



Tuesday, 17 May 2016

## **AUDIT COMMITTEE**

A meeting of **Audit Committee** will be held on

**Wednesday, 25 May 2016**

commencing at **2.00 pm**

The meeting will be held in the Meadfoot Room, Town Hall, Castle Circus,  
Torquay, TQ1 3DR

### **Members of the Committee**

Councillor Bent  
Councillor Darling (S)  
Councillor O'Dwyer

Councillor Robson  
Councillor Stocks  
Councillor Tyerman

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**A prosperous and healthy Torbay**

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For information relating to this meeting or to request a copy in another format or language please contact:

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# AUDIT COMMITTEE AGENDA

1. **Election of Chairman/woman**  
To elect a Chairman/woman for the 2016/2017 Municipal Year.
2. **Appointment of Vice-Chairman/woman**  
To appoint a Vice-Chairman for the 2016/2017 Municipal Year.
3. **Apologies**  
To receive any apologies for absence, including notifications of any changes to the membership of the Committee.
4. **Minutes** (Pages 4 - 8)  
To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 23 March 2016.
5. **Declarations of interests**
  - (a) To receive declarations of non pecuniary interests in respect of items on this agenda  
**For reference:** Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.
  - (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda  
**For reference:** Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.  
  
(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)
6. **Urgent Items**  
To consider any other items that the Chairman decides are urgent.
7. **Performance and Risk** (Pages 9 - 37)  
To consider a report that presents the Performance and Risk dashboards.
8. **Annual Governance Statement 2015/2016** (Pages 38 - 53)  
To consider the draft Annual Governance Statement for 2015/2016.

- 9. Planned Audit Fee for 2016/2017** (Pages 54 - 57)  
To note the above.
- 10. Audit Committee Update** (Pages 58 - 76)  
To note a report on progress Grant Thornton has made in delivering their responsibilities as the Council's external auditors.



## Minutes of the Audit Committee

23 March 2016

-: Present :-

Councillor Tyerman (Chairman)

Councillors Bent, O'Dwyer (Vice-Chair) and Stocks

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### 28. Apologies

Apologies for absence were received from Councillor Stringer and Alex Walling of Grant Thornton.

### 29. Minutes

The Minutes of the meeting of the Audit Committee held on 20 January 2016 were confirmed as a correct record and signed by the Chairman, subject to minute 23/01/2016 (ii) be amended to 25 years.

### 30. Urgent Items

The Committee considered the item in Minute 31, and not included on the agenda, the Chairman being of the opinion that they were urgent by reason of special circumstances i.e. the matter having arisen since the agenda was prepared and it was unreasonable to delay a decision until the next meeting.

### 31. Children's and Adult Services Working Party

Members considered a report of the Children's and Adult Services Working Party, the report set out a number of recommendations for the Audit Committee and the Executive Director of Operations and Finance.

Resolved:

- (i) That the Executive Director of Operations and Finance be requested to confirm acceptance of the following recommendations and the action taken to implement these recommendations:
  1. The continued creation and evaluation of plans to effect changes to working practises amongst social workers designed to both improve outcomes and reduce costs in the medium and long term.
  2. The continuing evaluation of the benefits of employing teams to ;

- a) actively impact our provision of services to children on the edge of care with a view to preventing them needing to be taken into care and
- b) actively work with children and the families of children in care to enable them to leave the care system and return home.
3. The creation of a bottom up Safeguarding cost budget for 2016/17.
  4. Evaluation of this bottom up budget by the Director of Children Services, Service Heads, Executive Lead and Audit Working Party with aim of achieving the maximum viable placement cost saving against current year and substantial reductions in non placement cost.
  5. Agreement and commitment to the Budget being delivered by Service Heads within Children's Services.
  6. Carry out a number of benchmarking evaluations to see how Torbay compares with other authorities.
  7. Evaluation of work programs to determine a viable rate of progress in reducing Children Looked After numbers and continuing the mix changes to lower cost placements over the next 2 to 5 years. This will inform the construction of a new plan identifying the impact of which various work programs will play in achieving the plan and should explain how partnership working will contribute to those goals. The new plan will conclude with a consideration of the funding mechanism needed to support the plan.
  8. The creation of a new cost evaluation and reporting system for safeguarding budgets with monthly reporting of actual costs incurred in running the services. This should be designed to permit managers and members to hold the service to account in achieving financial goals and making progress towards achievement of all elements of the plan.
  9. Consider, possibly in consultation with the Integrated Care Organisation, how a general improvement can be introduced into the management of Children's services with a recognition of the need for navigation of our service and cost improvement needs.
  10. A detailed programme of performance monitoring generally, and specifically of the revised plan, by each of the following;
    - Children's Services
    - Senior Leadership Team
    - Executive Lead for Children and Adults
    - Overview and Scrutiny.so as to ensure appropriate challenge to Children's Services going forward.

11. Consideration of how the recommendations of this report fit with the Ofsted Improvement Plan, with the same being acted upon with sufficient pace.

(ii) that the following recommendation for the Audit Committee be approved:

That the Audit Committee assist in a benchmarking exercise looking at:

- Numbers and sources of referrals
- Numbers of initial assessments undertaken
- Numbers of core assessments
- Numbers of children who are the subject of Child Protection Plans

## 32. Performance and Risk

Members noted a report that presented January's Performance and Risk Dashboards and highlighted areas for review, challenge and possible further investigation. The Policy, Performance and Review Manager informed Members that the Senior Leadership Team (SLT) receive information on a monthly basis and have requested recovery plans for specific areas such as agency staff costs. Members were advised that as a result of feedback summary information would be included at the beginning of the dashboards, with graphs depicting data for previous years in order to identify trends.

Members sought reassurance that the performance and risk indicators were aligned with the Corporate Plan and as a result of SLT monitoring the data whether any had changed. Members were assured that the data was aligned with the Corporate Plan, with SLT suggesting new indicators and more regular data sources.

Members felt the dashboards did not include many 'happy' indicators that could balance the issues and give a better impression of Torbay and Torbay Council.

The Head of the Devon Audit Partnership complimented the data provided, advising that the format of the report was the best he had seen.

Members proceeded to undertake a 'deep dive' on the number of data breaches for which a recovery plan had been submitted. In order to debate the issue fully, Members resolved:

That the press and public be formally excluded from the meeting on the grounds that the remainder of the item involved the likely disclosure of exempt information as defined by paragraphs 1 and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

Members considered the recovery plan which set out the meaning of a data breach, examples of a data breach and examples of what action can be undertaken to ensure the indicator is back on track. Members challenged whether

it should take a year to complete the targeted training and whether the resources were in place to support such an action.

### **33. Internal Audit Plan 2016-17**

Members noted the Internal Audit Plan which had been compiled in accordance with The Accounts and Audit (England) Regulations 2015 and the Public Sector Internal Audit Standards. The plan is formulated using a risk based approach, taking into account organisational changes and corporate objectives. The Head of Devon Audit Partnership advised Members that the plan for 2016/17 had been structured with a 10% reduction in coverage days, however coverage days wasn't the only measure of assurance. Members were advised that the reduction follows on from previous requests for savings, such requests were now impacting upon the level of coverage. Members were reminded that the coverage days were not the only measure as there was also the Annual Governance Statement and other documents that would also provide a measure of assurance. The Head of Devon Audit Partnership felt the plan was achievable with the days allocated.

Members questioned whether the role of internal audit was being used to fill gaps in capacity and what value there was to the Transformation Programme being allocated 45 days. The Head of Devon Audit Partnership explained that he and his colleagues possessed the skills to help organisations move forward, looking at controls that were in place and identifying areas that could go wrong. Internal Audit can assist the Transformation Programme by being the 'critical friend' when developing business cases and understanding the risks as a service transforms.

### **34. Internal Audit Strategy**

Members noted the Internal Audit Strategy; the strategy is a high-level statement of how the internal audit service will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisational objective and priorities.

### **35. Internal Audit Charter**

The Audit Committee noted the Internal Audit Charter which formally described the purpose, authority, and principal responsibilities of the Council's Internal Audit Service.

### **36. The Audit Plan for Torbay Council**

The Committee noted the Audit Plan for Torbay Council, when the Council's external auditors plan their audits, they need to understand the challenges and opportunities the Council faces, and they also take account of the impact of key developments in the sector and national audit requirements. Mark Bartlett of Grant Thornton advised Members that a section on Materiality had for the first time been included in the report and the significant risks had been documented differently following guidance from the regulators.

Members were also advised that the Value for Money (VFM) approach had been refreshed, with guidance identifying one single criterion supported by three sub-criteria which are:

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

An initial assessment had been undertaken to identify significant risks such as the Ofsted inspection of Children's Services and informed decision making, with these areas being subject to further work.

Members were pleased to note that the fee for the 2015/2016 audit had reduced by 25% and that following the interim audit there were no issues arising, and therefore no action plan.

### **37. Audit Committee Update for Torbay Council**

Members noted the submitted report which set out the progress made by Grant Thornton in delivering their responsibilities as the Council's external auditors.

Members paid particular attention to changes in accounting for the Highways Network Asset, with concerns raised regarding the implementation of these changes. Members were advised that the process was being closely monitored by the Joint Operations Team and Highways Management Team as there was considerable work and information required in order to form an overall figure.

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Chairman/woman





**Meeting: Audit Committee**

**Date: 25 May 2016**

**Wards Affected: All**

**Report Title: Performance and Risk**

**Is the decision a key decision? No**

**When does the decision need to be implemented? N/A**

**Supporting Officer Contact Details:** Jo Beer, Policy, Performance and Review Manager, [joanne.beer@torbay.gov.uk](mailto:joanne.beer@torbay.gov.uk), ext 7894.

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## **1. Proposal and Introduction**

- 1.1 The purpose of this report is to present May's Performance and Risk dashboards (appendix 1) and highlight areas for review, challenge and possible further investigation.
- 1.2 The issues and challenges highlighted below have been identified by the PPR team, the Audit Committee are asked to identify areas which they would like to investigate further at their next meeting.
- 1.3 For areas which have been identified for further investigation and review recovery plans will be sent to the relevant SLT member for completion.

## **2. Highlight Report**

- 2.1 It is important to note that across the performance measures there is variety in the frequency of reporting, time lag and the reporting periods e.g. some data is annual, some is quarterly and some monthly, some report over a two year period, some report for the month while others may report rolling averages or cumulative totals. This is identified against each indicator.
- 2.2 Areas of good performance to note:
  - Total recorded crime was down on the previous year end 8,586 recorded incidents in 2015/16 to 8,988 in 2014/15.
  - Average time for children entering the care system to moving in with an adoptive family is lower than the target set; 390 days against the target of 487.
  - The number of children subject to child protection was at its lowest in March 2016 at 135.
  - Number of permanent care home placements has fluctuated slightly throughout the year, although has remained on target (635 against target of 635).
  - The number of repeat safeguarding referrals for adult safeguarding in the last 12 months is lower than target (4.87% against target of 8%).
  - The proportion of stage 1 complaints dealt with on time has increased to 83%.

<b>Attractive and Safe Place</b>	
<b>Issue / Risk</b>	<b>Challenge</b>
Risk – ASPR03 Increasing cost of highways improvements and maintenance	<ul style="list-style-type: none"> <li>• If the Asset Management Plan prioritises preventative maintenance and the budget is available then should the risk have reduced and the probability brought down to a possible?</li> </ul>
Risk – ASPR06 Reduction in police funding and possible cost shunt from to the Council	<ul style="list-style-type: none"> <li>• Do we know how much police budgets are being reduced by?</li> <li>• In which case is the risk probability still justifiably a 'likely'?</li> <li>• Are there any specific departments were this would have a greater impact?</li> </ul>
A review of the PIs and Risks for this dashboard has taken place and will be updated for April's report.	
<b>Promoting Healthy Lifestyles</b>	
<b>Issue / Risk</b>	<b>Challenge</b>
Risk - PHLR01 Pandemic	<ul style="list-style-type: none"> <li>• What do the emergency plans cover? Do they also cover how the council would function cope with increased staff sickness in such an event?</li> <li>• Does the probability of a pandemic change throughout the year, especially if the biggest risk is flu? Should the probability be downgraded in summer months?</li> </ul>
<b>Prosperous Torbay</b>	
<b>Issue / Risk</b>	<b>Challenge</b>
No issues to raise	
<b>Protecting all Children</b>	
<b>Issue / Risk</b>	<b>Challenge</b>
<p>Previous data which has been published has changed for the following indicators:</p> <ul style="list-style-type: none"> <li>• <u>Referrals to Children's Safeguarding Service</u> – a significant increase on the figures previously presented, explanation provided is that there was an issue with a scheduled report which produced figures that are considered to be incorrect.</li> <li>• <u>Vacancy rate for social work staff</u> – again the data provided shows an increase on the previous figures, this has been explained as the data has been updated in line with verified data from finance.</li> </ul>	<ul style="list-style-type: none"> <li>• What reassurance is required that the reports and figures produced are correct and are presenting an accurate picture of the demand on children's social care service?</li> <li>• In relation to the changes to the vacancy rate for social work staff? Why the delay in verification and how does the discrepancy come about?</li> </ul>
Smoking status of mothers at time of delivery remains higher than the national value 16.1% compared to 11.4%.	<ul style="list-style-type: none"> <li>• What influence does the Council have over this?</li> <li>• How are we working cross council and cross partners to reduce this number?</li> </ul>
Smoking prevalence at age 15 (regular smokers) remains higher than the national value 10.4% compared to 5.5%.	<ul style="list-style-type: none"> <li>• What influence does the Council have over this?</li> <li>• How are we working cross council and cross partners to reduce this number?</li> </ul>

Risk – PCR01 Increased demand for services.	<ul style="list-style-type: none"> <li>• How will the mitigations reduce demand for services?</li> <li>• Are there any factors which could impact on the success of the partnership approach?</li> <li>• Is the risk reduced following the mitigation rather than accepted?</li> </ul>
Risk – PCR03 Delivery of TPST and Integrated Care Organisation.	<ul style="list-style-type: none"> <li>• The description should change to reflect the risk of the not being able to deliver the move to the ICO based on our improvement programme.</li> <li>• The mitigation should be updated to reflect an update on what is happening at the ICO working group.</li> <li>• In which if we are improving and the ICO working group are involved then is the risk reduced</li> </ul>
<b>Protecting Vulnerable Adults</b>	
<b>Issue / Risk</b>	<b>Challenge</b>
No issues to raise	
<b>Running an Efficient Council</b>	
<b>Issue / Risk</b>	<b>Challenge</b>
Agency staff costs remains significantly higher than target. £2,718,190 cumulative as at January 2016.	<ul style="list-style-type: none"> <li>• What plans are in place to bring this spend down?</li> <li>• What monitoring of these plans takes place?</li> </ul>
All risks need to be reviewed and updated	<ul style="list-style-type: none"> <li>•</li> </ul>

### 3. Performance and Risk Review

3.1 The performance indicators and risks for the attractive and safe dashboard have recently been reviewed and for 2016/17 the following performance indicators and risks will be presented on the dashboards:

<b>Performance Indicators</b>	<b>Risks</b>
Domestic violence incidents	Increase in Crime – performance to be included in the description including ASB
MARAC Repeat Referrals	Unsustainable funding for Domestic Abuse services
MARAC Referrals	Increased demand on housing services
The percentage of households that experience fuel poverty based on the "Low income, high cost" methodology	Failure to meet statutory thresholds
How long people stay in temporary accommodation	Increasing cost of highways improvements and maintenance
Numbers in Temporary accommodation (monthly)	Cliff and Sea defence failures through storm/ lack of maintenance
Numbers on the housing waiting list	Increasing cost of waste disposal
Number of people statutorily housed	Reduction of Police funding and possible cost shunt to the council

Number of 16 to 18 year olds statutorily housed	Reduction in funding for sport and leisure services
Residual household waste per household	Lack of appropriate and effective business continuity plans in the event of a large scale emergency
Percentage of household waste sent for reuse, recycling and composting (LAA)	
Percentage of municipal waste land filled (LAA)	
NI195 Improved Street and Environmental Cleanliness (needs to be reviewed to bring together four existing indicators)	
Performance of energy from waste plant over threshold of waste sent	

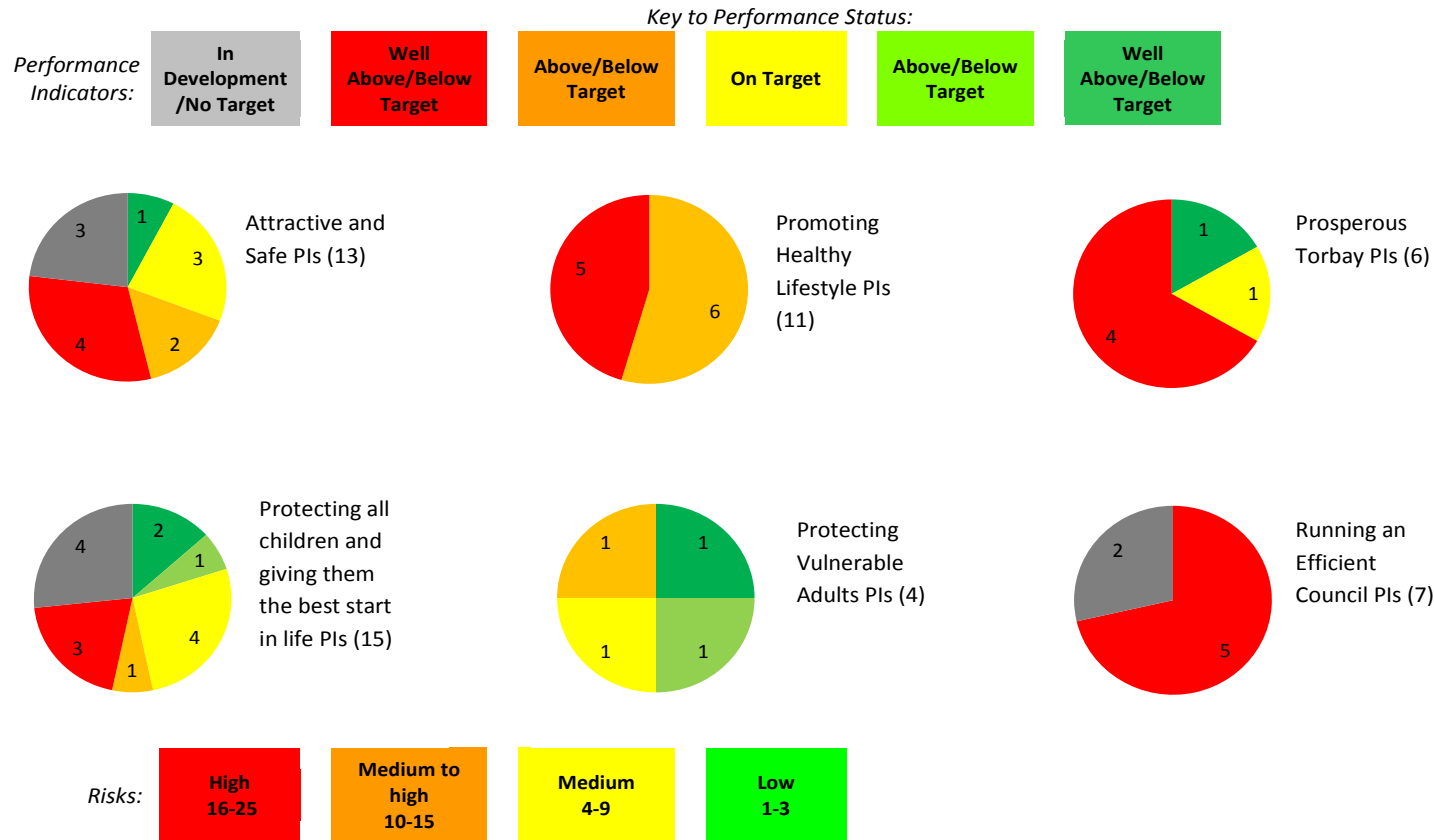
## Appendices

Appendix 1: Performance and Risk Dashboards

Appendix 2: Smoking and Breastfeeding Indicators: Local Authority Comparison

Appendix 3: Public Health Framework Indicators – Explanation and Narrative (to Follow)

# Performance and Risk Report March 2016



The risks in this report are high level strategic risks aligned to the Corporate Plan. This report enables the council's Senior Leadership Team (SLT) to be able to review and challenge the council's risks on a regular basis and identify improvement actions or mitigations required. Business units will continue to develop and manage their own risk measures aligned to their specific service areas. These business unit risks will be reported by exception to SLT, therefore the current risks listed within this report may be exchanged for others in the future.

## An Attractive and Safe Place

### Attractive and Safe: Performance Indicators

Code	Title	Polarity	Status	Prev Year End	Annual Target	Quarter 1 2015/16	Quarter 2 2015/16	Quarter 3 2015/16	Quarter 4 2015/16	Cumulative to date
ASPI01	<a href="#">Housing conditions The number of Category 1 hazards identified following household/housing unit visits.</a>	It's better to be low	Well below Target	121	121	13	8	17	39	77
ASPI02	<a href="#">Recorded crime</a>	It's better to be low	On Target	8,988	8,988	2,266	2,176	2,093	2,051	8,586
ASPI03	<a href="#">Violent crime</a>	It's better to be low	Above Target	2,635	2,635	718	734	757	691	2,900
ASPI04	<a href="#">Domestic violence incidents</a>	It's better to be low	On Target	3,481	3,481	878	842	856	827	3,043
Code	Title	Polarity	Status	Prev Year End	England Value					Last period value
ASPI05	<a href="#">Number of individuals sleeping rough</a>	It's better to be low	Well Above Target	17	5	2015				21
PHOF1.0 4WDH	<a href="#">First time entrants to the youth justice system</a>	It's better to be low	Well Above Target	416	409	2014				585
PHOF1.1 7WDH	<a href="#">The percentage of households that experience fuel poverty based on the "Low income, high cost" methodology</a>	It's better to be low	Well Above Target	9.8%	10.4%	2013				12.8%
ASPI06	<a href="#">How long people stay in the "in most need" band of the Housing Register</a>									
ASPI07	<a href="#">MARAC Repeat Referrals</a>					25	34	25	28	112
	<a href="#">MARAC Referrals</a>					73	87	61	80	301

Code	Title	Polarity	Status	Prev Year End	Annual Target	Quarter 4 14/15	Quarter 1 15/16	Quarter 2 15/16	Quarter 3 15/16	Last period value
NI191	<a href="#">Residual household waste per household</a>	It's better to be low	On Target	117kg	120kg	117kg	133kg	133kg	126kg	126g
NI192	<a href="#">Percentage of household waste sent for reuse, recycling and composting (LAA)</a>	It's better to be high	Below Target	42.54%	46.00%	42.54%	44.24%	44.04%	43.01%	43.01%
NI193	<a href="#">Percentage of municipal waste land filled (LAA)</a>	It's better to be low	Above Target	59.36%	5.00%	59.36%	19.13%	9.56%	6.68%	6.68%

# An Attractive and Safe Place: Performance of Monthly and Quarterly PIs





## Attractive and Safe: Risks

Code	Title	Score	Last Review Date	Probability Score	Impact Score	Risk Owner	Description	Mitigation	Is Risk Reduced or Accepted?
ASPR01	<a href="#">Increased demand on housing services</a>	Medium to high (12)	29/04/16	4 - Likely	3 - Moderate	Fran Hughes	Increased usage of in particular B & B on a spot purchase basis will impact on budget.	Alternative provision is being explored i.e. Public Sector Leasing PSL. Feasibility studies and business case being completed.	Accepted
ASPR02	<a href="#">Failure to meet statutory thresholds</a>	High (16)	29/04/16	4 - Likely	4 - Major	Fran Hughes	Standards are predominantly with Food Standards also some H & S and Trading standards, report by exception.	Maintain sufficient resilience within teams providing statutory services to meet thresholds	Accepted
ASPR03	<a href="#">Increasing cost of highways improvements and maintenance</a>	Medium to high (12)	21/04/16	4 - Likely	3 - Moderate	Fran Hughes	If costs increase for highways maintenance and improvements this will impact on the Authority's ability to meet its statutory duties to maintain the highway in a safe condition and leading to further deterioration of the condition of the asset and increased compensation claims against the Authority.	Asset Management Plan in place to ensure that available budget is managed effectively. The Asset Management Plan has a particular priority to preventative maintenance. Preventative maintenance has been increased, however this is under threat in future years due to levels of likely budget cuts.	Accepted
ASPR04	<a href="#">Cliff and Sea defence failures through storm/ lack of maintenance</a>	Medium to high (12)	22/04/16	3 - Possible	4 - Major	Fran Hughes	If there is a breach failure of the sea defence or rock falls from the cliff this necessitates emergency repair works as there is potential for roads to be closed, properties to be lost, risk of pollution and the loss of life.	Continue maintenance and apply for capital funding from council and grant aid funding from Environment Agency. Part of Oddicombe Cliff has recently been stabilised. A rock fall at Goodrington has recently occurred and as a result further stabilisation works will be required in the autumn. Investigations are currently being carried out by the Council's Geotechnical Consultant on the cliffs at Freshwater Quarry where stabilisation works will be required once funding is available. These works are likely to be required in the autumn due to birds nesting on the cliffs. A number of coastal defence schemes are on the Environment Agency medium term plan which covers the next 6 years. One of these is at Hollicombe Cliffs and a project appraisal report has recently been approved by the EA to for £1.2million of grant in aid funding. Detailed design works are underway and the scheme should commence on site in late October 2016.	With mitigation works the risk is reduced however areas where we have not undertaken any works are still at risk as we cannot predict where rock falls are likely to occur.
ASPR05	<a href="#">Increasing cost of waste disposal.</a>	Medium to high (12)	29/04/16	3 - Possible	4 - Major	Fran Hughes	This presents one of the biggest financial risks to the authority.	Contract review being undertaken	Accepted
ASPR06	<a href="#">Reduction of Police funding and possible cost shunt to the council</a>	High (20)	29/04/16	4 - Likely	5 - Critical	Fran Hughes	A risk of reduction to police finding resulting in a possible cost shunt to the council	Ensure that a robust Community Safety Partnership remains in place to identify and address escalating issues.	Accepted

## Promoting healthy lifestyles

### Promoting healthy lifestyles: Performance Indicators

Code	Title	Polarity	Status	Prev Year End	England Value		Last period value
PHOF2.0 6iHI	<a href="#">Excess weight in 4-5 and 10-11 year olds – 4-5 year olds (Per 100,000)</a>	It's better to be low	Well Above Target	25.3%	21.9%	2014/15	24.1%
PHOF2.1 5iHI	<a href="#">Successful completion of drug treatment – opiate users</a>	It's better to be high	Below Target	8.4%	7.8%	2014	7.4%
PHOF2.1 8FHI	<a href="#">Admission episodes for alcohol related conditions –narrow definition (Female) per 100,000</a>	It's better to be low	Well Above Target	594	475	2013/14	642
PHOF2.1 8iHI	<a href="#">Admission episodes for alcohol related conditions –narrow definition (Male) per 100,000</a>	It's better to be low	Well Above Target	1,070	835	2013/14	1,102
PHOF2.2 2vHI	<a href="#">Cumulative % of the eligible population aged 40-74 received an NHS Health Check</a>	It's better to be high	Below Target	n/a	18.6%	2013/14 - 2014/15	16.8%
PHOF2.1 4HI	<a href="#">Smoking Prevalence</a>	It's better to be low	Well Above Target	17.5%	18.0%	2014	19.9%
PHOF2.1 3iHI	<a href="#">Percentage of physically and inactive adults - active adults</a>	It's better to be high	Below Target	52.8%	57.0%	2014	52.4%
PHOF2.1 3iiHI	<a href="#">Percentage of physically and inactive adults - inactive adults</a>	It's better to be low	Well Above Target	32.7%	27.7%	2014	34.2%
PHOF2.1 2HI	<a href="#">Excess weight in adults - Percentage of adults classified as overweight or obese</a>	It's better to be low	Above Target	n/a	64.6%	2012-2014	68.1%

Code	Title	Polarity	Status	Prev Year End	England Value		Last period value
PHOF0.2i VMOI	<a href="#">The gap between life expectancy at birth in Torbay and life expectancy at birth for England: Male</a>	It's better to be high	Below Target	-0.3	0.0	2012-2014	-0.5
PHOF0.2i VFOI	<a href="#">The gap between life expectancy at birth in Torbay and life expectancy at birth for England: Female</a>	It's better to be high	Below Target	-0.3	0.0	2012-2014	-0.2

#### Promoting healthy lifestyles: Risks

Code	Title	Score	Last Review Date	Probability Score	Impact Score	Risk Owner	Description	Mitigation	Is Risk Reduced or Accepted?
PHLR01	<a href="#">Pandemic - i.e. Flu/Ebola</a>	Medium to high (12)	21/04/16	3- Possible	4 - Major	Caroline Dimond		Emergency plans	Accepted
PHLR02	<a href="#">Reduction in the public health grant</a>	Medium to high (12)	21/04/16	4 -Likely	3 - Moderate	Caroline Dimond	Reduction in the public health grant from Public Health England to invest in the commissioning of public health services	Forecast budget planning taking into account potential impact of reduction. Awaiting actual cut, Planning mitigating actions.	Accepted
PHLR03	<a href="#">Reduction in funding for sport and leisure services</a>	Medium (8)	29/04/16	4 -Likely	2 - Minor	Fran Hughes	In light of reduced funding to local authorities the budget for sport and leisure services has reduced and may reduce further.		Accepted

## Prosperous Torbay

### Prosperous Torbay: Performance Indicators

Code	Title	Polarity	Status	Prev Year End	Great Britain / Quarter Target	Feb-15	May-15	Aug-15	Nov-15	Last period value
PTPI01	<a href="#">Working age Client Group - Main benefit claimants</a>	It's better to be low	Well Above Target	13.9%	9.2%	14.1%	13.4%	13.2%		13.2% (10,200)

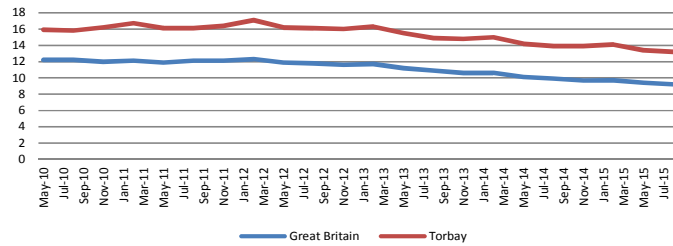
Code	Title	Polarity	Status	Prev Year End	Quarter Target	Quarter 1 2015/16	Quarter 2 2015/16	Quarter 3 2015/16	Quarter 4 2015/16	Last period value
PTPI02	<a href="#">Gross rateable value of Business Rates (NDR)</a>	It's better to be high	On Target	n/a	£1.069m	£98,511,322	£98,422,119	£98,439,809	£98,334,749	£98,334,749

Code	Title	Polarity	Status	Prev Year End	Great Britain / Month Target	2015												Last period value
						Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	
PTPI03	<a href="#">Out of Work Benefits Claimant Count</a>	It's better to be low	Well Above Target	2.3%	1.9%	2.1%	2.0%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	2.0%	2.2%	2.3%	2.2%	2.2%
PCPI04	<a href="#">% 16 - 18 year olds not in education, employment or training (NEET)</a>	It's better to be low	Below Target	4.0%	5.0%	4.6%	4.2%	4.5%	5.1%	15.7%	3.2%	3.2%	3.8%	3.7%	3.8%	3.9%	4.7%	4.7%

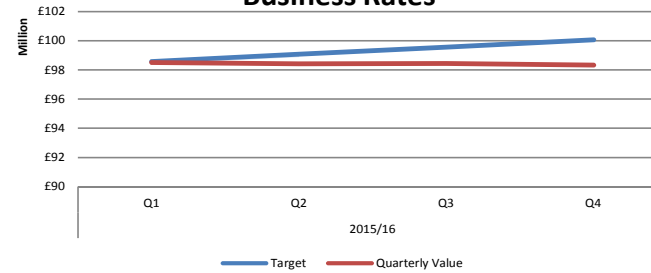
Code	Title	Polarity	Status	Prev Year End	Great Britain Value	2015										Last period value
PTPI05	<a href="#">Earnings by Residence (weekly full time)</a>	It's better to be high	Well Below Target	£433.20	£529.60											£421.60
PTPI06	<a href="#">Earnings by Workplace (weekly full time)</a>	It's better to be high	Well Below Target	£421.90	£529.00											£425.20

# Prosperous Torbay: Performance of Monthly and Quarterly PIs

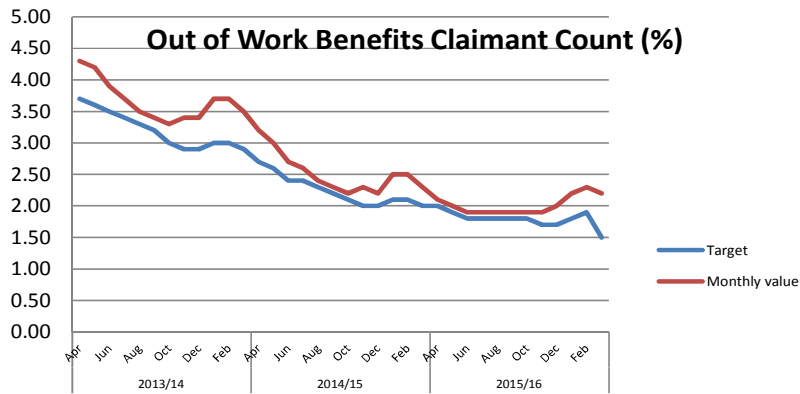
### Working age Client Group- Benefit Claimants (%)



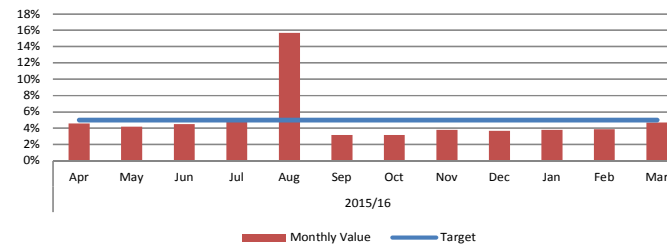
### Gross Rateable Value of Business Rates



### Out of Work Benefits Claimant Count (%)



### % of 16-18 year olds not in education, employment or training (NEETs)



**Prosperous Torbay: Risks**

Code	Title	Score	Last Review Date	Probability Score	Impact Score	Risk Owner	Description	Mitigation	Is Risk Reduced or Accepted?
PTR02	<a href="#">Local Plan not delivered</a>	Medium (8)	23/03/16	2 - Unlikely	4 - Major	Pat Steward	The Local Plan contains targets (eg re employment growth) and policies (e.g. Delivery of development sites) that need to be delivered. Performance on delivery is critical to sustainable growth in Torbay. Work on the delivery of growth within defined growth / masterplan areas ensures the probability is low, but if delivery targets are not achieved (e.g. to secure a 5 year land supply) this could have a major impact on the Bay.	Limited resources in place within Spatial Planning to undertake delivery and monitoring work; prioritised work plan over next 5 years; work with other services including TEDC to deliver; exploring shared services with other Councils.	
PTR03	<a href="#">Failure to meet national planning performance targets</a>	Medium to high (12)	23/03/16	3 - Possible	4 - Major	Pat Steward	The Council is required to make high quality and quick planning decisions. Performance is assessed against a) 50% of major applications determined in 13 weeks and b) 50% of minor applications determined in 8 weeks and c) no more than 20% of major decisions overturned on appeal. Performance is reported, on a monthly basis, to Government. Speed, quality and consistency of decision making is key to securing investment and high quality outcomes in Torbay. Failure to deliver against these targets provides opportunity for a) the service to be placed in 'special measures' and lose income b) applicants to ask private contractors to determine planning applications c) reputational risk.	Spatial Planning informs and monitors returns to Government every month; Reports are provided to Development Management Committee every 6 months; Spatial Planning works with applicants to help ensure applications are 'right first time'; Spatial Planning adjusts its resources to deal with workload pressures; Spatial Planning will refuse planning applications, without negotiation, where there has been no pre-application submission by applicants and there are robust reasons for refusal. Spatial Planning is recruiting to a new planning officer post. Spatial Planning is reviewing all quarterly returns to Government, over the last two years, to ensure the returns are 100% accurate.	
PTR04	<a href="#">Five year housing land supply</a>	Medium (8)	23/03/16	2 - Unlikely	4 - Major	Pat Steward	The Council is required to maintain a rolling 5 year supply of housing land. A supply of new homes is important in meeting housing needs and securing economic growth.	Spatial Planning maintains a list of sites to be delivered over a rolling 5 year period; this list is refreshed and published every year as part of the Annual Housing Monitoring Review; in order to meet this target the Council needs to enable delivery of around 500 new homes per annum. Performance against this target will be reported, biannually, to the Development Management Committee. In addition, the Council will undertake a major review of the Local Plan every 5 years or more frequently / partial reviews if required. Spatial Planning is being proactive (e.g. masterplans, engagement with landowners etc) to ensure delivery of new homes above the minimum required to hit 5 year land requirements.	

Code	Title	Score	Last Review Date	Probability Score	Impact Score	Risk Owner	Description	Mitigation	Is Risk Reduced or Accepted?
PTR05	<a href="#">Further reductions made under welfare reforms</a>	Medium to high (12)	21/04/16	4 -Likely	3 - Moderate	Bob Clark	<p>To ensure the Council is fully prepared for the ongoing changes in the Welfare Reform agenda.</p> <p>One of the proposed changes announced in the 2015 Summer Budget, concerning lowering the Benefit Cap from £26k to £20k, has been delayed until 2017 and will be introduced in phases.</p> <p>The £26k cap affects around 50 households in Torbay and is estimated to increase to around 250/300 after the new rate is applied.</p> <p>The Welfare Reform and Work Bill Act received Royal Assent on 16 March – it includes the majority of the welfare changes announced in the 2015 Summer Budget</p>	<p>The Council recognises that residents are facing wider financial pressures from high energy bills, increasing housing costs as well as welfare reforms, so the ability of lower income households to absorb the impact is restricted. An early and extensive engagement with our customers impacted by these changes will ensure they make informed choices, are offered appropriate support and prevent them from falling into debt.</p> <p>As Torbay's economy continues to grow and unemployment levels fall, longer term strategies that will encourage new employment, skills development and enterprise is the most direct way to mitigate welfare reform. To summarise, the following actions should be undertaken;</p> <ul style="list-style-type: none"> <li>• Support those most affected by welfare reform into jobs</li> <li>• Inform and prepare residents for further welfare reform changes</li> <li>• Inform and prepare staff for further welfare reform changes</li> <li>• Engage, involve and prepare elected members</li> <li>• Internal council activity</li> </ul> <p>Identify wider financial risks where demand for services may increase, for example, Homeless, Customer Services and Children's Services etc.</p>	Accepted

## Protecting All Children and Giving Them the Best Start in Life

### Protecting All Children and Giving Them the Best Start in Life: Performance Indicators

Code	Title	Polarity	Status	Prev Year End	Annual Target	Quarter 1 2015/16	Quarter 2 2015/16	Quarter 3 2015/16	Quarter 4 2015/16	Last period value
PCPI01	<a href="#">Number of children looked after (quarterly)</a>	It's better to be low	Above Target	n/a	271	308	297	290	272	272
PCPI02	<a href="#">Fostering - In House (quarterly)</a>	It's better to be high	On Target	n/a	70%	74%	71%	70%	70%	70%
PCPI03	<a href="#">Average time from entering care to moving in with adoptive family (days)</a>	It's better to be low	Well below Target	n/a	487	329	396	393	390	390
PCPI04	<a href="#">Reducing the No of children 10+ entering the care System</a>	It's better to be low	Well below Target	n/a	38%	28%	25%	27%	25%	25%
PCPI05	<a href="#">Initial contact to Childrens Services</a>	It's better to be low				1909	1819	1619	1455	1455
PCPI06	<a href="#">Referrals to Childrens Safeguarding Service</a>			Previously reported		350	275	394		
				Updated data	404	594	490	523	392	392
PCPI07	<a href="#">Child Protection numbers</a>				135	156	200	212	135	135
PCPI08	<a href="#">Vacancy rate - Social work staff</a>	It's better to be low		Previously reported		30%	26%	23%		
				Updated data	17.1%	30%	32.6%	29.1%	28.7%	28.7%
Code	Title	Polarity	Status	Prev Year End	England - All Schools					Last period value
PCPI09	<a href="#">KS4 % achieving 5+ A*-C GCSEs (or equivalent) including English and maths GCSEs</a>	It's better to be high	Above Target	56.6%	53.8%	2015				57.3%
PCPI10	<a href="#">KS2 % achieving level 4 or above in reading, writing and maths</a>	It's better to be high	On Target	77.0%	80.0%	2015				80.0%



Code	Title	Polarity	Status	Prev Year End	England Value		Last period value
PHOF1.0 2iW	<a href="#">School Readiness: All children achieving a good level of development at the end of reception as a percentage of all eligible children.</a>	It's better to be high	On Target	61.30%	66.3%	2014/15	64.4%
PHOF2.0 2iIH	<a href="#">Breastfeeding Prevalence at 6-8 weeks after birth</a>	It's better to be high	Well Below Target	n/a	43.8%	2014/15	35.7%
PHOF3.0 3xHP	<a href="#">Population vaccination coverage - MMR for two doses (5 years old)</a>	It's better to be high	On Target	88.9%	88.6%	2014/15	89.9%
PHOF2.0 3HI	<a href="#">Smoking status at the time of delivery</a>	It's better to be low	Well Above Target	16.8%	11.4%	2014/15	16.1%
PHOF2.0 3HI	<a href="#">Smoking prevalence at age 15 - regular smokers (WAY survey)</a>	It's better to be low	Well Above Target	n/a	5.5%	2014/15	10.4%

# Protecting All Children and Giving them the Best Start in Life: Performance of Monthly and Quarterly PIs



**Protecting All Children and Giving Them the Best Start in Life: Risks**

Code	Title	Score	Last Review Date	Probability Score	Impact Score	Risk Owner	Description	Mitigation	Is Risk Reduced or Accepted?
PCR01	<a href="#">Increased demand for services (Troubled Families/Early Help Strategy)</a>	Medium to high (12)	21/04/16	3 - Possible	4 - Major	Richard Williams	A range of external factors can influence demand	Partnership approach being co-ordinated - leading on the understanding of thresholds and the development of Early Help offer (Feb 2016)	Accepted
PCR02	<a href="#">Delivery of 5 year plan - Stemming The Flow (including PIP)</a>	Medium to high (12)	21/04/16	3 - Possible	4 - Major	Richard Williams	5 Year Plan in year 1 not meeting targets	Review underway and presented to Council as part of the budget process (Feb 2016)	Reduced
PCR03	<a href="#">Delivery of TPST and Integrated Care Organisation</a>	Medium to high (12)	21/04/16	3 - Possible	4 - Major	Richard Williams	Integral elements of the SWIFT project	TPST - 1st meeting 21st January 2016. ICO working group to oversee	Accepted
PCR04	<a href="#">Safeguarding Improvement Programme</a>	Medium to high (12)	21/04/16	3 - Possible	4 - Major	Richard Williams	Outcome of Ofsted inspection	Integration to be set up. Improvement Board to be set up to manage the different aspects of the journey (Jan 2016)	Reduced
PCR05	<a href="#">Removal of the Education Service Grant</a>	High (16)	21/04/16	4 - Likely	4 - Major	Richard Williams	The proposed removal of the Education Service Grant will result in less direct services to schools to impact on pupil outcomes.	The funding delegated to Torbay Teaching School to be directed to build capacity outside of the organisation. Strategic planning with Torbay Teaching School Alliance to take a lead on system issues for children and young people within the school community.	Accepted

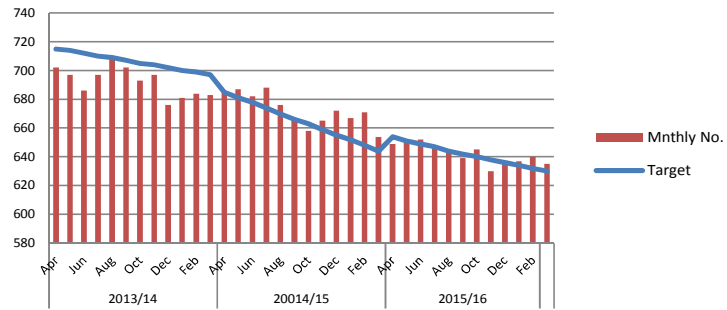
## Protecting Vulnerable Adults

### Protecting Vulnerable Adults: Performance Indicators

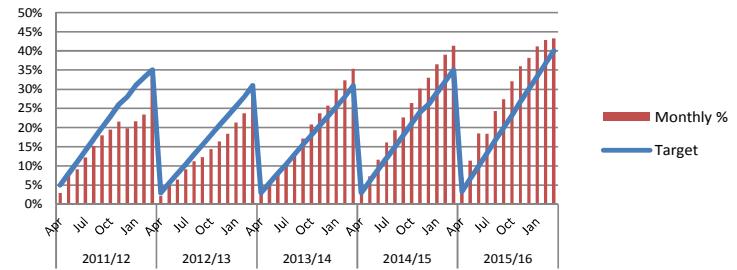
Code	Title	Polarity	Status	Prev Year End	Monthly Target	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Last period value
LI404	<a href="#">No. of permanent care home placements</a>	It's better to be low	On Target	654	630	649	652	652	646	645	639	645	630	636	637	640	635	635
NI135	<a href="#">Carers receiving needs assessment or review &amp; a specific carer's service, or advice &amp; infor (LAA)</a>	It's better to be high	Above Target	41.33%	40.00%	7.02%	11.34%	18.50%	18.38%	24.24%	27.37%	32.09%	35.94%	38.22%	41.17%	42.79%	43.28%	43.28%
TCT14b	<a href="#">Safeguarding Adults - % repeat SG referrals in last 12 months</a>	It's better to be low	Well Below Target	n/a	8.00%	8.63%	7.55%	7.11%	6.64%	6.64%	4.98%	4.98%	6.51%	5.45%	4.55%	3.64%	4.87%	4.87%
Code	Title	Polarity	Status	Prev Year End	Target													Last period value
PV-PI01	<a href="#">Re-ablement Services (Effectiveness)</a>	It's better to be high	Below Target	n/a	84.0%	2014/15												77.20%

## Protecting Vulnerable Adults: Performance of Monthly and Quarterly PIs

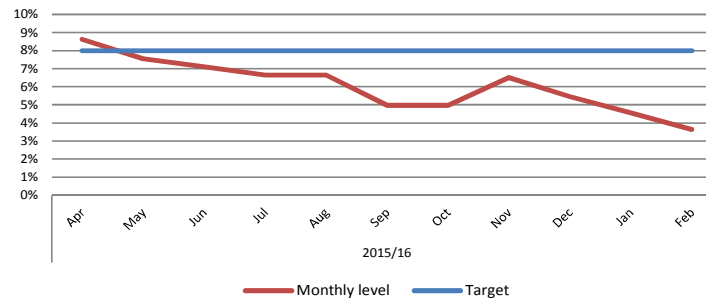
### No. of Permanent Care Home Placements



### Carers Receiving Needs Assessments or Reviews



### % Repeat Adult Safeguarding Referrals



### Protecting Vulnerable Adults: Risks

Code	Title	Score	Last Review Date	Probability Score	Impact Score	Risk Owner	Description	Mitigation	Is Risk Reduced or Accepted?
ASCR01	<a href="#">Increased demand for services</a>	Medium to high (12)	21/04/16	4 - Likely	3 - Moderate	Caroline Taylor	An older population and deprivation will increase demands on services	A new care model and prevention strategy	Reduced
ASCR02	<a href="#">Financial strain relating to the implementation of the Care Act</a>	Medium (6)	21/04/16	2- Unlikely	3 - Moderate	Caroline Taylor	Implementation complete phase1 phase 2 now 2020	Lobby government and feedback future cost strain	Accepted
ASCR04	<a href="#">Insufficient and unsustainable care home market in Torbay</a>	Medium to high (12)	21/04/16	4 - Likely	3 - Moderate	Caroline Taylor	The living wage and supply chains have put strain on the national and local market	Work to diversify the market and outcomes based model and regional work on supply	Accepted
ASCR03	<a href="#">Integrated Care Organisation: Delivery of new model of care at pace and scale</a>	Medium to high (12)	21/04/16	4 - Likely	3 - Moderate	Caroline Taylor	Current national pressure on NHS contracting round is making it difficult to agree balanced position growing forward- combined with STP requirement at Devon geographic level - increases this risk	Strong commissioner provider monitoring, overview of overall outcomes via HWBB/JCG. Exe lead Cllr on ICO Board-continuing to influence STP and find agreement despite local challenges	Accepted

## Running an Efficient Council

### Running an Efficient Council: Performance Indicators

Code	Title	Polarity	Status	Prev Year End	Annual Target	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Cumulative to date
RECPI01	<a href="#">Agency Staff Cost (excluding schools)</a>	It's better to be low	Well Above Target	n/a	£797,000	£75,969	£350,535	£312,481	£275,456	£334,495	£293,165	£234,599	£376,023	£255,466	£210,000			£2,718,190
Breakdown Adults £90,000 Childrens £2,426,000 Public Health £12,000 Corp & Commercial Services £129,000 Cust Services & Comm Safety £61,000																		

Code	Title	Polarity	Status	Prev Year End	Annual Target	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Cumulative to date
RECPI02	<a href="#">Revenue Budget</a>	It's better to be low	Well Above Target	n/a	£0	N/A	N/A	£3,560,000	£3,701,000	£3,682,000	£3,549,000	£2,600,000	£3,835,000	£2,866,000	£2,921,000	£2,730,000		£2,730,000

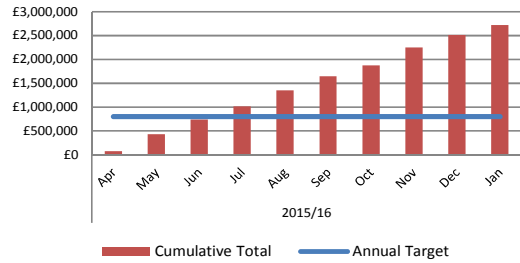
Code	Title	Polarity	Status	Prev Year End	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Last period value
RECPI03	<a href="#">Savings identified for 2017/18, 2018/19 and 2019/20</a>	It's better to be high	Well Below Target	n/a	£19,100,000	0	0	0		0

RECPI05	<a href="#">Stage 1 complaints dealt with on time</a>	It's better to be high	Well Below Target	n/a	90%	61%	74%	74%	83%	83%
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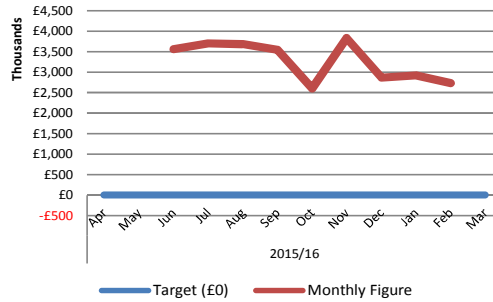
Code	Title	Polarity	Status	Prev Year End	Monthly Target	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Cumulative to Date
RECPI06	<a href="#">Number of stage 1 complaints logged</a>	N/A	No Target (monitoring only)	422	n/a	44	81	132	194	233	266	304	343	383	430	462	492	492
RECPI07	<a href="#">Number of Data breaches</a>	It's better to be low	Well Above Target	22	22	3	6	10	12	16	18	22	22	24	31	33	37	37
RECPI08	<a href="#">Test of assurance</a>					Reviewed annually - By combining the statutory roles of the Director of Children's Services and the Director of Adult Services (Director of Joint Commissioning) Local Authorities should undertake a local Test of Assurance so that the focus on outcomes for children and young people will not be weakened as a result of adding other responsibilities.												

# Running an Efficient Council: Performance of Monthly and Quarterly PIs

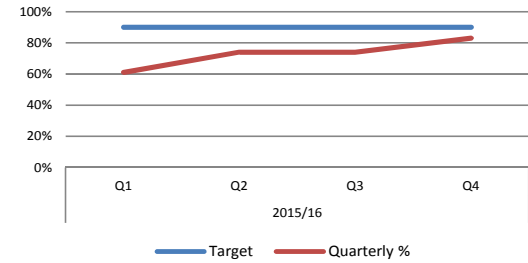
### Agency Staff Cost (Excl. Schools)



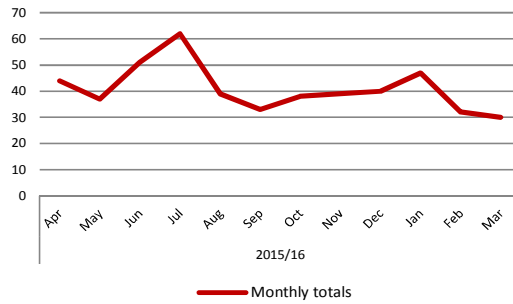
### Revenue Budget



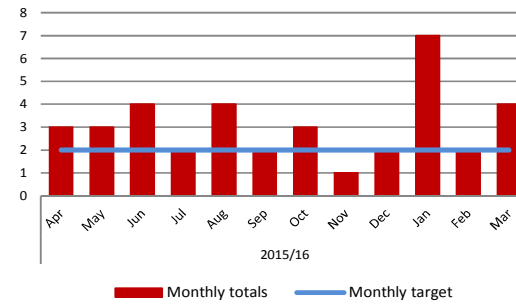
### Stage 1 Complaints Dealt with on time



### Stage 1 Complaints Logged



### Number of Data Breaches





## Running an Efficient Council: Risks

Code	Title	Score	Last Review Date	Probability Score	Impact Score	Risk Owner	Description	Mitigation	Is Risk Reduced or Accepted?
RECR01	<a href="#">Failure to generate income</a>	Medium to high (12)	15/02/16	3 - Possible	4 - Major	Anne-Marie Bond	Delivery against income targets	Monitor income levels - Ensure that income levels across the council are being monitored by the relevant executive heads/directors and that any areas of concern are raised at SLT asap SLT review flash report, and Budget Implementation Tracker on a monthly basis to review progress against income targets.	
RECR02	<a href="#">Lack of effective workforce planning - retention of key/relevant skills across the organisation</a>	Medium to high (12)	15/02/16	3 - Possible	4 - Major	Anne-Marie Bond	Lack of effective business continuity in relation to workforce planning Retention of key/relevant skills across the organisation	Ensure that workforce plans are created for each department - Ensure that workforce plans are created for each department , and that these are kept up to date, and actions monitored on a regular basis. Workforce plans are currently being developed by HR in consultation with service areas.	
RECR03	<a href="#">Lack of robust and safe decision making</a>	Medium (9)	15/02/16	3 - Possible	3 - Moderate	Anne-Marie Bond		Ensure the application of consultation principals and that EIAs are carried out appropriately - Policy Development Groups (PDGS) have been set up to consider service change, new policy and policy review. PDGs are inclusive of all members to ensure that all members are given the opportunity to see and be involved with discussions around service change / policy development. EIAs are completed against service change / policy development and included in reports for members. This includes proposals in relation to budget setting. Consultation is developed in relation to service change / policy development and supported by the Corporate Support Team to ensure processes are robust.	
RECR04	<a href="#">Insufficient infrastructure and support across the Council</a>	Medium to high (12)	15/02/16	3 - Possible	4 - Major	Anne-Marie Bond		Ensure that workforce plans are kept up to date - Significant reductions in budgets across all support services mean that any further reductions could potentially result in a failure of support systems across the Council i.e. IT infrastructure	
RECR05	<a href="#">The Council not achieving a balanced budget for 2015/16</a>	Medium to high (15)	15/02/16	3 - Possible	5 - Critical	Anne-Marie Bond		Budget monitoring takes place throughout the year.	
RECR06	<a href="#">The Council is not able to set balanced budgets for future years (2016/17, 2017/18, 2018/19)</a>	High (20)	15/02/16	4 - Likely	5 - Critical	Anne-Marie Bond	The council is not able to find the savings required and agree a balanced budget in forthcoming years.	Proposals for future budgets are being developed and will be reviewed through PDGs. - Proposals for 2016/17 have been developed and draft proposals are now subject to EIAs and due to be published for public consultation on 6th November.	
RECR07	<a href="#">Budget overspend within armslength organisations, and contracted services</a>	Medium to high (15)	15/02/16	3 - Possible	5 - Critical	Anne-Marie Bond		Ensure effective performance monitoring and contract management is in place	

Code	Title	Score	Last Review Date	Probability Score	Impact Score	Risk Owner	Description	Mitigation	Is Risk Reduced or Accepted?
RECR08	<a href="#">Cost shunting to the local authority as partners reduce resources.</a>	Medium (9)	15/02/16	3 - Possible	3 - Moderate	Anne-Marie Bond		Maintaining a robust Community Safety Partnership.	
RECR09	<a href="#">Failure to deliver the Council's Asset Management Plan</a>	Medium to high (12)	15/02/16	3 - Possible	4 - Major	Anne-Marie Bond	Torbay Council has a considerable number of assets, which are not only essential to service delivery but underpin much of the Bay's economy. Many of these assets are in poor condition and not fit for purpose. There is little prospect of funding the repair or renewal without accompanying enabling redevelopment. If an asset requires significant repair this could result in considerable costs to the Council.	The Asset Management Plan sets out strategies to rationalise the number of assets, replace them where appropriate and improve the condition of those remaining through engagement with the private sector.	
RECR10	<a href="#">Risk of inadequate maintenance and repairs of our Council assets due to reducing budgets</a>	High (16)	15/02/16	4 -Likely	4 - Major	Anne-Marie Bond	As a result of reducing resources, ongoing repairs and maintenance of our properties and transport infrastructure assets is a challenge, with inadequate investment being made to maintain our assets. This situation is exacerbated by the number of costly historical buildings that are in the Council's estate and coastal erosion.	Assessment as to current state and options going forward is currently being undertaken.	
RECR11	<a href="#">Lack of appropriate and effective business continuity plans in the event of a large scale emergency.</a>	Medium to high (15)	29/04/16	3 - Possible	5 - Critical	Fran Hughes	In the event of a large scale emergency / catastrophe, the local authority needs to ensure that effective and appropriate business continuity plans are in place to mitigate against the impact of such an event.	SLT to ensure that Business continuity Plans are in place across the organisation and that future budget decisions take account of the resilience required to respond to emergencies.	Accepted

## Arms Length Organisations

### Strategic TOR2 Performance Indicators

A specific dashboard for TOR2 is being developed

### Strategic Torbay Coast and Countryside Trust Performance Indicators

Code	Title	Polarity	Status	Prev Year End	Annual Target		Last period value
TCCT2	<a href="#">Value of grant funding generated against the proportion of the total income revenue</a>	It's better to be high	Well Below Target	0	30%	2014/15	24
TCCT5	<a href="#">Meeting the actions identified in the Annual Business Plan</a>	It's better to be high	On Target	80%	80%	2014/15	80%
TCCT10	<a href="#">Develop and agree a 3 year maintenance plan and maintain the buildings and landholdings in line</a>	It's better to be high	On Target	100%	100%	2014/15	100%

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### Strategic Torbay Development Agency Performance Indicators

Code	Title	Polarity	Status	Prev Year End	Quarterly Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Last period value
CU-06	<a href="#">Number of inward investment enquiries received</a>	It's better to be high	On Target	51	30	5	21	29	40	40
EDCPI-001	<a href="#">0% variance from budget</a>	It's better to be low	Above Target	0.00	0.00	0.00	0.00	0.00	-2.50%	-2.50%

Code	Title	Polarity	Status	Prev Year End	Annual Target		Last period value
BUSR018	<a href="#">Total jobs created</a>	It's better to be high	Well Above Target	125	150	2014/15	172
EDCPI-056	<a href="#">Income from Torbay Council let estate</a>	It's better to be high	On Target	£2,708,014	£2,700,000	2015/16	£2,693,227
FE7	<a href="#">% Overall customer satisfaction</a>	It's better to be high	Well Above Target	5%	85%	2015	100%

### Strategic Torbay Development Agency Risks

Code	Title	Score	Last Review Date	Probability Score	Impact Score	Risk Owner	Description	Mitigation	Is Risk Reduced or Accepted?
BURTDAR-001	<a href="#">Business growth opportunities and diversification</a>	Medium to high (12)	15/01/16	3 - Possible	4-Major	Alan Denby	This is a strategic risk. Where reduced contract fee income from Torbay Council, a failure to secure income targets or other external factors inhibit the TDA's ability to deliver its business plan and/or other plans. This may have an impact not only on delivery of TDA activity but may also translate into other risks for our key client such as higher risk that we will not be able to stimulate business growth or maintain the Council's estates in an optimum condition	Develop support structures for businesses. 1. Develop Innovation centre programme. 2. Work with Business Link and others to increase public sector business support availability and access in Torbay. 3. Potential for more innovative solutions Develop investment programme 1. Develop Inward investment programme, 2. Identify public sector relocation opportunities, 3. Develop skills and retraining opportunities Develop sector networks and links. Identification of business growth & attraction of public money.	

### Smoking and Breastfeeding indicators: Local Authority Comparison

Indicator	Period	Torbay	Blackpool	Bournemouth	Plymouth	England / Great Britain
2.03 – smoking status at the time of delivery	2014/15	16.1%	27.2%	No data	10.2%	11.4%
2.09 – smoking prevalence at age 15 – regular smokers	2014/15	10.4%	11.1%	7.0%	6.0%	5.5%
2.14 – smoking prevalence	2014	19.9%	26.9%	17.9%	22.4%	18.0%
2.02 – Breastfeeding at 6 to 8 weeks after birth	2014/15	35.7%	No data	56.2%	38.2%	43.8%

Colour represents value compared to England value



# Agenda Item 8



**Meeting:** Audit Committee **Date:** 25 May 2016

**Wards Affected:** All

**Report Title:** Annual Governance Statement 2015/2016

**Is the decision a key decision?** No

**When does the decision need to be implemented?** Immediately

**Executive Lead Contact Details:** Councillor Mills, Deputy Mayor and Executive Lead for Governance, [Derek.mills@torbay.gov.uk](mailto:Derek.mills@torbay.gov.uk)

**Supporting Officer Contact Details:** Kate Spencer, Corporate Support Manager  
01803 207014 [kate.spencer@torbay.gov.uk](mailto:kate.spencer@torbay.gov.uk)

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## 1. Proposal and Introduction

- 1.1 The preparation of the Annual Governance Statement provides the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its statement of accounts and the probity of its operations. Regulations require every local authority, as good practice, to include in their annual Statement of Accounts an Annual Governance Statement signed by the Elected Mayor and the Chief Executive.
- 1.2 The Statement is wide ranging and sets out publicly the extent to which the Council complies with its own code of corporate governance, including how it monitored and evaluated the effectiveness of its governance arrangements in the year and on any planned changes in the coming year. The Statement also fulfils the statutory requirement in England for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.

## 2. Reason for Proposal

- 2.1 To meet the requirements of the Accounts and Audit (England) Regulations 2015.

## 3. Recommendation(s) / Proposed Decision

- 3.1 That the draft Annual Governance Statement for 2015/2016 be agreed and forwarded to the External Auditors for comment.

*forward thinking, people orientated, adaptable - always with integrity.*

3.2 That the final Annual Governance Statement be presented to the Audit Committee when it considers the Statement of Accounts.

### **Appendices**

Appendix 1: Draft Annual Governance Statement 2015/2016

### **Background Documents**

None

### **DRAFT ANNUAL GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2015/2016**

#### **Scope of responsibility**

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

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

Torbay Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on the Council's website at <http://www.torbay.gov.uk/DemocraticServices/documents/s22185/32%20Code%20of%20Corporate%20Governance.pdf> or can be obtained from Governance Support. This statement explains how Torbay Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control.

#### **The purpose of the governance framework**

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Torbay Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Torbay Council throughout the year ended 31 March 2016 and up to the date of approval of the statement of accounts.



## **The Governance Framework**

### The Constitution

The Constitution sets out the main elements of the governance framework of Torbay Council, in particular how decisions are made and the procedures which are followed to ensure that these are efficient and transparent and that decision makers are accountable to local people. It explains that the Council is made up of the Elected Mayor and 36 Councillors who, together, are responsible for approving the Council's Budget and Policy Framework. The Mayor is responsible for decisions within this Budget and Policy Framework and is supported by Executive Lead Members who oversee and advise on specific areas. Matters outside the Budget and Policy Framework are referred to the Council for decision.

The Constitution includes Standing Orders, Financial Regulations and the Scheme of Delegated Powers and is available on the Council's website. It is underpinned by Codes of Conduct for Members and Employees and a range of local protocols. The Constitution includes the Council's Code of Corporate Governance.

The Overview and Scrutiny Board is responsible for the overview and scrutiny function of the Council. It assists in the development of policy and holds decision makers to account. In addition, any five members of the Council can "call-in" executive decisions to the Overview and Scrutiny Board for further debate.

The Audit Committee is responsible for all internal and external audit matters as well as monitoring the effective development and operation of performance and risk management and corporate governance in the Council. It meets on a quarterly basis.

The Standards Committee's remit includes the conduct of members and investigating complaints in respect of individual members. The Standards Committee promotes and embeds ethical standards.

Some regulatory functions remain the responsibility of the Council rather than the Mayor and most of these are delegated to a small number of committees appointed annually by the Council.

All members are inducted into the importance and processes of good governance and have informal and, if required, formal ways of raising governance issues with the Chief Executive, Monitoring Officer, Chief Finance Officer and the Senior Leadership Team.

### The Corporate Plan and Decision-making

Included within the Policy Framework is the Council's Corporate Plan which was reviewed and revised during the course of the year. The Council also has a Medium Term Resource Plan which is reviewed on an on-going basis to take into account new information and changed circumstances. Both of these documents provide a framework for planning and monitoring resource requirements.

Generally, the Council makes recommendations to the Mayor on executive decisions with the Mayor then taking those decisions at meetings of the Council. All reports to members include sections on the financial and legal implications and the risks of the proposed decision. Prior to publication, these reports are cleared by the Chief Finance Officer and the Monitoring Officer or one of their senior staff.

All meetings are open to the public but a small number of matters are considered in private when the press and public are formally excluded from meetings. It is the Council's objective to keep these private matters to a minimum with only those elements of reports that are considered exempt from publication being included within appendices. This ensures open and transparent decision making is undertaken at all times.

### Community and Service User Engagement

In developing proposals for service change, consultation with service users and the public is undertaken. In particular, the impact on vulnerable groups and those with characteristics protected under the Equality Act 2012 is assessed and documented in Equality Impact Assessments which are considered by decision-makers prior to decisions being made.

The Council's ViewPoint Panel is a residents' research panel which provides an opportunity for the people of Torbay to give their opinions on the development of services, policy and the local community. The panel is made up of a cross section of Torbay's population and is currently made up of approximately 600 residents.

There are also a number of Community Partnerships across Torbay which provide an opportunity for people who live or work in the different parts of Torbay to discuss issues of common concern, influence the way in which services are provided and improve their local area.

### Partnership Working

The Health and Wellbeing Board and the Community Safety Partnership provide forums where multi-agency issues with impact on the Torbay population can be debated. Safeguarding Boards are also in place for both children and adults.

Appropriate arrangements in respect of service specific partnerships such as the Torbay and South Devon NHS Foundation Trust, the Torbay Coast and Countryside Trust, TOR2, the English Riviera Tourism Company, PLUSS, Careers South West, Oldway Mansion Management Company Ltd and the Economic Development Company are in place.

The Council is also pursuing other partnership opportunities such as the Plymouth and South West Peninsula City Deal and devolution across Devon and Somerset.

## Performance and Risk Management

The Council records performance information using performance-reporting software called SPAR.net. The performance reporting system is based on exceptions and, where performance is identified as a concern, appropriate corrective action will be considered, scrutinised and monitored. The Council also uses a range of benchmarking information to measure performance against comparators and to identify authorities from whom the Council could learn.

The Senior Leadership Team is responsible for the implementation and monitoring of the Performance and Risk Framework. A Strategic Risk Register is maintained which identifies strategic risks facing the Authority together with clearly identified measures for mitigation. Directors and Executive Heads are responsible for managing risk within their Business Units.

## Senior Management

The **Head of the Paid Service** is the Chief Executive who is responsible and accountable to the Council for all aspects of operational management.

The Chief Accountant is the **Chief Financial Officer**. He has direct access to all members, the Chief Executive and senior officers of the Council. He works with Directors and Executive Heads to identify any financial issues which may require management action. Regular discussions are held with the Mayor who is the Executive Member with responsibility for finance. The Chief Finance Officer has responsibility for ensuring the Council operates secure and reliable financial and accounting systems.

Members are briefed on key financial issues with revenue and capital budget monitoring reports being considered by the Overview and Scrutiny Board and the Council on a quarterly basis. The Council agrees the Treasury Management Strategy on an annual basis on the recommendation of the Audit Committee.

The Assistant Director – Corporate and Business Services is the **Monitoring Officer**. She is responsible to the Council for ensuring that agreed procedures and protocols are followed and that all applicable Statutes and Regulations are complied with.

The Head of the Paid Service, Chief Financial Officer and Monitoring Officer meet on a monthly basis to ensure that appropriate governance arrangements are in place.

Officers in politically restricted posts and those responsible for negotiating contracts are required to register their personal interests.

## Training and Information

Internal communication approaches have been reviewed to ensure all staff are aware of all issues and new policies and practices. Newsletters and daily updates are sent to all staff to advise them of relevant information, HR policy and legislation

changes. Learning and Development courses that are available and support for staff are also included within these.

There is a positive working relationship with Trades Unions through quarterly formal meetings and informal meetings with the Assistant Director – Corporate and Business Services and consultation where appropriate.

The Council's intranet contains a range of policies, procedures and guidance for all staff including Human Resources (HR) Policies, i-Learn training modules, Information Governance Policies, Code of Conduct, Freedom of Information Policy, Data Protection Policy and the Corporate Plan and Constitution.

The Council has a Fraud and Corruption Policy which is reviewed regularly and has been communicated to all staff and is available on the Council's Intranet.

Corporate training needs are identified through the Senior Leadership Team. The Council has strongly supported staff development, particularly through programmes such as the Institute of Leadership and Management to develop Team Leaders and Managers.

Change management training has been communicated to all staff, including senior management, to support their understanding and implementation of change. Coaching and counselling are also offered as an additional means of support to individuals.

The Corporate Induction module on i-Learn signposts and informs new employees about the range of policies and procedures they need to be aware of, including the Code of Conduct, Information Governance, Acceptable Behaviour, Driver's Policy and Handbook and Whistleblowing Policies. Managers are responsible for local induction arrangements with corporate induction courses being run on a regular basis.

Thirteen members have personal development plans. The Member Development Programme provides a structured approach to member development to ensure all members are supported in their roles. Phase 1 of the Induction programme was mostly delivered by Council officers. Phase 2 will mainly be delivered through the Devon Member Development Shared Service.

### Complaints and Whistleblowing

The Council has a customer complaints recording, tracking and reporting system to which all staff have access via the Intranet. The system captures compliments, complaints, queries, enquiries and Local Government Ombudsman complaints. Letters from Members of Parliament are also recorded through this system as enquiries.

The system enables all complaints to be recorded and tracked with root causes identified providing the Council with a useful analysis of why complaints are being received. It also enables the tracking of the implementation of recommendations and actions.

The Information Compliance Team report to the Senior Leadership Team on a quarterly basis, these reports include the type of complaint, service area, outcomes and any learning points. This results in further actions being identified and implemented.

The Council's Whistleblowing Policy was agreed in July 2013 and is available on the Council's website and intranet site. The Council has an established phone line that any whistleblowing call can be made to and which goes directly to the area which has responsibility for dealing with these issues in the first instance. These are recorded and passed onto the appropriate part of the organisation to investigate and the outcomes are monitored.

### Information Management

The Council holds and processes a significant amount of information. It is critical that the information held is of good-quality, accurate and kept up-to-date to inform decision making. Equally important is the requirement to process personal and sensitive information in accordance with the Data Protection Act 1998. To support this, the Council has a number of information security policies which form an Information Governance Framework. These policies are subject to regular review and updates communicated to all staff.

The Council also holds an Information Asset Register which specifies the information assets held across all Council departments.

### Internal Audit

The internal audit service is provided by Devon Audit Partnership (DAP). This is a shared service arrangement between Torbay, Plymouth City and Devon County Councils and is constituted under section 20 of the Local Government Act 2000. Devon Audit Partnership undertakes the role of auditing the Council's systems to give assurance to the organisation.

The Council's Internal Audit Plan, which is risk based, is agreed annually with the Senior Leadership Team and the Council's Audit Committee. This provides the basis for the review of internal control and governance within the Council and includes the following: -

- Annual reviews of the Council's key financial systems by Internal Audit against known and evolving risks.
- Reviews of internal controls in operation within each service area against known and evolving risks based on a detailed risk assessment. These reviews consider the strategic and operational risks identified in the Corporate Risk Register, as well as materiality, sensitivity and previous audit and inspection findings.

- Work in relation to the prevention of fraud and corruption and an allowance for the investigation of any potential irregularities identified either from audit work or through the Council's whistle-blowing policy.
- Advice and support to ensure future safeguards when implementing new systems.
- Value for money work in relation to assessing the efficiency, economy and effectiveness of the Council's operations and recommending improvements as necessary.

The Council also receives assurance from the NHS Internal Audit Confederation (Audit South West) over the controls in operation at Torbay and Southern Devon NHS Foundation Trust which covers the provision of adult social care services.

Achievement against the Audit Plan is reported to the Audit Committee on a twice yearly basis. This report also includes an opinion and assurance about the system of internal control throughout the Council.

Regular meetings are held between the Chief Finance Officer and a representative of the Devon Audit Partnership to discuss specific issues that have arisen.

### **Review of Effectiveness**

Torbay Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of the Devon Audit Partnership's annual report, and also by comments made by the External Auditors and other review agencies and inspectorates. This review is demonstrated through the Annual Governance Statement.

As in previous years, Devon Audit Partnership undertook certain assurance work on behalf of the Council and to give assurance to the external auditors as part their audit opinion.

The effectiveness of the governance framework has been evaluated over the course of the year against the seven core principles within Torbay Council's Code of Corporate Governance.

### **Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area**

A new Corporate Plan has been adopted which sets out the ambition for the Council, the targeted actions to support that ambition and the principles which will be adopted. Delivery Plans for each targeted action have been developed and are due to be considered by the Council at its meeting in May 2015. The Performance and

Risk Dashboards set out how the Council will measure its performance towards meeting those ambitions.

The Council is re-engaging with its partners to develop a longer term, sustainable plan for Torbay which will articulate the Council and its partners ambitions for the area.

The Integrated Care Organisation (Torbay and South Devon NHS Foundation Trust) was established from 1 October 2015 and delivers joined up community and acute health and social care. Torbay Council is also working with Devon County Council to improve mental health social care delivered by Devon Partnership NHS Trust.

An Integration Board has been set up to prepare for the integration of the children's services workforce into the Integrated Care Organisation (ICO) and the Torbay Public Service Trust has been established with sign up from all key partners in Torbay.

Over the course of the year, the Council relinquished its ownership of PLUSS to enable PLUSS to convert to a Community Interest Company.

Discussions are continuing on the future of the English Riviera Tourism Company with a ballot on the formation of a Tourism Business Improvement District expected to take place in 2016.

#### Members and officers working together to achieve a common purpose with clearly defined functions and roles

The Council's Constitution is continually reviewed throughout the year by the Monitoring Officer, Chief Financial Officer and Governance Support Manager in consultation with the Mayor and Group Leaders whereby improvements and changes to the constitution are made and agreed.

A new Senior Leadership Team was put in place from April 2015 which sought to reduce the size of the team to make budgetary savings and re-align services within the organisation to meet future demands. The Team have agreed a common purpose and its aims and objectives and these have been communicated to staff via Daily News and the Intranet.

An Induction Programme for all Councillors following the Local Elections in May 2015 was prepared and delivered. It set out to focus members on the strategic issues which needed to be addressed and explained the roles and responsibilities of Councillors as distinct from officers. The work undertaken by members during the early stages of the induction programme was used to inform the development of the new Corporate Plan.

The Independent Remuneration Panel met in 2015 to review the Members Allowances Scheme and to make recommendations. The Panel took account of the cross party working within the Authority which it noted was valued by all members. It also wished to ensure that, as far as possible, the Scheme did not create barriers to candidates standing for elected office.

In November 2015, Torbay Council welcomed a Local Government Association review team to undertake a Corporate Peer Challenge to specifically challenge the financial viability of the Council and the effectiveness of its leadership and governance arrangements. The recommendations from the Corporate Peer Challenge included the need to develop a clear, long term vision for Torbay together with a Medium Term Financial Plan which demonstrates how the budget challenge will met. Further recommendations were made around the need for more effective working practices in relation to governance and to review the capacity of the political and managerial leadership. An action plan has been developed and is due to be considered by the Council at its meeting in April 2016. However, a number of actions have already been put in place and are referred to throughout this Annual Governance Statement.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The Standards Committee has continued to meet on an annual basis. The Independent Person, appointed to assist the Standards Committee in the Member Complaint Process, assisted with the training on the Code of Conduct during the Induction of new councillors. He has attended meetings of Council committees to observe members' behaviour and to provide feedback. Whilst the observed meetings were efficiently chaired it was again highlighted that the use of social media by councillors during meetings could give the impression that members are disinterested in the ongoing discussions.

The Council's Code of Conduct, Information Governance, Whistleblowing and Acceptable Behaviour policies are all available for all staff on the HR intranet page. They are also referred to within employees' terms and conditions of employment and are binding upon employees during the course of their employment with the Council. Reminders are sent out to staff via newsletters and internal communications. The Council's induction programme also signposts to the above policies for new starters.

In line with the Council's Whistleblowing Policy, the Probity and Ethics Group; comprising of the Monitoring Officer, the Section 151 Officer, Internal Audit and the Head of Human Resources, meet to consider and progress as appropriate all matters of concern.

The Senior Leadership Team have agreed a set of common behaviours to address issues of unacceptable behaviour and the Manager's Toolkit training and the Torbay Starters event incorporates the requirements in relation to acceptable behaviour and the associated policy.

The Corporate Peer Challenge recognised that the core values - *Torbay Council is committed to being **forward thinking, people orientated and adaptable** – always with **integrity*** – had been purposefully embedded across the staff group. These values need to be reinforced through the actions of senior managers and members



with everyone from the Mayor downwards encouraged to demonstrate the same values and behaviours.

The Corporate Peer Challenge did highlight, however, that member and officer roles were blurred in practice and that this needed to be addressed. There is a need to ensure that members and officers are clear as to how the Constitution operates in practice and who has delegated powers. Issues around perceived conflicts of interest and feedback from representatives on outside boards also need to be addressed. The establishment of monthly meetings between the Head of the Paid Service, the Chief Financial Officer and the Monitoring Officer aims to ensure that there is a regular forum in which these issues are addressed.

An audit of the Council's 'Culture and Ethics' is currently being undertaken. Business ethics, values and culture are an important part of improving an organisation's governance process and we will be auditing how we do things currently to determine if there are any gaps. We will then look to embed, establish and maintain our business ethics across the organisation, supporting the Council's Core Values.

#### Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The process for taking informed decisions has been reviewed over the course of the year. The amount of notice required for a proposed decision to be included in the Forward Plan has been extended from one month to three months. The report format has been amended to ensure that all relevant information is considered in formulating recommendations. Those draft reports are considered by the Senior Leadership and discussed with Executive Members and, in some cases, at the Policy Development Groups. The Corporate Peer Challenge confirmed that officers should present issues without fear, favour or agenda.

The Overview and Scrutiny Board has met throughout the year to hold the Mayor and Executive to account, and the Audit Committee has also met regularly. This provides assurance.

The Audit Committee has received the Internal Audit Plan together with updates on the progress against the Plan. The Committee have received the Council's Statement of Accounts and Treasury Management Strategy.

The Committee has undertaken a review of Children's and Adults' Services financial management to understand the reasoning behind the level of spend in each service and to ensure that the financial plans for the services were robust.

Following the agreement of the Performance and Risk Framework in March 2015, the views of the Audit Committee have been sought in developing the Performance and Risk Dashboards for the Council. The Dashboards will be reviewed by the Committee with suggested areas for further investigation being referred to the Overview and Scrutiny Board.

Moving forward, the Audit Committee will be meeting bi-monthly with a particular emphasis on performance and risk management.

The Overview and Scrutiny Board has undertaken a range of work from reviewing draft Policy Framework documents to matters arising from budget monitoring reports. The Mayor has also referred matters to the Board for its comments. Four decisions of the Mayor have been called-in over the course of 2015/2016.

A significant amount of the Board's work has been scrutinising the Mayor's proposals for income generation, service change and budget saving proposals including challenging the draft Equality Impact Assessments. This work has been undertaken through its Priorities and Resources Review Panel.

The Board have also continued to provide close scrutiny to the Children's Services revenue budget and the associated Cost Reduction Plan monitoring both the levels of spend within the Directorate and the performance against a range of targets and indicators. In addition the Board considered the Action Plan prepared following the inspection by Ofsted of services for children in need of help and protection, children looked after and care leavers.

Since the Local Election, the Overview and Scrutiny Board has reviewed how it operates taking account of the work undertaken with the Centre for Public Scrutiny last year. The Board has established a monthly briefing meeting for all non-executive members with the Overview and Scrutiny Lead Members providing feedback from their liaison meetings with Directors and Executive Leads and from task-and-finish groups set up to review specific issues.

The Council's Information Asset Register has been reviewed and will be updated by August 2016 in line with policy developments and guidance but also to ensure links are made to relevant business continuity plans. Information Asset Owners have been identified across the Council and will be trained throughout September and October 2016 so they can review their information assets and keep the register updated accordingly.

#### Developing the capacity and capability of members and officers to be effective

A full Member Induction Programme was put in place immediately post the Local Elections in May 2015. The Programme aimed to ensure that newly elected Councillors understood their roles and responsibilities as well as the structure of the Council and how it functioned. All members of the Council were encouraged to attend and take part in all aspects of the Programme with early events focussing on the challenges faced by the Council and discussions about how solutions could be articulated and developed.

The Member Development Programme has continued over the course of the year, again taking advantage of the Devon Shared Service. A Programme for 2016/2017 will also be developed which will move the emphasis onto practice as well as learning.

The Senior Leadership Team have kept their operation under review over the course of the year and changed how they manage their agendas in order to increase their capacity to focus on those issues of strategic importance.

The Transformation Board has been established to deliver savings and change with the main objectives of the Board being to:

- Transform the way we deliver services to meet our financial challenges
- Deliver an engaged and empowered workforce and strengthen the way we engage with customers and partners
- Provide best value for money and focus our spend to deliver a financially sustainable Local Authority

The Torbay Managers Forum has been re-established, meeting on a quarterly basis. This enables all Managers to be briefed on current issues, reflect on achievements and engage in the development of action plans ensuring that best practice across the Authority is shared and that plans for the future are collectively owned.

Connect events have also been held which are open for all members of staff to attend to share their view with the Chief Executive and members of the Senior Leadership Team.

Workforce planning has been introduced for managers to assist them in identifying the learning and development requirements within their service areas. Training for all staff on key policies, procedures and legislation is available through i-Learn, the Council's online learning portal. Face-to-face training is also available to all staff and during 2015/2016 this included access to Working with Change and Mental Health Awareness training for all employees. Management training is available via the Institute for Leadership and Management. The Council has achieved national accreditation for Wellbeing at Work through its provision of health and wellbeing activities, information and support for staff.

#### Engaging with local people and other stakeholders to ensure robust public accountability

Consultation and service user engagement has continued to take place in relation to service change. The majority of this work has been related to the proposals for budget savings.

A revised Communication, Consultation and Engagement Strategy has been prepared which sets out the Council's duties in relation to consultation and defines the principles by which the Authority will operate in communicating, consulting and engagement with the residents of Torbay.

Reinforced governance arrangements are in place in all circumstances so as to ensure that the development of the Council's Policy Framework enables all councillors, residents, community groups and other stakeholders to give their views on the draft documents.

The Corporate Peer Challenge encourages that an effective strategic partnership forum be established to build upon the partnership strengths which currently exist. Discussions have started with partners and will be pursued in the coming months.

Securing continuous improvement in service delivery and ensuring that its agreed policies, priorities and decisions are implemented on time, in a manner consistent with the needs of its user and in the most effective way

Performance and Risk Dashboards have been created which are aligned to the Council's Corporate Plan. A further Dashboard called "Running an Efficient Council" includes corporate performance indicators and risks.

A Performance and Risk Group has been established, comprising two or three service managers from each Council department, which is responsible for reviewing and challenging the Performance and Risk Dashboards and for encouraging greater ownership of performance and risk generally.

The Dashboards are considered by the Senior Leadership Team on a monthly basis allowing for targets and performance to be challenged. Issues requiring further debate are identified for "deep-dive" reviews.

The Audit Committee review the Dashboards Performance every two months with the Committee referring matters by exception to the Overview and Scrutiny Board where it was felt that further investigation was required.

Operational performance and risk continues to be monitored in business units with issues of concern being escalated through the Performance and Risk Group to the Senior Leadership Team.

The Council's complaints system was evaluated through a staff questionnaire in 2014 which led to a number of improvements being made together with the provision of bespoke training to a number of staff. The quarterly reports are due to be renamed "Customer feedback reports". A deep dive is due to be undertaken in order to provide specific service failures to enable SLT to identify strategies to reduce/eliminate these problems. The monitoring of complaints handled by the Council seeks to secure the continuous of improvement of service delivery and to ensure compliance with legislation, policies and procedures.

The Ofsted Inspection of services for children in need of help and protection, children looked after and care leavers (January 2016) found that services for children who need help and protection were inadequate leading to an automatic judgement that leadership, management and governance were inadequate. An action plan to address the findings in the Ofsted report has been agreed and is being implemented and monitored by both members and senior officers.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government Framework.

## **Significant governance Issues**

The internal audit report on Section 106 Agreements (dated March 2015) identified fundamental weaknesses and found that there were issues arising from the examination of systems and controls which warranted inclusion in the Annual Governance Statement, namely

“The need to establish effective Section 106 Agreement monitoring to ensure that income is collected and used in line with the Agreement to minimise the risk of legal challenge and financial loss.”

An improvement plan was developed in response to this report and this is continuing to be implemented.

There were a number of reviews undertaken by internal audit during the course of the year which found that improvements were required. In a number of cases management actions plans have been put in place and these will be monitored on a regular basis through discussions between the Chief Executive and appropriate Director or Assistant Director. In those cases where management action plans have yet to be agreed, the Chief Executive will ensure that plans are developed as a matter of urgency.

A tracking system to ensure that actions to address areas identified by Internal Audit as requiring improvement will be developed over the coming months and will be monitored by the Senior Leadership Team.

The Ofsted Inspection of services for children in need of help and protection, children looked after and care leaves (January 2016) found that services for children who need help and protection were inadequate leading to an automatic judgement that leadership, management and governance were inadequate. An action plan to address the findings in the Ofsted report has been agreed and is being implemented and monitored by both members and senior officers.

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

Steve Parrock  
Chief Executive

Gordon Oliver  
Elected Mayor of Torbay

# Agenda Item 9



## Grant Thornton

Mr Steve Parrock  
Chief Executive  
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18 April 2016

Dear Steve

### **Planned audit fee for 2016/17**

The Local Audit and Accountability Act 2014 provides for the introduction of a new framework for local public audit. Under these provisions, the Audit Commission closed in March 2015 and the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

### **Scale fee**

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no planned changes to the overall work programme for local government audited bodies for 2016/17, bar the adoption of new measurement requirements for the Highways Network Asset.

CIPFA/LASAAC is expected to confirm, subject to consultation, that the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom will adopt the measurement requirements of the CIPFA Code of Practice on Highways Network Asset.

PSAA have determined that there is no reliable and equitable way of establishing the volume of additional audit work, and therefore fees required, at each applicable local authority to gain assurance over the new financial reporting requirements. Therefore, fees for the additional work identified by auditors in 2016/17 will be subject to approval by PSAA under the normal fee variations process. PSAA expect that 'the additional fees for a highway authority will be in the range of £5,000 to £10,000, where authorities are able to provide the information

required, and the auditor is able to rely on central assurance of the models in use.

PSAA have proposed that 2016/17 scale audit fees (excluding work completed on the Highways Network Asset) are set at the same level as the scale fees applicable for 2015/16. The Council's scale fee for 2016/17 has been set by PSAA at £102,053.

The audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

#### **Scope of the audit fee**

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2016/17 will be undertaken under this Code, on the basis of the work programme and scale fees set out on the [PSAA website](#). Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

As outlined above, the fee for any additional work in respect of the Highways Network Asset is not included in this fee.

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

#### **Value for Money conclusion**

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

#### **Certification of grant claims and returns**

The Council's indicative grant certification fee has been set by PSAA at £9,630. This fee covers the cost of certifying the housing benefit subsidy claim only and is based on final 2014/15 certification fees.

The indicative fee for certification work is based on the expectation that you provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves.

### Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2016	25,514
December 2016	25,513
March 2017	25,513
June 2017	25,513
<b>Total</b>	<b>102,053</b>
<hr/>	
Grant Certification	
March 2017	9,630

### Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2016 to February 2017. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion, along with will be the work on the whole of government accounts return, will be completed in July 2017.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2016- February 2017	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to July 2017	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.



VfM conclusion	Jan to July 2017	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July 2017	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2017	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to November 2017	Grant certification report	A report summarising the findings of our grant certification work

### Our team

The key members of the audit team for 2016/17 are:

	Name	Phone Number	E-mail
Engagement Lead	Alex Walling	0117 305 7804	alex.j.walling@uk.gt.com
Engagement Manager	Mark Bartlett	0117 305 7896	mark.bartlett@uk.gt.com
In Charge Auditor	Ed Mills	0117 305 7688	Edward.k.mills@uk.gt.com

### Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

### Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner, via jon.roberts@uk.gt.com.

Yours sincerely



Alex Walling  
Associate Director and Engagement Lead  
For Grant Thornton UK LLP

cc Martin Phillips

# Audit Committee Update

## Torbay Council

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Year ended 31 March 2016  
23 March 2016

**Alex Walling**

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes a summary of emerging national issues and developments that may be relevant to you; and

Members of the Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- Getting aboard? our local government governance review 2015
- Knowing the ropes: Audit Committee effectiveness review
- Reforging local Government: financial health and governance review 2015

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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# Progress at 10 March 2016

Work	Planned date	Complete?	Comments
<p><b>2015-16 Audit Plan</b> We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements.</p>	March 2016	Yes	The Audit Plan is on the agenda of this meeting.
<p><b>Interim accounts audit</b> Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion.</li> </ul>	Jan – March 2016	In progress	The first stage of our interim audit was in January 2016. The results of that work are reported in the Audit Plan. The second stage of our interim audit is in progress and any significant findings will be reported in the next Audit Committee update report.
<p><b>2015-16 final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2015-16 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	June – July 2016	Not yet due	<p>Our final accounts audit is due to start on 6 June 2016 and we will bring our Audit Findings Report to your meeting on 27 July 2016.</p> <p>We will continue to have regular discussions with officers on emerging financial issues</p>

# Progress at 10 March 2016

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b></p> <p>The scope of our work to inform the 2015/16 VfM conclusion has recently been subject to consultation from the National Audit Office. The audit guidance on the auditor's work on value for money arrangements was published on 9 November 2015.</p> <p>Auditors are required to reach their statutory conclusion on arrangements to secure VFM based on the following overall evaluation criterion: <i>In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.</i></p> <p>To help auditors to consider this overall evaluation criterion, the following sub-criteria are intended to guide auditors in reaching their overall judgements:</p> <ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Sustainable resource deployment</li> <li>• Working with partners and other third parties.</li> </ul> <p>We will be required to report by exception if we conclude that we are not satisfied that the Council has in place proper arrangements to secure value for money in the use of its resources for the relevant period.</p>	<p>March - July 2016</p>	<p>In progress</p>	<p>We have carried out an initial risk assessment to determine our approach and this is reported in our Audit Plan.</p> <p>Our work will be reported in the Audit Findings Report to the July meeting of the Audit Committee.</p>

# Progress at 10 March 2016

Work	Planned date	Complete?	Comments
<b>Annual Audit Letter</b> A summary of all work completed as part of the 2015/16 audit.	September 2016	Not yet due	
<b>Other areas of work</b> <ul style="list-style-type: none"> <li>Housing Benefits Subsidy Claim</li> <li>Teachers' Pension return</li> </ul>	Sept – Nov 2016	Not yet due	
<b>Other activities</b> <ul style="list-style-type: none"> <li>Our annual financial statements workshops, run in conjunction with CIPFA were held in February and March. Torbay officers attended the Exeter event on 17 February 2016.</li> <li>We held a half day seminar in Taunton on 11 February 2016 on building a successful local authority company. Torbay officers were invited to the event but were unable to attend on the day.</li> </ul>			



# CFO Insights– driving performance improvement

## Grant Thornton and CIPFA Market insight

CFO insights is an online analysis tool that gives those aspiring to improve the financial position of their local authority instant access to insight on the financial performance, socio- economy context and service outcomes of every council in England, Scotland and Wales.

The tool provides a three-dimensional lens through which to understand council income and spend by category, the outcomes for that spend and the socio-economic context within which a council operates. This enables comparison against others, not only nationally, but in the context of their geographical and statistical neighbours. CFO Insights is an invaluable tool providing focused insight to develop, and the evidence to support, financial decisions.

We are happy to organise a demonstration of the tool if you want to know more.

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# Innovation in public financial management

## Grant Thornton Insight

In December 2015 we issued our report *'Innovation in public financial management'* which can be found on our website at:

<http://www.grantthornton.global/en/insights/articles/innovation-in-public-financial-management/>

This report draws on a survey of almost 300 practitioners worldwide and includes insights from experts at the International Consortium on Governmental Financial Management (ICGFM) and the Massachusetts Institute of Technology's Centre for Finance and Policy.

The report is the latest in a decade-long series jointly published by Grant Thornton and the ICGFM and it covers four major topics that, globally, will impact on the future of public financial management:

**Changing practices.** Our research showed that the biggest issue ahead will be finding the political commitment to support more difficult innovations on the agenda – such as increasing public engagement.

**The right PPP formula.** 90% of respondents felt that substantial investment in infrastructure was required to drive economic growth. In this age of austerity, most governments are also seeking ways to attract outside investment – with the majority using some form of public-private partnership (PPP). Many countries remain inexperienced with such arrangements and the results of their application have been mixed. There has been little improvement since our 2011 survey, which shows that it takes a long time to develop the requisite skills and experience to make PPPs work.

**Transparency with technology.** Public financial managers are convinced of the importance of enhancing transparency and most are trying to be innovative in this area. However, most are using outdated digital tools. Fewer than half use social media to enhance openness. Even among the best, most transparency efforts are focussed on releasing data sets than data insights.

**The new normal.** Public financial management remains weighed down by the effects of the global financial crisis, but respondents also focussed on important developments since 2008, such as the Eurozone problems and the collapse of commodity prices. This suggests that public financial management is having to come to terms with not just the lessons of one major financial crisis, but with how governments can live with less over the long term.



# Accounting for the Better Care Fund and Pooled Budgets

## Grant Thornton

As the Government's service integration and devolution agenda's progress, the level of joint working between NHS bodies and councils, including the use of pooled budgets is increasing. One example of this is the Better Care Fund (BCF) which became operational on April 1 2015 with a baseline allocation to CCGs for 2015/16 of £3.46bn.

In many areas, including the South West, the value of funds committed to pooled budgets is highly material so it is important that both CCGs and councils get the accounting right.

Our sector intelligence indicated that practitioners across both the health and Local Government sector wanted further guidance on accounting for pooled budgets, including the BCF.

Grant Thornton ran a free seminar on 13 January 2016 considering the accounting issues around the BCF and Pooled Budgets. It was attended by 35 finance officers from councils and CCGs in the South West (including officers from Torbay Council). By bring representatives from both sectors together it was possible to facilitate a consistent approach to accounting. If the accounting is not consistent it could lead to material errors within accounts and also between bodies which would create difficulties with the NHS agreement of balances exercise and whole of government accounts.

The actual accounting approach is dependent on the detail of the local agreements and the operation of the funds. The seminar considered:

- relevant accounting standards
- the nature of controls and the impact on the accounting treatment
- accounts disclosure requirements; and
- the approach to auditing the funds

The seminar ended with a session on action planning.



# Website re-launch

## Grant Thornton

We have recently launched our new-look website. Our new homepage has been optimised for viewing across mobile devices, reflecting the increasing trend for how people choose to access information online. We wanted to make it easier to learn about us and the services we offer.

You can access the page using the link below -  
<http://www.grantthornton.co.uk/en/insights/?tags=local-gov&q=sustainable+communities>



# CIPFA reports and publications

## Local Government Issues

### Audit Panels

In December 2015 the Chartered Institute of Public Finance and Accountancy (CIPFA) published its guidance on the establishment of auditor panels.

Under the Local Audit and Accountability Act 2014 'relevant authorities' are able to appoint their own local auditors via an auditor panel. The Secretary of State for Communities and Local Government has decided to implement a phased introduction of the new local audit framework, with all health bodies and smaller local government bodies moving to the new framework as planned on 1<sup>st</sup> April 2017 and larger local government bodies a year later, on 1<sup>st</sup> April 2018. In practice, this means that smaller local authorities must have appointed their local auditors by 31<sup>st</sup> December 2016 and larger principal authorities by 31<sup>st</sup> December 2017.

The guidance sets out the options available to local authorities in England for establishing an auditor panel; what form such a panel can take; the operation and functions of the panel; and the main task of the panel – that is, advising the authority in connection with the appointment of the local auditor

### Better Care Fund

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Healthcare Financial Management Association (HFMA) have issued a joint report examining the progress that has been made six months into the implementation of the government's £5.3bn Better Care Fund (BCF) arrangements. While the report points out that the fund has already begun to produce improved working relationships between NHS bodies and local public services, it highlights that more needs to be done to ensure the success of the BCF. The report is based on the results of a CIPFA and HFMA joint finance staff survey of NHS bodies and local authorities representing almost a third of BCF sites, and is available from the CIPFA website - <http://www.cipfa.org/about-cipfa/press-office/latest-press-releases/better-care-fund-struggling-with-red-tape>.

# Accounts - public rights of inspection and challenge

## Local Government issues: National Audit Office

### Council accounts: a guide to your rights

The NAO has published an updated version of Council accounts: a guide to your rights on its website. The guide has been updated to reflect the new requirements of the Local Audit and Accountability Act 2014, and applies to 2015-16 accounts. The document provides information on how people can ask questions and raise objections about the accounts of their local authority.

<https://www.nao.org.uk/code-audit-practice/council-accounts-a-guide-to-your-rights/>

### Arrangements for the exercise of public rights:

The Accounts and Audit Regulations 2015 set out new arrangements for the exercise of public rights from 2015/16 onwards. A key implication of the Act is that the final approval of the statement of the accounts by an authority prior to publication cannot take place *until after the conclusion of the period for the exercise of public rights*. As the thirty working day period for the exercise of public rights must include the first ten working days of July, authorities will not be able to approve their audited accounts or publish before 15<sup>th</sup> July 2016.

Smaller authorities must also wait until the conclusion of the thirty working day period for the exercise of public rights before publishing their accounts and the auditor's report.

# The Care Act and New Burdens

## Local Government Issues: Public Accounts Committee Report

Further to the NAO reports on *Care Act first-phase reforms* and *Local government new burdens* both published in June 2015, and the hearing of the Public Accounts Committee (PAC) in October 2015 on the combined topics, the PAC has now published its report on the matter. The PAC report considers the additional cost burdens on, and uncertainty for, local councils. It also considers the government's ability to identify and respond to councils that are struggling.

Its main findings are as follows:

- following the decision to delay the second phase of the Care Act, there are concerns that people will have to pay more for their care for longer before the cap on care costs is implemented. However, as the government have announced that they will not claw back the £146m of funding that it provided to councils in 2015/16 to prepare for the second phase, local authorities will not have the financial burden that was anticipated
- the DCLG have failed to adequately identify and assess new burdens on local authorities and consider their impact, creating significant uncertainty for local authorities. Councils are faced with 'unfunded pressures' which are making it 'more difficult for them to meet their statutory duties and will increase pressure on council tax'
- The report calls for the Spending Review and annual finance settlements for local authorities to 'take full account of the many cost pressures local authorities face, whether or not they meet the government's definition of a new burden'. Funding must be monitored to ensure that vulnerable people do not lose out

The full report can be found at <http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/publications/>

# Results of auditors' work 2014/15

## Public Sector Audit Appointments

Following the closure of the Audit Commission on 31<sup>st</sup> March 2015, Public Sector Audit Appointments (PSAA) became responsible for appointing auditors to local Government bodies and for overseeing the delivery of consistent, high-quality and effective external audit services. The Audit Commission previously published Auditing the Accounts reports for Local Government bodies covering the 2012/13 and 2013/14 financial years. The reports summarised the results of the work of auditors appointed by the Commission at local bodies. This is the first such report published by PSAA, and it summarises the results of auditors' work at 509 principle bodies and 9,755 small bodies. The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors utilised their statutory reporting powers.

The timeliness and quality of financial reporting for 2014/15 remained broadly consistent with the previous year for both principal and small bodies, according to Public Sector Audit Appointments Limited's *Report on the results of auditors' work 2014/15: Local government bodies*.

- for principal bodies, auditors at 345 of 356 councils (97 per cent) were able to issue the opinion on the accounts by the statutory accounts publication date of 30<sup>th</sup> September 2015.
- 97 per cent of police bodies and fire and rescue authorities also received the audit opinion by 30<sup>th</sup> September 2015.
- for the second year in a row there have been no qualified opinions issued to date to principal bodies.
- the number of qualified conclusions on value for money arrangements has remained consistent with the previous year at 4 per cent (17 councils, one police body and one fire and rescue authority).



# IFRS 13 'Fair value measurement'

## Accounting and audit issues

The 2015/16 Accounting Code applies IFRS 13 'Fair Value Measurement' for the first time. The standard sets out in a single framework for measuring fair value and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

There is no public sector adaptation to IFRS13 but the Treasury and therefore the Code has adapted IAS 16 Property, Plant and Equipment so that operational assets (providing service potential) are no longer held at fair value but current value. As such IFRS 13 does not apply to operational assets. This new definition of current value means that the measurement requirements for operational property, plant and equipment providing service potential have not changed from the prior year.

However, surplus assets will need to be measured under the new definition of fair value, reflecting the highest and best use from the market participant perspective.

Other areas affected by the new standard include investment property, available for sale financial assets and those items where fair values are disclosed - for example, long term loans and PFI liabilities. IFRS 13 also introduces extensive disclosure requirements.

Local authorities need to:

- identify/ review their classification of surplus assets and investment properties
- discuss IFRS 13 with their property valuers and treasury advisers to ensure that fair values provided are produced in line with the new standard
- update accounting policies and disclosures to reflect the new standard.

# Highways Network Asset

## Accounting and audit issues

CIPFA announced at the recent Local Government Accounting Conferences some key messages with regards to changes in accounting for the Highways Network Asset form 2016/17. These included:

- Transport Infrastructure Assets will now be referred to as single asset, the Highways Network Asset (HNA)
- this will be measured at Depreciated Replacement Cost (DRC) using the Modern Equivalent Asset (MEA) basis of valuation from 1 April 2016 and will be applied prospectively rather than requiring a full retrospective restatement
- the new requirements only apply to authorities with assets meeting the definition of a single HNA asset

CIPFA's expects that the transport infrastructure assets held by district councils/ non-highways authorities will be scoped out of the new requirements as assets are unlikely to form a single interconnected network. However, district councils will need to consider the nature of their transport infrastructure assets to assure themselves and evidence that their transport infrastructure assets are not part of an interconnected network.

The 2016/17 Accounting Code which will include further details on these announcements is expected to be published in Spring 2016. Grant Thornton has produced a short briefing on these announcements which is available from your Engagement Lead and Engagement Manager and will provide further briefings as further details become available.

# Unlodged non-domestic rate appeals

## Accounting and audit issues

Last year, there were primarily no provisions for unlodged non-domestic rates appeals as appeals received on or after 1 April 2015 were only backdated to 1 April 2015. The effect of last years announcement was supposed to put authorities in the position as if the revaluation had been done in 2015 as initially intended before the extension to 2017. This was only a one year reprieve and so any unlodged appeals at 31 March 2016 will only be backdated to 1 April 2015 and therefore may not be material.

However, this year, local authorities will need to estimate a provision for unlodged appeals but as above it may not be material.

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and the Code it is in only extremely rare cases that a reliable estimate cannot be made. Therefore, if your local authority does have such an instance, the rationale needs backing up: both in terms of disclosures (as a contingent liability) and in providing evidence to those charged with governance as to why a reliable estimate for the provision cannot be made.



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