



Tuesday, 19 July 2016

AUDIT COMMITTEE

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

Wednesday, 27 July 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 Tyerman (Chairman)

Councillor Bent

Councillor Darling (S)

Councillor O'Dwyer (Vice-Chair)

Councillor Stocks

Councillor Sykes

A prosperous and healthy Torbay

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

Lisa Antrobus, Town Hall, Castle Circus, Torquay, TQ1 3DR
01803 207064

Email: governance.support@torbay.gov.uk

www.torbay.gov.uk

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AUDIT COMMITTEE AGENDA

1. **Apologies**
To receive any apologies for absence, including notifications of any changes to the membership of the Committee.
2. **Minutes** (Pages 4 - 7)
To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 25 May 2016.
3. **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.)
4. **Urgent Items**
To consider any other items that the Chairman decides are urgent.
5. **2015/2016 Annual Audit Report** (Pages 8 - 40)
To consider a report on the above.
6. **2015/2016 Audit Findings Report** (To Follow)
To consider the submitted report on the above.
7. **Statement of Accounts and Annual Governance Statement 2015/16** (To Follow)
To consider a report that seeks approval of the Council's Statement of Accounts and Annual Governance Statement for 2015/16.

- 8. Treasury Management Outturn 2015/16** (Pages 41 - 53)
To note a report that informs Members of the performance of the Treasury Mangement function.
- 9. Local Government Corporate Peer Challenge Action Plan** (Pages 54 - 71)
To consider a report that updates Members on the progress made on implementing the Local Government Association Corporate Peer Challenge Action Plan.
- 10. Performance and Risk** (Pages 72 - 97)
To consider a report that presents April's Performance and Risk dashboards.
- 11. Regulation of Investigatory Powers Act 2000 (RIPA)** (Pages 98 - 100)
To note a report that provides an update on any current RIPA authorisations.



Minutes of the Audit Committee

25 May 2016

-: Present :-

Councillor Tyerman (Chairman)

Councillors Bent, Darling (S), O'Dwyer (Vice-Chair), Stocks and Thomas (D)

38. Election of Chairman/woman

Councillor Tyerman was elected Chairman for the 2016/2017 Municipal Year.

39. Appointment of Vice-Chairman/woman

Councillor O'Dwyer was appointed Vice-Chairman for the 2016/2017 Municipal Year.

40. Apologies

It was reported that, in accordance with the wishes of the Conservative Group, the membership of the Committee had been amended for this meeting by including Councillor Thomas (D) instead of Councillor Manning.

41. Minutes

The Minutes of the meeting of the Audit Committee held on 23 March 2016 were confirmed as a correct record and signed by the Chairman.

42. Performance and Risk

The Committee noted a report that presented May's performance and risk dashboards and highlight areas for review, challenge and possible investigation. Members noted areas of good performance such as the total recorded crime having reduced on the previous year and the proportion of stage 1 complaints dealt with on time has increased to 83%. Members welcomed the news and the Senior Leadership Teams aspiration for 100% rate of response, however they challenged whether enquiries from Councillors that would ordinarily be directed straight to an officer should be directed through the information compliance team in order for these to be logged and tracked. The Jo Beer, Policy and Performance Review Manager advised she would consider the approach and feedback to Members.

Members proceeded to undertake a 'deep dive' into the following performance indicators:

- Breastfeeding prevalence at 6-8 weeks after birth;
- Smoking status at the time of delivery
- Smoking prevalence at age 15 – regular smokers; and
- Protecting all children and giving them the best start in life

Sue Matthews, Children and Young People Lead, Ian Tyson, Assistant Finance and Commission Officer and Doug Haines, Epidemiologist from Public Health Commissioning were present to respond to Members questions.

Doug informed Members that Torbay's performance for the breastfeeding and smoking indicators were compared to national figures. Members challenged whether it was realistic for Torbay to ever achieve the national figures and whether a comparison against other authorities with similar levels of deprivation would be of greater use to judge Torbay's performance.

Members queried the level of control the Council had over the Public Health indicators, when a number of the indicators were services that were delivered by outside agencies. Doug advised that where the service was a commissioned service, Public Health had direct control of targets through the contract process. Where the indicator was the responsibility of another agency, Public Health could only use their influence to deliver the target set by the performance indicator.

Members requested Doug to consider whether there were better data comparators that would provide a more useful picture of Torbay's performance.

Members went on to consider the 'protecting all children and giving them the best start in life', in particular referrals to children's safeguarding service. Russell Knight, Group Manager, advised that the quarterly reported figures for this particular indicator had to be changed following the discovery of an error with the report generated via the Paris software. It was only after recent analysis that the error was discovered hence the correction to the published report. The error has been corrected and processes have been reconfigured, the generated figures will be forwarded to service managers to examine before being submitted to the Policy and Performance Team.

Members challenged the derivation of the targets. Members were informed that some of the targets were national aspirational figures with others being based upon local historical data. Members noted that a new set of dashboards were to be presented to the Children's Improvement Board which will use comparators such as Department for Education statistical neighbours, where information locally is used, a key to aid understanding can be provided as some of the targets are open to misinterpretation and once seized upon can be difficult to counteract.

Members questioned whether some of the targets would make more sense if they were expressed as an actual number rather than a percentage as percentage for some indicators could be affected by other variables that would impact greatly a figure when expressed as a percentage.

Having concluded their 'deep dive', Members were informed that following the end of the financial year, officers would be reviewing the information contained in the dashboards with some of the indicators changing in order to provide a balanced view of performance.

43. Annual Governance Statement 2015/2016

Members considered a report that set out the draft Annual Governance Statement (AGS). Members were informed that the AGS 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.

Resolved:

Subject to the following amendments being made, in consultation with the Chairman of the Audit Committee:

- i) the number of Standards Committee's held during 2015/2016 financial year being confirmed;
- ii) the second paragraph under 'The Corporate Plan and Decision-making' be amended to read:

 '~~Generally~~The Council makes recommendations to the Mayor on executive decisions with the Mayor in many cases taking those decisions...'; and
- iii) the Local Government Association Peer Review outcomes be reflected in the section headed 'Significant Governance Issues'.

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

44. Planned Audit Fee for 2016/2017

Members noted the 2016/2017 Audit Fee Letter which set out the scale of fee's which were determined by the Public Sector Audit Appointments Limited (PSAA). The PSAA prescribed scale of fee's are based on the expectation that audited bodies are able to provide the auditor with complete, materially accurate financial statements, with supporting working papers, within agreed timescales.

Alex Walling from Grant Thornton advised Members that there were 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. The PSAA have determined that there is no reliable and equitable way of establishing the volume of additional audit work; therefore fees for additional work indentified by Grant Thornton in 2016/17 will be subject to approval by the PSAA under the normal fee variation process.

45. Audit Committee Update

Mark Bartlett from Grant Thornton, provided an update on the timetable for the Statement of Accounts, he advised the findings of the examination of the interim accounts had been completed with work commencing on the final accounts on 6 June with the findings being reported to the Audit Committee in July. Members noted the external auditors were working with officers across all the local authorities involved in the waste to energy PFI, to determine the financial recording of the initiative.

Members were also informed that the Local Audit and Accountability Act 2014 established new arrangements for the audit and accountability of relevant authorities. These arrangements include the ability for bodies to appoint their own local public auditors via an auditor panel and may be done either individually or jointly with one or more authorities. The Chief Finance Officer advised he would provide a report for consideration at the Audit Committee in September 2016.

Chairman/woman



Internal Audit

Annual Audit Report 2015/16

Torbay Council
Audit Committee

Pages
8 July 2016



Auditing for achievement

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Devon Audit Partnership	Confidentiality and Disclosure Clause
<p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</p> <p>The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk.</p>	<p>This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation’s disclosure policies.</p> <p>This report is prepared for the organisation’s use. We can take no responsibility to any third party for any reliance they might place upon it.</p>

Introduction

The Audit Committee, under its Terms of Reference contained in Torbay Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 set out the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2015/16 was presented to and approved by the Audit Committee in March 2015. The following report and appendices set out the background to audit service provision; reviews work undertaken in 2015/16 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

Expectations of the Audit Committee from this annual report

Audit Committee members are requested to consider:

- the assurance statement within this report;
- the basis of our opinion and the completion of audit work against the plan;
- the scope and ability of audit to complete the audit work;
- audit coverage and findings provided;
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see Appendix 1) and satisfy themselves from this assurance when considering the Annual Governance Statement.

Robert Hutchins
Head of Audit Partnership

Assurance Statement

Overall, and based on work performed during 2015/16 and that of our experience from the current year progress and previous years audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework. However, we can only provide limited assurance in relation to Children's Services & Innovation due to the level of audit activity within this directorate due to the impact of external inspections and other conflicting requirements.

This assurance statement will support Members in their consideration of the Annual Governance Statement see appendix 1. Assurance over arrangements for adult social care is mainly provided by colleagues at Audit South West, the internal audit provider for Health services, who provide a separate letter of assurance.

In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.

All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review.

Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.

Directors have been provided with details of Internal Audit's opinion on each audit review carried out in 2015/16 to assist them with compilation of their individual annual governance assurance statements. If significant weaknesses have been identified in specific areas, these have been considered by the Authority in preparing its Annual Governance Statement which will be accompanying its published Statement of Accounts for 2015/16.

Work has been affected by notable planned changes this year where a proportion of the plan has been deferred. Those audits that have been delayed will be undertaken in the future. This has had an impact on the planned assurance work, however we feel, based on previous years' work, that the framework of control remains in operation. Further explanation is provided in the sections on Basis for Opinion and the Consequences of Change and Risk. Going forward, changes to the audit plan will be approved by the Senior Leadership Team.

This statement of opinion is underpinned by:

Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. creditors, payroll and general ledger) or generally in the reviews undertaken in respect of directorate systems. The Council's overall internal control framework operated effectively during the year. Where internal audit work has highlighted instances of none, or part compliance, none are understood to have had a material impact on the Authority's affairs.

Risk Management

The Risk Management process is not yet fully embedded or disseminated to the operational risk management level.

There is still work to be done to ensure the Council is operating a fully robust risk management methodology.

ICT Continuity and Disaster Recovery require integration into the wider risk management arrangements.

Governance Arrangements

Governance arrangements have been reviewed in the areas of system implementation project management and information security, and found to be effective with opportunities to improve capacity in these areas.

The Information Security Group provides governance in relation to management of information.

A new procurement strategy has been developed and introduced.

Performance Management

The Risk Management framework has been expanded to include performance as an integrated structure.

The use of performance data to inform Children's Services & Innovation governance arrangements.

HR / Payroll Self Service is designed to deliver more efficient processes and improvements in service.

Opportunity exists to improve debt recovery performance monitoring through integration, and Section 106 control through central monitoring.

Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.	Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
Significant Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.	No Assurance	Risks are not mitigated and weaknesses in control, and / or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an assurance on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, based on risk-based reviews and sample testing, that there are no major weaknesses in the system of control.

This report compares the work carried out with the work that was planned through risk assessment (see appendix 2); presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- Page 12
- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need;
 - a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements; and
 - a statement on the effectiveness of the system of internal control in meeting the Council's objectives.

The extent to which our work has been affected by change of audit plan has been notable this year in a number of directorates due to changes in operational business needs.

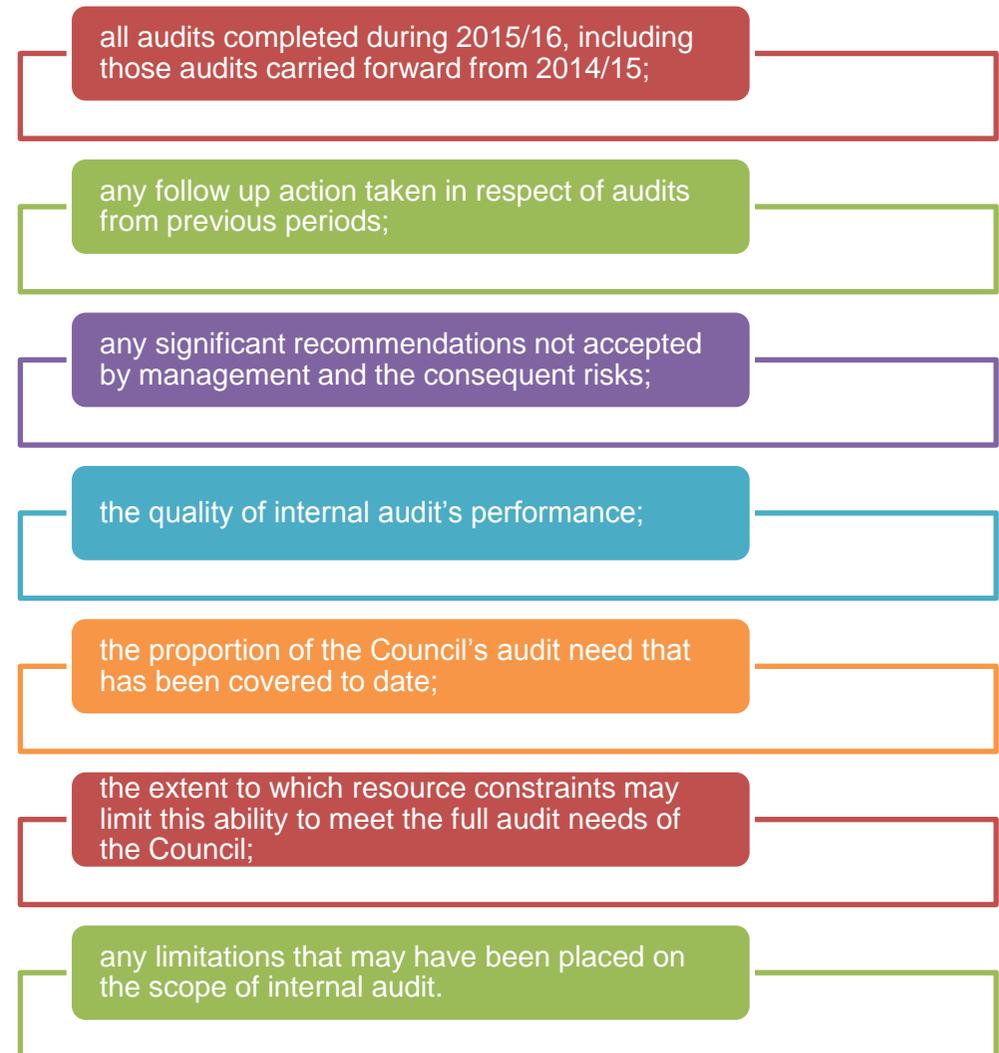
Work has been deferred to future year's audit plans in consultation with the client and taking into account the related risk.

The scope of our audit work this year and in previous years has been adversely affected in Children's Services and Innovation and reduces the assurance that we are able to offer in relation to this area.

The overall audit assurance will have to be considered in light of this position.



In assessing the level of assurance to be given the following have been taken into account:



Audit Authority

Service Provision

The Internal Audit (IA) Service for Torbay Council is delivered by the Devon Audit Partnership (DAP). This is a shared service arrangement between Devon County Council, Torbay Council and Plymouth City Council constituted under section 20 of the Local Government Act 2000. The Partnership undertakes an objective programme of audits to ensure that there are sound and adequate internal controls in place across the whole of the Council. It also ensures that the Council's assets and interests are accounted for and safeguarded from error, fraud, waste, poor value for money or other losses.

Regulatory Role

There are two principal pieces of legislation that impact upon internal audit in local authorities:

- Section 5 of the Accounts and Audit Regulations (England) Regulations 2015** which states that ".....a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"
- Section 151 of the Local Government Act 1972**, which requires every local authority to make arrangements for the proper administration of its financial affairs.

Professional Guidelines

We work to professional guidelines which govern the scope, standards and conduct of Internal Audit as set down in the Public Sector Internal Audit Standards. We have been assessed as "conforming" to these standards and have completed our annual self assessment against PSIAS requirements.

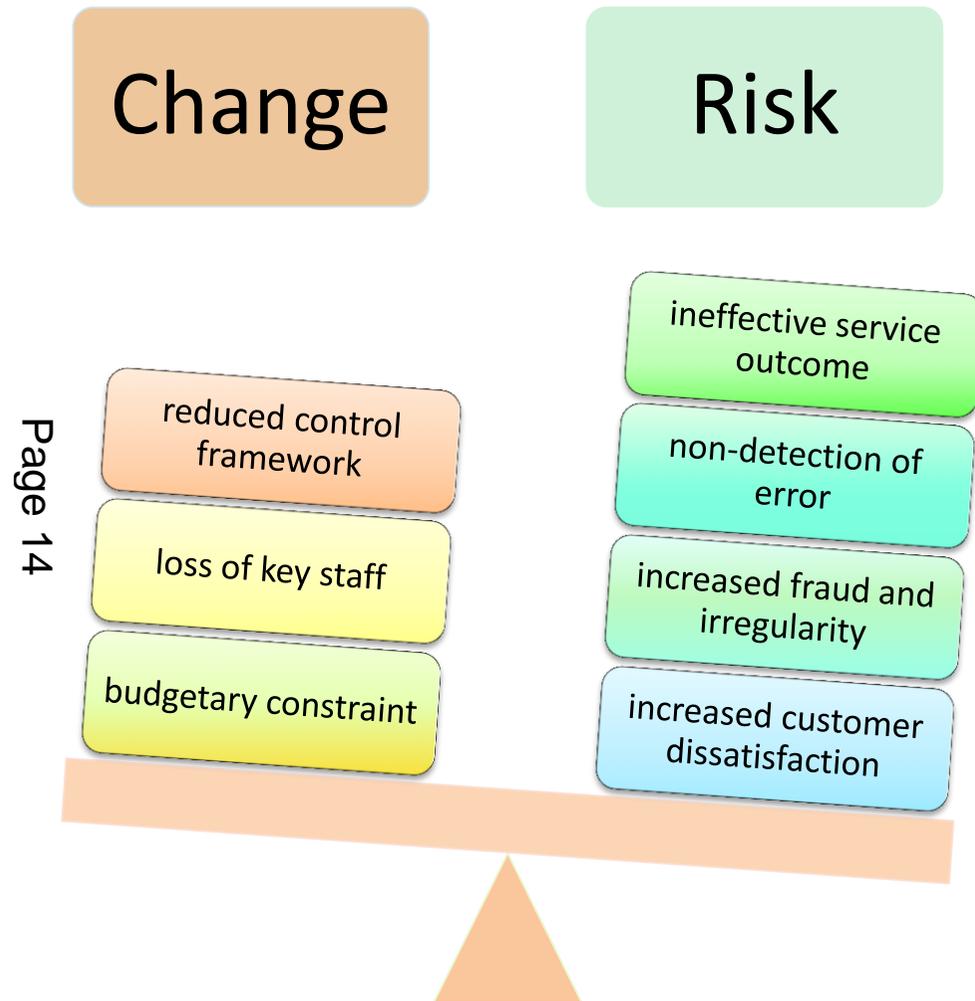
Our Internal Audit Manual provides the method of work and Internal Audit works to and with the policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.



Internal Audit Strategy sets out how the service will be provided and the Internal Audit Charter describes the purpose, authority and principal responsibilities of the audit function.

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The consequences of change and risk



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Change remains constant; the expectation of the public for services provided by the public sector has never been greater; yet the money that is available for these services needs to be reduced. All public sector organisations are looking at how services can be transformed; what worked in the last decade may not meet new challenges. The use of, and dependency on, IT for service delivery will only increase further; this brings rewards but also carries its own risk.

The Internal Audit function has a key role in helping management fully understand their risks and in designing effective and efficient controls that mitigate these risks to an acceptance level; a consistent application of a quality internal audit opinion assists the organisation to develop alternative and new delivery solutions that will deliver the service required.

Our work this year has been tailored to meet the changing requirements of the Authority throughout the year. All of the changes and risks within this graphic have been observed and the impact of these has been of varying significance. Some key areas of change that has seen audit involvement include:

- introduction of HR / Payroll Self Service;
- status record of ICT Strategy components for further development;
- progression of the risk management methodology;
- developments in organisational ethics and culture;
- changes in building security management;
- improvements in Children's Services & Innovation performance reporting;
- continued developments in information security arrangements.

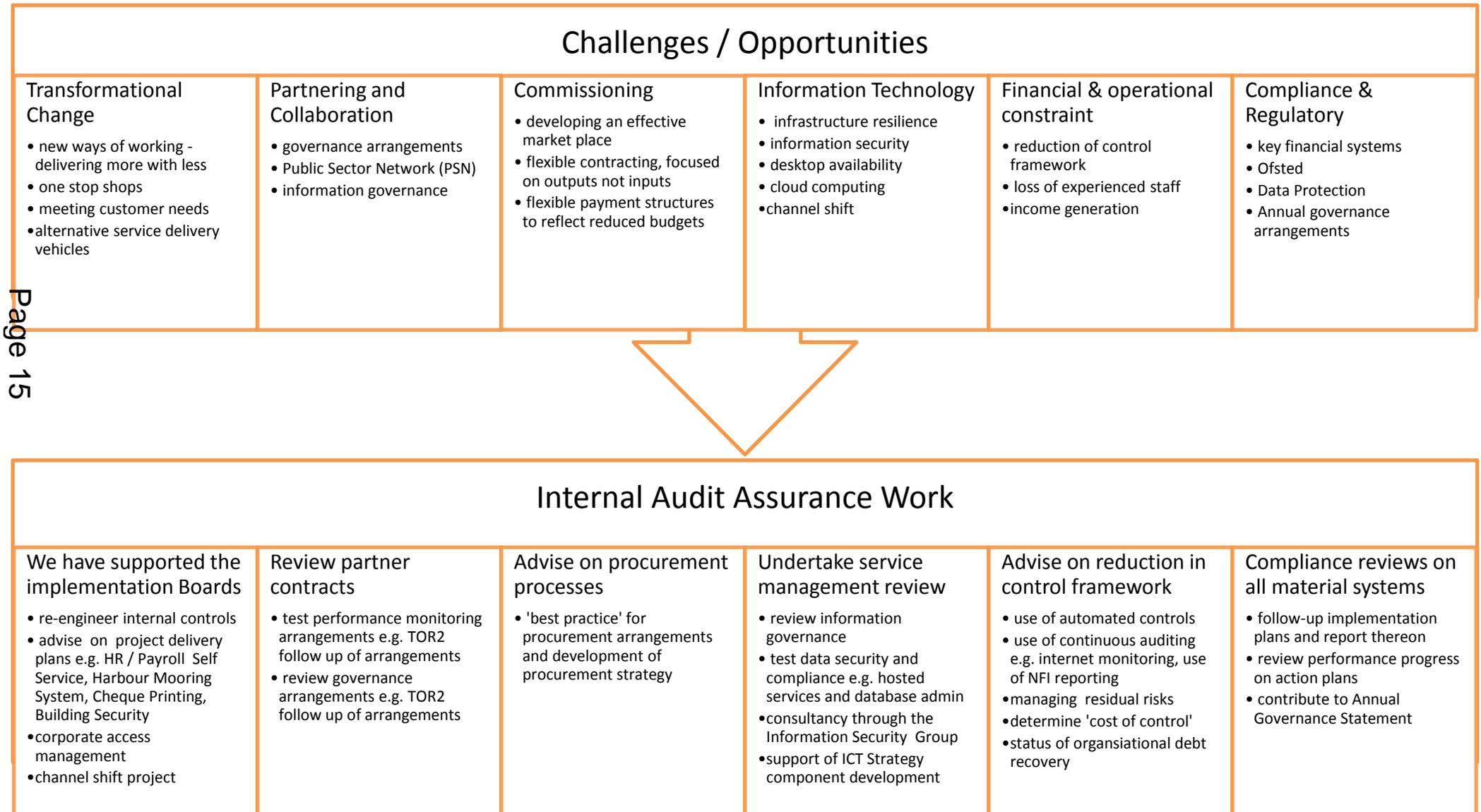
Audit are able to report that in these areas the potential risks are being carefully managed throughout the period of change so that their impact is minimised.

The number of irregularity investigations has remained relatively constant this year compared to 2014/15, as the Council continues to face the consequences of continued reduction in the Authority's resources due to budgetary constraint, resulting in a perpetuating cycle of reducing control framework. In some cases Audit has recommended changes to controls as a result of its investigations and management has taken disciplinary action where appropriate.

Changes in operational priorities and assessment of opportunities within specific Directorate areas have necessitated corresponding changes in our audit work this year, but are a demonstration of proactive action by the Authority to limit the risk associated with budgetary constraint change and maintain effective service provision.

Business objectives – audit assurance overview

From consideration of the Authority's key challenges and opportunities it is facing we have provided assurance in these area through our work over the year.

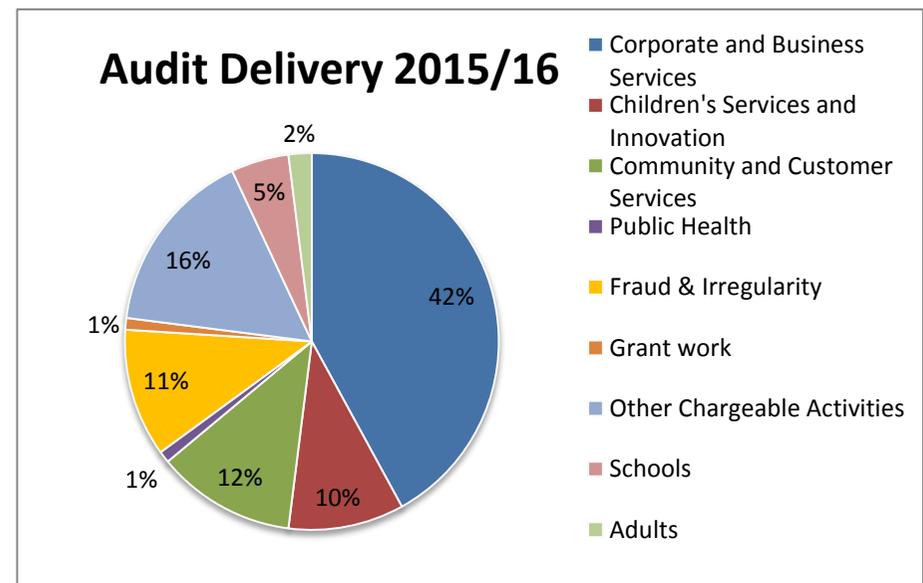
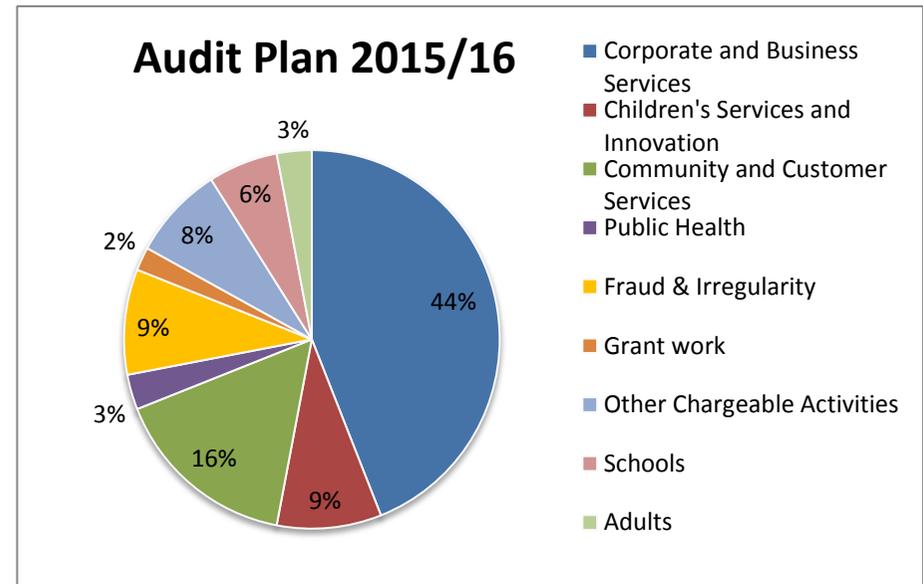


Audit Coverage and performance against plan

The pie charts right shows the breakdown of audit days delivered by service area / type of audit support provided. The balance of work has varied during the year as can be seen from comparison with the second chart, although the variances are not considered significant. However, work categorised as “other chargeable activities” is higher than expected. Closer inspection shows that some of our time in relation to planning and report writing (six month and annual reports) has classified as “other” work, rather than being allocated to the service area; we shall ensure that this is corrected for future years. Individual variations to service area plans have been with full agreement of the client. A number of audits in Children’s Services and Innovation have been deferred at the request of management in recent years which has affected the Assurance Opinion.

Appendix 3 shows the actual days of audit delivery in year against the revised audit plan. It will be noticed that there was a small variation in the total number of audit days provided during the year. When we prepare our plans we make an educated assessment of the number of days that an audit is likely to take. When the fieldwork is actually completed there is inevitably a variance from the planned days. In addition we provide an allowance for work on areas such as fraud and corruption; in some years the requirement will exceed the planned budget and in others the need for our resource will be less than planned. It should also be noted that some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review.

Appendix 4 to this report provides a summary of the audits undertaken during the year, along with our assurance opinion. Where a “high” or “good” standard of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of “improvement required” has been provided then issues were identified during the audit process that required attention. We have provided a summary of some of the key issues reported that are being addressed by management. It should be pointed out that we are content that management are appropriately addressing these issues.



Customer Value

Conformance with Public Sector Internal Audit Standards (PSIAS)

Conformance - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2015. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

Quality Assessment - the Head of Devon Audit Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme. External Assessment provides assurance that against the Institute of Internal Auditors (IIA) Quality Assessment & Public Sector Internal Audit Standards (PSIAS) "DAP is considered to be operating in conformance with the standards" as reported to the Partnership Committee in November 2014 and will be subject to peer review in November 2016.

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated and a status report was reported to the Management Board in October 2015.

Performance Indicators

Overall, performance against the indicators has been good (see appendix 3). We are aware that some of our draft reports were not issued to the customer within the agreed timeframes (15 working days for draft report), and that, although all work was started before year end, not all of our work was fully completed. We have identified areas where performance has been low, and are working with our staff to ensure improvement is achieved.

Customer Service Excellence

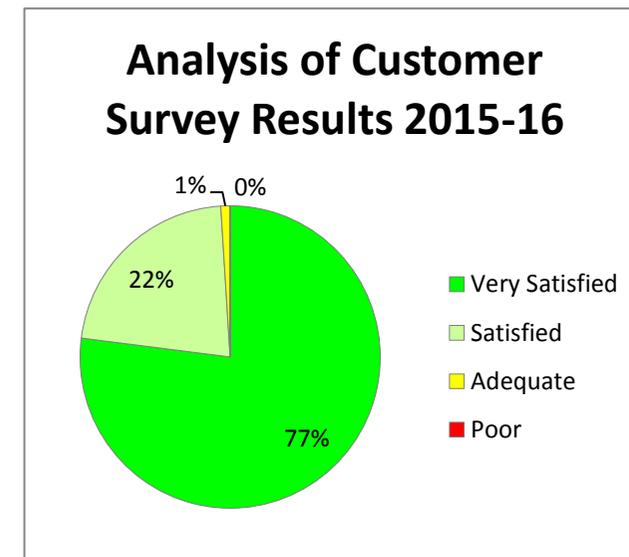
DAP has been successful in re-accreditation by G4S Assessment Services of the CSE standard during the year.

During the period we issued client survey forms with our final reports. The results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with 99% being "satisfied" or better across our services, see appendix 5. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

Added Value

We have had some very complimentary feedback some of the specific examples of where our team have been able to add value to the Council include:-

- *'Very professional service delivery, I felt fully informed at all times and colleagues within the team were happy with interactions with auditors';*
- *'Plenty of opportunity given for feedback';*
- *'Full cooperation and customer focused';*
- *'We see audit very much as a partner in trying to shape the service in times of shrinking resources in order to make sure we still maintain integrity and security';*
- *'The positive recognition for what we do well and the recommendations were constructive';*
- *'Auditor is very helpful and personable. Process is easily followed and understood';*
- *'The audit provided us with an opportunity to step away from our work and reflect on what we do'.*



Value Added

Our internal audit activity has added value to the organisation and its stakeholders by:-

- providing objective and relevant assurance
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes

Senior Management has found our engagement, support as a “trusted advisor” effective and constructive in these significantly changing times.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported in the following areas:

Corporate and Business Services

- ongoing involvement in Self Service project ensuring that control issues are highlighted and resolved before implementation;
- continuing our involvement in the integration of the risk management methodology;
- continued attendance and active participation in the Council’s Information Security Group;
- using knowledge from previous audit work to assist the Council with the new Business Improvement District;
- advice to the Cheque Printing project to assist them in the removal of payment by cheque to achieve associated cost savings;
- support to the ‘Ethics and Culture’ project in an advisory / consultative capacity;
- support to Procurement in relation to changes in regulations and resulting amendment to policy and practices;
- identification of the need for grant certification for Autism Innovation and Community Capacity;
- the development and annual review of the Tor Bay Harbour Authority Five Year Rolling Audit Plan and related assistance to the Executive Head in supporting the Harbour Committee;
- confirmation of Tor Bay Harbour Authority Port Marine Safety Code Compliance;
- review of the wider debt recovery practices across the Council.

Community and Customer Services

- facilitation of ICT Continuity & Disaster Recovery integration into the Risk Management methodology;
- ICT Strategy development in line with the Council’s Corporate Plan and Transformation programme;
- ongoing involvement as an advisory member of the Information Security Group;
- ongoing support to various ICT system developments in line with project requirements and timescales, for example the harbour mooring system, corporate print project, cheque printing;
- retrospective examination of practices during the close down period of Torre Abbey for Museum Services;
- provision of risk assessments in relation to the consideration of reduction of CCTV and changes to the building access control system;
- support to Safer Communities providing advice and guidance in relation to ICT elements of the ‘Prevent’ guidance.

Public Health

- identifying improvement opportunity in relation to consultations linked to further Public Health commissioning reviews.

Adults

- notification to the client of the requirement for certification of the Autism Innovation grant as a result of partnership working;
- inclusion of the NRS Joint Equipment Store audit post Audit Committee plan approval.

Children’s Services and Innovation

- assistance in maintaining the impetus in management action plans to address previously identified risks through an annual and robust follow up exercise;
- provision of Children’s Services and Innovation financial and performance data to the Audit Committee.

Schools

Our support has helped all schools comply with the schools financial value standard with only one school not completing their self-assessment this year.

Internal audit coverage and results

In our opinion, and based upon our audit work completed during 2015/16, and as trusted advisor for on-going projects, we are able to report that internal controls continue to operate effectively in the majority of the directorates and where recommendations for improvements have been made, action plans have been agreed with management.

We can only provide limited assurance at this time in relation to Children's Services and Innovation due to the level of audit work undertaken within this directorate area.

No significant concerns have been identified from our work including that on grants and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which definitions of the assurance opinion ratings are given in Appendix 2.

Corporate and Business Services

Significant concerns have been raised in relation to Section 106 arrangements; the risks identified related to a lack of an overarching monitoring process which is now being considered by the organisation.

Based on audits completed and on indications from previous and on-going work, we are able to report that material systems controls have either been maintained, or improvements are being made to address previously identified weaknesses. Whilst a number of weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action to address them. The wider audit work in the Corporate Debt audit this year has identified the disjointedness of the Council's approach to debt recovery.

We continue to identify opportunities for improvements in terms of the continuing project to implement Payroll / Human Resources Self Service. The revised project go-live date has been deferred due to a number of system issues, the nature of which reduces confidence in the system at this stage.

Although improvements in policy and procedure for the employment of agency staff have been achieved, controls remain insufficient to ensure adherence to the new framework although this is now being addressed.

Community and Customer Services

The majority of the material systems work is within Corporate and Business Services, however, material system controls relevant to Community and Customer Services have either been maintained or improvements are being made to address previous identified weaknesses. The wider audit work in the Corporate Debt audit this year has identified the disjointedness of the Council's approach to debt recovery.

Opportunities exist for improvements in the control and governance framework for the Museum Services and Corporate Security & CCTV. The latter is currently subject to full service review and our findings have informed this project.

ICT projects are appropriately managed and the Information Security Group continues to consider emerging issues that affect both information governance and ICT controls.

ICT Change control arrangements require formalising and recording. The integration of the approach to ICT Continuity & Disaster Recovery, Risk Management and Business Continuity Planning remains ongoing along with the formulation of an ICT Strategy.

Public Health

Our work includes working with management to finalise the audit report and action plan for the Lifestyle Services review.

As detailed in Appendix 4, we are currently working with Public Health colleagues to agree the report in relation to this area and management have provided valuable feedback to our work which may result in changes to our initial draft report.

Adults

The Adult Services Directorate incorporates both the Joint Commissioning Team functions and those functions provided and audited by the NHS Trust Provider. Assurance over arrangements for adult social care is mainly provided by colleagues at Audit South West, the internal audit provider for Health services. Audit South West provides a separate letter of assurance to the Director of Adult Services and the Council's S151 Officer. Devon Audit Partnership provides support and internal audit input on key areas as agreed with the Director of Adult Services.

Our work has involved certification of the Autism Innovation grant. We were able to provide certification for this grant ensuring that the Council retained the grant funding to support the operation of this function.

Children's Services and Innovation

The Children's Services and Innovation directorate incorporates both Safeguarding and Schools. Audit work has involved examination of Admissions in Place Planning and Pupil Referral Panel, certification of grant in relation to Early Years and review of processes in relation to SEND (Special Education Needs and Disability).

Significant concerns have been raised in relation to arrangements for SEND; the risks identified relate to the attainment of DfE targets for conversion of statements to EHCPs (Education Health and Care Plans).

As detailed in Appendix 4 we were able to provide an overall audit opinion of 'High Standard' in relation to these functions and the grant was certified without any issues being identified. Our work in relation to School Places Planning detailed in the Corporate & Business Services report was given an audit opinion of 'Good Standard'.

Schools

The overall assurance from schools audit is of good standard. The risk and control framework is of a good standard although there is some non-compliance or poor practice in a small number of schools on governance and use of resources to achieve school improvement. Detailed assurance is provided under a separate report, and also summarised in Appendix 4 to this report.

There are risks exposed in key areas which reduce overall assurance. The key matters arising from the audits are the:

- understanding of financial management by governors and skills assessment as evidenced by the requirements of the Standard
- ensuring plans for raising standards and attainment have been fully costed and sufficient budget has been identified and allocated to deliver those plans; and,
- absence of financial benchmarking.

Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.

Fraud Prevention and Detection

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability.

The Cabinet Office have taken over from the Audit Commission in running a major national data matching exercise (National Fraud Initiative – NFI) every two years. Devon Audit Partnership (DAP) advised all relevant managers, and assisted departments in undertaking reviews of matches as appropriate throughout 2015. Additionally, early liaison with relevant departments to facilitate the upload of 2015/16 data for the Council Tax Single Person Discount (SPDs) and Rising 18's data matching reports, an exercise now required annually. Matching reports for the following data sets are also relevant to the Council.

- Payroll
- Creditors
- Insurance
- Residential Care Homes
- Concessionary Travel Passes
- Blue Badges
- Housing Benefits
- Housing Waiting Lists
- Council Tax Single Person Discounts
- Council Tax Rising 18's
- Personal Budgets (Direct Payments)

Linked to the TEICCAF (The European Institute for Combating Corruption and Fraud - was Audit Commission), and CIPFA requirements, DAP continue to undertake annual 'Protecting the Public Purse', Fraud and Corruption surveys, which feed into a national overview of fraud within public bodies.

DAP has continued to undertake a six monthly monitoring of staff internet use and to date found no significant concerns. This provides assurance that action has been effective and such use remains within policy. Periodic fraud bulletins are also produced and published on DAP's website.

We continue to attend the Financial Ethical and Probity Group and provide advice and support in relation to irregularities within the organisation.

Irregularities - During 15/16, Internal Audit have carried out, or assisted in fifteen new irregularity investigations. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
Employee Conduct	5
Poor Procedures	4
Financial Irregularity	1
IT Misuse	2
Tenders and Contracts	2
Bribery and Corruption	1

DAP have examined emails to assist the Council in identifying correspondence of significance in terms of relationship management with a contractor, a separate email review relating to potential poor procedures, and to support the organisation in confirming suspected non-compliance with email policy. Two requested reviews of a departments internet use confirmed compliance with policy. Using the same tools, we supported the Information Governance team regarding a Subject Access Request.

We have assisted the organisation in the investigation of a number of incidents including poor practices that resulted in a dismissal, the transfer of staff to a the DWP as part of the Single Fraud Investigation Service, an allegation of bribery, the inappropriate use of a car and the associated tax implications, an allegation into inappropriate practices in operation reported to OFSTED, the inappropriate classification of s17 cases, and non-compliant practices in employing agency staff.

The Council has responded appropriately in relation to these issues demonstrating its intolerance to irregular practice.

Appendix 1 - Annual Governance Framework Assurance

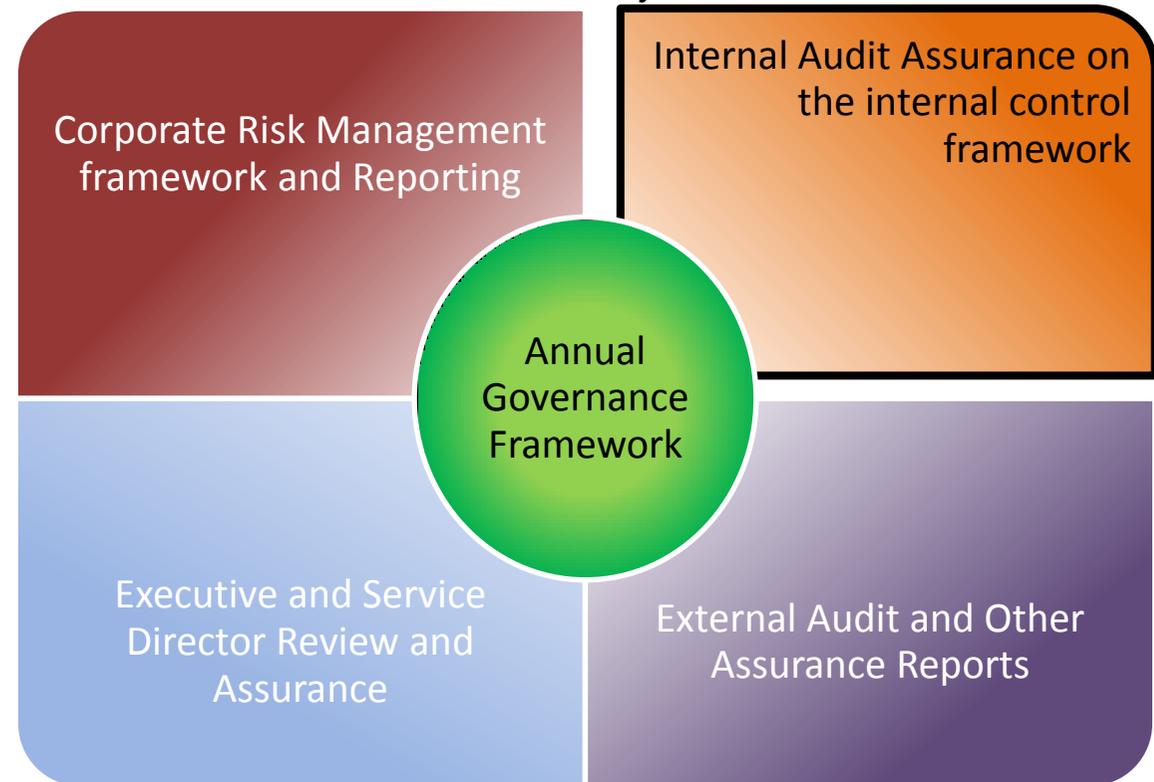
The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

The Annual Governance Statement provides assurance that

- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-

- be prepared by senior management and signed by the Executive Director and Mayor;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority;
 - Audit Committee;
 - Risk Management;
 - Internal Audit
 - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance.



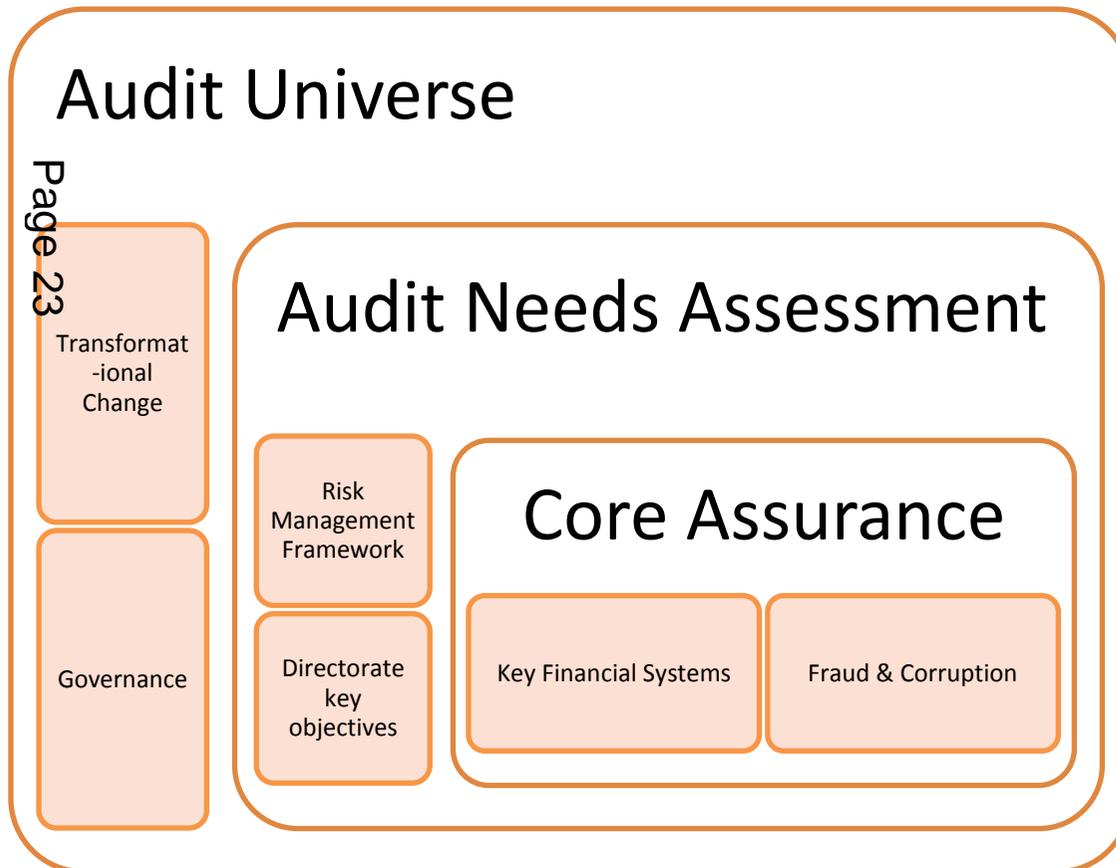
The AGS needs to be presented to, and considered by the Audit Committee.

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Group, Executive and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

Appendix 2 - Audit Needs Assessment

We employ a risk based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

The resultant Internal Audit Plan for 2015/16 was built from this assessment.



The audit plan for 2015/16 plan has been created by:

Consideration of risks identified in the Authority’s strategic and operational risk registers

Review and update of the audit universe

Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programmes, and corporate initiatives

Taking into account results of previous internal audit reviews

Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans

Requirements to provide a “collaborative audit” approach with the external auditors

Appendix 3 – Performance Indicators

There are no national Performance Indicators in existence for Internal Audit, but the Partnership monitors the following Local Performance Indicators LPI's:

Local Performance Indicator (LPI)	2014/15	2014/15	2015/16	2015/16
	Target	Actual	Target	Actual
Percentage of Audit plan Commenced (Inc. Schools)	100%	100%	100%	100%
Percentage of Audit plan Completed (Inc. Schools)	93%	91.7%	93%	88%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	99%	95%	95%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%
Percentage of chargeable time (DAP as a whole)	65%	67.8%	65%	68%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	99%	90%	99%
Draft Reports produced within target number of days (currently 15 days)	90%	77.7%	90%	76%
Final reports produced within target number of days (currently 10 days)	90%	96.6%	90%	97%
Average level of sickness absence (DAP as a whole)	2%	5.5%	2%	5.9%
Percentage of staff turnover (DAP as a whole)	5%	16.6%	5%	4%
Out-turn within budget	Yes	Yes	Yes	Yes

Overall, performance against the indicators has been very good. We are aware that some of our draft reports were not issued to the customer within the agreed timeframes (15 working days for draft report), and that, although all audit work was commenced and well underway at year end, not all of our work was completed. We have identified areas where performance has been poor, and are working with our staff to ensure improvement is achieved.

Appendix 4 – Summary of audit reports and findings for 2015/16

Risk Assessment Key

LARR – Local Authority Risk Register score Impact x Likelihood = Total & Level
 ANA - Audit Needs Assessment risk level as agreed with Client Senior Management
 Client Request – additional audit at request of Client Senior Management; no risk assessment information available

Assurance Progress Key

Green – action plan agreed with client for delivery over an appropriate timescale;
 Amber – agreement of action plan delayed or we are aware progress is hindered;
 Red – action plan not agreed or we are aware progress on key risks is not being made.
 * report recently issued, assurance progress is of managers feedback at debrief meeting.

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Material Systems (includes all material systems for reporting completeness purposes, however direct responsibility for certain areas is within Community and Customer Services)					
Payroll	ANA - Critical	Final	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
Income Collection	ANA - Medium	Final	Good Standard	Assurance was reported in last year's annual report; please refer to that report for details.	
Debtors	ANA – Medium	Final	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
Crisis Support Follow-up	ANA – Low	Final	Good Standard	Assurance was reported in last year's annual report; please refer to that report for details.	
Benefits	ANA – Medium	Final	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
Council Tax & NDR	ANA – Medium	Final	Improvements Required	Assurance was reported in the half year report; please refer to that report for details.	
Cheque Printing Project	Client Request	Complete	Value Added	Support and advice was provided as required by the project. The Council has agreed to withdraw the use of cheques from June 2016. As such our project support will cease.	N/A

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Purchase Order Processing (POP)	ANA – Medium	Final	Good Standard	The ordering functionality within POP is effective and provides the majority of the expected controls of an electronic ordering system including robust authorisation controls. It provides for accurate recording of all the key information and the automated transfer and reversal of commitment data to the general ledger. Weaknesses continue to exist in the goods receipting functionality, however, steps have been taken and continue to be developed to establish mitigating processes, and the residual associated risks continue to be accepted by management. A number of previous recommendations remain outstanding; However, the majority of these should be resolved with the release of e5.5 in 2017.	
Bank Reconciliation	ANA – Medium	Final	Good Standard	A review of the bank reconciliations for the Council's primary bank and treasury management accounts found that reconciliation processes were being effectively undertaken and independently reviewed on a timely basis. However, consistency is required in terms of completion and authorisation deadlines. Risks remain in relation to the lack of segregation of duties in FIMS System Admin.	
IBS Open System Administration	ANA – High	Final	Good Standard	The control environment relating to IBS Open System Administration is reasonably robust. System access is reasonably well controlled; however weaknesses in key areas remain such as outdated Business Continuity plans, a lack of segregation of duty in relation to System Administration, and reliance on local System Administration knowledge to manage leavers remains.	
FIMS System Administration	ANA – High	Final	Good Standard	The control environment relating to FIMS System Administration is robust. There are comprehensive procedures and processes in place, and system training is mandatory for users with transactional capability. With the exception of the system administrators, access to the system is appropriately controlled and restricted. We have identified only one new recommendation this year; this relates to strengthening password controls. We continue to report the lack of full segregation of duty between the system administration and finance roles.	

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Main Accounting System	ANA - Medium	Final	Good Standard	The control environment for the maintenance of the FIMS General Ledger is robust, and ensures that budgetary and transactional data is effectively recorded. This enables reporting and monitoring of accurate financial information across service areas. Segregation of duty remains an issue which is accepted by management as a factor prevalent in small finance teams, and a number of other minor issues have been identified for improvement.	
Asset Register	ANA - Medium	Final	Good Standard	The Council's non-current assets are managed in accordance with legislation, policies and procedures and related financial data is accurately recorded in the General Ledger. New assets are identified and classified correctly and accurately recorded on the asset register, and the existence of assets could be substantiated. Revaluations are timely, are undertaken in line with the rolling asset revaluation programme, and accurately reflected in RAM. Asset disposals were found to be authorised in line with Financial Regulations, correctly accounted for and removed from the asset register. RAM functionality is fully compliant with IFRS and its reporting requirements. Procedures for locally updating, checking and reconciling RAM are being developed, with key processes for year-end Statement of Accounts production and reconciliation now embedded. Some other procedures for QC and other non-standard processes are expected to be developed soon.	
Treasury Management	ANA - Low	Draft	Good Standard	A comprehensive Treasury Management Strategy is in place and complies with the current CIPFA Code of Practice. As in previous years, high operational standards continue to be maintained, with only minor issues being identified. Recommendations have been made to further strengthen existing controls, including: ensuring that supporting procedural documentation is reviewed and updated to align with the Strategy; drafting a Business Continuity Plan; and ensuring regular team meetings occur to allow important information to be effectively communicated.	

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Creditors	ANA - High	Draft	Improvements Required	<p>The processing procedures and practices are robust and a high degree of accuracy continues to be achieved leading to data quality, correct payments and the achievement of performance targets.</p> <p>Some control weaknesses, for example a lack of segregation of duty in the team and weaknesses in the cheque printing environment, are long standing, and management have previously accepted the related risks. For others, including weaknesses in the operation of the payment authorisation controls, management action to address the control environment remains ongoing. New issues identified this year follow a theme in relation to the actual retention of information to support the processing.</p>	 *
Corporate Debt	ANA - Medium	Draft	Improvements Required	<p>There has been a lack of progress in implementing a number of recommendations made last year, hence the significant number of issues that have been re-reported, including out of date procedures, inadequate control in relation to suppressing recovery action, and lack of consistency in recovery practices. This is likely to result in debts becoming more difficult and therefore more costly to pursue, or simply becoming unrecoverable.</p> <p>In terms of debt recovery across the Council as a whole, this is relatively disjointed, with only some aspects being covered by Financial Regulations. Responsibility lies with two main teams; Sundry Debtors and Corporate Debt, but there are other areas that are managed at a local level.</p> <p>Some related debtor information is reported on SPAR, and some can be obtained from FIMS, however, there are other areas where information is not available, so it's currently not possible to build up a picture of debt recovery across the Council as a whole. In addition to our review work this year, we feel that the Council should undertake a further high level review of current debt recovery and monitoring practices and their appropriateness for the business needs of the Council.</p>	 *

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CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Northgate Self Service	ANA – Critical	Complete	Value Added	<p>Support continues to be provided to the project in line with the agreed project plan. The project framework is in place and operating reasonably effectively, however the project has been impacted by resource issues which continue to be managed. The revised Project implementation date was 8th June 2016, which was due to be a partial roll out of functionality with a phased approach. Employee and Manager training is currently in progress.</p> <p>A number of system issues remain outstanding which affect system functionality and reduce confidence in the system operation. These issues are with the supplier (NGA) to resolve. Due to the nature of these issues the decision was made to defer the go-live date to early July 2016.</p> <p>Audit resource is now primarily focussed upon a review of system testing (UAT; Migration) and continued advice and guidance as required by the project</p>	N/A
<p>The following audits are currently in progress:</p> <ul style="list-style-type: none"> Debtors (ANA – High) Payroll (ANA – Critical) Benefits (ANA – Medium) Council Tax and NNDR (ANA – Medium) Income Collection (ANA – Medium) 				<ul style="list-style-type: none"> Capital Programme (ANA – Medium) <p>It is anticipated that the reports will be issued & agreed in the early part of 2016/17, and will be reported in the six monthly monitoring report. No issues of major concern have been identified from our fieldwork to date.</p>	
Grants					
Early Years – 2 year old nursery education	Client Request	Completed	Certified	No issues identified	N/A
Highways Capital Funding x 3	Client Request	Completed	Certified	No issues identified	N/A
Autism Innovation	Client Request	Completed	Certified	No issues identified	N/A

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Local Sustainable Transport Fund	Client Request	Completed	Certified	No issues identified	N/A
Troubled Families x2	Client Request	Completed	Certified	No issues identified	N/A
Community Capacity	Client Request	Completed	Certified	No issues identified	N/A
Other					
Human Resources	ANA - High	Final	Improvements Required	Assurance was reported in the half year report; please refer to that report for details.	
Section 106	ANA – Medium	Final	Fundamental Weaknesses	Assurance was reported in the half year report; please refer to that report for details.	
Torbay Harbour Authority – Risk Management	ANA – Medium	Final	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
Port Marine Safety Code	Client Request	Final	Good Standard	To the best of our knowledge and belief, and having carried out appropriate checks, in our opinion the Tor Bay Harbour Authority is compliant with the Port Marine Safety Code.	
Torbay Development Agency – School Places Planning	ANA – High	Final	Good Standard	Testing of the Schools Capital and Planning Team’s short and long term calculations and forecasts found that they were robust and soundly founded. The forecast planning process identified a need for a new school due to increasing demand; as at the time of the audit the related decision and planning process was still ongoing. Housing developments can have a big impact on the demand for places at individual schools. Recommendations have been made to further improve this planning process by refining the pupil yield factor arising out of those homes and ensuring that calculations reflect the mix of housing. In addition regular updates between the Schools Capital and Planning team and Planning are needed to ensure that Section 106 agreements are regularly reviewed and monies released per the agreements.	

CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Ethics and Culture	ANA - Medium	Complete	Value Added	Project support remains ongoing. The project has rolled into 2016/17	N/A
Business Improvement Districts (BID)	ANA – High	Complete	Value Added	Support and advice was provided to the project to establish a new BID company and BID area. We used knowledge gained from our previous audit examination of the existing BID formations and their ongoing management of the arrangements between the BID companies and the Council.	N/A
Procurement / Contracts	ANA – Medium	Complete	Value Added	We have provided advice in relation to development of the new Procurement Strategy and the redrafting of Contract Standing Orders as a result of the Procurement Regulations 2015, and are now working with management to determine an audit approach to examine these changes in practice and build on previous work in relation to contracts compliance.	N/A
South Devon Link Road / Waste PFI	ANA – High	Complete	Value Added	Devon Audit Partnership has kept a watching brief of progress with the schemes.	N/A
<p>The following audits are currently in progress:</p> <ul style="list-style-type: none"> • Elections (ANA – Medium) • Tor Bay Harbour Authority (ANA – Medium) 				<p>It is anticipated that the reports will be issued & agreed in the early part of 2016/17, and will be reported in the six monthly monitoring report. No issues of major concern have been identified from our fieldwork to date.</p>	
<p>The following audits have either been cancelled at the request of the client, or deferred until 2016-17:</p> <ul style="list-style-type: none"> - New Operational Arrangements (Client Request) 				<ul style="list-style-type: none"> - Demand Management including Financial Planning (Strategic Risk) - TOR2 Commissioning / Contract Monitoring (ANA High) - Fair Decision Making (Client Request) 	

COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Community and Customer					
Corporate Security and CCTV	ANA - Medium	Final	Improvements Required	Assurance was reported in the half yearly report; please refer to that report for details.	
Museum Services	ANA – Low	Draft	Improvements Required	<p>A comprehensive paper inventory maintains an effective record of the Torre Abbey collection of arts and social memorabilia. This is gradually being replaced by the electronic MODES system, but completion has been delayed adversely affect the accuracy of the resulting electronic record.</p> <p>Examination of records did identify inaccuracies with the accession register and the asset location details recorded on the inventory, and further the accession register is not maintained off site for disaster recovery.</p> <p>Performance indicators have not been established to assist with admissions monitoring. Collection of admissions and other income through the cash tills is effectively controlled, although arrangements for cashing up and the transit of monies, insurance for the safe and pricing policy for souvenirs require improvement.</p> <p>Adequate processes exist to manage hire and related income, but they are not consistently applied. Income from property is generally effectively controlled centrally, although the rent reviews have been delayed and some elements are not recovered.</p>	

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The following audits are currently in progress:

- Sports Facilities (ANA – Medium)

It is anticipated that the reports will be issued & agreed in the early part of 2016/17, and will be reported in the six monthly monitoring report. No issues of major concern have been identified from our fieldwork to date.

The following audits have either been cancelled by the client or deferred until 2016-17:

- Housing Options (ANA – Low)
- Torbay Coast and Countryside Trust (ANA – Medium)

COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
IT Audit					
Mobile Device Management	ANA - Critical	Final	Good Standard	Assurance was reported in last year's report; please refer to that report for details.	
File Storage	ANA-High	Final	Improvements Required	Assurance was reported in last year's report; please refer to that report for details.	
Corporate Printing	ANA – Medium	Final	Good Standard	Assurance was reported in the half yearly report; please refer to that report for details.	
Change Control (Follow up)	ANA – High	Final	Improvements Required	Assurance was reported in the half yearly report; please refer to that report for details.	
Information Security Group	Client Request	Complete	Value Added	Support continues to be provided in the form of attendance and active participation in the Information Security Group. This includes the review and update of the Information Security Policy Framework, work on emerging and supporting policies such as the End User Computing policy and PCI compliance, which has recently been adopted.	N/A
Hosted Services – Checklist for Cloud Services	ANA – High	Final	Improvements Required	There is an established Procurement framework in place within the Council; however, the procurement of hosted IT solutions is not integrated within this. The lack of the integrated framework currently puts the Council at greater risk of systems being procured that do not maximise efficiency and realise financial savings whilst also ensuring they integrate with the existing IT infrastructure. Compliance with expected practice and associated legislation is also key.	
Database Administration	ANA – High	Final	Improvements Required	A large proportion of the Databases being managed relate to critical business systems that are crucial to the Council's continued operation. The Database Administrator (DBA) role is a vital element within the overall management of these business solutions, however, current	

COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				resources mean the DBA role has become far more 'reactive' as less dedicated resource is available to perform a proactive management role. There is no formal governance framework with a supporting document structure which would define DBA requirements and individual database architecture in order to effectively and consistently maintain the business solutions. Given the significant potential risk from absence of a formal and regularised framework of DB management, the lack of database stability and non-availability is increased.	
Service Operation - Corporate Access Management Page 34	ANA - High	Final	Improvements Required	<p>We found the policies and guidance provided to staff concerning logical access to systems to be effective although they would be improved by a review and update.</p> <p>We have identified a number of issues regarding the management of user accounts, particularly non-standard accounts and issues in relation to a lack of segregation of duty within core application system administrator's access and tactical / operational access.</p> <p>The Council's building access control system is currently subject to review and update within a corporate building access project to address known weaknesses staff access management. We have not reviewed operational effectiveness of the proposed new system.</p> <p>The overall assurance opinion of Improvements Required reflects weaknesses that are Corporate responsibility to address.</p>	
Harbour Mooring Replacement System	ANA - Medium	Ongoing	Value Added	Advice continues to be provided to the project that remains ongoing at this time.	N/A
Service Strategy	ANA - High	Ongoing	Value Added	We have provided advice to support the strategy review prior to auditing the strategy in 2016/17.	N/A

The following audits have either been cancelled by the client or deferred until 2016-17:

- Infrastructure Management - review of technical fit with ICT Roadmap (ANA – Critical)
- Partnership Working (ICT systems) TOR2 (ANA – High)
- Channel Shift (ANA – High)

PUBLIC HEALTH

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Lifestyle Service Review – Consultations	ANA - Medium	Draft	Work is currently on going with Public Health colleagues to agree the assurance opinion and report including the executive summary.		

The following audits has either been cancelled by the client or deferred until 2016-17:

- Public Health / NHS Links (ANA - High)

ADULT SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Grants					
Autism Innovation	Client Request	Completed	Certified	No issued identified	

Grants

Autism Innovation	Client Request	Completed	Certified	No issued identified	
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The following audit is currently in progress:

- NRS Joint Equipment (Client Request)

It is anticipated that the report will be issued & agreed in the early part of 2016/17, and will be reported in the six monthly monitoring report. No issues of major concern have been identified from our fieldwork to date.

The following audit has either been cancelled by the client or deferred until 2016-17:

- Care Act Implementation – Better Care Fund (ANA – High)

CHILDRENS SERVICES AND INNOVATION

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Transition Children's to Adults - SEND	ANA - Medium	Final	Fundamental Weaknesses	<p>The Council does not have an overall strategic document for SEND covering all relevant areas and signed up with Health, Education and Adult Social Care.</p> <p>The Code of Practice highlights the need for "Joined up working". Torbay has partly addressed this need by setting up a SEND Operational Group which meets monthly. Recommendations have been made for the SEND Operational Group to review its terms of reference and to evaluate whether a partnership or more flexible working would ensure consistency and give a more "joined up" approach.</p> <p>A temporary Transitions Project Group has been set up to discuss cases that were approaching Adult Services. This Group still needs clear terms of reference to ensure that transition consideration starts at Year 9 (age 14) as per the Code.</p> <p>The service has been working on a project brief for improving the transition from Children's Services & Innovation to Adult Services. Despite literature stating involvement of transition workers, there is little evidence this is occurring.</p> <p>There is a backlog of assessments and is currently not on target to achieve the conversions from statements to EHCP in the timescale given. In addition a 20 week target has also been set by the DfE for an EHCP to be completed. Only two out of the fifteen cases sampled were completed within the target.</p> <p>The review of the EHCPs showed some good practice however whilst best efforts were made to complete them fully, there were many inconsistencies and a lack of forward detail in some EHCPs; additionally costs were not clearly shown or personal budgets not considered or used despite the personal budget pilot, and there was a lack of management oversight.</p> <p>Further, it was found that the Council are paying further education establishments additional funding (Element Three) without the establishment providing details to support receipt of funding.</p>	

CHILDRENS SERVICES AND INNOVATION

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Admissions in Place Planning	ANA - Medium	Final	High Standard	<p>Audit have assessed that Torbay Schools Admission Team are fully compliant with the DfE Schools' Admission Code.</p> <p>The admission arrangements were easily found on the internet and show clearly the admission arrangements and policies for all schools. All relevant documentation was up to date and covered all areas. Parental applications were dealt with within a clear timetable. Relevant checks by the Team were made to ensure compliance with the DfE School Admission Code and the relevant individual school policy. The work undertaken by the Senior Officer - Schools Services on the pupil referral panel; was found to be excellent. The referrals from schools were dealt with in a timely manner and decisions made were found to be robust and based on good evidence and professional opinion. There was evidence of joint working with all agencies and professionals and the outcomes and actions for the child were tailored to their needs.</p> <p>A recommendation has been put in place for increased IT support.</p>	
Children's Services & Innovation Performance Analysis	Client Request	Complete	N/A	Analysis presented to Audit Committee members.	N/A

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The following audit is currently in progress:

- Fostering Flat Rate Fee Request (ANA – High)

It is anticipated that the reports will be issued & agreed in the early part of 2016/17, and will be reported in the six monthly monitoring report. No issues of major concern have been identified from our fieldwork to date.

Grants

Early Years - 2 year old Nursery Education Grant	Client Request	Completed	Certified	No issues identified.	
Troubled Families	Client Request	Completed	Certified	No issues identified	

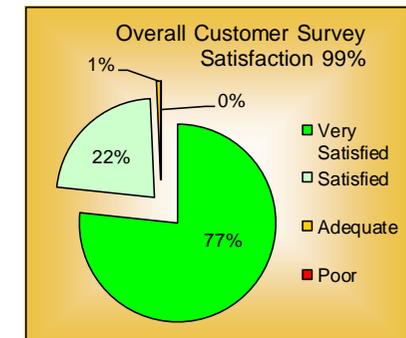
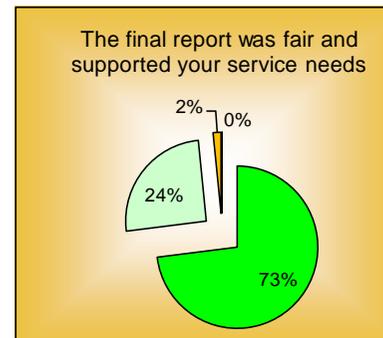
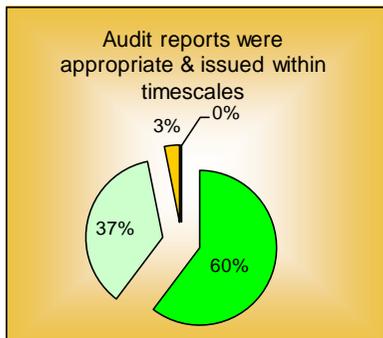
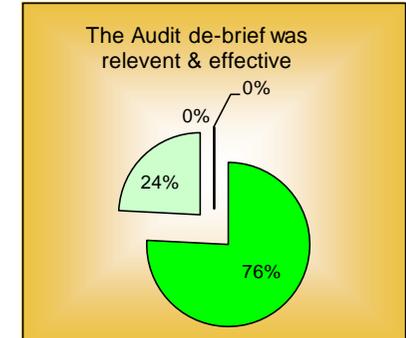
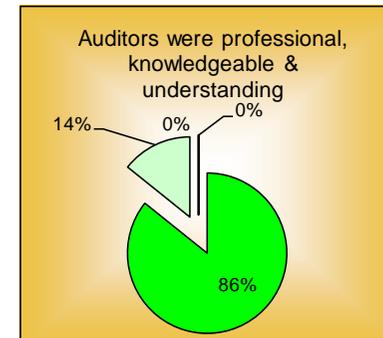
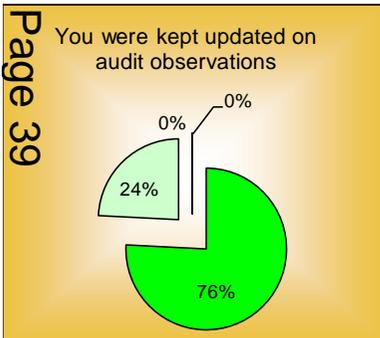
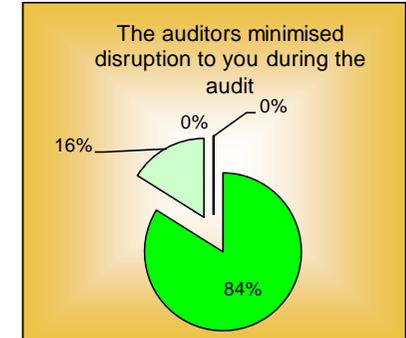
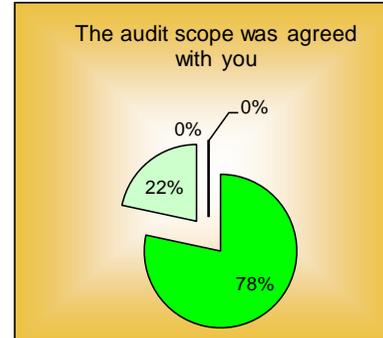
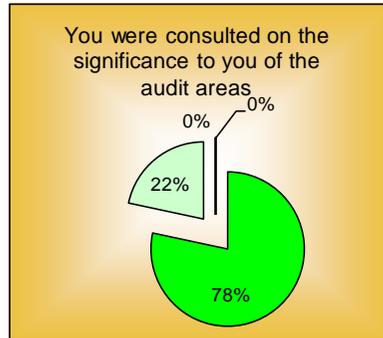
CHILDRENS SERVICES AND INNOVATION

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Maintained Schools					
Schools Financial Value Standards (SFVS)	ANA - Low Mandatory for LA / Schools	Final	Good Standard	SFVS Dedicated Schools Grant Chief Finance Officer assurance statement for 2015/16 submitted to the Department for Education.	
Maintained Schools audit programme	Agreed programme through 'buy back'	On-going	Good Standard	The overall opinion for the routine school audit visits has been maintained as 'good standard' (refer to summary data below). The provision of internal audit's performance data provides a greater focus on schools causing concern in the wider control environment.	

Appendix 5 - Customer Service Excellence

Customer Survey Results April 2015 - Mar 2016

The charts below show a summary of 63 responses received.



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Meeting: Council

Date: 21 July 2016

Wards Affected: All Wards in Torbay

Report Title: Treasury Management Outturn 2015/16

Is the decision a key decision? No

When does the decision need to be implemented? ASAP

Executive Lead Contact Details: Mayor Gordon Oliver, mayor@torbay.gov.uk, (01803) 207001,
gordon.oliver@torbay.gov.uk

Supporting Officer Contact Details: Pete Truman, Principal Accountant, (01803) 207302,
pete.truman@torbay.gov.uk

1. Proposal and Introduction

- 1.1 This report informs Members of the performance of the Treasury Management function in supporting the provision of Council services in 2015/16 through management of cash flow, debt and investment operations and the effective control of the associated risks.
- 1.2 The headline points of the report are:
- No opportunities in the year to early repay existing borrowing
 - No new borrowing taken to fund the Capital Investment Plan with capital expenditure of £7.7million funded in-year from internal resources
 - Annual investment rate achieved exceeded the market and peer benchmark levels
 - Treasury Management activities were slightly overspent against the approved budget target

2. Reason for Proposal

- 2.1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual outturn report reviewing treasury management activities and the actual prudential and treasury indicators for 2015/16.

3.2 This report also meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

3. Recommendation(s) / Proposed Decision

3.1 That the Treasury Management decisions made during 2015/16, as detailed in the submitted report be noted; and

3.2 That the performance against the approved Prudential and Treasury Indicators as set out in Appendix 1 to the submitted report be noted.

4. Background Information

4.1 Treasury management is defined by the Code of practice as:

“The management of the authority’s investments and cash flows, it’s banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

4.2 During 2015/16 the minimum reporting requirements were that full Council should receive the following reports:

- An annual treasury strategy in advance of the year (Council 5th February 2015)
- A mid-year review report (Council 22nd October 2015)
- An annual report following the year describing the activity compared to the strategy (this report)

4.3 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the policies previously approved by Members.

4.4 The Council confirms that it has complied with the requirement under the Code to give prior scrutiny to the above strategy and mid-year treasury management reports by the Audit Committee before they were reported to full Council. In view of tight reporting deadlines and to avoid delay in reporting the Chair of Audit Committee has given approval for this outturn statement to be presented direct to full Council. The nature of the report does not require decision.

4.5 Member training on treasury management issues was undertaken during the year on 15th July 2015 in order to support members’ scrutiny role.

4.6 Treasury Management strategies were planned and implemented in conjunction with the Council’s appointed advisors, Capita Asset Services although the Council officers were the final arbiters of the recommended approach.

4.6 This report covers:

- The Economy and Interest rates
- Treasury Position at year end;
- The Strategy for 2015/16;
- Borrowing Outturn for 2015/16;
- Investment Outturn for 2015/16;
- Revenue Budget Performance;
- Reporting Arrangements and Management Evaluation
- Prudential and Treasury Indicators (Appendix1)

5. The Economy and Interest Rates

5.1 A commentary provided by Capita Asset Services is presented at Appendix 2 to the report.

6. Overall Treasury Position as at 31 March 2016

6.1 At the beginning and the end of 2015/16 the Council's treasury position was as follows:

TABLE 1	31 March 2015 Principal	Rate/Return	Average Life yrs	31 March 2016 Principal	Rate/Return	Average Life yrs
Borrowing	£138.1m	4.39%	27.5 years	£138.1m	4.39%	26.5 years
Other long term liabilities	£8.4m	5.26%	12.5 years	£20.2m	5.26%	11.5 years
Total debt	£146.5m	4.44%	26.7 years	£158.3m	4.44%	25.7 years
CFR	£135.3m			£151.1m		
Over borrowing	£11.2m			£7.2m		
Total investments	£69.7m	0.88%		£54.6m	0.91%	
Net debt	£76.8m	3.29%		£103.7m	3.48%	

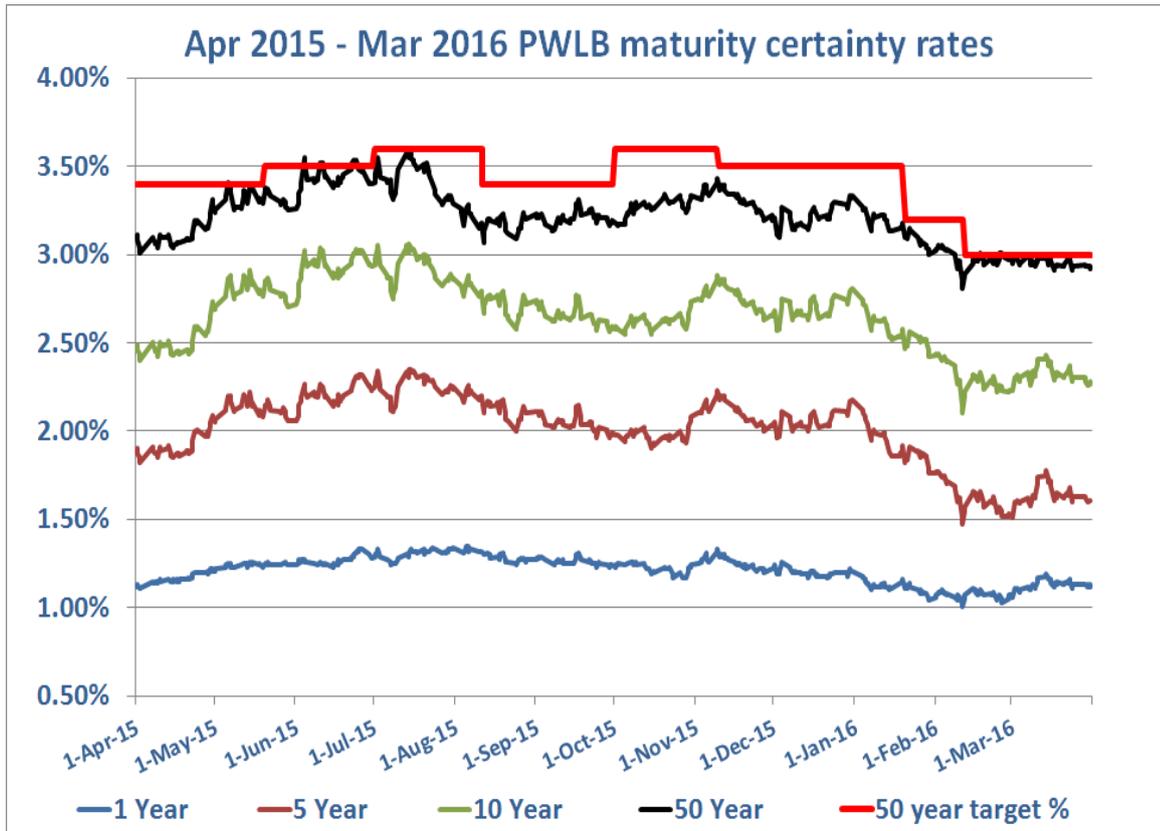
7. The Strategy for 2015/16

7.1 The primary aim of the 2015/16 Strategy was to seek opportunities for the early repayment of borrowing and utilise internal cash resources to fund capital expenditure in the short term

7.2 In view of the forecast for low interest rates an element of core investment balances were to be exposed to deposits of one year or longer duration (subject to rate levels and suitable counterparty availability) to lock into higher yield levels. A proportion of in-house managed funds were to be held in short-term variable rate instruments to enact strategy transactions and to mitigate a rise in investment rates.

8. Borrowing Outturn 2015/16

8.1 The graph below shows how PWLB certainty rates (new loan rates) have fallen to historically very low levels during the year.



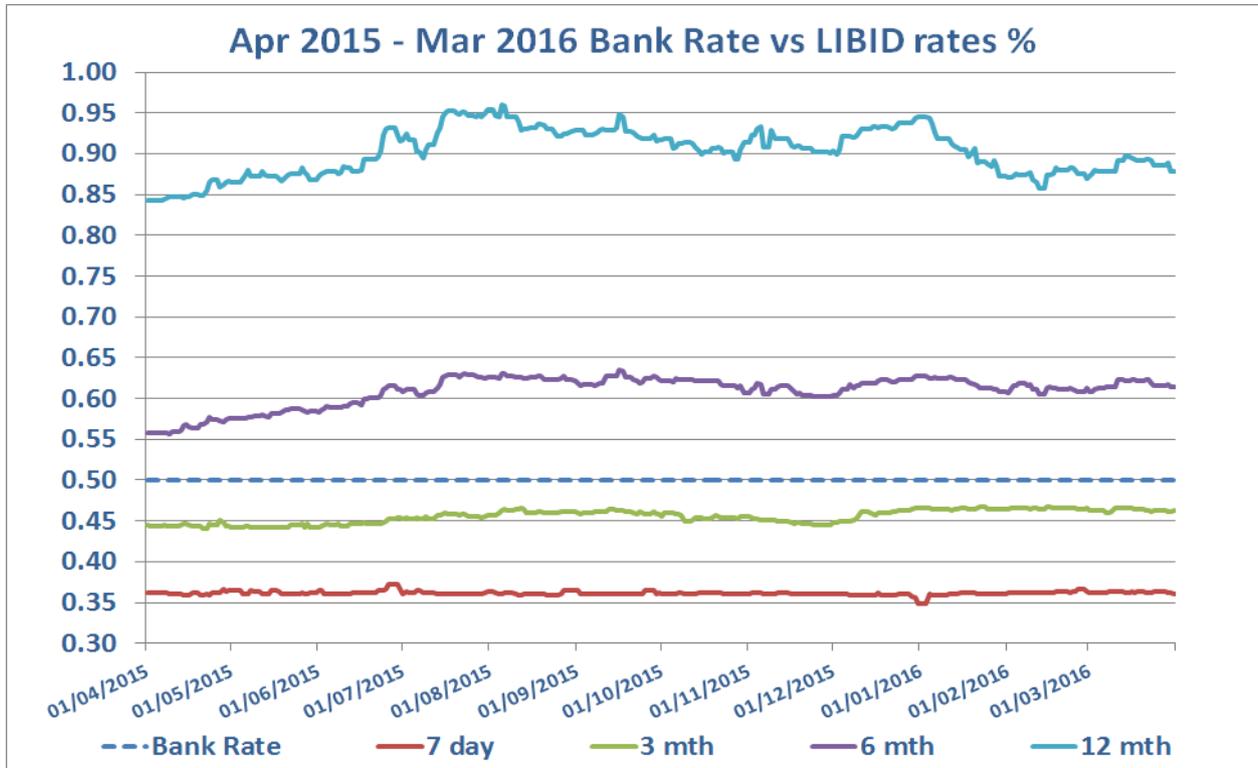
8.2 The rates for early repayment of loans, as relating to the strategy, is a margin lower than these levels and in this climate gave no economic opportunity to repay loans during the year.

8.3 No new borrowing was taken for approved capital schemes with £7.7million of capital expenditure funded in year from internal resources

8.4 The borrowing portfolio (excluding other long term liabilities) remains at £138.1million and the average rate of interest paid on all loans in 2015/16 was 4.39%.

9. Investment Outturn 2015/16

9.1 The movement in key market investment rates during 2015/16 are illustrated in the table below.



9.2 Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2016 but then moved back to around quarter 2 2018 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme and due to the continuing weak expectations as to when Bank Rate would start rising.

9.3 In line with the approved strategy £7million was deposited with local authorities over three years to lock into higher rates over the longer term. This supplemented existing longer term deals made in expectation of no rise in Bank Rate in the medium term.

9.4 During the year Officers evaluated the potential use of higher risk investments to gain yield in the current restrictive climate. Following recommendations to Council the use of the Funding Circle (peer-to-peer) facility was approved on an experimental basis. The performance of the Funding Circle holding at 31st March 2016 is summarised below:

Total Invested	£130,000
No. of loan parts	283
Gross yield	7.9%
Return net of fees	7.2%
Proportion of secured/unsecured loans (by loan principal)	
- Secured	36%
- Unsecured	64%
Proportion of loans by credit rating (by loan principal)	
- A+	70.3%
- A	20.9%
- B	8.8%

9.5 **Externally Managed Investments** – Aberdeen Asset Management manages a proportion of the Council's to add value by way of market knowledge and exposure to a greater diversity of investments and counterparties. The total holding in the external fund was reduced during the year from £30million to £18million to meet capital expenditure funding requirements.

9.6 **Performance Analysis** - Detailed below is the result of the investment strategy undertaken by the Council. Despite the continuing difficult operating environment the Council's investment returns remain well in excess of the benchmark.

	Average Investment Principal	Rate of Return (gross of fees)	Rate of Return (net of fees)	Capita Benchmarking Club		CIPFA Benchmarking Club (Draft)	Market Benchmark/ Target Return
				Peer LA Comparison	English Unitaries		
Internally Managed	£50million	0.99%		0.77%	0.86%	0.73%	0.36%
Externally Managed	£28million	0.76%	0.61%			2.41%*	0.36%

*Includes property funds

9.7 In interest terms, the in-house treasury function contributed an additional £315,000 to the General Fund over and above what would have been attained from the benchmark return. Aberdeen's net return achieved an additional £70,000 over their target return level of 10% above benchmark.

10 Revenue Budget Performance

10.1 The effect of the decisions outlined in this report on the approved revenue budget is outlined in the table below.

	Revised Budget 2015/16	Actual 2015/16	Variation
	£M	£M	£M
Investment Income	(0.6)	(0.6)	0.0
Interest Paid on Borrowing	6.1	6.1	0.0
Net Position (Interest)	5.5	5.5	0.0
Minimum Revenue Provision (MRP)	4.2	4.2	0.0
MRP re: PFI	0.5	0.7	0.2
PFI Grant re: MRP	(0.5)	(0.5)	0.0
Net Position (Other)	4.2	4.4	0.0
Net Position Overall	9.7	9.9	0.2

10.2 The position was regularly reported to OSB and Council throughout the year as part of the budget monitoring reports to Members

11 Reporting Arrangements and Management Evaluation

13.1 The management and evaluation arrangements identified in the annual strategy and followed for 2015/16 were as follows:

- Monthly monitoring report to Executive Lead for Finance, Chief Finance Officer and Group Leaders
- Regular meeting of the Treasury Manager and Chief Accountant to review previous months performance and plan following months activities
- Regular meetings with the Council's treasury advisors
- Regular meetings with the Council's appointed Fund Manager
- Membership and participation in Capita Treasury Services Investment Benchmarking Club

Appendices

Appendix 1: Prudential and Treasury Indicators 2015/16

Appendix 2: The Economy and Interest Rates

Appendix 3: Counterparties with which funds have been deposited in 2015/16

Background Documents

None

Appendix 1

Prudential and Treasury Indicators 2015/16

Capital Expenditure and Financing 2015/16

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need (though the timing of borrowing may be delayed through the application of cash balances held by the Council).

The actual capital expenditure forms one of the required prudential indicators and is shown in the table below.

	2014/15 Actual £m	2015/16 Revised Budget £m	2015/16 Actual £m
Total capital expenditure	20	30	35*

* The Actual for 2015/16 recognises £12m of Energy from Waste assets.

Capital Financing Requirement

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's net debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2015/16 unfinanced capital expenditure and prior years' net or unfinanced capital expenditure which has not yet been financed by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively the reserving of funds for repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. The Council's 2015/16 MRP Policy (as required by CLG Guidance)

was approved as part of the Treasury Management Strategy Report for 2015/16 on 5th February 2015.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's CFR for the year represents a key prudential indicator analysed below. This includes PFI schemes on the balance sheet, which increase the Council's long term liabilities. No borrowing is actually required against these schemes as a borrowing facility is included in the contract (if applicable).

CFR (£m)	31 March 2015 Actual	31 March 2016 Revised Indicator	31 March 2016 Actual
CFR at Year End	135.3	138.0	151.1

The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit presented at Appendix 1 to this report.

Net borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2015/16 plus the expected changes to the CFR over 2016/17 and 2017/18. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

CFR (£m)	31 March 2015 Actual	31 March 2016 Actual
Opening balance	135.0	135.3
Capital expenditure in year funded from borrowing	4.9	7.7
EFW PFI Liability	0	12.4
Minimum Revenue Provision	(4.6)	(4.3)
CFR at Year End	135.3	151.1
Net borrowing position	76.8	103.7

The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2015/16 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached. Borrowing levels were maintained well below the operational boundary throughout the year.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term liabilities net of investment income) against the net revenue stream.

	2015/16
Authorised limit*	£207m
Maximum gross borrowing position	£158m
Operational boundary	£188m
Average gross borrowing position	£152m
Financing costs as a proportion of net revenue stream	9.2%

Treasury Indicators:

Maturity Structure of the fixed rate borrowing portfolio - This indicator assists Authorities avoid large concentrations of fixed rate debt that has the same maturity structure and would therefore need to be replaced at the same time.

	31 March 2016 Actual	31 March 2016 Proportion	2015/16 Original Limits Upper- Lower
Up to 10 years	£24M	17%	5% - 50%
10 to 20 years	£21M	16%	5% - 50%
20 to 30 years	£38M	28%	10% - 60%
30 to 40 years	£37M	26%	10% - 50%
Over 40 years	£18M	13%	0% - 50%

Principal sums invested for over 364 days - The purpose of this indicator is to contain the Council's exposure to the possibility of losses that might arise as a result of it having to seek early repayment or redemption of principal sums invested. The figures presented allow for the proportion of the externally managed fund invested over 1 year. In practice this sum can be realised at short notice but is included within this Indicator as there would be a risk of negative impact on the fund yield.

	2014/15 Actual	2015/16 Limit	2015/16 Actual
Investments of 1 year and over	£15M	£51m	£22m

Exposure to Fixed and Variable Rates - The Prudential Code requires the Council to set upper limits on its exposure to the effects of changes on interest rates. The exposure to fixed and variable rates was as follows:

	31 March 2015 Actual %	2015/16 Upper Limits %	31 March 2016 Actual %
Limits on fixed interest rates:			
• Debt only	100	100	100
• Investments only	52	80	52
Limits on variable interest rates			
• Debt only	0	20	0
• Investments only	47	60	47

Appendix 2

The Economy and Interest Rates

By Capita Asset Services April 2016

Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in 2015/16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

The ECB commenced a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015.

As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

Appendix 3

Counterparties with which funds were deposited (April 2015 – March 2016)

Banks and Building Societies

Bank of Scotland
Barclays Bank
Goldman Sachs International Bank
Lloyds Bank
Nationwide Building Society
Royal Bank of Scotland/National Westminster
Santander UK
Svenska Handelsbanken

Local Authorities

Greater London Authority
Lancashire County Council
Nottinghamshire Police and Crime Commissioner

Other Approved Institutions

Public Sector Deposit Fund
Goldman Sachs Sterling Fund
Aberdeen Asset Management
Funding Circle

Agenda Item 9



Meeting: Audit Committee

Date: 27 July 2016

Wards Affected: All

Report Title: Local Government Corporate Peer Challenge Action Plan

Is the decision a key decision? No

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

Executive Lead Contact Details: Derek Mills, Executive Lead for Health and Wellbeing and Corporate Services, (01803) 843412, Derek.mills@torbay.gov.uk

Supporting Officer Contact Details: Anne-Marie Bond, Assistant Director Corporate and Business Services, (01803) 207015, anne-marie.bond@torbay.gov.uk

1. Proposal and Introduction

- 1.1 This report is to update Members on the progress made on implementing the Local Government Association (LGA) Corporate Peer Challenge Action Plan, which was approved by Council on 3 February 2016.
- 1.2 At Council on 3 February 2016, it was agreed that in order for members to maintain ownership and oversight, the implementation of the action plan should be monitored and reviewed by the Audit Committee.
- 1.3 Whilst this is the first time that the Audit Committee has had the opportunity to view the progress that has been made, the Senior Leadership Team has been actively working on the action plan and reviewing progress on a monthly basis.

2. Reason for Proposal

- 2.1 To comply with the decision made by Council on 3 February 2016.

3. Recommendation(s) / Proposed Decision

- 3.1 That the Audit Committee notes the progress on the implementation of the Local Government Association Corporate Peer Challenge Action Plan, as set out in Appendix 1 to the report.

Appendices

Appendix 1: Local Government Association Corporate Peer Challenge Action Plan

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



LGA Corporate Peer Challenge – December 2015

ACTION PLAN – IN PROGRESS – AS AT 15.07.16

Purpose:

The Council undertook a corporate peer challenge with the Local Government Association (LGA) in December 2015. The main focus of the challenge was to review the strength of Torbay's financial planning and viability, along with governance, leadership and organisational capacity. The LGA Peer Team explored the core components underpinning the features of good performance, including how well the Council has:

Page 55

1. Understanding of the local place and priority setting
2. Leadership of place
3. Financial planning and viability
4. Organisational leadership and governance
5. Capacity to deliver

This action plan sets out the Council's proposed response to the LGA Peer Challenge's recommendations.

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
	Understanding of the local place and priority setting/ Leadership of Place						
1.	Facilitate an effective Strategic Partnership Forum	Work with stakeholders to develop proposals	<p>Explore different models, learning from best practice elsewhere, which will bring partners and communities together to get ownership for the future of Torbay as a place.</p> <p>In establishing such a Forum, ensure a review of existing partnership bodies is undertaken, establish clear aims and objectives, avoid duplication, and ensure membership is appropriate.</p> <p>Establish governance for the Forum to include transparency of decision-making and clear communication paths.</p> <p>A Strategic Partnership Forum Working Party to be established to take forward these actions in consultation with key strategic partners.</p>	End of May 2016, with first meeting of Strategic Partnership Forum meeting at the beginning of June 2016	Anne-Marie Bond	<p>Signpost to others who have undertaken this with positive results – look for conservative led unitary authorities.</p> <p>Explore potential support/facilitation of initial sessions.</p>	Following exploration of arrangements elsewhere, Strategic Partnership Working Party have concluded upon an initial invite list, dates in diaries being arranged, for initial meeting and a ‘visioning’ day with partners.

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
2	<p>Work with the Strategic Partnership Forum to develop a clear long term, high level plan for Torbay, with a compelling narrative which articulates ambitions and is agreed with key stakeholders.</p> <p>Develop a clear communication and engagement strategy for the plan to embed it with partners and the community</p>	<p>Creation of a plan for Torbay (what Torbay will look like in the future)</p> <p>Created, owned and promoted by political and managerial leadership and key partners.</p> <p>Underpinned by robust evidence base and community/business buy-in.</p> <p>Creation of communication and engagement strategy</p>	<p>The Strategic Forum as detailed in 1 above, to formulate the Plan, to be adopted as a single agreed plan with partners, providing a consistent message as to Torbay's aspirations for the future.</p> <p>Build on work already in place with a focus on bringing outcomes/actions across partners closer together.</p> <p>Leaders on Forum to agree the plan and be responsible for embedding it within their organisations and within the community.</p> <p>Engagement strategy to include enabling environment so people can start making a proactive contribution.</p>	<p>No later than end August 2016, with report to Council in September (to coincide with Efficiency and Transformation Plan)</p>	<p>Steve Parrock</p>	<p>Involvement of peers in supporting process and challenge</p> <p>LGA communications team (Matt Nichols) to help advise and signpost (3 days)</p>	<p>To follow once Strategic Partnership formed.</p> <p>Conference call with Matt Nichols held on 30 June 2016. Matt visiting Torbay on 15 August 2016 for specific support.</p>

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
3.	Develop and understand Torbay's place in the national and regional context, and then champion Torbay.	Understand what Torbay's USP(s) are. Identify where we sit regionally and develop proposal/plan for championing Torbay, regionally and nationally.	Council to identify appropriate resources to promote Torbay, regionally and nationally. Strategic Forum to use links to champion Torbay.	Resources to be identified by November 2016. On-going once plan has been created.	Steve Parrock/ Anne-Marie Bond	LGA to help facilitate and organise regional/national discussion group	Resources to be identified through budget process. Once resources identified work to commence. Conference call with Matt Nichols held on 30 June 2016. Matt visiting Torbay on 15 August 2016 for specific support.

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
Financial Planning and Viability							
4.	<p>Urgently develop a Medium Term Financial Plan, covering period of Corporate Plan (four year). The MTFP to demonstrate how Torbay will meet the budget challenges it faces, including;</p> <ul style="list-style-type: none"> - Asset sales and associated developments - Working with partners - Solutions inside and outside of Torbay 	<p>Develop four year plan for saving and investment.</p> <p>Develop efficiency plan.</p>	<p>Develop Efficiency Plan, for approval by October 2016.</p> <p>Efficiency Plan to include how the Council will meet the financial challenges over the following three years, so as to inform normal budget setting processes.</p>	<p>Efficiency Plan to be presented to Full Council meeting in September 2016.</p>	SLT	<p>Review of draft plan together with desktop review of finances in late June/July 2016 by Chris West</p> <p>LGA to ascertain any information possible as to requirements of Efficiency Plan</p>	<p>Timetable organised.</p> <p>Transformation programme established to feed into Efficiency Plan.</p> <p>Initial ideas presented to MEG, Transformation List shared with wider Members. MEG to review draft efficiency plan on 26 July to obtain agreement as to early engagement with wider members and the community prior to ultimate approval of efficiency plan.</p>

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
5.	<p>Creation of a single Transformation Programme to deliver savings and change.</p> <p>SLT should be the Programme Board for the Transformation Programme. The Children's 5 year plan should be one key element of the Programme to ensure it creates a stable financial platform for the future.</p>	<p>Project Mandate and Project Initiation Document to be developed with lead manager and resources to support.</p> <p>Budget to be allocated to deliver transformation projects.</p> <p>Transformation Board to be established.</p>	<p>Establish Transformation Board to meet on a monthly basis with clear objectives as to delivery.</p> <p>Transformation Board objectives and outcomes appended to this action plan for reference.</p>	<p>Transformation Board established from 1 March 2016, now ongoing.</p>	<p>Caroline Taylor</p>	<p>Signposting and provision of information.</p> <p>Ten days of productivity expert to assist in developing Assets business case.</p> <p>Alan Finch (LGA) to liaise with Kevin Mowat.</p>	<p>Transformation Board established.</p> <p>Business Cases being developed.</p> <p>Transformation Board 9 May 2016 – Lisa Annear and Andy Felton in attendance.</p> <p>11 August - SLT approved creation of Transformation Team to further drive delivery of programme.</p> <p>KM completed referral to access Productivity Expert programme.</p>

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
6.	<p>Children's budget – need to urgently stabilise spending, but at a sustainable level.</p> <p>Ensure robust due diligence to the decision and timing of the transfer of Children's Services to the Integrated Care Organisation (ICO)</p>	<p>Sustainable budget to be identified including monitoring of thresholds, gate keeping, care planning and levels of risk.</p>	<p>Children's Services Five Year Plan to deliver savings, in line with appropriate bench-marking.</p> <p>The 5 year plan to be incorporated into the Transformation Programme (as per 5 above).</p> <p>The proposed transfer of Children's Services to ICO to be incorporated into Transformation Programme (as per 5 above).</p>	<p>Delivery of Children's Services Five Year Plan to be presented to Council meeting in July 2016.</p>	<p>Richard Williams</p>	<p>Chris West to review draft plan before submission to Council.</p> <p>LGA to assist with identification of appropriate benchmarking.</p> <p>LGA providing Grant funding for dedicated work on this.</p>	<p>5 year plan being updated to stabilise spend – report to Council in July 2016.</p> <p>Transformation Programme to oversee spend reducing to benchmark.</p> <p>PeopleToo appointed - initial meeting 21 July 2016.</p> <p>Transfer to ICO is designated as a Transformation project</p>
7.	<p>Review Asset Management and disposal plan</p>	<p>Identify proactive programme to dispose of assets or alternatively maximize future revenue from such, at a greater scale and pace</p> <p>Review Asset Management Strategy</p>	<p>To include working with partners to map other public service assets and to consider a collective approach to asset management.</p> <p>To consider all assets in respect of –</p> <ul style="list-style-type: none"> a) opportunities for future revenue generation b) disposal. <p>Plus linkage to Medium Term Financial Plan and Efficiency Plan (as per 4 above) and Transformation Programme (as per 5 above).</p>	<p>Overarching statement to be presented to Council meeting in September 2016 alongside Efficiency and Transformation Plan, with detailed plan presented through the budget setting process.</p>	<p>Kevin Mowat</p>	<p>Productivity expert to review (as per 5 above).</p>	<p>This is designated as a Transformation project.</p> <p>Initial review of assets being undertaken by TDA with income optimisation opportunities being fast tracked.</p> <p>Include review of office accommodation within project.</p>

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
8.	Develop a coherent economic vision and plan that will drive business rate growth aligned to Housing Strategy to deliver homes for council tax growth and New Homes Bonus	Draft new economic strategy Including housing growth Including Business rate growth	Commission TDA to develop new economic strategy to include emphasis on benefits to the Council as well as the community. Plus linkage to Transformation Programme (link to 5 above).	Overarching position to be presented to Council meeting in September 2016 alongside Efficiency and Transformation Plan. Economic Strategy to be presented to Council once prepared.	Kevin Mowat	Review and challenge	Review of Economic Strategy underway. New investment strategy being prepared to present to Council in September 2016.
9.	Develop a commercially driven Tourism Strategy	Draft new Tourism Strategy and identify opportunities to drive revenue benefits for the Council	Prepare draft strategy for approval.	To be presented to Council meeting in September 2016.	Kevin Mowat	Review and challenge	This is being presented to December 2016 Council meeting to avoid any confusion with progress of TBID. This is linked to Assets Transformation Project.
10	Ensure portfolio for Finance has sufficient capacity to provide greater focus and capacity for the future	Mayor to review Executive Lead arrangements	For the Mayor to consider his approach.	Annual Council Meeting - May 2016.	n/a	Peer Support to Mayor	Mayor to advise if he wishes to make any changes to his Executive

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
11	Review structures for financial management, to incorporate Children's finance staff and provide sufficient Council financial expertise on key partnership and commissioning bodies	Review structures with Financial Services	Assistant Director of Corporate and Business Services to progress.	To be completed by summer 2016.	Anne-Marie Bond	None required	Restructure underway
12	Produce summarised and straight forward document for budget savings to ensure accessibility	Review budget documentation	Benchmark against good practice by other authorities. Evaluate 2016/17 approach with members. Focus on Council spending rather than savings as outlined in LGA recommendation.	New documentation to be in place for 2017/18 budget.	Kate Spencer	Guidance as to what is in place elsewhere and review of proposed documentation Alan Finch identified to review	Initial review undertaken. Proposals to be tested with members and LGA. Kate Spencer and Alan Finch progressing review.

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
Organisational Leadership and Governance							
13	Undertake training on the constitution and the roles and responsibilities of Officers and Members	Delivery of training	<p>To include the commissioning of Devon and Somerset Shared Member Development Service to: undertake a review of development requirements recommended by LGA Peer Challenge; establish clear aims and objectives for development needs and delivering of training; and identify a prioritised programme for delivery. Programme will cover:</p> <ul style="list-style-type: none"> • Peer mentoring • Constitutional knowledge • Member and officer roles and responsibilities • Member and officer relations • Leadership practice <p>The member development programme to identify key training to be mandatory for all members.</p> <p>Devon and Somerset Shared Member Development</p>	Immediately and on-going.	Anne-Marie Bond	<p>Advice as to approach to delivery of training and development.</p> <p>Support to design and deliver training. (17 days)</p> <p>Academic support to deliver training (up to 8 days)</p>	<p>Outline Training Plan in place.</p> <p>AMB having detailed discussions with proposed providers currently, to hone training plan and get dates in diary.</p> <p>Intention that training commence asap.</p>

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
			<p>Service and LGA to assist with identifying appropriate training providers.</p> <p>Evaluate members and officers learning once training has been delivered, and ensure continued development occurs.</p> <p>LGA to identify member peer support.</p>				
14	<p>Undertake a review of the decision making process, including;</p> <p>1809 65. Review adequacy and effectiveness of the Policy Framework</p> <ul style="list-style-type: none"> - The role of Overview and Scrutiny and the CFPS recommendations - Member and Officer roles and responsibilities - Member and officer relations 	Review to be undertaken, and members and officers trained appropriately.	<p>See 13 above for delivery of training/development.</p> <p>Re-establish clear governance practice and procedures with roles and responsibilities mapped out.</p> <p>Peer support to assist (as per 19 below).</p>	Alongside training as per 13 above.	Anne-Marie Bond	As per 13 above	To flow from 13 above

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
	<ul style="list-style-type: none"> - The presentation of issues to members without fear, favour. or agenda - Transparency - Records of Decision - Consider effective reporting back to full council from members on representative boards. 						
15	<p>Embed core values adopted for staff and reinforce them through actions of senior officers</p> <p>Encourage members to demonstrate same values and behaviours</p>	<p>Review work undertaken to date and plan programme to ensure values are embedded throughout the Council.</p> <p>Governance Support to work with Members to share staff core values and develop proposals for</p>	<p>Core values to be included on all reports and documentation.</p> <p>Appraisals and staff supervision to include performance against core values.</p> <p>Staff communications to include best practice examples where staff have met core values.</p> <p>Also links to 13 above for delivery of</p>	Alongside training as per 13 above.	Anne-Marie Bond	As per 13 above	To flow from 13 above

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
		members.	training/development for members.				
16	Plan and prepare for Governance Referendum. Ensure outcome does not impact on functioning of the Council.	Plan for Referendum. Engage with all members and the community post referendum.	Peer support for Mayor and Group Leaders to establish positive response, regardless of the outcome of referendum.	Post 5 May 2016	Steve Parrock	Provision of mentoring support (43 days)	All Peer Mentors in place and providing support.
17	Review approach to managing perceived conflict of interests	Members to individually review their interests and potential for perceived conflicts of interests.	Link to 13 above so as to ensure members have all necessary knowledge. Ensure staff are briefed on requirements for members interests and including channels to report any concerns.	Ongoing	Anne-Marie Bond	Through mentoring support and provision of training as per 13 above.	Peer Mentors in place. Training plan developed which will further support this.
18	Risk and Performance framework – ensure it is effectively rolled out, and adding to the ‘business’ of the authority.	Review Framework	SLT and Audit Committee to continue to review and refine.	Ongoing	Jo Beer/ Anne-Marie Bond		SLT and Audit Committee continue to review and refine.

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	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
19	Provide peer support and mentoring for chief officers and elected members to support their capacity and provide guidance as the key changes that are required are made. Officers and members to engage in wider peer networks to support and expand knowledge and ideas.	Identify members and officers to receive peer support. Identify wider peer networks and opportunities to support and expand knowledge and ideas.	In respect of Members, link to 13 above. LGA to assist in identification of peer support. SLT to review peer networks and provide capacity for staff to actively engage where appropriate. Encourage staff to share best practice gained from peer networks. Utilise SLT and Manager's Forum as a channel for feedback.	Ongoing	Anne-Marie Bond	Provision of mentoring support (43 days)	Peer Mentors in place and providing support. SLT reviewing training and support needs Managers Forum and Connect Events in place and working well as a channel for feedback from staff to SLT
20	Continue to develop and deliver an Organisational Development and Workforce Plan. Develop and deliver an organisational succession plan	Continue with preparation of Workforce and Organisational Development plan. Succession plan to be formulated following completion of Workforce plan	SLT, supported by Human Resources, to deliver Organisational Development and Workforce Plans. Mayor and Group Leaders to consider approach to member succession planning – also links to 13 above.	Ongoing	Sue Wiltshire	LGA workforce advisor (Martin Denny) to offer support and critical review challenge (5 days)	Workforce plans being developed for consideration by SLT. Martin Denny has reviewed initial documentation and is providing on-going support.
Capacity to Deliver							

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
21	The Council needs to communicate as to the need to urgently prepare an efficiency plan and make difficult decisions, whilst being clear that the Council is sustainable in such circumstances	Need to ensure appropriate messages are communicated.	Link to 2 and 4 above Communications team to develop communication plan, internally and externally. Include staff and actively encourage them to present innovative ideas.	Ongoing	Michelle Pierce	LGA communications team to help advise and signpost	Conference call with Matt Nichols held on 30 June 2016. Matt visiting Torbay on 15 August 2016 for specific support.
22	Invest in capacity to deliver organisational and business transformation at a pace	Review structure	Link to 5 above - Transformation Board to identify need. Head of Paid Service to determine.	Ongoing	Steve Parrock	None required	In place. Resources identified in 2016/17 budget.
23	Review and invest in the training and development needs of members with an emphasis on leadership, practice as well as learning	Review Member Training and Development Programme	Link to 13 above.	Ongoing	Anne-Marie Bond	Support and challenge	Training programme being developed.
24	Review and invest in the training and development needs of senior officers	Review training and development needs of Senior Officers	Head of Paid Service to consider, and plan appropriately. Link to members training and	Ongoing	Steve Parrock (supported by Julia Baldie)	Review of training programme once drafted	Review of SLT training being undertaken, to inform training programme.

	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
			development (see 13 above) and identify joint training where appropriate. Also link to 19 above				
25	Appraisals for all staff, Chief Executive down.	Undertake appraisals	Mandatory for all staff. External facilitation for appraisal Chief Executive. Establish performance management for members following trial undertaken in 2009 – link to 13 above	On-going on a rolling programme. Chief Executive's appraisal scheduled.	Anne-Marie Bond	None required	CEX appraisal undertaken. On-line appraisal system in place to provide data as to appraisals undertaken. Staff survey for Autumn 2016 to test reach compared with previous survey.
26	Ensure HR systems are up-to-date and provide effective reporting on key elements for effective people management	HR system currently being built to ensure it provides effective systems and reporting – review to ensure it will provide necessary reporting	HR system already in development. Review of reporting undertaken.	To be fully operational by summer 2016.	Anne-Marie Bond	None required	Slight delay in roll out due to technical issues. Initial launch on 6 July 2016.

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	Recommendation	Overall Response	Detailed Action	Indicative Timescale	Lead Officer	LGA Support	Progress update
27	Establish plans with key targets and milestones for the delivery of the Corporate Plan	Corporate Plan Delivery Plans to be approved by Full Council Effective Performance and Risk monitoring against the delivery plans.	Corporate Plan Delivery Plans to be considered by Council in May 2016. Audit Committee to undertake performance and risk monitoring on an ongoing basis – link to 18 above.	Annual Council May 2016 Ongoing	Steve Parrock	None required	Corporate Plan Delivery Plans approved by Full Council on 11 May 2016. Monitoring arrangements to be finalised.

Endorsement by: Council Meeting on 7 April 2016

Implementation monitoring by Audit Committee with six monthly progress reports to full Council.

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LGA follow up visit arranged for 27 September 2016. Trevor Holden, Chris West, Stuart Drummond, Andy Bates and Paul Clarke in attendance. Cllr Alan Jarrett to take part remotely.

Desktop review of finances/review of draft Efficiency Plan - July, specific date tbc

Agenda Item 10



Meeting: Audit Committee

Date: 27 July 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, ext 7894.

1. Proposal and Introduction

- 1.1 The purpose of this report is to present April's Performance and Risk dashboards (appendix 1) and highlight areas for review, challenge and possible further investigation.
- 1.2 Audit Committee are asked to note the report and identify areas which they would like to investigate further at their next meeting.
- 1.3 Areas which have been identified for further investigation and review will be subject to recovery plans which will be sent to the relevant senior officer for completion.

2. Highlight Report

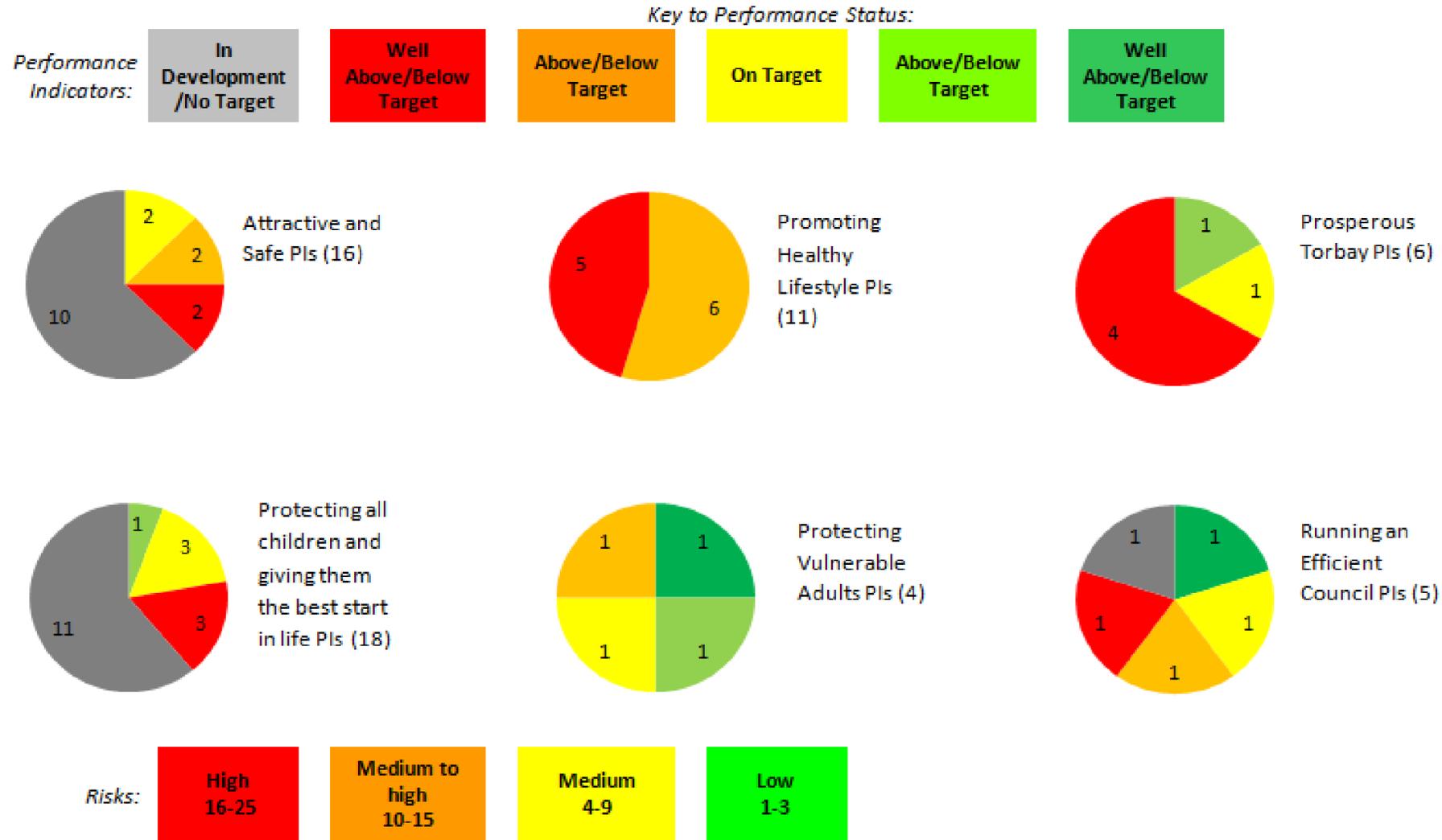
- 2.1 It is important to note that across the performance measures there is variety in the frequency of reporting, time lag and the reporting periods e.g. some data is annual, some is quarterly and some monthly, some report over a two year period, some report for the month while others may report rolling averages or cumulative totals. This is identified against each indicator.
- 2.2 Following a review of indicators and risks with Community Safety, the majority of indicators on the attractive and safe dashboard are new and awaiting data. This will be updated for the next report.
- 2.3 The table below outlines areas of positive performance against possible areas for review under each Corporate Plan theme.

Attractive and Safe Place	
Areas of good performance to note	Possible areas for review
The number of recorded domestic violence incidents was lower than target at 3,043 for year end.	No new areas for review
Promoting Healthy Lifestyles	
Areas of good performance to note	Possible areas for review
No new issues to note	No new areas for review
Prosperous Torbay	
Areas of good performance to note	Possible areas for review
No new issues to note	The gross rateable value of business rates is below target.
Protecting all Children	
Areas of good performance to note	Possible areas for review
The number of early help referrals is in line with our expectations	Percentage of children on CIN plan visited within 20 working days remains lower than expected levels (55% actual against expectation of 80%)
Percentage of children with an initial Child Protection Conference held with 15 days from strategy meetings is at 100%.	Number of children looked after remains higher than expected levels (277 actual against 250 expectation)
Protecting Vulnerable Adults	
Areas of good performance to note	Possible areas for review
Number of permanent care home placements is on target	None
Carers receiving a needs assessment or review is above target.	None
Running an Efficient Council	
Areas of good performance to note	Possible areas for review
No new issues to note	No new areas for review

Appendices

Appendix 1: Performance and Risk Dashboards

Performance and Risk Report April 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.

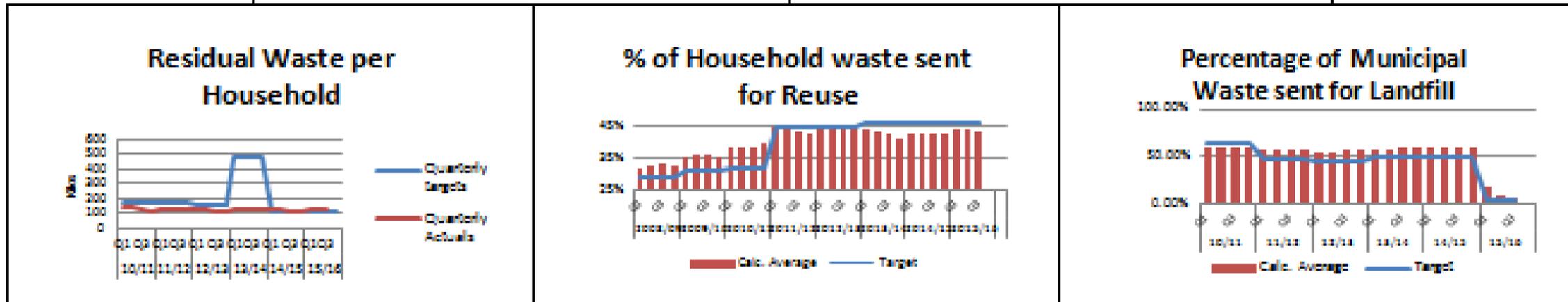
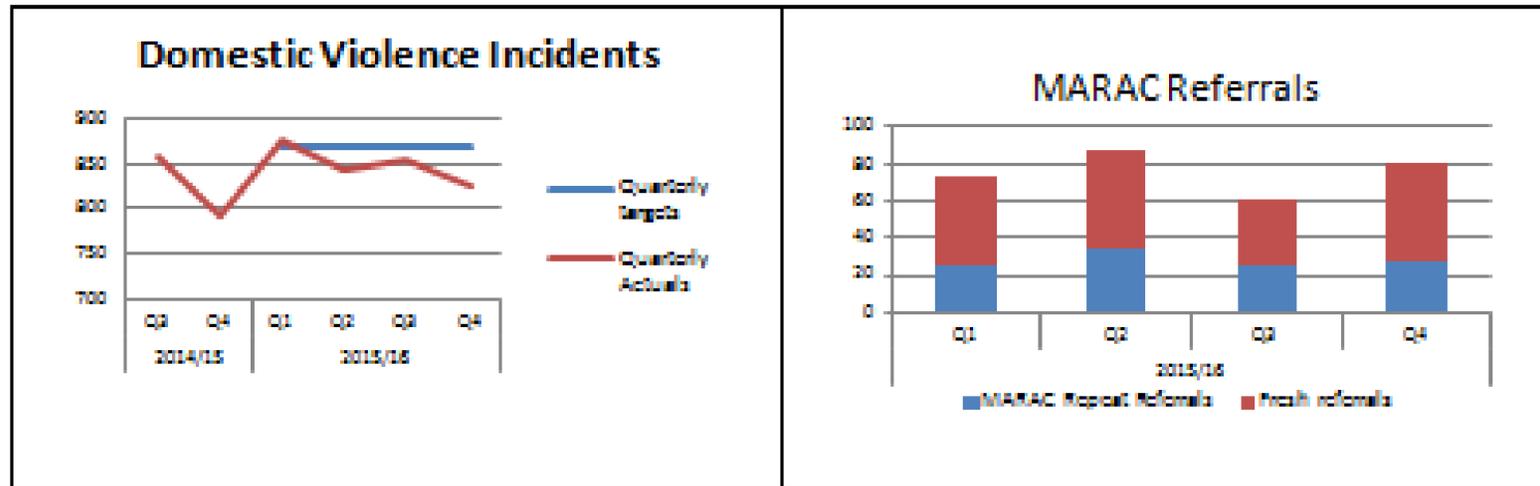
An Attractive and Safe Place

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
	How long people stay in temporary accommodation									New indicator - Data to be added
	Numbers in Temporary accommodation									New indicator - Data to be added
	Numbers on the housing waiting list									New indicator - Data to be added
	Number of people statutorily housed									New indicator - Data to be added
	Number of 16 to 18 year olds statutorily housed									New indicator - Data to be added
	Average number sleeping rough									New indicator - Data to be added
ASPI04	Domestic violence incidents	It's better to be low	Below target	3,481	3,481	878	842	856	827	3,043
	MARAC Referrals					73	87	61	80	301
ASPI07	MARAC Repeat Referrals					25	34	25	28	112
Code	Title	Polarity	Status	Prev Year End	England Value					Last period value
PHOF1.04 WDH	First time entrants to the youth justice system	It's better to be low	Well Above Target	416	409	2014				585
PHOF1.17 WDH	The percentage of households that experience fuel poverty based on the "Low income, high cost" methodology	It's better to be low	Well Above Target	9.8%	10.4%	2013				12.8%

Code	Title	Polarity	Status	Prev Year End	Annual Target	Quarter 1 14/15	Quarter 2 15/16	Quarter 3 15/16	Quarter 4 15/16	Last period value
NI191	Residual household waste per household	It's better to be low	On Target	117kg	120kg	133kg	133kg	133kg	126kg	126kg
NI192	Percentage of household waste sent for reuse, recycling and composting (LAA)	It's better to be high	Below Target	42.54%	46.00%	44.24%	43.80%	40.70%	41.30%	43.01%
NI193	Percentage of municipal waste land filled (LAA)	It's better to be low	Above Target	59.36%	5.00%	59.36%	19.13%	9.56%	6.68%	6.68%
	Improved Street and Environmental Cleanliness									New indicator - Data to be added
	Performance of energy from waste plant over threshold of waste sent									New indicator - Data to be added

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	Increased demand on housing services	Medium to high (12)	29/04/2016	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	Failure to meet statutory thresholds	High (16)	29/04/2016	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	Increasing cost of highways improvements and maintenance	Medium to high (12)	18/05/2016	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	Cliff and Sea defence failures through storm/ lack of maintenance	Medium to high (12)	20/05/2016	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 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	Increasing cost of waste disposal.	Medium to high (12)	29/04/2016	3 - Possible	4 - Major	Fran Hughes	This presents one of the biggest financial risks to the authority.	Contract review being undertaken	Accepted
ASPR06	Reduction of Police funding and possible cost shunt to the council	High (20)	29/04/2016	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
	Increase in crime						New Risk		
	Unsustainable funding for Domestic Abuse Services						New Risk		

Promoting healthy lifestyles

Promoting healthy lifestyles: Performance Indicators

Code	Title	Polarity	Status	Prev Year End	England Value		Last period value
PHOF2.06i HI	Excess weight in 4-5 and 10-11 year olds – 4-5 year olds (Per 100,000)	It's better to be low	Well Above Target	25.3%	21.9%	2014/15	24.1%
PHOF2.15i HI	Successful completion of drug treatment – opiate users	It's better to be high	Below Target	8.4%	7.8%	2014	7.4%
PHOF2.18 MHI	Admission episodes for alcohol-related conditions –narrow definition (Male) per 100,000	It's better to be low	Well Above Target	1,002	827	2014/15	965
PHOF2.18 FHI	Admission episodes for alcohol-related conditions –narrow definition (Female) per 100,000	It's better to be low	Well Above Target	642	474	2014/15	600
PHOF2.22 vHI	Cumulative % of the eligible population aged 40-74 received an NHS Health Check	It's better to be high	Below Target	n/a	18.6%	2013/14 - 2014/15	16.8%
PHOF2.14 HI	Smoking Prevalence	It's better to be low	Well Above Target	17.5%	18.0%	2014	19.9%
PHOF2.13i HI	Percentage of physically and inactive adults - active adults	It's better to be high	Below Target	52.8%	57.0%	2014	52.4%
PHOF2.13i iHI	Percentage of physically and inactive adults - inactive adults	It's better to be low	Well Above Target	32.7%	27.7%	2014	34.2%
PHOF2.12 HI	Excess weight in adults - Percentage of adults classified as overweight or obese	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
PHOF0.2iv MOI	The gap between life expectancy at birth in Torbay and life expectancy at birth for England: Male	It's better to be high	Below Target	-0.3	0.0	2012-2014	-0.5
PHOF0.2iv FOI	The gap between life expectancy at birth in Torbay and life expectancy at birth for England: Female	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	Pandemic - i.e. Flu/Ebola	Medium to high (12)	17/05/2016	3- Possible	4 - Major	Caroline Dimond		Emergency plans	Accepted
PHLR02	Reduction in the public health grant	Medium to high (12)	17/05/2016	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	Reduction in funding for sport and leisure services	Medium (8)	29/04/2016	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	Working age Client Group - Main benefit claimants	It's better to be low	Well Above Target	13.9%	11.8%	14.1 %	13.4%	13.2%	13.30%	13.3% (10,250)

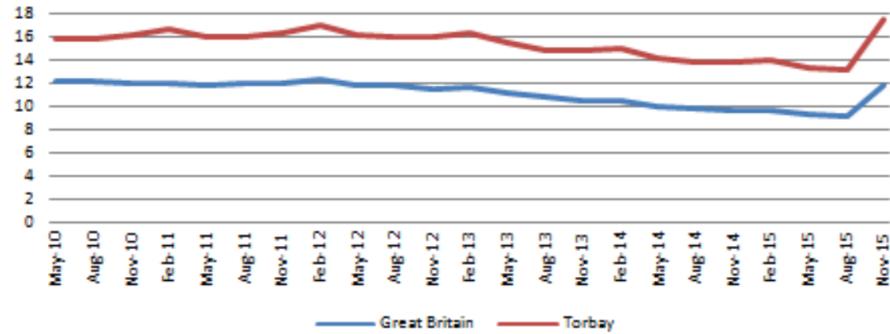
Code	Title	Polarity	Status	Prev Year End	Quarter Target	Quarter 1 2015/16	Quarter 2 2015/16	Quarter 3 2015/16	Quarter 4 2015/16	Last period value
PTPI02	Gross rateable value of Business Rates (NNDR)	It's better to be high	Below Target	n/a	£1.069m	£98,511,322	£98,422,119	£98,439,809	£98,334,749	£98,334,749

Code	Title	Polarity	Status	Prev Year End	Great Britain / Month Target	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Last period value
PTPI03	Out of Work Benefits Claimant Count	It's better to be low	Below Target	2.2%	1.8%	2.0%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	2.0%	2.2%	2.3%	2.2%	2.0%	2.0%
PCPI04	% 16 - 18 year olds not in education, employment or training (NEET)	It's better to be low	Below Target	4.0%	5.0%	4.2%	4.5%	5.1%	15.7%	3.2%	3.2%	3.8%	3.7%	3.8%	3.9%	4.7%		4.7%

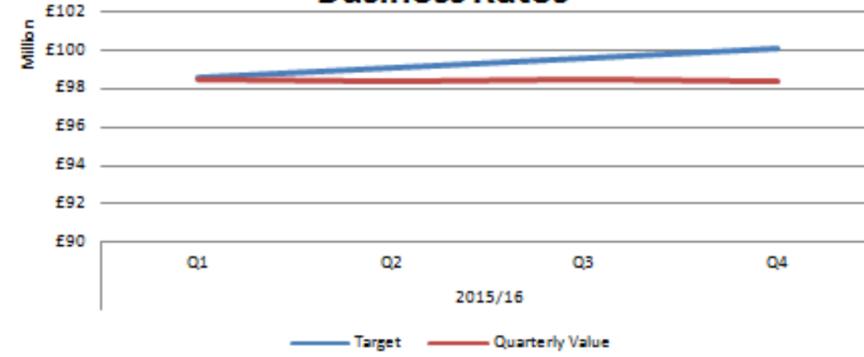
Code	Title	Polarity	Status	Prev Year End	Great Britain Value												Last period value
PTPI05	Earnings by Residence (weekly full time)	It's better to be high	Well Below Target	£433.20	£529.60	2015											£421.60
PTPI06	Earnings by Workplace (weekly full time)	It's better to be high	Well Below Target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

Prosperous Torbay: Performance of Monthly and Quarterly PIs

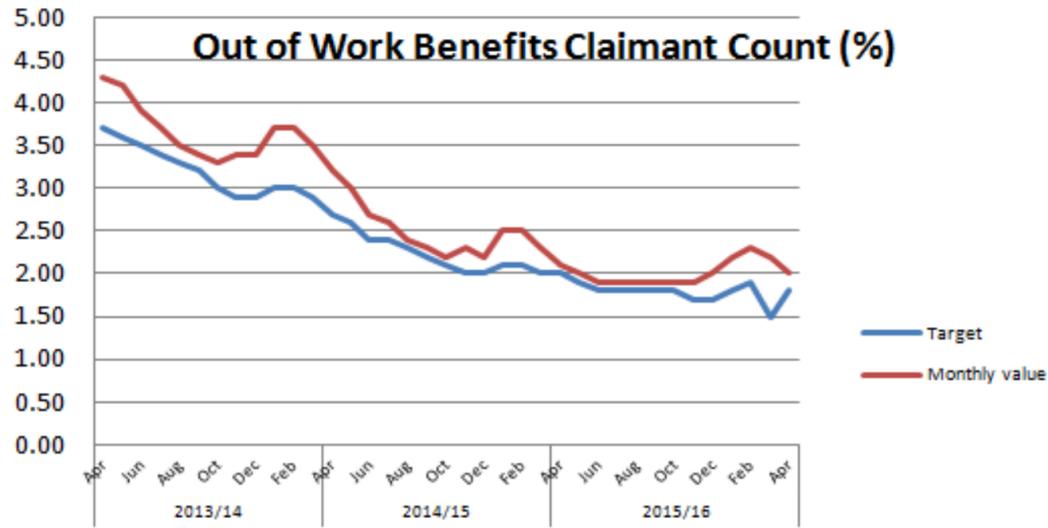
Working age Client Group- Benefit Claimants (%)



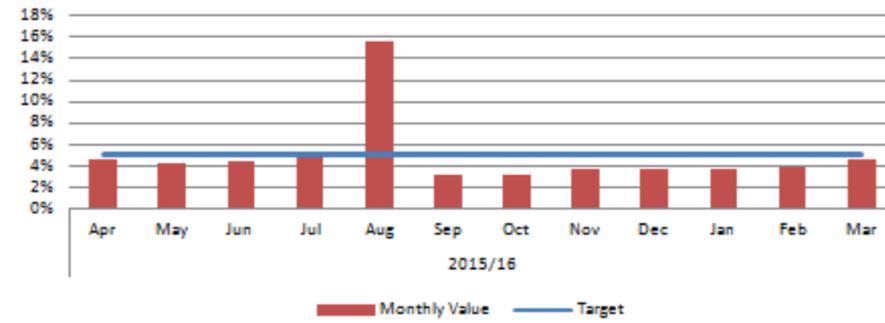
Gross Rateable Value of Business Rates



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	Local Plan not delivered	Medium (8)	23/03/2016	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	Failure to meet national planning performance targets	Medium to high (12)	23/03/2016	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	Five year housing land supply	Medium (8)	23/03/2016	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	Further reductions made under welfare reforms	Medium to high (12)	21/04/2016	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. 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"> • Support those most affected by welfare reform into jobs • Inform and prepare residents for further welfare reform changes • Inform and prepare staff for further welfare reform changes • Engage, involve and prepare elected members • Internal council activity <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	Anticipated level	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Last period value
1	Number of Early help referrals received in month	In line with service expectations	In line	122	100 per month per 1200	152	176	152	80	143	99	108	97	94	114	130	97	97
3	Number of Social Care Contacts & Referrals	Better to be low	Below expected levels	168 (ave monthly rate 15/16)	135 per month	168	181	178	136	183	202	143	140	91	168	138	158	158
4	Average number of Working days to complete MASH	Better to be low	In line	3.04 (ave monthly rate 15/16)	1%	4.7	5.2	3.0	4.2	3.3	2.0	2.0	1.1	1.1	1.3	1.4	1.1	1.1
8	% of children with an Initial Child Protection Conference held within 15 days from strategy meetings	Better to be high	In line	79% (average for 15/16)	100.0%	85%	91%	89%	70%	89%	68%	68%	79%	100%	90%	100%	100%	100%
9	Number of CP plans at month end by Category	In line with benchmarks	In line	133 (ave for 15/16)	140	156	162	194	200	216	216	212	172	146	133	131	137	137
11	Timeliness of Single Assessments - completed within 45 days	Better to be high	Below expected levels	75% (as at 15/16 year end)	82%	61.8%	71.6%	59.7%	77.9%	80.5%	82.2%	71.9%	72.5%	72.4%	89.2%	90.2%	73%	73.0%
12	Children on CIN plans visited within 20 working days	Better to be high	Well below expected levels	53% (ave for 15/16)	80%					59%	49%	47%	53%	61%	58%	48%	55%	55.0%
14	Number of Children Looked After	In line with benchmarks	Well above expected levels	274 (ave for 15/16)	250	308	297	292	295	287	297	289	282	276	274	277	277	277
16	% CLA cases reviewed within timescales during the month	Better to be high	Below expected levels	96% (as at 15/16 year end)	96.0%	96.2%	100.0%	100.0%	96.9%	100.0%	100.0%	94.7%	93.9%	93.5%	94.8%	96.1%	95.1%	95.1%

Code	Title	Polarity	Status	Prev Year End	Quarter Target	Quarter 2 2015/16	Quarter 3 2015/16	Quarter 4 2015/16	Quarter 1 2016/17	Last period value
PCPI08 17	Social Work Staffing levels – numbers, vacancies	Its better to be low	Below expected levels	28.7% (ave for 15/16)	0	32.6%	29.1%	28.7%		28.7%

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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	Increased demand for services (Troubled Families/Early Help Strategy)	Medium to high (12)	17/05/2016	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	Delivery of 5 year plan - Stemming The Flow (Including PIP)	Medium to high (12)	17/05/2016	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 (July 2016)	Reduced
PCR03	Delivery of TPST and Integrated Care Organisation	Medium to high (12)	17/05/2016	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	Safeguarding Improvement Programme	Medium to high (12)	17/05/2016	3 - Possible	4 - Major	Richard Williams	Outcome of Ofsted Inspection	Improvement Board in operations and formal link with Hampshire established.	Reduced
PCR05	Removal of the Education Service Grant	High (16)	17/05/2016	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

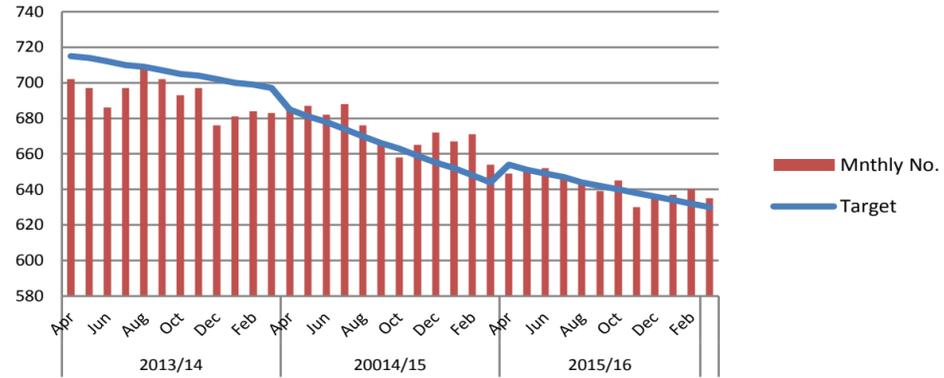
Code	Title	Polarity	Status	Prev Year End	Monthly Target	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Last period value
LI404	No. of permanent care home placements	It's better to be low	On Target	654	630	649	652	652	646	645	639	645	630	636	637	640	635	635
NI135	Carers receiving needs assessment or review & a specific carer's service, or advice & infor (LAA)	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	Safeguarding Adults - % repeat SG referrals in last 12 months	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
PVAPI01	Re-ablement Services (Effectiveness)	It's better to be high	Below Target	n/a	84.0%	2014/15												77.20%

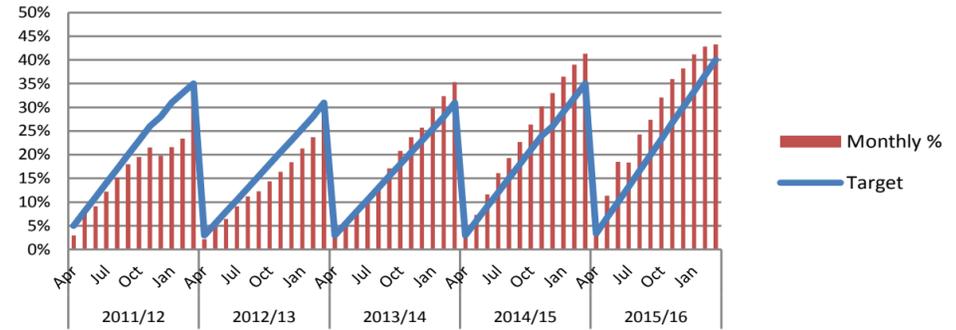
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Protecting Vulnerable Adults: Performance of Monthly and Quarterly PIs

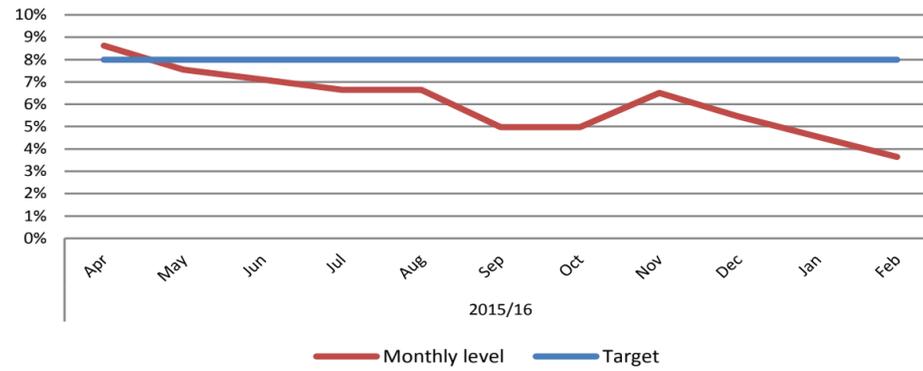
No. of Permanent Care Home Placements



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	Increased demand for services	Medium to high (12)	21/04/2016	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	Financial strain relating to the implementation of the Care Act	Medium (6)	21/04/2016	2- Unlikely	3 - Moderate	Caroline Taylor	Implementation complete phase1 phase 2 now 2020	Lobby government and feedback future cost strain	Accepted
ASCR03	Insufficient and unsustainable care home market in Torbay	Medium to high (12)	21/04/2016	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
ASCR04	Integrated Care Organisation: Delivery of new model of care at pace and scale	Medium to high (12)	21/04/2016	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

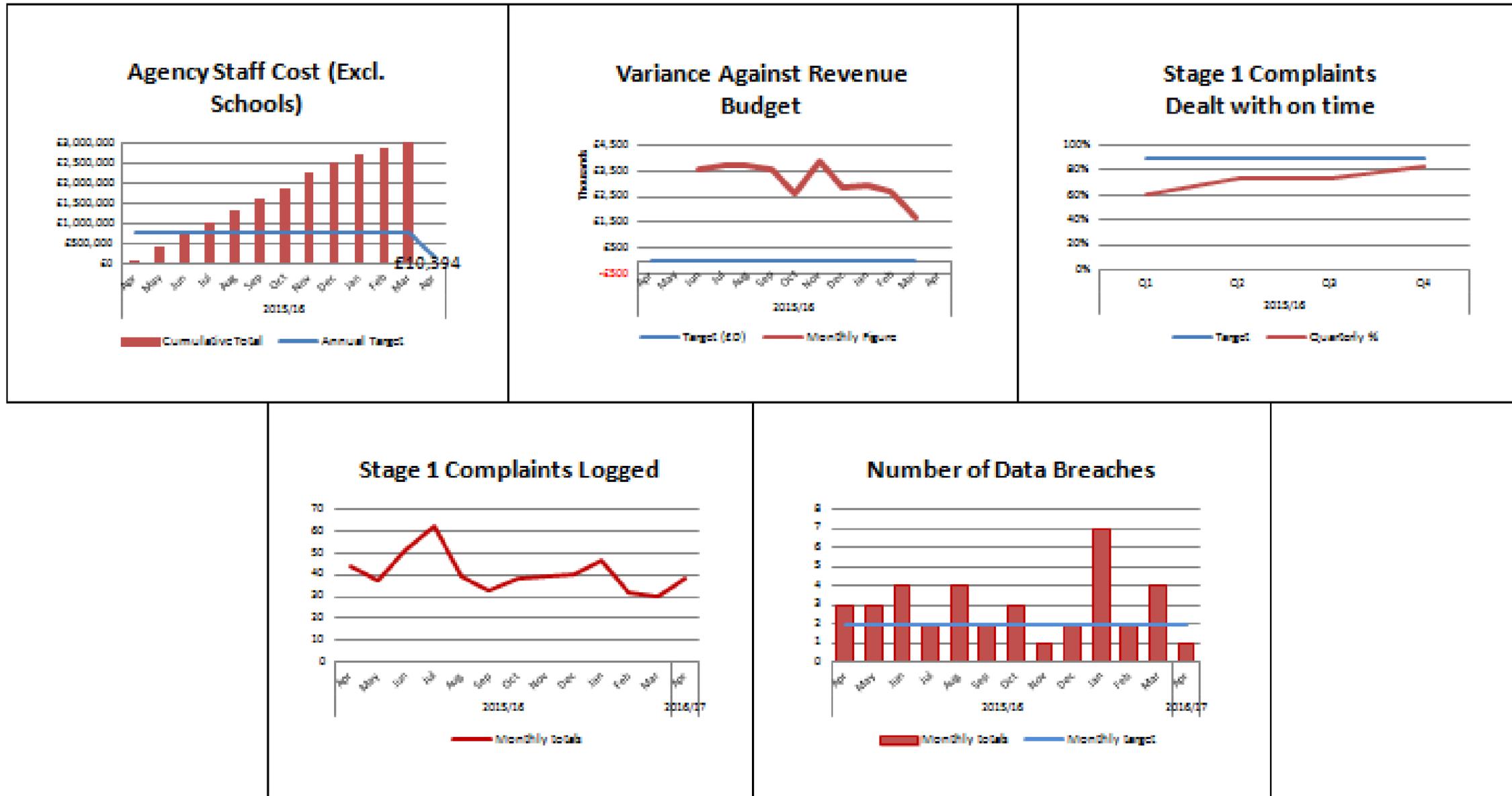
Code	Title	Polarity	Status	Prev Year End	Annual Target	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Cumulative to date
RECPI01	Agency Staff Cost (excluding schools)	It's better to be low		n/a	£797,000	£350,535	£312,481	£275,456	£334,495	£293,165	£234,599	£376,023	£255,466	£210,000	£176,815	£451,136	£10,394	£10,394 Breakdown Adults £0 Childrens £17,255 Public Health £0 Corp & Business Services £(7,161) Community & Cust Services £300

Code	Title	Polarity	Status	Prev Year End	Annual Target	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Cumulative to date
RECPI02	Variance Against Revenue Budget	It's better to be low		n/a	£0	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	£1,701,000	N/A	Data is not prepared for this period due to accrual

Code	Title	Polarity	Status	Prev Year End	Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Last period value
RECPI05	Stage 1 complaints dealt with on time	It's better to be high	Below Target	n/a	90%	61%	74%	74%	83%	83%

Code	Title	Polarity	Status	Prev Year End	Monthly Target	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Cumulative to Date
RECPI06	Number of stage 1 complaints logged	N/A	(monito-ring only)	492	n/a	37	51	62	39	33	38	39	40	47	32	30	38	38
RECPI07	Number of Data breaches	It's better to be low	On target	37	2	6	10	12	16	18	22	22	24	31	33	37	2	2

Running an Efficient Council: Performance of Monthly and Quarterly PIs



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	Failure to generate income	Medium to high (12)	15/02/2016	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	Lack of effective workforce planning - retention of key/relevant skills across the organisation	Medium to high (12)	15/02/2016	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	Lack of robust and safe decision making	Medium (9)	15/02/2016	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	Insufficient infrastructure and support across the Council	Medium to high (12)	15/02/2016	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	The Council not achieving a balanced budget for 2015/16	Medium to high (15)	15/02/2016	3 - Possible	5 - Critical	Anne-Marie Bond		Budget monitoring takes place throughout the year.	
RECR07	Budget overspend within armslength organisations, and contracted services	Medium to high (15)	15/02/2016	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	Cost shunting to the local authority as partners reduce resources.	Medium (9)	15/02/2016	3 - Possible	3 - Moderate	Anne-Marie Bond		Maintaining a robust Community Safety Partnership.	
RECR09	Failure to deliver the Council's Asset Management Plan	Medium to high (12)	15/02/2016	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	Risk of inadequate maintenance and repairs of our Council assets due to reducing budgets.	High (16)	15/02/2016	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	Lack of appropriate and effective business continuity plans in the event of a large scale emergency.	Medium to high (15)	29/04/2016	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

In development

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	Number of inward investment enquiries received	It's better to be high	On Target	51	30	5	21	29	40	40
EDCPI-001	0% variance from budget	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	Total jobs created	It's better to be high	Well Above Target	125	150	2014/15	172
EDCPI-056	Income from Torbay Council let estate	It's better to be high	On Target	£2,708,014	£2,700,000	2015/16	£2,693,227
FE7	% Overall customer satisfaction	It's better to be high	Well Above Target	5%	85%	2015	100%

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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	Business growth, opportunities and diversification	Medium to high (12)	15/01/2016	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.	

Agenda Item 11



Meeting: Audit Committee

Date: 27 July 2016

Wards Affected: All

Report Title: Regulation of Investigatory Powers Act 2000

Is the decision a key decision? No

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

Executive Lead Contact Details: Cllr Robert Excell, Executive Lead for Community Services.

Supporting Officer(s) Contact Details: Jo Beer, Policy Performance and Review Manager (Information Governance Lead), joanne.beer@torbay.gov.uk, 01803 207894

1. Background

- 1.1 As a Local Authority, Torbay Council may wish to undertake an investigation under the Regulation of Investigatory Powers Act (RIPA) 2000.
- 1.2 RIPA 2000 regulates the use and method of surveillance which is carried out by public authorities. A Council is a public authority under RIPA 2000. A public authority may carry out covert surveillance where this surveillance is directed and not intrusive.
- 1.3 This report is to update members on any current RIPA authorisations and to bring forward the action from the meeting of 29th July 2015 where Members requested evidence of the authorisations used by the Council in relation to communications data and the use of National Anti Fraud Network (NAFN) as single point of contact.
- 1.4 Torbay Council has not currently undertaken any main RIPA authorisation since 2008 it is however necessary to ensure that all Members and staff are kept aware of the requirements of RIPA should the need arise.

2. Introduction

- 2.1 The Audit Committee are presented with information below regarding use of RIPA for investigations.
- 2.2 One of the roles of the Council in terms of its obligations towards RIPA takes into account the use of Communications data.

3. Communications Data

- 3.1 The Protection of Freedoms Act 2012 and RIPA (Directed Surveillance and Covert Human Intelligence Sources)(Amendment) Order 2012 came into effect on 1 November 2012. The Act and regulations made a number of changes to the Council's powers to undertake surveillance using RIPA.
- 3.2 From 1 November 2012 the council has not been able to use RIPA to investigate matters relating to anti social behaviour and can only carry out covert directed surveillance if the criminal offence under investigation is punishable by at least 6 months imprisonment, or where an offence is thought to have been committed under Sections 146, 147 or 147A of the Licensing Act 2003 for under age sales of alcohol, and the offence of underage sales of tobacco.
- 3.3 In addition the use of directed surveillance and/or the acquisition of communications data using RIPA now needs to be authorised by a Justice of the Peace before it can take effect.
- 3.4 All officers who use RIPA were made aware of these changes and the council's policy on the use of RIPA was amended accordingly. The Council does need the authorised post holder to apply to the Magistrates Court for approvals to use directed surveillance and communications data under section 223 of the Local Government Act 1972 as these are court proceedings.
- 3.5 RIPA allows the council to acquire communications data where it is to investigate any of the matters referred to in paragraph 3.2 above. To date the council has made use of it on a number of occasions. The Council needs to have a dedicated Single Point of Contact (SPOC). The Council subscribes to the National Anti Fraud Network (NAFN) and they provide a legally compliant RIPA telecommunications service. All NAFN intelligence officers are accredited SPOCs under RIPA. They ensure requests are legally compliant and conform to codes of practice, the council makes use of this service rather than training its own officers to be a SPOC. The council still needs to have its own designated person for communications data and this is Anne-Marie Bond, Assistant Director Corporate and Business Services. Caroline Taylor, Director of Adult Services is the Senior Reporting Officer.
- 3.6 The Council is also externally audited by the Office of the Interception of Communications Commissioner (OICC). An inspection was undertaken by the inspector of the OICC in June 2013 of NAFN and the report was entirely satisfactory.
- 3.7 The table below shows the use of NAFN as SPOC for investigations since the year 2013/14. In 2015/16 three applications were made to acquire data under RIPA.

Financial Year	RIPA led to a successful prosecution, caution, or fixed penalty notice	Department	Purpose
2013-14	Investigation legal file written.	Community Safety	The prevention and detection of crime or preventing disorder S21 (4)(c). Using NAFN, communication data is sought due to potential offences under Section 2 Fraud Act 2006 (fraud by false representation)
2014-15	No	Community Safety	The prevention and detection of crime or preventing disorder S22 (2)(b). Using NAFN, communication data is sought due to potential offences under the Road Traffic Act 1988 for the sale of an unroadworthy car.
2015-16	No – alleged offender currently in prison	Community Safety	The prevention and detection of crime or preventing disorder S22 (2)(b). Using NAFN, communication data is sought due to potential offences under the Environment Protection Act 1990 for a "fly tipping" incident.
2015-16	No – warning Issued	Community Safety	The prevention and detection of crime or preventing disorder S22 (2)(b). Using NAFN, communication data is sought due to potential offences under the Trade Marks Act 1994 for the supply of counterfeit goods.
2015-16	No	Community Safety	The prevention and detection of crime or preventing disorder S22 (2)(b). Using NAFN, communication data is sought due to potential offences under the Environment Protection Act 1990 for a "fly tipping incident".