plan makes clear links between corporate priorities and the priorities and key outputs for asset management. It includes a list of key projects which underpin the delivery of a number of corporate priorities, eg review of secondary school provision, provision of learning centres, and new Council offices. However, it is not specific about how it will contribute to cross-cutting outcomes such as improved health or reducing the impacts of climate change and, as it is not based on a full understanding of the performance of the asset base, it is difficult to measure its impact.
- 20** The corporate AMP sets out a strategic approach, including the roles and remits of elected members and officers. Asset management is structured around the corporate AMG, which also acts as the Council's capital monitoring group (CAPMOG) which is responsible for prioritising bids for capital funding and monitoring progress. An Assistant Director who acts as the Council's corporate landlord heads the group, which comprises a range of appropriate, experienced officers from across the Council. The group has recently been supplemented by representatives from partners such as North Yorkshire Police, North Yorkshire Fire and Rescue Service and North Yorkshire and York Primary Care Trust. It provides a useful forum for sharing information, commenting on asset-related reports and identifying opportunities to improve asset management. However, the group relies

## Detailed report

on influence rather than direct control of asset management across the Council. The Corporate Landlord, in consultation with others, has a role in suggesting and appraising options for the management of assets, but has limited decision making powers. The Executive member for Corporate Services, currently the Leader of the Council, acts as Property Champion and influences policy. Ward members are actively engaged in the development of area AMPs and issues affecting assets within their wards.

- 21** Structures are not in place across the Council to ensure the principles of good asset management are applied consistently. There are AMPs for some services, such as libraries, which has directed action to improve the quality of the asset base, but is not used effectively to manage progress towards strategic priorities. Progress has been made in delivering the libraries service AMP but it is not formally reported and it is unclear how it has been reviewed to take account of changing priorities since it was prepared in 2005. It puts forward proposals for developing or replacing existing library buildings to achieve the Council's vision for a three tier libraries service, but the action plan and time table cover only the short term and make no reference to funding implications, roles and responsibilities or success measures and targets. Monitoring of progress against asset management plans is limited by a lack of resources.
- 22** References to asset management within service plans are variable. The Children's Services Plan makes specific reference to the Building Schools for the Future (BSF) programme and integrated children's centres, which are priorities for the directorate's Planning and Resources Service. The Older People and Physical Disability Services Plan makes general references to the development of older people's accommodation through an older people's housing strategy and an accommodation strategy. However, the Waste Services Plan makes no reference to asset management or the need to develop a new residual waste treatment facility.
- 23** There are examples of how asset management planning is co-ordinated across service boundaries. The development of Explore learning centres and Children's Centres have provided opportunities to bring services together which are providing benefits for local people. However, there are no clearly established processes in place to ensure this co-ordination is achieved in all aspects of asset management planning. This creates a risk of opportunities to integrate services not being taken full advantage of.
- 24** Implementation plans for asset management are not consistently robust. The corporate AMP does not include an implementation plan to ensure that it is deliverable and the libraries service AMP does not include any clear deadlines, funding implications, responsibilities, or success measures. Area AMPs, such as the one for Tang Hall, are under-pinned by more detailed action plans which seek to make efficient and effective use of local assets to improve outcomes for the local community.

**Recommendation**

**R1** The Council should review its approach to asset management to ensure asset management strategies are:

- Clearly aligned with corporate priorities and community outcomes;
- Based on a full understanding of the asset portfolio and its current performance;
- Underpinned by implementation plans which include specific actions, deadlines, funding implications, responsibilities and success measures to enable progress to be monitored and managed;
- Making best use of supporting strategies for individual services and local areas where these are appropriate.

**Recommendation**

**R2** Service planning guidance should be reviewed to ensure a clear and consistent approach to considering asset management issues as part of the service planning process.

- 25** The delivery of the Council's ambitions for asset management is constrained by limited financial resources and a limited understanding of how assets contribute to corporate priorities. There is general alignment between the corporate AMP and the Council's financial plans, although resources have to be prioritised. This is largely achieved in respect of capital resources, but there is less corporate prioritisation of departmental revenue budgets. The Council has approved a repair and maintenance strategy, but it is not clear how realistic it is, or how it will be implemented. It includes objectives for improving the quality of assets, making better use of resources, disposing of surplus assets and ensuring all assets are sustainable. However, the strategy does not include an implementation plan, which is essential in view of the need to prioritise to ensure available funding is used to maximum effect.
- 26** The ability to prioritise funding is further constrained by a lack of a full understanding of how assets contribute to the delivery of corporate priorities. The Council analyses how assets will contribute to corporate priorities when considering new developments and projects, but does not have a full analysis in respect of existing assets. This is an important issue if the Council is to achieve ambitions such as addressing climate change.

**Recommendation**

**R3** The Council should review its financial planning processes to ensure that devolved budgets relating to asset management are prioritised in a consistent way to make best use of resources in improving value for money from the Council's asset portfolio.

- 27** However, there are examples of how the asset base has been developed to deliver improved outcomes for local communities. The Tang Hall area AMP has been developed in partnership with local communities to identify how the asset base can be used to best effect to deliver sustainable social, environmental and economic

## Detailed report

outcomes. Significant progress has been made, which has resulted in improved outcomes. Improved housing is delivering environmental benefits and helping to sustain the local community, whilst at the same time relocating single people and couples from larger houses, thereby making better use of the housing stock. Building improvements have enabled the transformation of the local school into an integrated young people's centre and a disused building has been brought back into use as a venue for youth services. There are also plans to upgrade the local library as a community learning hub for the East of the city.

### Managing assets to provide value for money

- 28** The Council does not have systems in place to effectively demonstrate value for money in asset management.
- 29** Steps are being taken to address the gaps in information regarding the Council's asset portfolio through the development of a new asset data base. This will provide a more robust and comprehensive basis for effectively managing assets, but is not yet complete. Currently, separate asset registers are held according to function such as IT, vehicles and land and buildings and a new IT system to support asset management has been introduced. When complete, the new system will contain easily accessible information on all aspects of its property, including ownership, physical details, valuation, costs, assessments of condition and fitness for purpose and estimates of cost of work required. Checks against terrier records, deeds and land registration records have been introduced to identify inaccuracies and omissions.
- 30** Property reviews have been undertaken as part of the development of the new asset data base, ensuring information is up to date. Reviews are also carried out as part of the development of area and service AMPs. Capital valuations are carried out in accordance with CIPFA requirements, but there is no comprehensive programme of property reviews used to ensure information is continually kept up to date to enable the Council to manage assets more effectively.

#### Recommendation

**R4** The Council should consider the development of a programme of property reviews to ensure information relating to the asset portfolio is kept up to date to enable the Council to manage assets more effectively. These reviews should take account of service, community and corporate issues to ensure all implications are recognised.

- 31** Performance indicators are not routinely used to monitor progress against the corporate AMP. The plan includes a range of indicators used to measure performance, including comparisons with benchmarks. However, there are few targets, making it difficult to assess whether performance is satisfactory. Although there are some targets in place, they do not cover all aspects of performance, are not focused on outcomes and impact, and are not effectively used to challenge and manage performance.
- 32** Performance indicators are prepared annually for benchmarking purposes and used to identify good practice but are not used to regularly monitor performance. Some

service-based indicators exist, such as library usage and housing standards, but they are not brought together as a means of measuring the overall performance of the asset base. The corporate AMP refers to an intention to publish an annual report to summarise performance against asset management priorities and targets, although no such report has been produced to date.

- 33** The Council is failing to address the growing level of backlog maintenance. The new asset data base will provide a more comprehensive, detailed and up to date position and a fully costed plan is being developed. The repair and maintenance strategy, managed by the corporate landlord, aims to ensure the effective use of the Council's resources. It sets a number of objectives designed to ensure that all the Council's assets are fit for purpose by 2017. However, as repair and maintenance budgets are largely devolved to services, it is impossible to ensure that they are consistently prioritised in line with the corporate Asset Management Plan. This makes it difficult to demonstrate value for money. Anticipated reductions in the backlog of £5 million arising from the move to new office accommodation have been delayed.

### Recommendation

- R5** The Council should review the current process for developing capital and revenue repair and maintenance budgets to ensure an appropriate balance between corporate and devolved budgets as a means of addressing the increasing level of backlog maintenance.

- 34** There are examples of how the Council is improving services through improvements to its asset base. There is a specific focus on reducing health, safety and security risks and improving access to services, eg compliance with DDA requirements. Major investment in integrated children's centres and new schools is upgrading and modernising facilities, improving access to services and contributing to improvements in educational attainment.
- 35** The capital programme is directly linked to community priorities which include protecting the city's heritage and, more recently, responding to the effects of climate change. The Eco Depot is a clear example of how environmental impacts are being mitigated. The implementation of the Tang Hall Area AMP is upgrading and modernising facilities such as the local school and library, and having a positive impact on the environment through improving the quality of the built environment and developing new housing developments which incorporate energy efficiency measures and make use of sustainable materials. The Danesgate Skills Centre includes a nature reserve which is maintained through input from a local 'Friends of group.
- 36** However, there is no consistent approach to challenge whether assets are required, fit for purpose, and provide value for money in meeting current and future needs. Some mechanisms are in place but are not routinely applied across the entire asset base. The corporate AMP refers to the role of Property Services in challenging the asset base and this is applied, for example, in the development of area AMPs and service AMPs. The AMG also considers options for the use of assets no longer required by services. These include options for the use of the former Lowfields School site and land at the rear of Acomb library. The commercial property strategy sets out criteria for holding non-operational property and identifies properties

## Detailed report

suitable for potential disposal. However, this process is largely financially driven, and it is not clear to what extent financial benefits are balanced with the impact on outcomes for local people.

### Recommendation

- R6** The Council should develop a performance management framework to measure the effectiveness of its asset portfolio in providing value for money. This should include:
- A comprehensive suite of indicators to enable progress against corporate priorities to be measured and managed. This should incorporate existing service-based indicators which are relevant to asset management;
  - Meaningful targets against each indicator to allow monitoring of progress and impact;
  - Mechanisms to identify and challenge under-performance;
  - A process to challenge whether assets are fit for purpose;
  - Regular reporting of the performance of the asset portfolio and the extent to which it has contributed to the achievement of improved outcomes for local people.

### Partnership and community working

- 37** The Council has an established policy to work with community groups which is delivering community benefits. There are examples of assets being transferred to community groups which have had a positive impact and others are being considered, particularly in relation to those areas covered by an area Asset Management Plan.
- 38** The Council has adopted a strategic approach to working with the voluntary sector and community groups regarding the transfer of assets for community use. The approach enables assets to be transferred on long leases to community groups provided criteria regarding access and management of the asset are satisfied. This builds on the success of individual projects, such as the Oaken Grove Community Centre in Haxby, where the building is now well used and provides a focal point for the local community.
- 39** The St Clement's Hall refurbishment project is a good example of how the Council has worked with a local community group and accessed external funding to bring a listed building back into community use in a way which provides good value for money. The implementation of the Tang Hall area AMP also includes proposals for considering the transfer of the community hall into local community ownership, subject to compliance with the Council's policy. Both initiatives relied upon close engagement with local communities which has influenced plans for how assets are to be used and developed in the future.
- 40** The Council is also developing its approach to working with partners to improve the effectiveness of the asset base. There are examples of assets being jointly used

with partners, including police and health presence in some schools and the St Clement's Hall refurbishment project includes a proposal for the local community police to have a base in the building. However this is not yet part of a long-term strategic approach to improve asset utilisation or access to services. Partners have begun to attend meetings of the Corporate Asset Management Group and are keen to pursue opportunities for joint working, but this is at an early stage.

DRAFT

# Appendix 1 – Action Plan

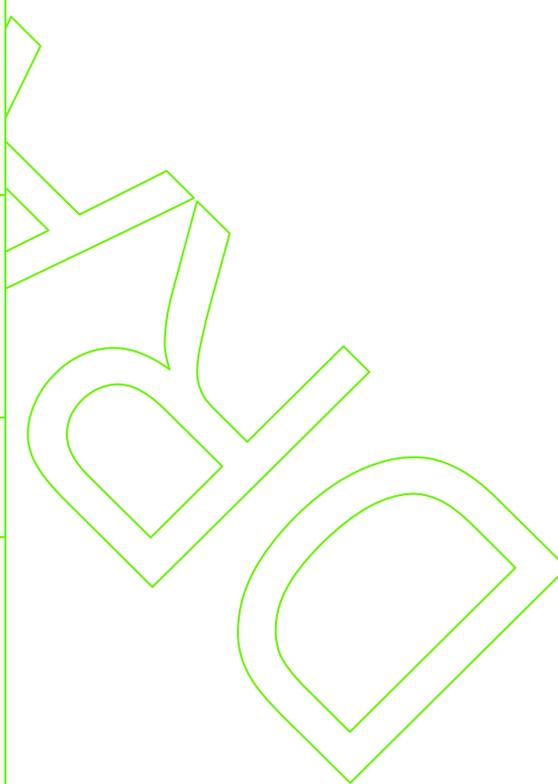
Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	<p>R1 The Council should review its approach to asset management to ensure asset management strategies are:</p> <ul style="list-style-type: none"> <li>Clearly aligned with corporate priorities and community outcomes;</li> <li>Based on a full understanding of the asset portfolio and its current performance;</li> <li>Underpinned by implementation plans which include specific actions, deadlines, funding implications, responsibilities and success measures to enable progress to be monitored and managed;</li> <li>Making best use of supporting strategies for individual services and local areas where these are appropriate.</li> </ul>	3	Corporate Landlord, CAMG, Council members	Yes	<p>Undertake a full review and audit of the existing approach and its effectiveness, information held</p> <p>Consider new structure for delivering asset management including</p> <ul style="list-style-type: none"> <li>establishing a high – level Asset Board</li> <li>implementation plans in all Area and Service AMP's and individual projects taking into account R1 points</li> </ul> <p>Consult through CAMG, external partners and Council members on proposed changes</p> <p>Trial on current Area and Service AMP's and major projects</p> <p>Review effectiveness</p> <p>Include changes in new 5 year Corporate AMP approved by Executive</p>	<p>Initial report to CAMG, Executive Jan 2010</p> <p>Adoption of new Corporate AMP Sep 2010</p>
8	R2 Service planning guidance should be reviewed to ensure a clear and consistent approach to considering asset management issues as part of the service planning process.	3	Corporate Landlord CMT Service Managers Property APM	Yes	<p>Carry out review of current situation</p> <p>Feed into corporate review of service planning to ensure all service plans have a section on asset management which is approved by Corporate Landlord</p> <p>Ensure the outcomes of the Service AMP programme feed into service plans</p>	<p>Spring 2010</p> <p>Annual review</p>

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R3 The Council should review its financial planning processes to ensure that devolved budgets relating to asset management are prioritised in a consistent way to make best use of resources in improving value for money from the Council's asset portfolio.	2	Corporate Landlord Asset Board and CAMG Finance managers	Yes	Link to More for York project on Facilities Management Carry out review of current provision and its effectiveness Produce a policy for a more corporate and consolidated approach to the use and allocation of property revenue and capital budgets Incorporate the outcomes into the 2011/12 Council budget process Have phased introduction with full delivery on the move to the new Council offices (linked to FM outcomes)	Spring 2010  Summer 2010 Summer 2012
9	R4 The Council should consider the development of a programme of property reviews to ensure information relating to the asset portfolio is kept up to date to enable the Council to manage assets more effectively. These reviews should take account of service, community and corporate issues to ensure all implications are recognised.	3	Corporate Landlord Asset Board and CAMG, Property Services APM	Yes	Link to More for York project on Day-to-Day Management and Information Systems Carry out review of information required to effectively manage the assets Implement process for collation of this information in a consistent way accessible through a corporate database Ensure funding is available to carry out this programme and to keep the information current Include programme in new 5 year Corporate AMP	Spring 2010
10	R5 The Council should review the current process for developing capital and revenue repair and maintenance budgets to ensure an appropriate balance between corporate and devolved budgets as a	1	Corporate Landlord, Asset Board and CAMG, Property Services,	Yes	Link to More for York project on Facilities Management and R3 Undertake review of existing Repair and Maintenance Strategy looking at outcomes and effectiveness	Sept 2010



Detailed report

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
					<p>Corporate/Service/Area AMPs and individual projects into a single performance report with PJ's</p> <p>Consult with stakeholders, including CAMG to see if meets requirements</p> <p>Identify resource requirements to produce this report</p> <p>Obtain Asset Board approval to new Performance Management Framework and include in new 5 year Corporate AMP including frequency and type of reporting</p>	Summer 2010





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## Audit and Governance Committee

21<sup>st</sup> December 2009

Report of the Assistant Director (Property Services)

### Asset Management – the way forward

#### Summary

- 1 This report responds to:
  - a. the Audit Commission report on CYC performance in asset management issued December 2009 (included in an earlier item on this agenda), and
  - b. the 'Room for Improvement – Strategic asset management in local government', a national report issued by the Audit Commission in June 2008.
- 2 This report also outlines the objectives of the council's approved Property Blueprint included in the More for York programme.

#### Background

- 3 The five year Corporate Asset Management Plan was approved and adopted by the Executive on 27<sup>th</sup> March 2007. Executive Members can find a copy of this report on the Council's website at [www.york.gov.uk/business/Commercial\\_prop/Asset\\_management](http://www.york.gov.uk/business/Commercial_prop/Asset_management)
- 4 In March 2009 the Audit Commission also carried out an audit of the Council's approach to Asset Management. This was an extensive and in depth audit which looked at all aspects of the Asset Management Planning Process in response to the focus on this topic in the 2009 CAA inspection as part of the assessment for the Use of Resources.
- 5 The Audit Commission have published a national report under the heading of 'Room for Improvement'.
- 6 The report is the third national report on the subject and follows, Property: A Management Overview in 1988 and Hot Property: Getting the Best from Local Authority Assets in 2000.
- 7 *At 31<sup>st</sup> March 2008, English councils owned property valued in their accounts at £250 billion. The market value of those assets is probably higher, even though that value has probably declined in the recession. The report encourages councils to understand how a more strategic approach to asset management could secure better value for taxpayers' money. Strategic in this context means being based on a plan or thought-through analysis of the whole of the council's obligations, ambitions and budget.*

- 8 *Expectations about how property is managed is higher than ever: Councils should make savings and deliver improved services by changing how they use property, and when and how they invest in it.*

## Information

- 9 The Audit Commission developed an audit approach, that integrated the key elements of:
- the relevant 2008/09 use of resources KLOE;
  - the Audit Commission's national report, 'Hot Property: Getting the best from local authority assets'; and
  - the CLG report, 'Building on Strong Foundations'.
- 10 In summary the Audit Commission reported that the council has developed a strategic approach to asset management, which has had some positive impact, but is not consistently applied across the organisation.
- 11 The agreed action plan responding to the Audit Commission is appended to the Audit Commission report earlier on this agenda.
- 12 Since that audit, the commission have published a national report under the heading of 'Room for Improvement'.
- 13 The following outlines the summary and recommendations of that report and highlights how the City of York Council has previously and is now planning to respond to those issues:

### 14 The summary:

#### ***a. Councils have made only modest progress on good property management since 2000***

CYC response -

1. Successful adoption of a number of Corporate AMP's – latest one is for the period 2007-2012. A new one is proposed for 2010-2014 and will be completed in the summer of 2010.
2. Development of a strategic approach to asset management which has had some positive impact (as acknowledged by the Audit Commission). To be further developed as part of the More for York programme to provide a more collaborative approach for the council.
3. Expansion of the Corporate Asset Management Group to include representation from partner organisations such as the Police and Fire Services. Other partners have expressed an interest in joining the group from the local PCT and Probation Services.
4. Implementation of a new corporate property database (Technology Forge). Collection and recording of data on all land and property assets including tenure, occupation, running costs, value, condition and suitability. A specific project within the More

for York programme will focus upon a more collaborative and coordinated approach to the management of property information.

5. Completion of Service and Area Asset Management Plans – eg. Library Service AMP and Tang Hall Area AMP
6. Approval of Repair and Maintenance Strategy and repair and maintenance programme implemented although with very limited resources.
7. Rationalisation of the office accommodation portfolio into a new HQ building to be opened in 2012.
8. Adoption of a Community Asset Transfer Policy which has resulted in a number of successful schemes and also attracted external funding (for example, St Clements Hall) and is delivering community benefits (as recognised by the Audit Commission)
9. Delivery of a challenging capital receipt requirement although this has been hindered by the current economic circumstances
10. Approval of a Commercial Property Portfolio Strategy. A further review is being undertaken as part of the More for York programme.
11. Production of a complete set of National and Commercial Property performance Indicators which have been used to highlight priority areas for future work (for example bidding for funds to reduce the Repair Backlog) and used for benchmarking with other similar authorities again highlighting examples of good practice and areas for concern

***b. Council property is big business***

CYC response – Value of the CYC estate 2000-2009 with breakdown and including stock changes

<b>Value/Breakdown of Assets by Service Area</b>	<b>2000 £m</b>	<b>2001 £m</b>	<b>2002 £m</b>	<b>2006 £m</b>	<b>2009 £m</b>
Council Houses	217	236	292	393	420
LCCS/Education	75	75	119	121	163
LCCS/Leisure	39	39	44	49	(inc. above)
Neighbourhoods	3	3	3	10	6
City Strategy	7	10	10	33	24
HASS/Housing	18	12	7	13	35
HASS/Social Serv	11	11	19	21	(inc. above)
Resources	31	36	42	46	72
<b>Total</b>	<b>401</b>	<b>422</b>	<b>536</b>	<b>686</b>	<b>722</b>

***c. Councils have used the proceeds of rationalisation to invest in recent years***

CYC response – value of sales 2000-2009, where the money has gone – especially in regard to office investment

Year	Net receipts £m
2000/1	£1.7
2001/2	£4.9
2002/3	£3.9
2003/4	£4.0
2004/5	£3.1
2005/6	£2.1
2006/7	£18.4
2007/8	£5.5
2008/9	£2.1

Receipts used to fund the capital programme including

- Contribution to school building/refurbishment programme
- New HQ
- Contribution to community transfer schemes
- Dealing with repair and backlog maintenance, asbestos and other compliance issues

**d. Central government has not set clear expectations or offered incentives to use assets more frugally**

CYC response – carried out our own service and area reviews, community asset transfer policy (Oaken Grove Community Centre, Beckfield Lane changing rooms, St Clements Hall), lack of investment in reducing maintenance backlog

**e. Few councils are well placed to deal with tougher times**

CYC response – info on property increasing all the time through condition surveys, energy info, database development, suitability surveys in place. There is a need to plan for further rationalisation of property through greater provision of integrated services from a lesser number of service points.

**f. Recession offers opportunities as well as challenges**

CYC response – moratorium on sales, lack of revenue/capital for repairs/refurbishment and investment, More for York provides opportunity and support to write new Corporate Asset Management Plan. Need to consider the opportunities to acquire property for future needs and as part of regeneration within York.

**15 The Recommendations – What councils should do**

**a. Improve the knowledge of their portfolios and their partners portfolios**

CYC response – implement the technology forge database development plan (resourcing needed), gather information through the extended CAMG, include relevant information in the new Corporate Asset Management Plan and all reports to members to enable informed decisions to be made

**b. Identify areas for improvement and other councils to learn from**

CYC response – ensure regular production of all relevant PI's and their reporting. Continue with benchmarking through Institute of Public Finance (IPF) and Association of Chief Estates Surveyors (ACES) network, explore further value for

money indicators from National Audit Office (NAO) and Audit Commission (AC) to incorporate relevant ones within reports

**c. Review property holdings and reduce them where possible by:**

**1. Disposal of surplus/under-utilised property**

CYC response – continue with Service and Area AMP programmes – link to school re-organisation programme

**2. Reconfiguring services**

CYC response – New HQ project, land behind Acomb Explore, school and other service reviews leading to integrated service provision, including those provided by external partners.

**3. Consider tenure other than ownership**

CYC response – Community asset transfers, Museum Trust, consider other trusts for leisure facilities etc.

**d. Motivate service managers to use property more economically**

CYC response – Property comments in service plans, Service Asset Management Plans, Integrated service provision and Office of the future project

**e. Develop the capacity needed to bring about change by**

**1. Recruiting appropriately skilled staff**

CYC response – work with partner organisations and framework partners

**2. Commission reviews from private sector professionals**

CYC response – framework partners, Bruton Knowles carrying out Strays Service AMP

**3. Making best use of external support**

CYC response – sharing information and best practice in the benchmarking groups and with partner organisations.

**f. Collate with local partners by**

**1. LSP**

CYC response – This needs to be developed

**2. Sharing with partners**

CYC response – Acomb Explore, Derwent/Westfield Schools

**3. Sharing property data**

CYC response – need to develop what we have and to examine our approach to common systems.

***g. Seek opportunities presented by the recession to***

***1. Acquire properties***

CYC response - need the resources to do this or the capacity to borrow.

***2. Employ high calibre staff***

CYC response - recruitment freeze, but More for York will include examining the procurement and provision of specialist support frameworks.

**More for York - The Property Blueprint**

16 The blue print for Property does not just look at the Property Service but at the way we manage land and property assets across the whole council irrespective of use and at the opportunities for working closely with partners and other public-private sector organisations.

17 The blueprint has five distinct projects within it and are as follows:

- a. Strategic Asset Management
- b. Day to Day Property Management and Information
- c. Change – enabling, commissioning and delivery of professional and technical services
- d. Commercial Portfolio
- e. Facilities Management

18 The objectives of the Strategic Asset Management project include:

- a. Member/Officer Champions and Asset Board
- b. Central control, prioritisation and allocation of resources
- c. Collaborative and informed decision making
- d. Responsive to proven and established property need
- e. Collaborative implementation
- f. 'Less is more' – efficient and fit for purpose assets
- g. Reduced asset running costs
- h. Generate capital receipts
- i. More focussed investment

- j. A value for money, compliant and fit for purpose asset base.

19 The objectives of the Day to Day Property Management and Information project include:

- a. Single point of access
- b. Comprehensive up to date data and information on all aspects of land and property assets
- c. Sufficient information to support decision making
- d. Comprehensive advisory service
- e. Evidence of compliance
- f. Evidence of meeting statutory and legal obligations
- g. An efficient system for the collection, collation, storage and management of data and information in all relevant formats
- h. Reduced risk
- i. All assets registered – Land Registry
- j. Possible links with PCT, Police and Fire services and other local authorities
- k. Appropriate levels of investment in processes and ICT

20 The objectives of the Commercial Portfolio project include:

- a. Clarity of portfolio content
- b. Clarity of portfolio objectives
- c. Clarity of targets for financial, social and economic benefits
- d. Collaborative and informed decision making through the Asset Board
- e. A portfolio that is more efficient and has reduced unit costs
- f. Generation of targeted capital receipts
- g. More focussed investment in
  - 1. Existing properties
  - 2. Acquisition of new and appropriate properties
- h. A value for money, compliant and fit for purpose commercial portfolio asset base.

21 The other two projects support the principles of these three but do not contribute directly to those issues raised in the Audit Commission report and the 'Room for Improvement' national report.

22 To summarise, the council's response to the Audit Commission report, through its action plan, and the intentions outlined in the Property Blueprint will contribute enormously to satisfying the recommendations outlined in the 'Room for Improvement' report. Implementation of Audit Commission recommendations will be monitored through the Audit Committee; the MoreforYork blueprint will be monitored through the MoreForYork Programme Board, CMT and Executive.

### **Options**

23 Not relevant for the purpose of the report

### **Analysis**

24 Not relevant for the purpose of the report

### **Consultation**

25 Corporate officers have contributed to this report where appropriate and relevant

### **Corporate Priorities**

26 Links can be made to a number of the council's priorities, particularly **Effective Organisation** - Proper Asset Management Planning will ensure the Council occupies and uses property and land assets which are 'fit-for-purpose' and sustainable which will improve the effectiveness of service delivery and make best use of limited revenue and capital budgets.

### **Implications**

27 The following information is provided:

#### **Financial**

28 There are no financial implications, though it should be noted that to fully resource asset management planning to the level of expectation outlined in the Audit Commission reports would require further investment by the council.

#### **Human Resources (HR)**

29 There are no HR implications.

#### **Legal**

30 There are no Legal implications.

#### **Crime and Disorder (C & D)**

31 There are no C & D implications.

#### **Information Technology (IT)**

32 There are no IT implications.

#### **Property**

33 Property implications are discussed within the report

## Risk Management

34 Failure to provide adequate arrangements for effective property management could present risks that range from basic and safety hazards to significantly impacting on the ability to deliver services effectively.

## Recommendation

35 That Members note the council's response to the Audit Commission's review of asset management, to 'Room for Improvement' and as part of More for York, and the associated monitoring arrangements

*Reason: To receive assurances on the effective management of the council's property assets as part of the system of internal control.*

## Contact Details

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### Chief Officer Responsible for the report:

Neil Hindhaugh  
Head of Property Services  
Tel: (01904) 553312

Report Approved  Date

## Specialist Implications Officer(s)

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Head of Asset and Property Management  
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**Wards Affected:**

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

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**Audit and Governance Committee****21 September 2009**

Report of the Assistant Director of Resources (Customer Service &amp; Governance)

**Data Quality Policy – Progress Report****Summary**

1. The following report outlines the progress made towards implementing and embedding a data quality policy across the council and gives feedback from the Audit Commission on City of York Council's Data Quality Arrangements under Use of Resources Key Lines of Enquiry (KLOE) 2.2 as part of the Organisational Assessment.

**Background**

2. Over the past few years there has been increasing emphasis placed on councils to have robust, clear and effective data quality (DQ) policies in place to ensure data quality is considered when key decisions are made and to help drive performance improvement.
3. York's overall management arrangements for ensuring data quality were assessed by the Audit Commission as 'performing adequately' under the new Use of Resources inspection in 2008-09. Actions have taken place and are planned in order to move York up to a 'performing well' score.
4. The Audit Commission view data quality as crucial, given that much of what we decide to improve, and how well we say we are performing, is dependent on the foundations of accurate data and information. This affects all aspects of performance management including the Comprehensive Area Assessment, achieving the corporate priorities, the Local Area Agreement, etc.

**Audit Commission Inspection 2008-09 – Feedback**

5. The following summarised feedback was given to the council as part of the 2008-09 Audit Commission Inspection (including spot checks) of data quality under the 2.2 KLOE:
  - There is a robust corporate framework to oversee data quality (DQ). The profile of DQ issues has been raised through the nomination of a Chief Officer as DQ champion and the inclusion of DQ as a key project within the council's Improvement Plan. A policy has been adopted which sets out standards for accuracy, validity, timeliness and accessibility of data.
  - The policy provides guidance and toolkits to support improvements in data collection and is translated into action through a council-wide Performance Officer Group (POG), which champions DQ within services and provides an ongoing challenge to the accuracy of data.

- The council has a good track record of producing and using relevant and reliable data. Work is progressing to address weaknesses in some partnership data, as well as dealing with issues in respect of some of the new National Indicator set.
- The Performance Officer Group provides a mechanism for gathering feedback from decision makers to ensure reports remain relevant. Data management systems are effectively managed and controlled to minimise the risk of data loss or corruption.
- The range of indicators used to manage performance has been reviewed to ensure alignment with the Local Area Agreement and the corporate priorities of the council. There are clear links between the performance management process and business planning and the council has a track record of using performance information to target under-performance, improve value for money and identify actions to improve.

Audit Commission Spot Check Conclusion

- In 2008/09 spot-checks were made to national indicators: NI 130 (Social care clients receiving self directed support), NI 135 (Carers needs assessed and reviewed), and one local (LAA) indicator LAA 8.10 (GCSE results in deprived areas). The systems were found to be sound, and there are no improvements that need to be made to the systems of collection.

**Internal Audit Inspection**

- 6 As well as the Audit Commission Inspection, our data quality arrangements were also reviewed by Internal Audit (Veritau). All indicators were risk assessed to provide a short list of 24 indicators to be inspected. They found all of these indicators to have at least moderate assurance except 1 indicator, Improved Local Biodiversity (NI 197), which was given limited assurance. Actions have been put in place to improve the system of collection for this indicator, which involve better procedures for recording site visits.

**Progress made with implementing the Data Quality Policy**

- 7 The data quality policy has been expanded this year to build on the feedback given by the Audit Commission and Internal Audit. One of the areas has been to review all national indicators against a self assessment matrix to give an indication of data quality issues across the council and partners. We have now assessed nearly 167 (90%) of the national indicator set, which builds on the 50 indicators assessed in the last Data Quality Audit and Governance Report.
- 8 Average Initial Data Quality Scores for Local Area Agreement (LAA) indicators and National Indicators (5 being good).

	Accuracy	Validity	Timeliness	Accessibility
LAA Indicators Average	<b>4.0</b>	<b>4.1</b>	<b>2.9</b>	<b>3.6</b>
National Indicator Average	<b>4.1</b>	<b>4.4</b>	<b>3.7</b>	<b>4.0</b>
LAA Scoring 4-5 (of 50)	<b>37 (74%)</b>	<b>42 (84%)</b>	<b>21 (42%)</b>	<b>32 (64%)</b>
National Indicators Scoring 4-5 (of 167)	<b>129 (77%)</b>	<b>152 (91%)</b>	<b>117 (70%)</b>	<b>116 (69%)</b>

## 9 Reliance on External Data or Local Partner.

Reliance on:	External Data	Local Partner
LAA Indicators (of 35)	<b>33 (66%)</b>	<b>17 (34%)</b>
National Indicator (of 167)	<b>69 (41%)</b>	<b>40 (24%)</b>

- 10 LAA indicators have more of a reliance on local partners due to the nature of the agreement and this can impact on the timeliness of the data available. Partners naturally have to wait to release an indicator until it has been verified or has been released by the national agencies. We have made good progress this year with partners with regular data transfers being set up with the PCT, the Health Observatory and the Safer York Partnership. However there is still more work to be done to achieve a level of constancy in data quality.
- 11 We have also aligned the process of reporting information to the With Out Walls Executive Delivery Board picking up commentary on indicators to report progress where indicator information is not available.
- 12 Below is a summary of some of the key DQ issues raised in the self assessments:

Accuracy:

- Some survey data is voluntary therefore low participation can distort figures.
- Data sharing happens between partners but can be limited due to national constraints.
- Data has to be “cleaned up” due to complicated collection arrangements and counting rules.
- Assumptions or human judgement that rely on different people cause fluctuation.
- Seasonal variation can cause the indicator to change throughout the year, such as school term dates or winter weather.

Validity

- Counting rules not being released or being too complicated.
- Limited knowledge within service about indicators and how they are calculated.

Timeliness

- Information that relates to surveys or those only supplied on an annual basis.
- Many figures are not released until finalised and verified which can cause delays to directorate and corporate performance reporting.
- Data can be up to 2 years out of date due to the way indicators are calculated.
- Limited trend data due to new indicators or limited supply from external source.

Accessibility:

- External data supplied by partners or government agencies either does not come with enough detail or is difficult to obtain.
- Information which is available on request limits access or causes delay.
- Licences on software products either not provided or too expensive.
- Websites with limited access or with regional data rather than York.

External and Local partners:

- A high proportion of indicators rely on external information.
- Over a third of information comes through partners and the relationship with partners is to be continuously improved.
- Problems with the national data hub cause delays with the availability of data.

### Place Survey Indicators

- Although the place survey results are seen as accurate, they suffer from having a small sample size and therefore analysis of ward level data can not be done as its not statistically viable.
- Other authorities have invested resources to increase the sample size and have improved customer insight data as a result.

### **Actions Summary**

13 There have been many indicators scoring 1-3 on the self assessment forms especially under the timeliness (30%) and accessibility (31%) criteria (see para 8). To target future improvements there have been a number of actions identified within the assessments. Below is an example of some of the actions raised:

- More manual and spot checks.
- Better designed reports within systems to gather the relevant information.
- Increasing sample sizes or asking similar questions within other surveys.
- Improved training and limit the use of manual calculation.
- Improve relationship with partners.
- Use more estimated data throughout the year.

### **Next Steps**

- 14 Many areas of the council's data quality work were assessed as improving well and an action plan has been developed to move York's overall score from 'performing adequately' to 'performing well'. Many areas of the council's data quality work were assessed as performing well already and we only just missed out on the next level. We have now reviewed all of national indicators, aligned our corporate strategy to the Sustainable Community Strategy and are continuously improving our links with partners. We have also developed a council wide performance management framework which is being aligned to the partnership including setting out a shared data quality standard with the 2 main partners (Police and PCT).
- 15 In our drive to further embed the data quality policy within the council, the appointment of a 'data quality champion' at Elected Member level would strengthen our current arrangements. This has also been recognised as best practice in other authorities and is likely therefore to be commended by the Audit Commission. Therefore the committee may wish to request that the Executive Member for Resources takes on this role in line with his portfolio responsibilities.
- 16 Over the past 18 months we have used benchmarking data through the PWC benchmarking club. We will continue to build on this work as it is an excellent source of information helping the council to quickly see where an indicator may have been calculated incorrectly or where we are not performing as we should.

### **Corporate Priorities**

- 17 Since the achievement of all corporate priorities are assessed through key performance indicators then in order to produce reliable, accurate, timely and accessible data, it is vital the Data Quality Policy is followed fully. Data Quality is critical to an effective performance management framework and therefore contributes to an Effective Organisation.

## Implications

18 Below are the implications of this report:

- (a) **Financial** – there may be some financial implications due to actions required to solve data quality problems identified through use of toolkits.
- (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 may be some IT implications depending on the results of systems integrity checks.
- (g) **Property** – there are no property implications.
- (h) **Other** – none.

## Risk Management

19 The Audit Commission has identified that the risk of not addressing weaknesses in data quality is that:

- information could be misleading
- decisions may be flawed
- resources may be wasted
- poor services may not be improved
- and policy may be ill-founded.

20 Comprehensive Area Assessment is a key strategic risk for the authority which is being monitored by the Audit & Governance Committee. As a key part of the council's Use of Resources assessment, poor data quality could impact on achieving an overall score of 3.

### Recommendations

21 Audit & Governance Members are asked to:

- (a) consider and comment on the progress made to date on improving data quality, including positive audit results which show the improvements having an impact.
- (b) consider a request to the Executive Member for Resources takes on the role of Member Champion in line with his portfolio.

### Reason:

*To ensure continual improvement is made to the council's data quality arrangements, which will also help to improve the reported results in the Use of Resources Assessment as part of the Organisational Assessment in CAA.*

**Contact Details**

<b>Author:</b>	<b>Chief Officer Responsible for the report:</b>		
Nigel Batey Senior Performance Management Officer Tel: 01904 552047	Pauline Stuchfield Assistant Director of Resources (Customer Service and Governance)		
	<b>Report Approved</b>	<input checked="" type="checkbox"/>	<b>Date</b> 5th Dec 2009
	<b>Report Approved</b>	<i>tick</i>	<b>Date</b> <i>Insert Date</i>
<b>Specialist Implications Officer(s)</b>			
<b>Wards Affected:</b> <i>List wards or tick box to indicate all</i>			<b>All</b> <input checked="" type="checkbox"/>
<b>For further information please contact the author of the report</b>			

**Annexes**

None



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## Audit & Governance Committee

21 December 2009

Report of the Assistant Director (Customer Service & Governance)

### Key Corporate Risk Monitor Quarter Three 2009/10

#### Summary

1. The purpose of this paper is to present to Audit & Governance Committee (A&G) the revised risks associated with the refreshed Key Corporate Risks (KCRs) as at the third quarter for 2009/10.

#### Background

2. The KCRs are reported to both Audit & Governance Committee (A&G) and CMT on a quarterly basis as part of the council's overall governance arrangements. The KCRs were reviewed at a session of the Corporate Leadership Group (CLG) in June 2009 and approved by A&G and CMT in September 2009.

#### Quarter Three Monitor

3. The position of the revised KCRs at the end of the third quarter of 2009/10 are set out at Annex A of this report. The monitor is complete in terms of accurately reflecting the information recorded in the council's risk register (Magique) however, there is an on-going requirement for risk owners to ensure their risks are accurate, complete and up-to-date.
4. This is the first set of risks associated with the revised KCRs to be brought to A&G and they will continue to be developed over the coming months setting out clearly all the current controls and future actions to be taken to mitigate them. The headline risks are set out below and full descriptions along with details of the controls and actions currently identified to mitigate them are set out within the monitor (Annex A):

#### **KCR 0003 Waste Management Strategy Partnership**

- Failure to secure planning consent
- Solution is unaffordable

**KCR 0010 Emergency Planning & Business Continuity**

- Inability to respond to multiple incidents

**KCR 0012 Effects of the Economic Downturn**

- Increase in the value of employer's contribution to LGPS

**KCR 0016 Capital Programme**

- Failure to obtain funding for Access York phase 2
- Failure to deliver York University Pool by 2011
- Failure to achieve planning approval (Admin Accom)

**KCR 0018 Impact of an Ageing Population**

- Increasing social care support costs
5. More detailed information can be provided by the appropriate risk owner from the relevant directorate, if it is required in relation to any of the risks contained within the monitor. A&G after considering the risks may wish to call in a lead officer to A&G committee in April 2010 to provide more detail and assurance around how a specific risk is being managed.

**Development Issues**

6. The More For York - KCR 0017 - is not included in this quarter's monitor as this area is continuing to be developed in line with the More for York blueprints. Risks associated with the blueprints will be reported in future monitoring reports as they are developed.

**Directorate High & Critical Risks**

7. In terms of High and Critical directorate risks that A&G may wish to consider outside of the KCRs there have been no risks raised from Directorate Management Teams this quarter.

**Options**

8. Not applicable.

**Corporate Strategy**

9. The effective consideration and management of risk within all of the council's business processes will contribute to achieving an 'Effective Organisation' and aid the successful delivery of each theme within the Corporate Strategy.

## Implications

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

## Risk Management

10. 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 and avoid criticism within the Organisational Assessment under CAA.

## Recommendations

11. Audit & Governance Committee are asked to:
- a) Consider, comment and agree on the risks set out at Annex A and paragraph 4 of this report;  
  
Reason  
*To provide assurance that risks to the council are continuously reviewed and updated.*
  - b) suggest a further detailed risk report for A&G in April as set out at paragraph 5 if required.  
  
Reason  
*To provide assurance that key risks are being appropriately managed by the organisation*

**Contact Details**

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Head of Financial Procedures  
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**Chief Officer Responsible for the report:**

Pauline Stuchfield  
Assistant Director of Customer Service &  
Governance

**Report Approved**



**Date** 9/12/09

**Specialist Implications Officer(s)** Not applicable

**Wards Affected** Not applicable

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

**Background Papers**

Key Corporate Risk Monitor Quarter three 2009/10.

**Public Annex**

Annex A – Key Corporate Risk Monitor

**Exempt Annex**

Annex B – Key Corporate Risk Monitor

**KCR 0003 Waste management strategy partnership**

Corporate Lead Bill Woolley

*Financial penalties of failing to manage satisfactory partnership solution to waste agenda. Partnership solution with NYCC introduces risks to the programme from CYC perspective (control, breakdown of effective working, governance etc). Project risks of the partnership have been identified and are being managed by NYCC as the lead body*

**Waste Management Strategy Partnership****City Strategy****Project delays**

Risk Owner: Bill Woolley

High

20

Cause Failure to communicate to stakeholders regarding the benefits and requirement for a treatment site.  
Failure to secure and/or demonstrate adequate consultation.  
Stakeholder issues arise to do with planning and design, due to negative perception of treatment plants and technologies.

Consequence This could result in judicial review, objections of planning permission, protests, public enquiry and significant delays to the project and increase costs.

**Controls**

Communication Strategy  
Public Consultation  
Communication Plan  
Work with bidders and NYCC planners  
Project programme includes time for planning debate  
Work to ensure the site is deliverable  
Early feasibility study to be carried out to identify possible areas of concern

**Owner**

Bill Woolley  
Bill Woolley  
Bill Woolley  
Bill Woolley  
Bill Woolley  
Bill Woolley  
Bill Woolley

**Actions**

Work with planning department  
Consultation to be completed as statutory consultation on planning

**Target Date**

31/08/2010  
31/08/2010

**Revised Date**

**Failure to secure planning consent**

Risk Owner: Bill Woolley

High

19

Cause Failure to secure planning consent on any of the selected sites. If there is not enough preparation to ensure the site is the most appropriate and all the required testing has been complete. Environmental Impact assessments etc.

Consequence This could result in non-delivery of project.

**Controls**

- Identification of suitable alternative sites
- Environment Impact Assessment
- Participants working closely with planning department re design and site plan
- Council engagement with statutory consultees
- Engagement with Government Office
- Requirement of bidders to demonstrate how they plan to ensure planning success
- Post preferred bidder to work closely with participant through planning - commu

**Owner**

- Bill Woolley
- Bill Woolley
- Patrick Looker

**Potential challenge of the procurement process**

Risk Owner: Bill Woolley

High

18

Cause If the losing bidder deems the evaluation has been inappropriate

Consequence The Council could be sued and incur costs and therefore may not be able to award the contract.

**Controls**

- Auditable trails of documentation

**Owner**

- Bill Woolley

**Solution is unaffordable**

Risk Owner: Bill Woolley

High

17

Cause The Government have imposed penalties designed to reduce the amount of BMW going to landfill and these penalties are prohibitive and the Council cannot achieve the reduction in BMW to landfill without a disposal facility.

Consequence The cost of this facility highly significant but lower than the penalties. The Government has contributed £65m through PFI credits towards these costs, however, the likely net impact is still highly significant to the Council. Should the Council fail to set the monies aside to deal with it.

**Controls**

- Highlighted as a budget requirement as part of the MTFs.
- This Council has signed up to closing the affordability gap

**Owner**

- Bill Woolley
- Bill Woolley

## KCR 0008 Comprehensive Area Assessment & Use of Resources

Corporate Lead Ian Floyd

*The new Comprehensive Area Assessment, to be introduced from April 2009, encompasses a joint risk assessment undertaken by all local services inspectorates and will provide an independent assessment of the prospects for local areas and the quality of life for people living there. It will look at the likelihood of local and national priority outcomes being achieved by focusing on those identified in the Sustainable Community Strategy and related documents.*

### Resources

#### Lack of understanding of what it is, why it is important and implications of failure

Risk Owner: Pauline Stuchfield

High

19

Cause *Lack of communication and engagement, as well as a lack of understanding of what is required*

Consequence *Poor Organisational Assessment Score and Red Flags in CAA*

#### Controls

Communications plan in place  
Monitoring and development of communications plan

#### Owner

Pauline Stuchfield  
Pauline Stuchfield

#### Inability to influence our partners performance

Risk Owner: Pauline Stuchfield

High

18

Cause *Inability to engage with our partners and secure wider involvement for the wider assessment.*

Consequence *Poor performance of our partners results in a our score being lowered*

#### Controls

P & BA Partnerships working together  
PBA-AD Resources to attend LSP delivery Board

#### Owner

Pauline Stuchfield  
Pauline Stuchfield

#### Actions

Develop partnership working

#### Target Date

31/03/2010

#### Revised Date

#### Lack of buy-in from elected members

Risk Owner: Pauline Stuchfield

High

18

Cause *A lack of communication and engagement, as well as a lack of understanding of what is required*

Consequence *Poor Organisational Assessment Score and Red Flags in CAA*

#### Controls

Regular reports to Executive and Audit & Governance Committee  
Communication plan

#### Owner

Pauline Stuchfield  
Pauline Stuchfield

**Lack of evidence of good practice**

Risk Owner: Pauline Stuchfield

Medium

14

Cause *Lack of corporate working 'as a team' and lack of resources*

Consequence *Poor Organisational Assessment Score and Red Flags in CAA*

**Controls**

P & BA repository of evidence, Business Planning Steering Group and POG grc

**Owner**

Pauline Stuchfield

**Actions**

Identify required outcomes from activities and projects at start as part of business planning

**Target Date**

31/03/2010

**Revised Date**

## KCR 0010 Emergency Planning & Business Continuity

Corporate Lead Bill Woolley

*Business Continuity* : - The Council has a statutory duty to have plans in place to ensure the delivery of it's critical services continues throughout any disruption to itself or the community. *Emergency Planning*: - The Council, as a Category 1 responder to critical incidents, has a duty to maintain both generic and specific plans to respond to the major risks facing it's community.

### Corporate

#### Inability to respond to multiple incidents

Risk Owner: Damon Copperthwaite

Critical

23

Cause The council's Business Continuity Plans currently only deal with single separate incidents.

Consequence If more than one major incident was to occur at one time then the council may not be as able to cope under such circumstances.

#### Actions

Review departmental business continuity plans

#### Target Date

31/03/2011

#### Revised Date

#### Inability to respond to and assist in the recovery of city of York after a major incident

Risk Owner: Damon Copperthwaite

High

18

Cause Under the Civil Contingencies Act, as a local authority, it is the role of City of York Council to support the emergency services in the case of a major emergency and to provide aid and assistance and advice to the general public.

Consequence Emergency services may not be completely co-ordinated which could hinder the promptness of their response, the speed of recovery of the city, and vulnerable people within the city may be put at risk.

#### Controls

Emergency Plans for the city  
Emergency manuals  
Exercising of the plans  
Officers on-call

#### Owner

Damon Copperthwaite  
Damon Copperthwaite  
Damon Copperthwaite  
Damon Copperthwaite

#### Inability to deliver critical services

Risk Owner: Damon Copperthwaite

Medium

12

Cause If the council does not have appropriate business continuity plans in place throughout the organisation.

Consequence This could result in reputational damage. It could prevent vulnerable people from receiving the care and accessing the services they need.

#### Controls

75% of departmental BCPs in place  
Directorate BCPs in place  
Corporate BCP in place  
Corporate exercise

#### Owner

Damon Copperthwaite  
Damon Copperthwaite  
Damon Copperthwaite  
Damon Copperthwaite

#### Actions

Review all BCPs

#### Target Date

31/03/2011

#### Revised Date

## KCR 0012 Effects of the Economic Downturn

Corporate Lead Bill Woolley

*The council has a duty to enhance the economic well-being of the City. A number of short term measures have been agreed by the Council to respond to the current economic situation. These will be monitored and any scope for further action considered. In addition, the Council will need to consider the effect of the economic situation on increasing demand for specific services and declining income in some areas.*

### Resources

#### Corporate Finance

#### Increase in the value of employer's contribution to LGPS due to effects of economic downturn

Risk Owner: Louise Dixon

Critical

21

Cause A fall in investment returns due to the volatility of the market due to the credit crunch. This could take effect from 1st April 2011.

Consequence At a rough estimate, a 1% increase in the contribution rate is upwards of £700k p.a. so there could be some substantial costs to meet at a time when government funding and council tax income are both under pressure. The Fund's actuary has estimated that an increase of 1-2% per annum may be required over the 3 year period from 2011/12, although the government may "relax" current valuation methodology to lessen the impact.

#### Actions

Decision to be made for budget setting to 2010-11 to make a provision in advance

Target Date

01/12/2009

Revised Date

### City Strategy

#### City Development and Transport

#### Reduced levels of tourism due to less in investment of national & regional transport infrastructure

Risk Owner: Damon Copperthwaite

High

20

Cause The financial impact of the economic downturn will almost certainly result in a reduction in investment in regional and national air services, rail network and long distance buses.

Consequence This could mean that potential tourists cannot as easily access the city and may choose to visit other areas, affecting the future economic prosperity of the city.

#### Controls

Lobbying for sustainable levels of investment and funding  
Review policy setting

#### Owner

Damon Copperthwaite  
Damon Copperthwaite

**KCR 0015 Fairness & Inclusion**

Corporate Lead Bill Hodson

*A new, draft Fairness and Inclusion Strategy and Single Equality Scheme for 2009/12 has been approved by the Equalities Leadership Group. This replaces the previous Equalities Strategy (Pride In Our Communities) and Corporate Equality Scheme and also updates the approach in line with the new statutory requirements from April 2009. Both documents have been produced following extensive consultation and engagement with groups and people from the equality strands.*

**Corporate****Failure to comply with Equalities legislation and best practice**

Risk Owner: Paul Murphy

**High****20**

Cause *If we fail to pass our own audits of communicating with customers, due to a lack of understanding of Equalities legislation and a lack of following established best practice.*

Consequence *Financial costs associated with a tribunal cases. Reputational damage linked to CAA ratings and press coverage.*

*If we are not seen to be on the front foot for anti-discrimination policies for both staff and customers.*

**Controls**

EIA - customer communications  
Mystery shopping inspector  
Equality & Leadership Group

**Owner**

Paul Murphy  
Paul Murphy  
Paul Murphy

**Actions**

Implement actions from recommendations of corporate communications EIA

**Target Date**

30/06/2010

**Revised Date**

**Be vulnerable to claims of unfairness and inequality and have difficulties recruiting and retaining staff**

Risk Owner: Paul Murphy

High

20

Cause *If we do not carried out EIA's for all relevant areas of the business and/or fail to take all required actions determined necessary from those assessments.*

Consequence *The Council could be taken to court by either individuals (employees or service users) or by organisations that represent them. Also we would fail to meet the requirements of the Equality Framework for Local Government and therefore fail to pass key inspections like UoR and CAA. We would fail to meet our own Equality and Inclusion objectives. Possible court action and/or adverse publicity in local or national media. Reputational as a poor equal opportunities employer.*

**Controls**

- Corporate-wide EIA's completed
- Staff Equalities Groups (covering the six strands)
- Directorate Equalities Leads
- Social Inclusion Working Group
- Annual programme to complete EIA's
- Equalities Leadership Group (ELG)

**Owner**

- Paul Murphy
- Paul Murphy
- Paul Murphy
- Evie Chandler
- Evie Chandler
- Evie Chandler

**Actions**

Deliver project plan

**Target Date**

30/04/2011

**Revised Date**

## KCR 0016 Capital Programme

Corporate Lead Bill Woolley

*The Capital Programme delivers a number of capital schemes that directly contribute to the achievement of the Corporate Strategy. All capital schemes are included into the Capital Programme via the annual capital budget process which allocates resources to the projects that facilitate with service delivery and contribute toward the Corporate Strategy. Currently the Capital Programme contains 85 projects over a 5 year period with a budget of over £206m.*

### City Strategy

### City Development and Transport

### Transport Capital Programme

#### Failure to obtain funding for Access York Phase 1

Risk Owner: Tony Clarke

High

19

Cause If the DfT or CYC funding was not available

Consequence Project would not proceed

#### Controls

Regional Funding Allocation confirmed available.  
Follow DfT procedures to obtain main funding.  
Follow CYC CRAM procedures for local contribution.

#### Owner

Tony Clarke  
Tony Clarke  
Tony Clarke

#### Actions

Identify CYC funding through CRAM process  
Resolve DfT queries on Business Case

#### Target Date

31/03/2009  
31/01/2010

#### Revised Date

31/03/2010

### Learning, Culture and Children's Services

#### Failure to deliver LCCS school modernisation strategy

Risk Owner: Pete Dwyer

Medium

13

Cause Late delivery or failure of significant capital projects include: New Manor School, Joseph Rowntree, Rawcliffe and Clifton Primary schools and English Martyrs and Our Lady's primary school merger, and Knavesmire Children's Centre, Further projects subject to DCSF funding.

Consequence Late delivery of large scale capital projects may lead to reputational damage, financial loss and difficulties with school admissions and accommodating children.

#### Controls

Extensive project management  
Regular reporting to Members

#### Owner

Maggie Tansley  
Kevin Hall

### Learning, Culture and Children's Services

#### Lifelong Learning and Culture

**Failure to deliver York University Pool by 2011**

Risk Owner: Charlie Croft

**Critical****21**

Cause *The University has not set a start date for the construction of the pool and have not yet been able to identify the required £10m funding.*

Consequence *Delivery of the University Pool is dependent on York University instigating the building works. This has so far not happened and therefore it is looking unlikely that it will be complete by 2011. This means that the council will not meet its target to fill the gap in swimming pool provision.*

**Actions****Target Date****Revised Date**

Strategy meeting with Sport England to consider other delivery models

10/12/2009

Work with the University to try to identify other funding sources.

31/03/2011

**Administration & Accommodation Review****City Strategy****Failure to achieve planning approval**

Risk Owner: Ian Asher

**Critical****23**

Cause *Developer solution fails to take into consideration the local planning conditions for the site they have selected. (massing, height, access, materials etc.)*

Consequence *Delays and consequent costs incurred (lease extensions, re-negotiations) on the project if permission is refused. Developer terminates agreement. Recommencement or abolition of the procurement process.*

*Sufficient strength of feeling from third party objections.*

**Controls****Owner**

Staged design development, meetings and approvals

Maria Wood

Development of a realistic design brief

Ian Asher

Planning policy

Ian Asher

**Actions****Target Date****Revised Date**

Regular pre planning consultation and meetings with developers

08/05/2009

30/12/2009

Awareness and adherence to planning policy

02/08/2009

30/12/2009

**Developers unable to meet the requirements of the development brief.**

Risk Owner: Ian Asher

High

18

Cause *Developers are unable to comply with the brief as outlined in the design brief, within the budget.*

Consequence *Reduction in scope.- size and/or quality. Less effective building due to increase in staff density resulting in negative feedback and staff dis-satisfaction. Abort procurement process. Reputational damage to CYC.*

**Controls**

Realistic development brief  
Professional advice to ensure specification is achievable.

**Owner**

Ian Asher  
Ian Asher

**Actions**

Seek Clarifications on tender submission

**Target Date**

16/11/2009

**Revised Date**

30/12/2009

## KCR 0018 Impact of an Ageing Population

Corporate Lead Bill Hodson

*This is a long term piece of work which has been initiated by a scoping report to CMT. The next stage is to set up agreed actions for 10/11 and beyond following a workshop with senior managers across the council and an appraisal of the key issues.*

### Corporate

#### Inability to understand and respond to the demands of an Ageing Population

Risk Owner: Graham Terry

High

20

Cause *If the Ageing Population Review fails to be given the necessary priority corporately, including required resources for it to be carried out and is not completed by the 31 March 2010 deadline.*

Consequence *We may not understand the extent and scale of the changes required to be made to our services to meet the ageing populations changing demands. This could lead to reputational damage and affect our CAA rating, especially if older people become disengaged with the council and broader social issues.*

#### Controls

Corporate working group to arrange and oversee review

#### Owner

Graham Terry

#### Actions

Attain resources required to complete review

#### Target Date

31/12/2009

#### Revised Date

CLG awareness raising session

31/01/2010

Conduct Corporate Review of impact of an ageing population

31/03/2010

#### Increasing social care support costs

Risk Owner: Bill Hodson

High

20

Cause *If we do not involve older people in the design and delivery of services such as health, social care, housing and other services and deliver the changes required to manage demand and create efficiencies/savings.*

Consequence *The rising demographic for social care support preditions show that the costs could increase to £12m by 2020. This could happen if the council does not respond and change the way it delivers its services. We will loose the opportunity to have an inclusive design that supports older people's quality of life in the city.*

#### Actions

Deliver two major projects within More For York Programme

#### Target Date

31/03/2010

#### Revised Date

## KCR 0019 Safeguarding

Corporate Lead    Pete Dwyer

*Ensuring that our children and young people in the city are safe and protected has to be a key priority for any authority. This involves not simply ensuring effective interventions into family life but the creation of protective arenas of safety which for example include safe recruitment practice. The individual, organisational and reputational implications of ineffective safeguarding practice are acute*

### Corporate

#### Child or young person is injured or killed where safeguarding services should or have already been involved

Risk Owner: Eoin Rush

Critical

22

Cause

Consequence

**Controls**

Review and monitoring of referral arrangements  
Safeguarding Children Board

**Owner**

Eoin Rush  
Eoin Rush

#### Inability to retain and support experienced safeguarding practitioners in front line social care teams

Risk Owner: Eoin Rush

High

18

Cause This can result because the job is becoming less attractive.

Consequence This can result in inexperienced/agency staff being used who don't have the same level of experience or expertise, or level of commitment.

**Controls**

Workforce development programme

**Owner**

Eoin Rush

#### Schools and other childcare settings do not provide arenas of safety

Risk Owner: Eoin Rush

High

18

Cause If the Safeguarding Board does not provide adequate and sufficient support and advice to these institutions.

Consequence Children and young people may be put at risk and are not identified and brought to the attention of social care teams.

**Controls**

Advice and support provided by the Safeguarding Children Board

**Owner**

Eoin Rush

**Actions**

Create dedicated post to provide support and advice about safeguarding issues

**Target Date**

31/01/2010

**Revised Date**

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By virtue of paragraph(s) 4 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## Audit and Governance Committee

21 December 2009

Report of the Assistant Director for Resources (Customer Service and Governance)

## Audit and Counter Fraud Mid-Term Monitor

### Summary

- 1 This report provides details of the progress made in delivering the internal audit and counter fraud work plan for 2009/10. Members are also asked to consider and approve revised Terms of Reference for Internal Audit.

### Background

- 2 The work of Internal Audit is governed by the Accounts and Audit Regulations 2003 (as amended) and the CIPFA Code of Practice for Internal Audit in Local Government. In accordance with the Code of Practice, the 2009/10 Audit and Fraud Plan was approved by the Audit and Governance Committee on 29 June 2009. The Plan included a programme of audit reviews and details of planned counter fraud activities. The total number of planned audit days was 1,420. The counter fraud activity plan was based on the resources available to the Fraud Team. The total number of days allocated to counter fraud activities in 2009/10 was 1,282.
- 3 It was also recognised that changes might need to be made to the Audit Plan through the year as a result of new or changed priorities and/or as new risks were identified. To reflect the new 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 management are subject to a Change Control process. Where the variation exceeds 5 days then the change must be authorised by the Assistant Director of Resources (Customer Service and Governance) who is the client manager for the service. All agreed variations will then be communicated to the Audit and Governance Committee for information.
- 4 The Counter Fraud Activity Plan included details of:
  - planned activities, including fraud detection and investigation;
  - fraud awareness and training;
  - proactive fraud work;

- joint working with other counter fraud agencies;
- resource allocation.

### **2009/10 Internal Audit Plan – Progress to Date**

- 5 Two of the priorities for Veritau are to deliver at least 90% of the Audit Plan and to ensure that the service continues to operate to recognised professional standards (as determined by the Code of Practice). These are the minimum requirements necessary to achieve a good score for internal control as part of the Use of Resources assessment process.
- 6 Internal Audit successfully delivered 94.2% of the 2008/09 Audit Plan. 18% of the 2009/10 Audit Plan had been completed by 30 November 2009. This figure is however based on reports issued and does not take into account further audit fieldwork which is either complete or in progress. Based on the current work programme it is anticipated that the 90% target will be achieved. Details of the audits completed and the reports issued since the last progress report to this Committee (on 29 June 2009) are given in Annex 1.
- 7 As noted in paragraph 3 above, it has been necessary to make a number of variations to the Audit Plan to accommodate a shortfall in resources and changes in priorities. Details of the Audit Plan variations approved by the client manager to date are given in Annex 2.

### **2009/10 Counter Fraud Activity Plan – Progress to Date**

- 8 Counter fraud work has been undertaken in accordance with the approved Plan. Annex 3 provides details of the investigations completed and provides a summary of the work undertaken. As in previous years, the majority of the work undertaken relates to the identification and investigation of suspected fraudulent housing and council tax benefit claims. However, the team also works jointly with Internal Audit on internal fraud investigations.

### **Breaches of Financial Regulations**

- 9 There have been no significant breaches of the council's financial regulations identified during the course of internal audit work in 2009/10 to date. However, a number of relatively minor breaches have been noted. Details of these breaches are summarised in annex 4.

### **Developments in Service Delivery - Internal Audit**

- 10 A number of changes have been made to audit working practices to ensure consistency in service delivery to both York and North Yorkshire County Council. These changes are summarised below:

- (a) Staff at North Yorkshire have migrated to the Galileo.net working papers application hosted by CYC. All internal audit staff in Veritau are therefore now using a single combined database. The application supports the audit planning process, enables auditors to document the results of their work and report their findings, and allows audit recommendations to be tracked. As well as ensuring consistency the system also improves the availability and quality of performance and other management information associated with the delivery of the service.
- (b) A revised risk assessment methodology has been adopted for audit planning purposes. The new methodology is intended to ensure greater consistency in the assessment of risks across the council's systems, services and activities.
- (c) A new audit report has been adopted. The new format is designed to be clear and concise, allowing managers to easily see any significant issues or key risks which have been identified during the audit. The new reporting process also places an emphasis on reaching agreement with management on the measures necessary to address any control weaknesses found.
- (d) New wording has been adopted for the audit opinions and recommendations. The new wording is designed to reflect the role of internal audit, which is to provide assurance to management and those charged with governance. The amended wording is also intended to ensure greater consistency and be less susceptible to misinterpretation. Details of the new audit opinions and recommendations are given in Annex 1.
- (e) A revised Customer Satisfaction Survey has been developed to enable more accurate feedback to be obtained from audit customers.

### **Developments in Service Delivery – Counter Fraud**

- 11 A number of service developments are taking place in respect to counter fraud. Veritau has recently conducted an exercise using an on-line survey to assess fraud awareness across the two councils. Approximately 300 managers in each council were invited to participate in the exercise. The results of the survey are currently being analysed but they should help to identify any gaps in the existing counter fraud arrangements. The outcomes will be reported to a future meeting of this Committee and will feed into the drafting of the Annual Governance Statement for 2009/10.
- 12 Veritau has also recently purchased a fraud awareness e-learning application. Once configured, the application will provide:
  - (a) an efficient and cost effective method of raising awareness of the risks of fraud and corruption across different staff groups within both councils.

- (b) good evidence of proactive counter fraud measures for the Use of Resources assessment.
- 13 Planning has started for the Audit Commission's next National Fraud Initiative (NFI) data matching exercise. The intention is to streamline the process across both councils so as to minimise unnecessary duplication of effort.
- 14 Planning work is also starting on a proactive counter fraud exercise designed to identify social housing related fraud. The exercise is part of a wider national exercise being promoted by DCLG. The intention is to use data interrogation software to support the exercise.
- 15 Veritau has recently been awarded the contract to provide benefit fraud investigation services to Ryedale District Council. The contract provides the opportunity to build greater resilience and capacity in the existing counter fraud team, and to deliver efficiencies through economies of scale and reduced duplication.

### **Internal Audit Terms of Reference**

- 16 The CIPFA Code of Practice recommends that the purpose, authority and responsibility of Internal Audit should be formally defined in terms of reference which are consistent with the Code. The existing Terms of Reference (ToR) for Internal Audit were formally approved by this Committee in April 2007. A number of changes are now required to the ToR. In particular, the new organisational arrangements for Internal Audit, following the transfer of audit and counter fraud services to Veritau Limited on 1 April 2009, need to be recognised. The opportunity has also been taken to make a number of other relatively minor amendments to reflect changes in current working practices. The revised ToR for Internal Audit are attached at annex 5. The revised ToR have substantially changed and so tracked changes are not shown.

### **Consultation**

- 17 Not relevant for the purpose of the report.

### **Options**

- 18 Not relevant for the purpose of the report.

### **Analysis**

- 19 Not relevant for the purpose of the report.

### **Corporate Priorities**

- 20 This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. In doing so it contributes to the corporate objective of making the council an Effective Organisation.

## Implications

21 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

22 The council will fail to properly comply with the CIPFA Code of Practice for Internal Audit in Local Government if the results of audit work are not reported to those charged with governance and the Terms of Reference for Internal Audit are not kept up to date. This in turn would adversely impact on the council's Use of Resources assessment score.

## Recommendation

23 Members are asked to:

- (a) Note the results of the audit and fraud work undertaken to date in 2009/10.

Reason

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

- (b) Note the variations to the 2009/10 Audit Plan, approved to date by the Internal Audit Client Manager (see annex 2).

Reason

*To enable Members to consider the delivery of the Internal Audit Plan.*

- (c) Consider and approve the updated Internal Audit Terms of Reference (see annex 5)

Reason

*To enable ensure that the council complies with the CIPFA Code of Practice.*

**Contact Details**

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**Chief Officer Responsible for the report:**

Pauline Stutchfield  
Assistant Director (Customer Service and Governance)  
Telephone: 01904 551706

**Report Approved**



**Date** 7 December 2009

**Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

**All**



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

**Background Papers**

- 2009/10 Internal Audit Plan
- 2009/10 Counter Fraud Activity Plan

**Annexes**

Annex 1 – 2009/10 Audits Completed and Reports Issued  
Annex 2 – Variations to the 2009/10 Audit Plan  
Annex 3 – Counter Fraud Activity  
Annex 4 – Summary of Breaches of Financial Regulations  
Annex 5 – Terms of Reference for Internal Audit

**2009/10 AUDITS COMPLETED AND REPORTS ISSUED**

(A) The following categories of opinion were used for those audit reports issued before 31 July 2009:

<b>Opinion</b>	<b>Assessment of Internal Control</b>
High Standard	Few or no weaknesses
Good	Some weaknesses, but mostly insignificant
Acceptable	A number of weaknesses
Weak	A number of weaknesses, some significant.
Not Acceptable	Major control weaknesses

(B) The following categories of opinion have been used for those audit reports issued after 1 August 2009:

<b>Opinion</b>	<b>Level of Assurance</b>
High Assurance	Overall, very good management of risk with no significant weaknesses identified. An effective control environment appears to be in operation.
Substantial	Overall, good management of risk with few significant weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate	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.

(C) Recommendations are made where weaknesses in control have been identified. For recommendations made before 31 July 2009, the following categories have been used:

**Priority**

**Definition**

1 (High)

Action considered necessary to ensure that the council is not exposed to high or catastrophic risks. For example significant financial loss, death or injury of council staff or customers, damage to reputation, disruption to a service or continuity of operations.

Actions may be considered a high priority if the impact of a potential risk is high, even though its likelihood may be low.

Recommendations that address breaches of legislation or council policies and procedures may also be rated as a high priority.

2 (Medium)

Action considered necessary to avoid exposure or reduce exposure to significant risks. For example financial or other loss.

This will include areas where there are no controls to mitigate significant risks or where amendments are required to ensure that controls are effective and mitigate the risks to an acceptable level.

3 (Low) Action considered necessary to improve controls that are already in place and reasonably effective, although further improvements are required in order to mitigate risks to an acceptable level.

Recommendations that may result in efficiencies or better value for money will also be included in this category.

(D) For recommendations made after 1 August 2009, the following categories have been used:

<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 recommendations 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>
2 (Medium)	<p>Action considered necessary to improve or implement system controls so as to ensure an effective control</p>	<p>A significant system weakness, whose impact or frequency presents risks to the system objectives,</p>

**Priority**

**Long Definition**

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

environment exists to minimise exposure to significant risks such as financial or other loss.

and which needs to be addressed by management.

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

3 (Low)

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

**(E) Draft Reports Issued**

9 draft reports have been issued since 1 June 2009 which have so far not been finalised. The reports are currently 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. The draft reports are categorised as follows:

<b>Opinion</b>	<b>Number</b>
“High Assurance”	2
“Substantial Assurance”	3
“Moderate Assurance”	2
“Limited Assurance”	0

"No Assurance"	0
"Not given"	2

**(F) Final Reports Issued**

The table below shows audit reports finalised since 1 June 2009. In all cases the recommendations made have been accepted by management, and will be subject to follow up by Internal Audit.

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
Main Accounting System	3/9/09	Good	3	0	A risk based audit of the council's main accounting systems. No significant weaknesses identified. Recommendations were made to improve the controls for processing changes to user access levels and the ongoing monitoring of user access.
Stores and Purchasing	10/11/09	Acceptable	10	0	The audit reviewed the arrangements introduced by Neighbourhood Services since September 2007 as a result of the new contract with Jewson Limited for the provision of building materials. A number of recommendations were made to improve the controls for checking and processing delivery notes, returned goods, invoices and van stocks.

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
Performance Indicators and Data Quality	25/11/09	N/A	8	0	A review of the systems for collecting performance data. The audit reviewed 24 individual performance indicators to ensure that information was complete and accurate. One of the indicators needed to be amended as a result of the audit. A number of other changes were recommended to improve the systems being used to collect and collate the relevant data.
Homelessness Spend to Save Scheme	20/11/09	Limited Assurance	3	1	<p>A review of the systems for authorising grants and loans to people facing the risk of being made homeless. The audit was requested by the directorate.</p> <p>Improvements were recommended to authorisation procedures and the arrangements for determining the funding available as grants or loans under the existing system.</p> <p><u>High Priority Recommendation</u> The existing application and authorisation</p>

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
					documentation for loans and grants should be made clearer so as to reduce potential ambiguity. Legal advice should also be obtained to ensure that the council can instigate recovery action if necessary. Management response – agreed and to be implemented.
Adults Independent Living	8/10/09	Weak	6	1	<p>A review of the arrangements for monitoring payments made to customers in receipt of Direct Payments. Recommendations were made to update and review standard documentation. Monitoring by Locality teams also needed to be improved so as to ensure that customers are managing the financial aspects of their care plans properly.</p> <p><u>High Priority Recommendation</u> Standard deadlines needed to be set for the return of Financial Record forms (DP2) by customers. Checks should also be performed to ensure that all DP2 forms are returned, and that any omissions are followed up. Management response –</p>

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
					agreed and to be implemented
Archbishop of York's CE Junior School	1/10/09	Substantial Assurance	6	0	A school establishment audit. A number of recommendations were made to improve controls in respect of declarations of interest, the review of policies and the school's publication scheme, ordering procedures and the arrangements for administering the school fund. Improvements also needed to be made in respect of income collection from school lettings.
Hob Moor Federation Primary School	26/11/09	Substantial Assurance	12	0	A school establishment audit. A number of recommendations were made to improve controls in respect of declarations of interest and the receipt of gifts and hospitality, the review and update of policies and the scheme of delegation, and the arrangements for administering the school fund. Improvements also needed to be made in respect of the administration of school lettings, and with the maintenance of inventory records.

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
York High School	2/6/09	Good	2	0	A school establishment audit. Improvements were recommended in respect of declarations of interest and in the administration of school meals.
Mental Health Services	5/6/09	Good	4	1	<p>A risk based audit of the service. Recommendations were made to improve the processing of contracts, management information and the maintenance of inventory records.</p> <p><u>High Priority Recommendation</u> The administration of crises loans needs to be improved to ensure that such loans are correctly accounted for.</p> <p>Management response – agreed and implemented.</p>
Grove House EPH	3/6/09	Good	1	0	An establishment audit. A recommendation was made to address minor issues in respect of the inventory records.
Oliver House EPH	3/6/09	Good	1	0	An establishment audit. A

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
					recommendation was made to address minor issues in respect of the inventory records.
Morrell House EMI	3/6/09	Good	1	0	An establishment audit. A recommendation was made to address minor issues in respect of the inventory records.
Oakhaven EPH	3/6/09	Good	2	0	An establishment audit. Recommendations were made to address minor issues in respect of the inventory and for administering death records.
Osbalwick Primary School	9/7/09	Good	5	0	A school establishment audit. A number of recommendations were made to improve controls in respect of declarations of interest, ordering procedures and the arrangements for administering the school fund. Improvements also needed to be made in respect of the inventory records.
Contract Audit – Peasholme Hostel	24/11/09	Acceptable	3	0	A review of the arrangements to let and manage the contract for the construction of the new hostel. Recommendations

Description	Date Final Report Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number which are a 'high' priority	
					were made about the future financial vetting and risk assessment of potential contractors. Improvements were also recommended in respect of contract variations.
Contract Audit – Moor Lane Roundabout	12/10/09	Good	1	0	A review of the arrangements to let and manage the contract for the construction of the new roundabout. A recommendation was made to address minor issues in respect of document retention
Contract Audit – Gas Maintenance	5/10/09	Good	5	0	A review of the arrangements to let and manage the heating renewal and replacement contract. Recommendations were made about document retention, the agreement of additional schedule of rates items and the checking of invoiced costs.

**(G) Other Work Completed since 1 June 2009**

- Ongoing support and advice to departments across the council on control issues, and support in relation to specific projects eg new financial management system and void cleaning

- Review of progress made by management to implement previously agreed audit recommendations – see separate report on this agenda
- Review of progress made by service departments to address Audit Commission recommendations
- Chargeable work including grant claim audits (Scambusters Grant)
- Four internal investigations in respect of potential probity issues. Two of these investigations are ongoing whilst the other two have resulted in management taking action to improve processes.

## VARIATIONS TO THE 2009/10 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 Strategic Audit Plan priorities
- 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 be 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 new 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 Assistant Director (Customer Service and Governance) as the client Manager for internal audit. Any significant variations will then be communicated to the Audit and Governance Committee for information.

## 2009/10 Audit Plan Variations

The following variations to the Plan have been approved by the Assistant Director (Customer Service and Governance):

Audit	Days	Justification For Change
<b><u>Deletions from the Audit Plan</u></b>		
Waste PFI project	- 10	CYC can gain assurance from the joint audit review work being undertaken by the North Yorkshire team.
Building Repairs and Maintenance (Neighbourhood Services)	- 15	To be deferred to 2010/11. The delay is necessary due to the ongoing review of the housing repairs partnership. There are still 15 days in the Audit Plan under HASS to provide advice and challenge to the review.
Highways Regulations	- 15	To be deferred to 2010/11, in order to balance the audit plan to available resources..
Project Management	- 15	To be deferred to 2010/11. The council's capacity to support this audit is limited due to the number of major projects currently underway, including the More for York programme, the Accommodation project and FMS replacement project.
Adult and Community Education	- 12	To be deferred to 2010/11, in order to balance the audit plan to available resources..
Risk Management	- 10	To be deferred to 2010/11, in order to balance the audit plan to available resources..
<b>Total</b>	<b>- 77</b>	

## COUNTER FRAUD ACTIVITY 2009/10

(A) The table below shows the total numbers of investigations completed, sanctions applied, fraudulent overpayments identified by the counter fraud team to date. The table also shows performance against agreed targets (as at 30/11/09):

	2009/10 Actual to date	2009/10 Target	2008/09 Actual
Number of Benefit Fraud referrals received (excluding HBMS). <i>The target is designed to promote fraud awareness and encourage people to report suspected fraud.</i>	268	450 referrals to be received	433
% of referrals which are investigated (excluding HBMS). <i>The target is designed to measure the quality of referrals received and the capacity of the counter fraud team to investigate cases.</i>	53%	60% of referrals investigated	50.5%
% of investigations completed which result in a positive outcome (benefit stopped or amended, sanction or prosecution). <i>The target is designed to measure the effectiveness of counter fraud activity</i>	38%	25% of those cases which are investigated to result in a positive outcome	Note 1
Value of fraudulent overpayments identified. <i>The target is designed to measure the effectiveness of counter fraud activity</i>	£250k	£300k of overpayments to be identified	£304k
Number of investigations completed	203	N/A	317
Number of sanctions / prosecutions	29	N/A	55

Note 1 - these are new performance targets for 2009/10. The corresponding data for 2008/09 is not available for this indicator.

(B) The relevant caseload figures for the period are:

	<b>As at 1/4/09</b>	<b>As at 30/11/09</b>
Awaiting allocation	52	50
Under investigation	201	147

(C) Other counter fraud activity completed during 2009/10 to date:

<b>Activity</b>	<b>Work Completed or in Progress</b>
Fraud Awareness	<p>Work has included:</p> <ul style="list-style-type: none"> <li>• the continuing provision of fraud awareness training to housing and council tax benefit staff</li> <li>• ongoing publication of successful prosecutions through the local press</li> </ul> <p>As in previous years a targeted benefit fraud publicity campaign will be undertaken in February and March.</p>
Advice and Guidance	<p>Ongoing advice and guidance is provided on the design and implementation of measures to prevent and detect fraud and other financial irregularities. Feedback is given to relevant staff on all cases investigated. This feedback is intended to encourage more referrals and also includes recommendations to change or improve systems and procedures so as to prevent or detect fraud in the future, where necessary.</p>
Data Matching	<p><i>Audit Commission National Fraud Initiative (NFI):</i> Work is continuing to investigate cases identified in the last NFI exercise. We have recently provided the Audit Commission with council tax and housing data to assist in further specific NFI exercises to identify people suspected of falsely claiming single person discounts or who may have either abandoned or sublet their</p>

Activity	Work Completed or in Progress
	<p>properties.</p> <p><i>Housing Benefit Matching Service (HBMS):</i> The counter fraud team has continued to investigate potential benefit fraud cases identified by the DWP through the HBMS data match process. The council has received 463 HBMS referrals to date this year of which 35 have been passed for investigation.</p>
Joint Working with Other Agencies	The service has continued to work closely with the DWP in the investigation of benefit fraud – a total of 17 joint council and DWP cases have resulted in a prosecution or sanction to date. A further 56 cases are currently the subject of a joint investigation. The team has also continued to develop its relationships with other council departments and external agencies. This includes information sharing and support on joint cases with Housing and Trading Standards, and involvement with police led search and arrest operations.
Financial Investigations	All investigations are monitored to assess their suitability for financial investigation and asset recovery. Two financial investigations are currently ongoing.
Proactive Work	The counter fraud team has scheduled a proactive data matching exercise in the new year targeting claimants who have not declared seasonal work.
Other	The counter fraud team will be participating in the government's national initiative to target housing related fraud. The initiative will also involve joint working with other social landlords in the area.

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## 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>
Debts written off without proper authorisation	1
Inventory records not properly maintained or incomplete	8
Inadequate checks of invoices prior to payment	1
VAT not correctly accounted for on income or expenditure	5
Waiver not obtained prior to selecting a quotation which was not the lowest	1
Purchase orders not completed by staff when ordering goods and services	3
Receipts not issued for income received	1
Income not banked promptly	2
Cheques pre-signed by authorised cheque signatory	1

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# Internal Audit Terms of Reference

Updated December 2009

## Introduction

- 1 There is a statutory duty on the council to maintain an adequate and effective system of internal audit, in accordance with proper practices. Currently, proper practice is represented by the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (the Code).
- 2 The Code defines internal audit as:  
  
*“an assurance function that provides an independent and objective opinion to the organisation on the control environment<sup>1</sup>, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources”*
- 3 These terms of reference define how internal audit at council will be provided further to the requirements of the Code. The terms of reference will be reviewed on an annual basis by the Head of Internal Audit. Any recommendations for change will be made to the Audit and Governance Committee for approval.
- 4 The terms of reference should be read in the context of the wider legal and policy framework setting out the requirements for the council to maintain an effective system of internal audit, including the Accounts and Audit Regulations 2003 (as amended), the Code of Practice, and the council’s constitution and financial regulations.

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<sup>1</sup> The control environment comprises the systems of governance, risk management, and internal control.

### **Responsibilities and Objectives**

- 5 The overall objective of internal audit is to provide an independent and objective opinion on the control environment operating at the council. In doing this, its responsibilities include (but are not limited to):
- (i) providing assurance to Members, chief officers and the general public on the effective operation of governance arrangements and the internal control environment operating at the council
  - (ii) objectively examining, evaluating and reporting on the probity, legality and value for money of the council's arrangements for service delivery
  - (iii) 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
  - (iv) 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 wrong doing
  - (v) acting as a means of deterring all fraudulent activity, corruption and other wrong doing including money laundering, conducting investigations into matters referred to it for investigation by management or officers and members of the public and reporting its findings to directors and Members as appropriate for action
  - (vi) advising the council on relevant counter fraud and corruption policies and measures, for example the counter fraud and corruption policy.
- 6 The service will be provided in accordance with proper practice, and to appropriate standards, as defined by the Code of Practice, council policy, and any other relevant legal or professional standards or guidance.

### **Organisational Independence**

- 7 It is the responsibility of directors and service managers to maintain effective systems of 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.

- 8 Audit advice and recommendations will be given 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.

**Accountability, Reporting Lines, and Relationships**

- 9 Internal audit services are provided under contract to the council by Veritau Limited. The company is a separate legal entity. Staff undertaking internal audit work are employed by Veritau or are seconded to the company from the council. The Assistant Director of Resources (Customer Service and Governance) acts as client officer for the contract, and is responsible for overall monitoring of the service and liaison with the company on all audit related matters.

- 10 In its role in providing an independent assurance function, Veritau has direct access to Members and senior officers and can report uncensored to them as considered necessary. Such reports may be made to:

- the Council, Executive, or any Committee (including the Audit & Governance Committee)
- the Chief Executive
- the Director of Resources (s151 officer)
- the Monitoring Officer
- other Directors, Assistant Directors and senior managers.

- 11 The Director of Resources (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 formal protocol has been drawn up setting out the relationship between internal audit and the Director of Resources. This is included at Appendix 1

- 10 The Head of Internal Audit will report independently to the Audit and Governance Committee<sup>2</sup> on proposed allocations of audit resources, any significant risks and control issues identified through audit work, and will provide his/her opinion on the council's control environment to the Committee on an annual basis. If necessary, the Head of Internal Audit and the Audit and Governance Committee may meet privately in accordance with the terms of the Privacy and Confidentiality policy.

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<sup>2</sup> The committee is charged with overall responsibility for governance for the Council.

- 11 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 of Internal Audit to enable it to conduct its work and report on its findings without fear or favour<sup>3</sup>.

### **Scope**

- 12 The scope of internal audit work will encompass the council's entire control environment, comprising its systems of governance, risk management, and control.
- 13 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 Veritau, and what reliance may be placed on the work of other auditors, to inform his/her overall opinion on the council's control environment.

### **Annual Report**

- 14 On an annual basis the Head of Internal Audit will provide a written report to the Audit and Governance Committee. The report will contribute to the council's overall review of the effectiveness of its systems of internal control and to the preparation of the Annual Governance Statement. The annual report will set out the Head of Internal Audit's opinion on the overall adequacy and effectiveness of the council's control environment, along with:
- (i) any qualifications to his/her opinion, together with the reasons for those qualifications
  - (ii) a summary of audit work from which his/her opinion is derived, including any reliance placed on the work of other assurance bodies
  - (iii) any particular control weakness judged to be relevant to the preparation of the Annual Governance Statement
  - (iv) an overall summary of internal audit performance

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<sup>3</sup> The relationship between Internal Audit and the Audit and Governance Committee is set out in more detail in Appendix 2.

- (v) a comment on compliance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.

### **Fraud and Consultancy Services**

- 15 The primary role of Internal Audit is to independently report on the council's control environment. However, the service is also required to undertake fraud investigation and other consultancy work as a contribution to the opinion that Internal Audit provides on the control environment, and to best utilise the professional skills of auditors who are able to carry out such reviews in a systematic and disciplined way.
- 16 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.
- 17 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 to be done does not compromise the assurance role or the independence of the service provided.

### **Resourcing**

- 18 As part of the annual planning process, the Head of Internal Audit will review the resources available to Internal Audit, to ensure that they are sufficient to meet the requirements on the service to provide an opinion on the council's control environment. Where resources are judged to be insufficient, recommendations to address the shortfall will be made to the Assistant Director of Resources (Customer Service and Governance) and to the Audit and Governance Committee.

### **Rights of Access**

- 19 To enable it to fulfil its responsibilities, the council gives staff employed by Veritau the authority to:
  - (i) enter all council premises or land, at any reasonable time

- (ii) have access to all data, records, documents, correspondence, or other information - in whatever form - relating to the activities of the council
  - (iii) have access to any assets of the council and to require any employee of the council to produce any assets under their control
  - (iv) be able to require from any employee or Member of the council any necessary information or explanation necessary for the puposes of audit.
- 20 Directors and service managers are responsible for ensuring that the rights of Veritau staff to access premises, records, and personnel are preserved, including where services are provided through partnership arrangements, contracts or other means.

**Appendix 1 - City of York Council Internal Audit Terms of Reference  
Protocol for the Relationship Between the Director of Resources (the s151  
Officer) and Internal Audit**

- 1 In recognition of the statutory duties of the council's Director of Resources (DOR) as s151 officer and guidance from CIPFA, the following protocol has been adopted at York to form the basis for a sound and effective working relationship between the DOR and Internal Audit.
  - (i) The Head of Internal Audit (HIA) will seek to maintain a positive and effective working relationship with the council's designated DOR.
  - (ii) Internal Audit will review the effectiveness of the council's systems of control, governance, and risk management and report its findings to the DOR.
  - (iii) The DOR 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 HIA will give full regard to the comments of the DOR.
  - (v) The HIA will notify the DOR of any matter that in the HIA's professional judgement may have implications for the DOR in discharging his/her s151 responsibilities.
  - (vi) The DOR will notify the HIA 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.
  - (vii) The HIA will be responsible for ensuring that internal audit is provided in accordance with the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.
  - (viii) If the HIA identifies any shortfall in resources which may jeopardise his/her ability to provide an opinion on the council's control environment, then he/she will be entitled to make representations to the DOR.
  - (ix) The DOR will protect and promote the independence and rights of Internal Audit to enable it to conduct its work effectively and to report on its findings without fear or favour.

**Appendix 2 - City of York Council Internal Audit Terms of Reference–  
Protocol for the Relationship Between the Audit and Governance  
Committee and Internal Audit**

- 1 Because of the shared interests of the Audit and Governance Committee and Internal Audit it is essential that there is an effective working relationship between them. In view of this, this protocol sets out the responsibilities of the Committee in relation to internal audit, and the responsibilities of Veritau Limited (the council's internal audit provider).
- 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 without fear or favour.
- 3 Specific responsibilities in respect of internal audit include the following.
  - (i) Consideration of the annual report and opinion of the Head of Internal Audit (HIA) on the council's control environment.
  - (ii) Consideration of other specific reports detailing the outcomes of internal audit work.
  - (iii) Consideration of reports dealing with the performance of Veritau as internal audit provider.
  - (iv) Consideration of reports on the implementation of agreed recommendations or those outstanding recommendations escalated to the Committee in accordance with the approved Escalation Policy.
  - (v) Approval (but not direction) of the annual Internal Audit Plan.
- 4 In relation to the Audit and Governance Committee, the HIA 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 and to make recommendations to address these to the committee
  - (vi) report any significant risks or control issues identified through audit work which the HIA feels necessary to specifically report to the Committee.
- 5 The Head of Internal Audit will have direct access to the chair of the Audit and Governance Committee and may meet privately with the chair or the Committee as necessary, in accordance with the terms of the Privacy and Confidentiality Policy.

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## **Audit and Governance Committee**

21 December 2009

Report of the Assistant Director of Resources (Customer Service and Governance)

## **Follow Up of Audit Recommendations**

### **Summary**

1. This report sets out the progress made by departments in implementing those agreed audit recommendations which were due to have been implemented by 31 October 2009.

### **Background**

2. In June 2006, the Audit and Governance Committee approved the process to be followed in reviewing and reporting on progress made by service departments in implementing agreed internal audit recommendations. In accordance with this process, reports are brought to this Committee every six months summarising the progress which has been made by management, together with details of any outstanding recommendations that require referral to the Committee for further action. This report is based on follow up work undertaken by Veritau. All recommendations are reviewed once their agreed implementation date has passed. The review is carried out using a combination of questionnaires completed by departments, risk assessments, and by further detailed examination by Internal Audit where appropriate.
3. At the Audit and Governance Committee meeting on 31 March 2009, it was also agreed that Internal Audit would review the progress made by management to implement recommendations raised by the external auditor. The results of this review would be included as part of this regular follow up report.

### **Consultation**

4. Details of the findings of follow up work have been discussed with the relevant service managers and chief officers.

### **Follow Up of Internal Audit Recommendations**

5. A total of 157 recommendations were followed up as part of this review. A summary of the priority of these recommendations is included in figure 1, below.

Figure 1: Recommendations followed up as part of the current review

Priority of Recommendations	No. of Recommendations Followed Up
1 (High)	16
2 (Medium)	37
3 (Low)	104
Total	157

6. Figure 2 below provides an analysis of the recommendations which have been followed up, by Directorate.

Figure 2: Recommendations followed up by Directorate

Priority of Recommendations	No. of Recommendations Followed Up by Directorate					
	Chief Executives	City Strategy	HASS	LCCS	Resources	Neighbourhood Services
1 (High)	0	8	7	0	0	1
2 (Medium)	0	9	14	12	2	0
3 (Low)	0	7	6	89	2	0
Total	0	24	27	101	4	1

7. Of the 157 recommendations, 11 (7%) had been superseded (for example by business developments or because of the cessation of service). Of the remaining recommendations, 133 (84.7%) had been satisfactorily implemented.
8. In one case (0.6%), the recommendation had not been implemented fully. This issue is being followed up as part of the current audit of the service area.
9. In a further 12 cases (7.6%), the recommendation had not been implemented. In each case an explanation for the delay in implementing the recommendation was sought. The reasons given by management for the delays were considered to be satisfactory for all the outstanding recommendations (e.g. unexpected difficulties being encountered or implementation being dependent on new systems). Revised implementation deadlines have now been agreed in each case. These will be followed up again after the revised deadline, and if necessary will proceed to the approved escalation procedure.

## Follow Up of Audit Commission Recommendations

### Grant Claim Certification report

10. The Audit Commission report on Grant Claim Certification was presented to this Committee on 21 September 2009. Members raised concerns about the delays in the submission of the Sure Start grant claim, the poor quality of some working papers and sought assurance that the recommendations agreed in the action plan had now been implemented by management.

11. In response to this request, the following response was provided to Internal Audit by the council's Technical Finance Manager:

*The delays in the submission of the Sure Start grant claim has been due to the lack of clarity regarding the submission dates for the Sure Start grant over the last few years, with differing deadlines being circulated by both the DCSF and the AC at various times. LCCS have worked to the deadlines within the Memorandum of Grant as confirmed by the DCSF. The due date for submission of the claim in 2006/07 was 31 July and in 2007/08 was 30 June (not 31 May). Therefore the 2006/07 claim was actually 26 days early (not 35 days late as stated by the Audit Commission) and the 2007/08 claim 82 days late (not 112). For 2008/09, the submission date was brought forward to 31 May but LCCS were not aware of this in sufficient time and the claim was submitted on 22 June (22 days late but earlier than the previous year's deadline). The delay in previous years was as a result of the tight time constraints during this period as a result of the work required for Closure of Accounts, the very complex nature of the grant claim itself and the range of services involved in the claim (including several CYC services, children's centres and schools).*

*Members may wish to note that the additional work undertaken in 2007/08, that delayed the submission of the claim, ultimately enabled an additional £60k of expenditure to be claimed by the council that would otherwise have had to be foregone. The timing of the 2007/08 Audit Commission report which has highlighted this issue will be taken on board by LCCS who will ensure that the standard of the working papers and the timeliness of the return will be in the required parameters for the completion of the 2009/10 claim in May 2010.*

*The recommendations of the Audit Commission report for 2007/08 grant claims was passed to Finance Managers when it was produced in June 2009. However, due to the timing of the report, 6 out of the 10 grant claims for 2008/09 had already been received by the Audit Commission before the report was available. Out of the 10 grant claims to be audited in 2008/09 8 were received by the audit commission on time, the sure start grant claim (as mentioned above) was 22 days delayed and NNDR grant claim 6 days.*

*Finance Managers have confirmed that they are in agreement to the recommendations the Audit Commission have made in Appendix 5 of their report and will take these on board for 2009/10 completion. In addition Appendix 4 - the pre-audit working paper checklist - has been highlighted to Finance Managers for best practice use to ensure the quality of working papers is adhered to by all personnel completing grant claim forms. In future all grant claims will be sent to Corporate Finance to ensure returns are sent to the Audit Commission in a timely manner.*

12. There were no other specific recommendations made by the external auditor which required follow up during the period under review.

## Conclusions

13. The follow up testing undertaken by Internal Audit confirms that in general, good progress has been made by directorates to rectify the weaknesses in control identified in previous audit reports. There are still some areas where work is required to address the recommendations made. This is an ongoing process and therefore progress in implementing these recommendations will be monitored, and reported as required through the escalation procedure. There are no specific issues that need to be brought to the attention of the Audit and Governance Committee at this time.

## Options

14. Not relevant for the purpose of the report.

## Analysis

15. Not relevant for the purpose of the report.

## Corporate Priorities

16. This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. In doing so it contributes to the corporate objective of making the council an Effective Organisation.

## Implications

17. The implications are:
  - **Financial** – there are no financial implications to this report.
  - **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

18. The council will fail to properly comply with the CIPFA Code of Practice for Internal Audit in Local Government if it fails to follow up on audit recommendations and report progress to the appropriate officers and

Members. This in turn would adversely impact on the council's Use of Resources assessment score.

## Recommendations

19. Members of the Audit and Governance Committee are asked to:

- consider the progress made by management in implementing agreed internal audit recommendations as reported above (paragraphs 5 – 9).

Reason

*To enable Members to fulfil their role in assessing the adequacy of the council's internal control environment.*

- consider the progress made by management in implementing recommendations arising from Audit Commission reports received in the period (see paragraphs 10 - 12).

Reason

*To enable Members to fulfil their role in assessing the adequacy of the council's internal control environment.*

## Contact Details

### Author:

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Veritau Limited  
01904 552940

### Chief Officer Responsible for the report:

Pauline Stuchfield  
Assistant Director (Audit & Risk Management)  
Telephone: 01904 551706

Report Approved

Date 7 December 2009

## Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

## Background Papers:

None

## Annexes

None

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## Audit and Governance Committee

21 December 2009

Report of the Assistant Director of Resources (Customer Service & Governance) and the Interim Head of Civic, Democratic & Legal Services

### Review of the Audit & Governance Committee's Terms of Reference (Articles & Functions)

#### Summary

1. This paper asks Audit & Governance members to consider changes to the Committee's Terms of Reference (TOR) as contained in the council's Constitution (described as Articles and Functions) and shown in Annex A. If agreed the changes will be forwarded to full Council for final approval. Council has already approved the Committee's recommendation for an independent adviser as discussed at the meeting of this committee on 21 September 2009. These changes brings the Committee's operation in line with best practice set down by CIPFA and the Audit Commission. The Articles & Functions are contained in the annex to this report with the additions and deletions clearly shown. Most of the recommended changes are minor, although there is one major proposed change which is to remove amendment of the Constitution from Audit and Governance Committee's terms of reference.

#### Background

2. The Committee has specific responsibilities under the Accounts and Audit Regulations 2003, (as amended) for producing a Statement on the System of Internal Control within the Council. The Chartered Institute for Public Finance & Accountancy (CIPFA) has produced best practice guidance on audit committees to support this responsibility.
3. Under the Comprehensive Area Assessment, in the Organisational Assessment (Use of Resources Key Lines of Enquiry), a 'performing well' local authority will have an audit committee which:  
*"is balanced in membership, objective, independent and knowledgeable. The audit committee can demonstrate the positive impact of its work through providing effective challenge across the organisation. This includes providing assurance on the council's arrangements for:*
  - *risk management;*
  - *maintaining effective internal control; and*

- *reporting on financial and other performance.*

*The audit committee can demonstrate it is effectively monitoring progress against any actions to address significant internal control concerns. This includes taking appropriate action to address issues highlighted in internal and external audit reports and other inspectorate reports. The audit committee ensures it is aware of the work undertaken by other committees, for example the scrutiny committee, so it can take account of any significant internal control issues.”*

4. It is with these ‘Level 3’ requirements in mind that the Articles and Functions of the Committee have been reviewed.

### **Recommended Changes**

5. The amendment of paragraph 1.1 of Article 9 relates to the Council decision made on 15 October 2009, to approve the appointment of an independent advisor to the Committee. A person specification for this role is being constructed and a recruitment plan will be discussed with the Chair in time for the start of the 2010/11 municipal year.
6. Further minor amendments reflect that the Assistant Director of Resources (Customer Service & Governance) no longer is the Chief Internal Auditor for the council, in producing the Annual Internal Audit Plans, Reports and related annual opinion. This is now delegated to the Head of Internal Audit who manages the shared internal audit provider, Veritau Ltd.
7. Members are asked to consider a more significant change to the role and responsibilities of the committee in terms of its responsibility to recommend changes to the Constitution to Council as prescribed in paragraph 20. The paragraph has previously been highlighted as unclear (at the meeting of the Committee on 21 September 2009) and as a minimum should be clarified.
8. Audit Commission and CIPFA guidance referred to in paragraphs 2 and 3 above defines an audit committee’s role which is to assess the council’s internal control system objectively and independently. The responsibility in relation to all changes to the Constitution, tends to add volume to the agenda and experience suggests that considerable debate takes place, which can detract the committee from its core business and its ‘independent’ status.
9. To bring the terms of reference in line with best and recommended practice, the proposal therefore is that the constitutional elements of the Audit and Governance Committee is transferred to the Staffing & Urgency Committee which has senior member and proportionate representation. The Audit & Governance Committee would retain responsibility for recommending to Council amendments to Financial Regulations, Contract Procedure Rules and changes to the Policy Framework which relates to the Committee’s functions such as Risk Management Policy & Strategy.

10. Whether this proposal is approved or rejected:

- the Audit & Governance Committee would still have a contribution to make in respect of any proposed changes to a number of Codes, Protocols and Procedures that affect corporate governance such as those contained in paragraphs 12 and 16 in the annex (for example Financial Regulations, Contract Procedure Rules, risk and fraud-related policies).
- The chosen Committee would have the authority to:  
**‘consider proposals to change the council's constitution referred to it by the Executive and officers and where it agrees that amendments to the Constitution are required, to make recommendations to Council as appropriate.’** This would be the replacement for paragraph 20 at Annex A. The intention of this redrafting is to avoid a situation where an individual member can make a recommendation direct to Council without there being any consideration of the impact of the proposed change. Members are under a duty to act on the advice of the s151 and Monitoring Officer and it is important that in something as fundamental to the governance of the Council as the Constitution that changes are not made without due consideration of the impact

### **Consultation**

11. The advice in this report is partly based on Audit Commission/CIPFA guidance as well as officer experience elsewhere where such moves have contributed to the effectiveness, focus and independence of the audit committee. A short survey of audit committee roles and responsibilities was conducted through professional networks and the results shown in Annex B.

### **Options**

12. Members can choose to recommend to full Council to accept/reject any of the individual changes or proposals.

### **Analysis**

13. Not relevant for the purpose of the report.

### **Corporate Priorities**

14. This report contributes to the overall effectiveness of the council's governance and assurance arrangements contributing to an 'Effective Organisation' and seeks to further improve the system of internal control in line with professional audit best practice

### **Implications**

15.  
(a) **Financial** - There are no implications

- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** - There are no implications
- (d) **Legal** - Legal implications have been included in the report
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

### **Risk Management**

16. In having its Audit & Governance Committee continue to deal with constitutional amendments, the council may not be seen to have in place adequate independent scrutiny of its internal control environment and governance arrangements. It will also fail to properly follow best practice requirements, and its Use of Resources score in future CAA assessments could be adversely affected.

### **Recommendations**

17. (a) That Members agree to recommend to Council the amendment to Article 9 in paragraphs 5 and 6 above and that the Interim Head of Civic Democratic and Legal services is delegated to make the necessary drafting changes.

Reason

*To ensure the Committee's Articles and Functions properly and accurately reflect its responsibilities, and those specifically delegated by Council.*

- (b) That Members consider whether to recommend to Council that the Constitution is amended to:

i) transfer responsibility for amending the Constitution from Audit and Governance to Staffing and Urgency Committee.

ii) For Audit and Governance to retain responsibility for proposing amendments to Financial Regulations, Contract Procedure Rules and changes to the Policy Framework which relates to the Committee's functions such as the Risk Management Policy & Strategy, and that the Interim Head of Civic Democratic and Legal services is delegated to make the necessary drafting changes.

Reason

*To ensure that the function of the Committee reflects and meet best practice and professional requirements.*

(c) that whether or not members agree to recommend this change, they agree to amend the existing paragraph 20 of the current terms of reference of Audit & Governance Committee to read: '**consider proposals to change the council's constitution referred to it by the Executive and officers and where it agrees that amendments to the Constitution are required, to make recommendations to Council as appropriate.**' If members agree to recommend the change in responsibility, this change would transfer to the terms of reference to the Staffing and Urgency Committee.

Reason

*To remove the current ambiguity in the interpretation of this paragraph*

**Contact Details**

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**Report Approved**



**Date** 11 December 2009

**Specialist Implications Officers**

Head of Civic, Democratic & Legal Services

**Wards Affected:** Not applicable

**All**

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

**Background Papers:**

Use of Resources 2009/10 – Auditors Guidance (Audit Commission)

**Annexes**

Annex A - Extract from Constitution Parts 2 and 3C (amended)  
Annex B – Audit Committee Remit at Other Councils

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**Pt 2 Articles of the Constitution(Extract)****ARTICLE 9 - THE AUDIT AND GOVERNANCE COMMITTEE****1 Composition**

1.1 The Council will establish an Audit & Governance Committee composed of seven Councillors on a proportionate basis. The Chair of Audit & Governance Committee may not be an Executive or Shadow Executive Member. The Committee will be supported by an appropriately skilled and experienced external independent advisor in a non-voting capacity.

**2 General Role**

2.1 The Audit & Governance Committee is charged with the overall responsibility for governance and will seek to:

- (a) ensure the probity, propriety and lawfulness of all activities and transactions effected in the name of the Council;
- (b) promote value for money in the use of resources;
- (c) help to raise awareness of key aspects of good governance across the organisation, including the role of audit, risk management and effective procurement;
- (d) ensure the Council has sufficiently invested in the internal and external audit functions in accordance with legislative requirements on the Council to do so;
- (e) protect and promote the independence and rights of both the internal and external audit functions to conduct their work and report on their findings without fear or favour;
- (f) liaise as necessary with the Standards Committee on any matter that may be of common concern to both, principally in relation to any matter arising in relation to ethics and/or conduct.

## Pt 3C Responsibility for Functions (Extract)

8.1 The functions of the Audit & Governance Committee are:

### Audit

1. To consider the annual report and opinion of the ~~Assistant Director~~Head of Internal Audit (Customer Service & Governance) including a summary of internal ~~and external~~ audit activity (~~actual and proposed in the relevant accounting period~~) and the level of assurance that can be given over the corporate governance arrangements at the Council and to advise the Executive accordingly.
2. To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Members.
3. To consider reports dealing with the management and performance of ~~the Internal and~~ External Audit functions and the Internal Audit provider.
4. To consider reports from Internal Audit on agreed recommendations not implemented within agreed timescales.
5. 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.*
6. To consider all other relevant reports from the ~~District~~External Auditor as scheduled in the forward plan for the Committee as agreed with the External Auditor or otherwise requested by Members.
7. To comment on the scope and depth of External Audit work and ensure it provides value for money.
8. To liaise with the Audit Commission over the appointment of the Council's External Audit body.
9. To approve the Annual Plans of the Internal Audit ~~Service~~provider and the External Auditor.
10. To commission work from the Internal Audit ~~Service~~provider 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.*

11. To provide advice to the Council on issues arising out of a fraud investigation and report any action which has or ought to be taken by the Council.

### **Governance & Regulatory**

12. To keep under review the Council's contract procedure rules, financial regulations, ~~policy documents and other working protocols and codes of conduct and behaviour related to the purpose of the Committee~~ (not otherwise reserved to the Standards Committee or Staffing and Urgency Committee) and to recommend any changes to Council.
13. To review any relevant issue referred to it by the Chief Executive, S151 Officer, the Assistant Director (Customer Service & Governance), the Monitoring Officer or any other Council body.
14. To consider any reports of the Assistant Director (Customer Service & Governance) referred to the Committee for consideration further to Article 13 of this Constitution.
15. To monitor the effective development and operation of risk management and corporate governance across the Council.
16. To monitor the Council's policies on counter fraud and 'whistle blowing', ~~the Anti-Fraud & Corruption Strategy~~ and to consider any issues referred to it in accordance with the Council's whistle blowing policy and procedures as set out in Part 5 of this Constitution.
17. To oversee the production of the Council's Annual Governance Statement and to recommend its adoption to Full Council. *With respect to the Annual Governance Statement, the Leader's, Chief Executive's, Monitoring Officer's and Section 151 Officer's responsibilities for satisfying themselves with the content and signing on behalf of the Council.*
18. To consider the Council's arrangements for corporate governance and make recommendations about all actions necessary for compliance with best practice to Full Council.
19. To consider the Council's compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.
- ~~20. 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 Head of Civic, Democratic and Legal Services.~~

**Accounts**

204. To review and approve the annual statement of accounts and specifically to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council. |

212. To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts. |

**Audit Committee Remit at other Councils****Annex B**

Gloucestershire	As per CIPFA (Guidance on Audit Committees)
East Riding	As per CIPFA
Lincoln	As per CIPFA
Wakefield	As per CIPFA (but includes ability to recommend amendments on Financial Regulations/Contract Rules to Cabinet)
Harrogate	As per CIPFA Rules (but includes ability to recommend amendments on Financial Regulations/Contract Rules). Is part of Scrutiny arrangements so could make recommendations on constitution to General Purposes sub committee, then on to full Council
Central Bedfordshire	As per CIPFA (but inc ability to recommend amendments on Financial Regulations/Contract Rules / risk management framework).
Leicestershire	As per CIPFA (but inc ability to recommend amendments on Financial Regulations/Contract Rules). Have separate Constitution Committee
Warwickshire	As per CIPFA plus is the Standards Committee (inc ability to recommend amendments on Financial Regulations/Contract Rules but nothing else).
Barnsley	As per CIPFA (but inc ability to recommend amendments on governance related policies etc specifically related to the Committee).  Amendments can be recommended by Audit Committee, Standards Committee or Cabinet.
Bradford	“Maintain an overview of the Councils Corporate Governance Framework, Constitution and the partnership arrangements.”

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**Audit & Governance****21 December 2009**

Report of the Director of Resources

**International Financial Reporting Standards (IFRS) Update****Summary**

1. The purpose of this report is to update Members of the progress being made on implementing the statutory required changes in financial reporting from UK General Accepted Accounting Practice (GAAP) to International Financial Reporting Standards (IFRS)
2. In accordance with the Local Authority Accounting Practice (LAAP) Bulletin 80 – Implementation of IFRS - Local Authorities are advised to discuss the implications of IFRS with those responsible for governance arrangements and update them throughout the implementation process.
3. Building on last years closure of accounts process, it is essential that a structured transition to IFRS is managed and controlled successfully in City of York Council; and that the A&G committee receive reports to enable them to gain assurance that the matter is being managed efficiently.

**Background**

4. A report introducing the implementation of IFRS was presented to Members of A&G committee on 21 September 2009 and further updates will be available on a quarterly basis. The change in financial reporting to IFRS will be fully implemented in the 2010/11 Statement of Accounts, to be reported to A&G by 30 June 2011. The need to include comparative information for 2009/10 in the first IFRS-based Statement of Accounts means that the effective date of transition is at 1 April 2009 and the 2009/10 accounts will need to be restated in IFRS format.
5. Early planning and preparation are essential to ensuring a smooth conversion to IFRS. It has been agreed with the Audit Commission that the balance sheet (one of the core statements in the Statement of Accounts) for the 1 April 2009 will be restated, to commence the conversion process, by the beginning of March 2010.
6. In order to achieve this, the more involved “significant” areas of change for IFRS (as described in the report to A&G on 21 September 2009) are currently being reviewed and progress on these areas are detailed below. The significant changes are:
  - i. First time adoption
  - ii. Increased disclosure requirements
  - iii. Segmental reporting
  - iv. Private Finance Initiatives

- v. Leases
- vi. Assets – Infrastructure, Tangible, Intangible
- vii. Investment properties
- viii. Employee benefits
- ix. Group Accounts

7. The first 3 significant changes listed above do not affect the initial restatement of the 1 April 2009 balance sheet so priority has currently been given to the development of other areas. In addition the IFRS guidance notes are to be issued by CIPFA during December 2009 and this guidance will give clarity as to the specific requirements for segmental reporting, disclosure requirements and first time adoption.
8. The accounting treatment for Private Finance Initiatives has changed under UK GAAP for the Statement of Accounts 2009/10. These changes are compliant under IFRS. The required regulation control tests are being applied to the schools PFI to determine if the asset will be included on the balance sheet in future. Also in order to incorporate this change in accounting treatment the unitary charge currently made to the developer is being identified into capital, finance and service elements. By introducing this change in the Statement of Accounts 2009/10, this assist Local Authorities in the goal to achieve the required IFRS implementation.
9. Leases is an area that involves all directorates across the Council. Departments are being engaged from corporate finance through departmental finance teams. A proforma has been designed to collate the relevant information to assess the categorisation of a lease whether it is a finance lease or operating lease. Service contracts are also being looked at. In the past contracts did not form part of the lease definition however under the new IFRS regulations a wider scope definition is used to identify leases and more emphasis is being placed on service contracts and how assets are being used to deliver a service. The key to the collation of this data is collaborative working across the Council's directorates and to date a positive response has been received.
10. Assets and investment properties – Corporate finance are working in conjunction with property services to verify that plant, property and equipment values are correct for IFRS purpose, determine whether assets are categorised correctly, to ensure that the accounting treatment of revaluations an impairment losses are revised and that surplus assets are reclassified in the balance sheet from fixed assets to current assets as asset available for sale.
11. Employee benefits, along with leases is an area that involves all directorates across the Council. Corporate finance has met with the Audit Commission and agreed a sampling approach to collect the required data from all departments. It is necessary to collate the number of annual leave days that have not been taken in a financial year and apply this to the salary bill to quantify a monetary value of untaken leave days that can be included in the accounts. This data is also required for flexi time. At this stage consultation with HR has occurred and the process will now be cascaded through departments.
12. Group accounts are reviewed every year under UK GAAP to identify those organisations that City of York Council has an interest in. For the 09/10 Statement of Accounts Yorwaste and Veritau will both be grouped for the first time. Under IFRS, the regulations as to

grouping an organisation have changed and therefore there is now a wider scope where organisations will be required to be grouped when they did not have to be before. Corporate finance is currently working in collaboration with North Yorkshire County Council as to the procedures and processes they have in place for grouping Yorwaste and the future IFRS requirements.

### **Consultation**

13. The report shows that over the past 3 months the key to the preparation of IFRS is collaborative working with all departments across the authority, particularly the engagement with property services and HR. Corporate Finance are presenting to all finance staff across the authority in mid December to ensure that they are aware and understand the change in accounting regulation to IFRS. Corporate finance are also consulting with other Local Authorities and attended a discussion forum in November with other North Yorkshire Councils which is to meet on a regular basis going forwards.

### **Options**

14. It is a statutory requirement to introduce IFRS into local authority accounts for the financial year 2010/11. No alternative options are available.

### **Corporate Priorities**

15. The Authority will need to comply with IFRS as financial reporting is one of the measures in the Use of Resources score forming part of the Comprehensive Area Assessment

### **Implications**

16. The implications are
  - Financial - there are no financial implications to this report as the project work is being undertaken by existing resources in corporate finance and also across departments.
  - Human Resources - there are no human resource implications to this report
  - Equalities - there are no 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 as only current IT available is being utilised.
  - Property –are no property implications to this report
  - Other - there are no other implications to this report

### **Risk Management**

17. There is a risk to the authority if the Statement of Accounts 2010/11 are not in accordance with IFRS requirements. It is a statutory obligation, with ultimate government action if there is none compliance.

### **Recommendations**

18. That Audit & Governance Committee note the positive progress contained in this report and recognise the continuing work being undertaken for a smooth transition to IFRS.
19. Reason: That those responsible for governance arrangements are updated on a regular basis to ensure that the implementation of IFRS is proceeding in a timely manner for 30 June 2011 implementation.

**Contact Details**

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**Chief Officer responsible for the report:**

Keith Best  
Assistant Director of Resources (finance)

Ian Floyd  
Director of Resources  
Report  Date  
approved

**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 Working Papers**

IFRS information produced by CIPFA



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**Audit and Governance Committee**

21 December 2009

Report of the Assistant Director of Resources (Customer Service and Governance)

**Annual Review of the Effectiveness of the System of Internal Audit****Summary**

- 1 This report seeks Members' views on the future arrangements for undertaking the review the effectiveness of the system of internal audit.

**Background**

- 2 The Accounts and Audit Regulations 2003, as amended, now require each local authority to conduct an annual review of the effectiveness of its system of internal audit, and to report the findings of this review to an appropriate committee. The changes came into effect from 1 April 2006 onwards. The process is intended to form part of the wider review of the effectiveness of the system of internal control which supports the preparation of the Annual Governance Statement.
- 3 All local authorities have a statutory requirement to make provision for internal audit in accordance with proper standards of professional practice, as set out in the CIPFA Code of Practice for Internal audit in Local Government. Internal Audit is defined as an assurance function that provides an independent and objective opinion to the organisation on the effectiveness of the control environment. As such Internal Audit forms an essential part of the council's corporate governance arrangements.
- 4 For 2008/09, the review of the effectiveness of the system of internal audit was conducted by the Officer Governance Group and the results were reported to this Committee on 29 June 2009. It was concluded that the system of internal audit was working well and that the council's arrangements for internal audit following accepted best practice.

**Proposed Arrangements for the Review of Effectiveness**

- 5 The review of the effectiveness of internal audit should be performed annually. The Committee is therefore asked to consider how best to undertake this exercise for 2009/10 and for future years.

- 6 The past year has seen a significant amount of work undertaken to establish the shared internal audit and counter fraud service with North Yorkshire County Council. One of the main outcomes of this process has been the establishment of a new company, Veritau Limited, jointly owned by the two councils. Responsibility for service provision formally transferred to the new company on 1 April 2009. For 2009/10 onwards, internal audit and counter fraud services will be provided to the council in accordance with a service agreement. As part of this change process both councils have established client arrangements to monitor the delivery of the service. To ensure consistency and to avoid unnecessary duplication the two client officers undertake joint contract monitoring through a Shared Service Contract Board (SSCB). The SSCB meets on a regular basis to review the performance of the company against agreed targets, professional standards and other benchmarking information.
- 7 To maintain independence, it is proposed that the SSCB should undertake the annual review of the effectiveness of the system of internal audit but that this review should be overseen by the chairs of Audit Committee from the two councils. The review will include consideration of the results of:
- any Audit Commission review and/or other external inspections of the work performed by Veritau during the year;
  - the annual self assessment performed against the CIPFA Code of Practice;
  - the performance of Veritau against the agreed targets for the year;
  - customer satisfaction surveys and similar feedback;
  - any benchmarking data.
- 8 For this year, it is proposed that the review will be undertaken in February and March 2010 with the results reported to the next meetings of the two council's Audit Committees. For York, this would mean reporting the results of the review to the meeting of this Committee in April 2010.
- 9 The approach set out in this report has been considered by the Audit Committee at NYCC and agreed.

## **Options**

- 10 This report is for consultation purposes. If the approach set out in the report is not considered to be appropriate then Members are asked to suggest alternative methods for conducting the review.

## **Analysis**

- 11 Not relevant for the purpose of the report.

## Corporate Priorities

- 12 This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. In doing so it contributes to the corporate objective of making the council an Effective Organisation.

## Implications

- 13 The implications are:
- **Financial** – there are no financial implications to this report.
  - **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

- 14 The council will fail to properly comply with the Accounts and Audit Regulations 2003 if it fails to complete the annual review of the effectiveness of the system of internal audit. This in turn could adversely impact on the council's Use of Resources assessment score.

## Recommendations

- 15 Members of the Audit and Governance Committee are asked to:
- consider the process for conducting the annual review of the effectiveness of the system of internal audit;
  - agree that future reviews should be undertaken by the Shared Service Contract Board (SSCB) with the process overseen by the chair of the Audit Committee. The results of the review will then be reported to the next meeting of this Committee.

### Reason

*To enable Members to fulfil their role in assessing the adequacy of the council's internal control environment.*

**Contact Details**

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**Chief Officer Responsible for the report:**

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**Report Approved**

**Date** 7 December 2009

**Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

**All**

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

**Background Papers:**

- Accounts and Audit Regulations 2003
- Accounts and Audit (Amendments) (England) Regulations 2006
- CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006

**Annexes**

None