

<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Friday, 20 July 2018
<b>TIME:</b>	2.00 pm
<b>VENUE:</b>	Council Chamber, Barnsley Town Hall

## AGENDA

### Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 3 - 14*)

To receive the minutes of the meetings held on the 6<sup>th</sup> June and 2<sup>nd</sup> July, 2018.

### Items for Discussion/Decision

3. Report to those charged with Governance (ISA 260) 2017/18 (*To Follow*)

The Council's External Auditor will submit a report summarising the key issues identified during the audit of the Financial Statements for the year ended 31<sup>st</sup> March, 2018 for the Authority and on the assessment of the Authority's arrangements to secure Value for Money.

4. Annual Governance Report 2017/18 (*Pages 15 - 44*)

The Chief Executive and Executive Director Core Services will submit a joint report on the final Annual Governance Statement 2017/18 and seeking approval to refer it to Council for consideration.

5. Internal Audit Quarterly Report 2018/19 - Quarter Ended 30<sup>th</sup> June, 2018 (*Pages 45 - 64*)

The Head of Internal Audit and Corporate Anti-Fraud will submit a report presenting a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work for the whole of the first quarter ending 30<sup>th</sup> June, 2018.

6. Annual Report on Treasury Management and Leasing Activities 2017/18 (*Pages 65 - 80*)

The Executive Director Core Services and Service Director Finance will submit a joint report prepared in accordance with the CIPFA Treasury Management Code and CIPFA Prudential Code reviewing the Treasury Management and Leasing Activities carried out by the Council during 2017/18.

### Items for Information

7. Business Improvement and Communications Progress Report (*Pages 81 - 106*)

The Service Director Business Improvement and Communications will submit a report providing an overview of the functions of the Business Improvement and Communications Business Unit and related elements of the Annual Governance

Statement process in accordance with the Audit Committee work programme.

8. Information Commissioners Audit - Update (*Pages 107 - 112*)

Further to Minute 74 of the meeting held on the 18<sup>th</sup> April, 2018 the Head of IT (Service Management) will make a presentation addressing issues arising from the ICO audit report.

9. Audit Committee Work Plan 2018/19 and 2019/20 (*Pages 113 - 116*)

The Committee will receive the indicative Audit Committee Work Plan for 2018/19 and for 2019/20.

To: Chair and Members of Audit Committee:-

Councillors Richardson (Chair), Barnard, Clements and Lofts; together with Independent members Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

Diana Terris, Chief Executive  
All Executive Directors  
Andrew Frosdick, Executive Director Core Services  
Rob Winter, Head of Internal Audit  
Neil Copley, Service Director Finance  
Ian Rooth, Head of Financial Services  
Adrian Hunt, Risk Management Manager  
Michael Potter, Service Director Business Improvement and Communications  
Louise Booth, Audit Manager

Council Governance Unit – 3 copies

Please contact William Ward on email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk)

Thursday, 12 July 2018

<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Wednesday, 6 June 2018
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Reception Room, Barnsley Town Hall

## MINUTES

**Present** Councillors Richardson (Chair) and Barnard together with Independent Members - Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

### 1. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of interest from Members in respect of items on the agenda.

### 2. APPOINTMENT OF VICE CHAIR

**RESOLVED** that Mr S. Gill be appointed as Vice Chair of the Committee for the municipal year 2018/19.

### 3. MINUTES

The minutes of the meeting held on the 18<sup>th</sup> April, 2018 were taken as read and signed by the Chair as a correct record.

The Chair requested that his thanks be placed on record to Councillor Clements, the former Chair of the Committee, for the work he had undertaken to promote the activities of the Committee during his time in office.

Arising from Minute 71, it was confirmed that Risk 4170 (failure to ensure the Glass Works programme delivers etc) would indeed be subject to a further report to the Committee later in the year detailing the progress on the project and any concerns arising.

Arising from Minute 74, Members commented on the long timescale for responses to the Information Commissioner's Office consensual audit, with some recommendations not requiring implementation until 2020. Whilst it was understood that this was indeed the timescale in respect of some recommendations, this would be subject to confirmation at the next Audit Committee meeting.

Arising from Minute 75, it was confirmed that progress had been made in the new approach for logging phishing and spam email, with staff encouraged to report this by way of a "report as spam" button available on incoming emails.

### 4. DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18

The meeting received a joint report of the Chief Executive and Executive Director Core Services submitting the draft Annual Governance Statement for 2017/18, outlining the following:-

- the purpose of the Governance Framework;
- the Governance and Internal Control Framework;
- the process of annually reviewing the effectiveness of the Governance and Internal Control Framework; and
- identifying development and improvement opportunities arising from the Annual Governance Review, to be addressed in 2018/19 contained in the action plan at Appendix 1.

Further work was being undertaken to develop the Annual Governance Statement and the action plan for consideration at the Committee's next meeting on 20<sup>th</sup> July, 2018. This included the incorporation at Section 11.4 of issues arising from the Annual Audit Report, as well as specific actions in relation to contract management procedures and data protection, together with recommendations arising from the Information Commissioner's Office Consensual Audit. Work continued with Service Directors on the review of the Annual Governance Statement, with approximately 50% of responses received in advance of the deadline of 15<sup>th</sup> June, 2018.

In the ensuing discussion, the following matters were highlighted:-

- Members commented on the extent to which the Council could respond to Brexit, given the general uncertainty as to the final position. However, it was noted that there was already clarity in some areas and that the Council would respond incrementally to the opportunities and challenges presented by Brexit as this developed.
- The meeting noted the focus in Section 5.2.5 on the Sheffield City Region as the basis for Devolution, rather than the wider proposals for Yorkshire. It was noted that the current offer was indeed in relation to the City Region and the need to respond to the recently elected Mayor's agenda, and perhaps this section could be clarified in this respect. However, a further dimension was the extent to which Barnsley Council provided support services for the Combined Authority and whether a stocktake was needed given the views of the Mayor.
- Members commented that Section 12 did not identify any fundamental issues in relation to governance, risk and internal control arrangements, a similar position to that identified over a number of previous years. Members asked about the process for identifying significant governance issues and the threshold at which these issues might be identified as such. The meeting noted that this section was intended to highlight any issues of significance beyond those identified in the action plan, and this would be updated to reflect any issues arising from the review of the Annual Governance Statement and the Audit Annual Report, including the Information Commissioner's Office Consensual Audit. This detail was not available when the report now submitted was drafted, but would be provided in the updated report submitted to the July meeting.

**RESOLVED** that the draft Annual Governance Statement 2017/18 be noted.

## **5. DRAFT STATEMENT OF ACCOUNTS 2017/18**

The Service Director Finance submitted a report on the draft Statement of Accounts 2017/18. Members commented on the late circulation of the document, noting the extent to which this arose from this year's advanced timescales, and discussed the need for more time for Members to consider issues raised in detail.

Notwithstanding the request to defer consideration of the report, the following matters were highlighted:-

- The Service Director Finance confirmed that the new timescales for production of the Statement of Accounts presented a challenge this year, but he considered that he had adequate resources to meet this challenge in the future. The meeting noted similar pressures on the external auditors, but it was confirmed that KPMG did not anticipate any issues in relation to Barnsley's processes, given the effectiveness of the Council's arrangements for dealing with this matter.
- Reference was made to the significant loss of £5m within the Housing Revenue Account and the Service Director Finance indicated that he would investigate this issue. The meeting noted that the management of the Housing Revenue Account had now returned to direct Council control, which would provide for more effective monitoring and understanding of the position.
- Members commented on the £33.76m earmarked in reserves for the Glass Works scheme and queried if this was the totality of the expenditure on that project. The meeting noted that the scheme would be funded from a range of other sources, in addition to the amount in reserves, for example prudential borrowing, and that a further report on the overall package would be submitted to a future meeting of the Committee.

**RESOLVED** that further consideration of the draft Statement of Accounts for 2017/18 be deferred to a special meeting of the Committee to be arranged in coming weeks, but that Members be invited to comment on the document in the interim period.

## **6. ANNUAL FRAUD REPORT 2017/18**

The Head of Internal Audit and Corporate Anti-Fraud submitted his annual report providing an account of counter-fraud related activity undertaken by Internal Audit's corporate team for the period 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018 and providing information and assurance to the Committee regarding key aspects of the Authority's risk management, internal control and governance framework.

The meeting noted key priorities for 2018/19 as set out in Section 6 of the report, with 558 days allocated for reactive and pro-active fraud work during the year. The emphasis on improving fraud awareness across the Council during the year was

highlighted, in particular by way of a proposed fraud awareness week aimed at building better relationships across the Council. It was proposed to submit further plans for anti-fraud work to the Committee in due course.

In the ensuing discussion, the following matters were highlighted:-

- The meeting noted that the level of duplicate payments highlighted represented the clearing of an historical backlog from before October 2016, when a system for identifying duplicate payments was introduced. It was noted that recent changes to the payments system would stop a duplicate payment being made in the first place, rather than being identified later when repayment would be required.
- In relation to tenancy fraud, it was noted that cases where no evidence of fraud were found were generally held on file, and could be re-opened later in the light of further information. Whilst Berneslai Homes did undertake landlord checks to confirm the identity of residents, its effectiveness was reduced by the requirement to give notice in writing of any visit. The possibility of providing tenants with photo identification was being investigated, and arrangements for data matching tenants also under consideration. Housing Management Officers would also follow-up any allegations received from neighbouring residents. It was intended that Berneslai Homes would be involved in the proposed fraud awareness week to include tenancy fraud, with consideration of proposals such as key amnesties.
- The meeting noted that the amounts of fraud and error identified at the end of March 2018 of £240,196 were primarily errors or mistakes for example small amounts of undeclared income resulting in lower entitlements. Where the overpayment arose from a systems issue, for example out of date data, the issues have been addressed and the systems updated.
- It was noted that all Right to Buy applications were subject to detailed identity checks, carried out by the Council's Strategic Housing team and included anti-fraud checks on those resident in the property.

**RESOLVED:-**

- (i) that the Annual Anti-Fraud Report be received as part of the framework of assurance to support the Annual Governance Statement; and
- (ii) that the embedding of a culture of zero tolerance and high levels of awareness regarding fraud and corruption be supported.

**7. INTERIM INTERNAL AUDIT ANNUAL REPORT 2017/18**

The Head of Internal Audit and Corporate Anti-Fraud submitted his interim annual report on the adequacy and effectiveness of the Authority's framework of governance, risk management and control arrangements based on the work of Internal Audit during 2017/18, which had been prepared in accordance with the Public Sector Internal Audit Standards.

The meeting noted that the report gave an indicative opinion of adequate (positive) assurance, which was not expected to change unless significant control issues were indicated as a result of the Annual Governance Statement process. A particular area of focus related to the implementation of audit recommendations, where two thirds still required implementation. This issue had been raised with the Senior Management Team in order to refocus officer attention on this issue, with the establishment of a monthly reporting regime for monitoring progress and other arrangements to ensure that this was more thoroughly embedded across the Council. Against this background, it was important to acknowledge that only three fundamental recommendations had been identified by audit reports during 2017/18.

In the ensuing discussion, the following matters were highlighted:-

- The meeting noted that the SAP system had not been audited during 2017/18, despite limited assurance opinions being given in 2015/16 and 2016/17. It was confirmed that, whilst no specific review has taken place with regard to SAP, there is continuous liaison between Internal Audit and officers to seek to ensure that appropriate controls are maintained and are operating effectively.
- The meeting noted the general absence of fundamental recommendations in audit reports during 2017/18 and the efforts to resolve the three fundamental recommendations. It was acknowledged that this report was the interim position, and that it was anticipated that the fundamental recommendations within the Place Directorate identified in the appendix would be resolved by the time the final report was published.
- Members commented on the expectation that Future Council would result in officers having greater focus on their range of responsibilities, but noted that two thirds of audit recommendations had nevertheless not been implemented to timescales. This seemed to be run counter the impression from the draft Annual Governance Statement that no significant control issues had been identified. The meeting noted, however, the absence of fundamental recommendations suggested that control issues were generally being properly addressed, and acknowledged the increased focus on delivery and outcomes as a result of Future Council.

**RESOLVED:-**

- (i) that the assurance opinion provided by the Head of Internal Audit and Corporate Anti-Fraud on the adequacy and effectiveness of the Authority's framework of governance, risk management and control be noted; and
- (ii) that the key issues arising from the work of Internal Audit in the context of the Annual Governance Statement be noted.

## **8. INTERNAL AUDIT CHARTER 2018 - 2020**

The Head of Internal Audit and Corporate Anti-Fraud submitted a report on the Internal Audit Charter for 2018 - 2020, required to be produced in accordance with the revised Public Sector Internal Audit Standards, which, supplemented by regular reports and an annual report, gave assurance as to how the Internal Audit function was resourced, managed, organised and delivered. The meeting noted the extent to which the Internal Audit function retained its independence and that the Head of Internal Audit and Corporate Anti-Fraud had direct access to the Chief Executive, and the resulting prominence of these issues on Senior Management Team's agenda.

**RESOLVED** that the Internal Audit Charter for 2018 - 2020 be received and the Committee place on record its satisfaction that it adequately represents and describes the function, and will consequently provide assurance to the Committee regarding its effectiveness.

## **9. GOVERNANCE AND MEMBER SUPPORT BUSINESS UNIT PROGRESS REPORT**

The Service Director Governance and Member Support submitted a report providing an overview of the functions of the Governance and Member Support Business Unit and related elements of the Annual Governance Statement process, in line with the Audit Committee work programme.

**RESOLVED** that the report be received.

## **10. EXTERNAL AUDIT TECHNICAL UPDATE AND PROGRESS REPORT**

Ms C. Partridge (KPMG) presented the external audit technical update, incorporating the external audit progress report, giving a summary of progress against certain deliverables, including reports and opinions. The meeting noted that the external auditor did not anticipate any issues or problems in advance of the audit of the final accounts for 2017/18, work on which was due to commence during week ending 15<sup>th</sup> June, 2018.

**RESOLVED** that the external audit progress report, resources and technical update be noted.

## **11. AUDIT COMMITTEE WORK PLAN 2018/19**

The Committee received the indicative Audit Committee work plan for 2018/19. The Chair commented that he was due to meet with the Executive Director Core Services, the Service Director Finance and the Head of Internal Audit and Corporate Anti-Fraud to consider items for discussion at the forthcoming Audit Committee workshop and Committee members were invited to forward to him issues for consideration.



**RESOLVED** that the core work plan for 2018/19 meetings of the Audit Committee be approved and reviewed on a regular basis.

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Chair

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<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Monday, 2 July 2018
<b>TIME:</b>	2.00 pm
<b>VENUE:</b>	Meeting Room 1, Barnsley Town Hall

## MINUTES

**Present** Councillors Richardson (Chair), Barnard and Lofts together with Independent Members - Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

### 12. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

Councillor Lofts declared a non-pecuniary interest in Minute No 13 'Draft Statement of Accounts 2017/18' in view of his membership of the Local Pensions Board.

### 13. DRAFT STATEMENT OF ACCOUNTS 2017/18

Referring to Minute No 5 of the meeting held on the 6<sup>th</sup> June, 2018, the Service Director Finance submitted his report on the draft Statement of Accounts 2018 consideration of which had been deferred at that meeting to enable Members to have more time to consider issues raised in detail.

Members then asked a series of questions, including a series of written questions submitted by an Independent Member who was unable to attend this special meeting, and answers were provided where appropriate. Where this was not possible due to the lack of information at the meeting, these would be addressed in writing by the Service Director.

Arising out of the ensuing discussion, the following matters were amongst those raised:

- There was a discussion of the Performance Indicators that had been developed and aligned to the priorities within the Corporate Plan and particular reference was made to the 25 red priorities for the 'People Achieving their Potential' priority. In response to specific queries the Service Director commented that whilst the links to the individual quarterly performance reports did not include information for Quarter 4 (largely because of the timing issues involved in producing that information), this would, nevertheless, be included within the final report. In addition, the report would include short commentaries on performance and on the action taken to tackle any underperformance identified
- Members noted the disparity between the gross expenditure in 2016/17 within the Core Services Directorate as outlined within the Comprehensive Income and Expenditure Statement. The reasons for this were briefly referred to but a detailed explanation would be provided by the Service Director Finance in writing
- It was noted that the Statement of Accounts was 'Code' compliant and details of the requirements thereof could be provided at a future training course. A digital copy of the Code could also be provided

- There was a discussion of the Net Revenue Expenditure for 2017/18 and particularly as this related to the Core Services Directorate, the inclusion of Asset Management within that Directorate and the impact of PFI payments which had resulted in the net surplus within that budget head
- Arising out of the above, there was a discussion of the Council's position with regard to PFI and BSF costs and to the legally binding contracts that were in place. The Authority was looking to possibly re-finance the PFI borrowings given the current position with interest rates. Further information would be provided in due course
- Referring to the Balance Sheet as at 31<sup>st</sup> March, 2018 and in response to specific questioning, the Service Director outlined the difference between Local Authority and Company accounts and made particular reference to the preparation of and rationale for Group accounts.
- Arising out of the above, reference was made to the 'Assets under Construction' which related to the purchase of land and buildings details of which were outlined within notes to the accounts
- Reference was made to the Retirement Benefit Obligations and to the ways in which the accounts were prepared and assumptions made. It was noted that in relation to funding arrangements, assets exceeded liabilities and the reasons for this were referred to. Arising out of this, particular reference was made to investments made and to the improvements of the fund consequent upon Brexit. It was noted that the Authority was examining ways of how improvements in investments could be protected
- It was reported that the link within the accounts relating to NPS Barnsley was not working correctly and this would be rectified. Arising out of this, there was a discussion of the use of external links and to the Authority's stance on this
- In response to questioning, the Service Director Finance stated that he would provide additional information on the way in which NPS Barnsley dealt with Pensions within their accounts and on any liabilities for the Authority arising therefrom
- Reference was made to the Unfunded Liabilities: Discretionary Benefits Arrangements in relation to the Pension Assets and Liabilities which could, in part relate to historic issues and the previous allocation of 'added years' to enhance pension entitlement. It was noted, however, that this was no longer permitted and that such arrangements had ceased approximately 10 years ago. Further information on this would be provided
- The Service Director would provide additional information regarding the potential liabilities of the ongoing CPO Compensation Claim relating to the acquisition of land at Carlton Marsh
- Questions were asked in relation to any potential difficulties likely to be encountered in relation to the Glassworks Scheme as detailed within earmarked reserves within the Capital Programme. It was noted that a procurement scheme was currently being undertaken, however, the reserves element had no correlation with the overall cost of the scheme. Further information on the scheme and costs involved would be available at the end of the Summer
- Referring to the Trading Operations and particularly in relation to Building Services, it was noted that the deficit related to Facilities Management. The Strategic Finance Manager was to examine how this was dealt with within the accounts in the future

- In relation to the underspend on the Better Care Pooled Account, it was noted that this was largely around the receipt of one off grants last year and that plans were in place which would address that deficit
- An assurance was given that in relation to the Treasury Management Overview the Authority, unlike some authorities, was not investing in inappropriate schemes. The Authority did not invest purely for commercial gain
- A previous report to this Committee some time ago had outlined the Authority's position with regard to the repayment of debt which, unless there was some significant reason for it, was over a 50 year time period
- In relation to the Capital Programme Monitoring Overview and Asset Expenditure, information was provided in relation to Non BMBC Assets which was largely in relation to disabled facilities grants for the improvement of homes.
- It was noted that in relation to sources of Capital Finance, EU structural funding was now reducing – further information on this could be provided
- Information was provided about the current position in relation to Business Rates Appeals
- An explanation was provided about surplus assets which largely related to properties that were no longer required for service delivery purposes but which might be used at some future date or put up for sale
- There was a discussion of the demise of Independent Living at Home (Barnsley) Ltd the services of which had now been brought back into the Council
- In relation to the Cash Flow Statement, information was provided about the arrangements in place for borrowing from other Local Authorities. The Service Director confirmed that this was an existing long term arrangement for funding cash flow and was only used for short term arrangements which never exceeded 12 months in duration. Information about the scheme and the Authorities involved was publicly available
- There was a detailed discussion of the operation of the Collection Fund, the assumptions made in relation to collection rates (which was currently 95%) and how this was distributed to the precepting bodies. It was noted that collection rates were currently higher than assumed additional funds collected were written down against budgets for future years
- The Service Director commented that in relation to the value which was realistic to be taken from long term borrowing, he was aware of the capital financing requirement and was aware of up and coming borrowing needs. An opportunity was taken, therefore, to set/fix borrowing so that certainty was built into the budget going forward
- Information had been submitted to Committee previously detailing the position with regard to the treatment of debt and this could be re-submitted in the future. The Service Director commented that a forensic analysis was undertaken of the type and nature of the debt and of how long that had been outstanding and a view was then taken of the level to be set in relation to the impairment of outstanding debt
- In response to specific questioning, the Service Director stated that he would provide a more detailed breakdown of the depreciation and impairment calculation
- In relation to carry forward leave, the Service Director commented that this was routinely monitored and the policy of the Authority of allowing 5 days carry

forward (to be used by the end of May) was adhered to. There was an element of discretion, however, to exceed this in certain limited and restricted circumstances. There was no correlation between outstanding carry forward leave and staff reductions as a result of financial restrictions

- There was a discussion of the reduction in the revenue budget and to the impact this had on service delivery. Whilst the majority of services had continued (though not all) there had been a significant reduction in some areas in the level of the services provided. Going forward, it was likely that the next round of financial reductions would see further services cut altogether
- It was noted that to date no queries had been received to the accounts during the public consultation period which was currently ongoing

**RESOLVED:-**

- (i) that the Service Director Finance and his Team be thanked for their hard work and dedication in producing the accounts;
- (ii) that the work that has taken place to prepare the Authority's Draft 2017/18 Statement of Accounts on an International Financial Reporting Standards basis be noted; and
- (iii) that the finalised Statement of Accounts 2017/18 be submitted to the next meeting of the Audit Committee to be held on 20<sup>th</sup> July, 2018.

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Chair

# Item 4

## Joint Report of the Chief Executive and the Executive Director of Core Services

### AUDIT COMMITTEE – 20<sup>th</sup> July 2018

#### ANNUAL GOVERNANCE STATEMENT 2017 / 18

##### 1. Purpose of the Report

- 1.1 To consider the Annual Governance Statement for 2017 / 18, attached as Appendix One to this report.

##### 2. Recommendations

- 2.1 **The Committee is asked to consider and approve the Annual Governance Statement for 2017/18 for final ratification by Full Council.**

##### 3. Background

- 3.1 The process and guidance that underpins the Annual Governance Review (AGR) for 2017 / 18 was considered by the Audit Committee on 17<sup>th</sup> January 2018, and Members were given the opportunity to comment on these arrangements prior to the AGR commencing with officers.
- 3.2 The draft Annual Governance Statement was considered by the Audit Committee on 6<sup>th</sup> June 2018.

##### 4. The Annual Governance Statement 2017 / 18

- 4.1 The AGS is attached as Appendix One to this report. The statement outlines the following:
- i. The purpose of the Governance Framework;
  - ii. The Governance and Internal Control Framework;
  - iii. The process of annually reviewing the effectiveness of the Governance and Internal Control Framework; and,
  - iv. Identifying development and improvement opportunities arising from the Annual Governance Review, to be addressed in 2017 / 18.

##### 5. Review Process

- 5.1 The AGS is an important document as it is one form of providing assurances to residents and other stakeholders, including the Councils partners, that its decision making processes and procedures have integrity.
- 5.2 In order to ensure the AGS Action Plan contain relevant and significant governance issues, the following criteria have been applied when considering and determining if an issue is significant:
- It has seriously prejudiced or prevented the achievement of the Authority's objectives;
  - It has resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
  - It has led to a material impact in the accounts;
  - It is identified in the Head of Internal Audit's report;
  - The Authority requires progress / action reports;
  - It has attracted media or public attention and has seriously affected the reputation of the Authority; and / or,
  - It has resulted in formal action by the Treasurer or Monitoring Officer.

5.3. An action plan has been prepared to capture the issues raised throughout the review process. This document will form the basis for Audit Committee monitoring throughout the year. The action plan is provided to the Audit Committee as Appendix One to the AGS itself. An update of the action plan will be reported to the Audit Committee throughout the year ahead.

## **6. Financial Implications**

6.1 There are no direct financial implications arising through the preparation and publication of the Council's Annual Governance Statement.

6.2 However, the draft statement includes an assessment as to the extent to which the Council's financial and other internal control related procedures are being complied with.

## **7. Risk Management Considerations**

7.1 The Council's Risk Management Strategy forms one of the key elements of the Council's Internal Control Framework.

## **8. Consultations**

8.1 The statement was developed through a comprehensive evaluation process which has included input from the Council's Corporate Assurance Group and the Council's Senior Management Team (SMT).

## **9. List of Appendices**

9.1 Appendix One: Annual Governance Statement 2017 / 18 plus 2017 / 18 Action Plan

## **10. Background Papers**

10.1 Previous Audit Committee reports covering the monitoring of the 2016 / 17 AGS Action Plan, the Council's Local Code of Corporate Governance and the Council's Annual Governance Review Process 2016 / 17.

**Contact Officer: Risk and Governance Manager**

**Telephone: 01226 77 3119**

**Date: 11<sup>th</sup> July 2018**



# BARNSELEY METROPOLITAN BOROUGH COUNCIL

## ANNUAL GOVERNANCE STATEMENT 2017 / 18

### 1. Scope of Responsibility

- 1.1 Barnsley Metropolitan Borough Council is responsible for ensuring that its business is conducted in accordance with the law and all relevant standards, and that public money is safeguarded and properly accounted for.
- 1.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, effectiveness and efficiency.
- 1.3 In discharging this overall requirement, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.4 The council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE framework detailed in their report 'Delivering Good Governance in Local Government (2016 Edition)' insofar as the Council will:

**Principle A.** Behave with integrity, demonstrating strong commitment to ethical values and respect the rule of law;

**Principle B.** Ensure openness and comprehensive stakeholder engagement;

**Principle C.** Define outcomes in terms of sustainable economic, social and environmental benefits;

**Principle D.** Determine the intervention necessary to optimise the achievement of intended outcomes;

**Principle E.** Develop the entities capacity, including the capacity of its leadership and the individuals within it;

**Principle F.** Manage risk and performance through robust internal controls and strong public financial management; and,

**Principle G.** Implementing good practice in transparency, reporting and audit to deliver effective accountability.

- 1.5 A copy of the Councils recently revised Local Code of Corporate Governance can be found on the [Councils Document Store](#). This document was considered and approved by the Councils Audit Committee at their meeting dated 17<sup>th</sup> January 2018.

### 2. Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It also includes the activities through which it is accountable to,

engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

- 2.2 The system of governance and internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks relating to the failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurances regarding overall effectiveness. The system of governance and internal control is based on an ongoing process of risk review, designed to identify and prioritise risks to the achievement Council policies, aims and objectives and to evaluate the likelihood and potential impact of those risks being realised. It is then a case of managing and mitigating risks to reasonable levels in an efficient, effective and economic manner.

### **3. The Governance Framework**

- 3.1 The scope of the governance and internal control framework spans the whole range of Council activities. The following sections consider the various main components of the Councils governance framework and the activities within each of them. Within the Annual Governance Statement, job roles, titles and organisational structures reflect the Councils arrangements during 2017 / 18.

#### 4. Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

##### 4.1 Behaving with Integrity

4.1.1 Barnsley Metropolitan Borough Council (BMBC) has developed an organisational culture that is based on the principles of the '[Future Council](#)'. The journey towards Future Council began in 2013, and is intended to shape the organisation into a customer focused, modern, efficient and business minded Council.

4.1.2 Since 2013 there has been large scale innovation and improvements in the ways the Council works. This includes communities changing, with more people getting involved and helping in their local areas. Organisationally, we are stronger, more customer focused and more sustainable in the face of increasing pressures and reducing budgets.

4.1.3 In the next few years the Council will focus on long term issues including driving growth, helping the people most in need and helping local communities to thrive. This focus on long term planning will assist the Council in understanding and respond to future challenges, such as:

- **Driving growth** – investments to support changes and growth in high priority areas like our town centre development and motorway junction business parks;
- **Early help** - giving people the help they need as early as possible and supporting communities and residents to do more for themselves;
- **Communities working together** – recognising our community assets when we plan, design and deliver;
- **Brexit** - making the most of Brexit and managing any challenges;
- **Technology** – a digitally confident council and community, maximising the opportunities that technology brings; and,
- **Improvement and growth fund** – driving change through investment and innovation.

4.1.4 Although financial austerity is very much a challenge for the Council, the opportunities to grow, to do things differently and to use new technology are really positive. The Council is tighter, stronger and more efficient, and these plans will ensure the Council continues with the progress that has already made in creating a thriving and vibrant economy, helping people to achieve their potential and developing strong, resilient communities.

4.1.5 There are a number of activities that the Council continues to focus on the assist in changing the way we work:

- **Clear Vision and Values** – we have developed these together and they define what we are trying to achieve in our communities and for our customers;
- **Customer Focus** – we will understand all of our customer needs, and put them at the heart of everything we do;
- **Commercial and Business Acumen** – we will focus on outcomes and making every penny count, removing bureaucracy and running the organisation really well for our customers and residents;
- **Efficient Delivery of Projects and Programmes** – we have strengthened and standardised our approach to and we are better at working together to ensure accountability and value for money;

- **Innovative and Managed Risk Taking** – we will remove barriers to change, encourage, support and empower our employees to develop great new ideas and implement improvements;
- **Learning Organisation** – we will invest in our employees, recognise success and achievement and become stronger from our mistakes;
- **Leaders at every Level** – we will have leaders at every level of the organisation who are highly skilled, and able to inspire and empower their teams to respond effectively to local needs;
- **Flexible Workforce** – we will ensure our employees are healthy, agile, skilled and flexible so that we can continue to meet our customers changing needs;
- **Working with our Partners, Communities and Residents** – we will work better together to identify and meet local needs by joining up our work, and playing to our different strengths;
- **Enabling Organisation** – we will enable our partners, communities and residents to do more for themselves, rather than stepping in where we are not needed or where others can do something better than we can.

4.1.6 The Councils four main values, detailed in the [Councils Performance Management Arrangements](#) are as follows:

- We are Proud;
- We are Honest;
- We will be Excellent; and,
- We are a Team.

4.1.7 BMBC has a Whistleblowing Policy which forms an element of the Councils [Anti-Fraud and Corruption arrangements](#). The Whistleblowing Policy is supported by two senior managers who are designated contact officers. The Councils [Audit Committee](#) oversees the effectiveness of these arrangements on a regular basis. The Councils Internal Audit Section, as well as having a role in investigating matters brought to its attention also takes the lead in promoting preventative measures.

## 4.2 Demonstrating a strong commitment to Ethical Values

4.2.1 BMBC has a Member Panel in place to consider any allegations of misconduct, where the [Monitoring Officer](#) determines the need to undertake a formal investigation. The Monitoring Officer exercises their judgement in consultation with three independent persons who have been appointed as part of the Localism Act. This panel comprises three Elected Members chosen from those Members who comprise the [Appeals, Awards and Standards Panel](#) by the Monitoring officer, in consultation with the Chairperson of the Panel. The majority of members are selected from a political group different to that of the member who is the subject of the complaint.

4.2.2 The Council has developed and adopted formal Codes of Conduct which define the standards for both personal and professional behaviour for [Elected Members](#) and [officers](#). Formal induction training packages have been developed for Members and officers that include mandatory training regarding areas such as information governance and financial and procurement responsibilities. Both Elected Members and officers are required to register relevant interests as required by law, and by the relevant Code of Conduct. The Council maintains a [Register of Councillor Interests](#), as Councillors are obliged to keep their registration up to date and inform the Monitoring Officer of any

changes within 28 days of the relevant event. The need for disclosure of any conflicts of interest is a standard agenda items at all Council meetings. [Standing Orders](#) have been amended to require a member to withdraw where they have a disclosable pecuniary interest as defined by law.

### **4.3 Respecting the Rule of Law**

- 4.3.1 The Council has designated the Executive Director of Core Services as the Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations and to oversee its arrangements in respect of ethical standards complaints.
- 4.3.2 The Executive Director of Core services attends, or is represented by a senior lawyer at all meetings of the [Cabinet](#) and [Council](#). A senior lawyer is always in attendance at meetings of the [Planning Regulation Board](#) and [Licensing Regulatory Board](#) and as a clerk to any Appeal meetings.
- 4.3.3 All decision making reports take account of a number of control factors, including risks, legal considerations and financial, policy and performance implications. The Councils [Senior Management Team](#) (SMT) reviews all significant reports prior to them being included on the Cabinet agenda and discusses forthcoming Cabinet agenda a week prior to the meeting to address any particular issues arising or outstanding in respect of the specific report on the agenda. Any decisions taken by Cabinet members under their delegated powers are subject to prior scrutiny by SMT.
- 4.3.4 All Cabinet decisions are subject to scrutiny by the [Overview and Scrutiny Committee](#).
- 4.3.5 All documents that require execution by the Executive Director of Core Services require evidence of appropriate authority; either via a decision made by an Elected Member or delegated approval prior to being executed.
- 4.3.6 Legal implications regarding consultation and statutory quality obligations are addressed specifically as part of the Councils budget setting process. The Monitoring Officer and the Service Director (Finance) who acts as the [Section 151 Officer](#) are aware of the statutory duties to report in respect of concerns and unauthorised activity or expenditure and consult with each other periodically in relation to their complementary statutory roles.
- 4.3.7 There is a periodic review of decision making and 'authority to act' through the role of the Internal Audit and where appropriate, by external regulators such as the [Information Commissioner](#), the [Surveillance Commissioner](#) and the [Local Government Ombudsman](#).

## **5. Principle B: Ensuring openness and comprehensive stakeholder engagement.**

### **5.1 Openness**

- 5.1.1 The [Council Constitution](#) sets out how the Council operates regarding how decisions are made and the procedures that are followed to ensure that these rules are efficient, effective, transparent and accountable to local people. The Constitution sets out rules governing the manner in which the Council conducts its business.
- 5.1.2 The constitution includes the [Scheme of Delegation](#) whereby functions and decision making responsibilities are allocated between the Full Council, the Cabinet, individual Cabinet Members, Regulatory Boards, Committees and officers.
- 5.1.3 The Councils Officer Code of Conduct and Member Code of Conduct encourages the effective transaction of business by setting out the respective roles of members and officers and provides guidelines for good working relationships between them.
- 5.1.4 A limited number of items of business, such as approving the level of Council Tax must be approved by the Full Council. For other decisions, the [Leader](#) and Cabinet Members hold decision making powers through the Cabinet where each Member of the Cabinet holds a portfolio which supports the priorities and [structures of Future Council](#).
- 5.1.5 In order to comply with the Governments [Local Government Transparency Code](#) we make sure that local people can see and access data regarding:
- How we spend our money;
  - How we use Council assets;
  - How we make decisions; and,
  - Those issues that are important to local people.

### **5.2 Engaging comprehensively with Institutional Stakeholders**

- 5.2.1 When working in partnership with others, the existence of sound governance arrangements helps to ensure that shared goals are achieved and resources are controlled in an effective manner.
- 5.2.2 The Local Strategic Partnership, One Barnsley benefits from two key partnership bodies, the [Health and Wellbeing Board](#) (focusing on the delivery health and wellbeing strategies) and the [Barnsley Economic Partnership](#) (which focuses on the delivery of economic and regeneration strategies). The emphasis for these partnership arrangements is to ensure partner agencies actively contribute towards, and are responsible for the delivery of shared outcomes for Barnsley, rather than servicing and attending meetings.
- 5.2.3 Council officers and Councillors are nominated as Council representatives within or when dealing with significant partnering organisations. Partners are encouraged where appropriate to align their objectives with the Councils ambitions to ensure a robust contribution to the delivery of high quality, efficient and effective services that are in accordance with the arrangements of the Council.
- 5.2.4 A practical Partnership Governance Framework has been designed to assist Partnership Lead Officers provide suitable assurances that the partnership is making a valuable contribution to the Council's objectives and priorities, and is a well governed and controlled relationship. The development of this document has been driven by the outcomes of previous Annual Governance

Reviews and is intended to recognise the role and responsibilities of Service Directors (where relevant) in terms of their accountabilities as part of normal working practices, where the requirement for a useable and proportionate framework is required.

5.2.5 The [Sheffield City Region](#) (SCR) benefits from its own governance arrangements that are supported by BMBC. Internal control support functions such as meetings administration, human resourcing, health and safety and internal audit are delivered to the SCR via a service level agreement.

### **5.3 Engaging with individual Citizens and Service Users more effectively**

5.3.1 All Councillors must be accountable to their communities for the decisions that they have taken and the rationale behind them. Barnsley Council is subject to external review through external auditing of financial statements and performance management outcomes against national standards and targets.

5.3.2 Councillors and officers are both subject to code of conducts. Additionally, where maladministration may have occurred, the aggrieved person may wish to appeal through their local Councillor or directly to the Local Government Ombudsman.

5.3.3 The Council has numerous arrangements in place to communicate with its customers and wider stakeholders, including the use of social email such as [Facebook](#) and [Twitter](#). The Area Council and Ward Alliance arrangements also encourage community involvement, engagement and participation.

5.3.4 Whilst the journey to become a more customer focused, modern, efficient and business minded Council began in 2013 with the inception of the 'Future Council' model, there has been significant progress made in 2017 / 18 in terms of the delivery of new, improved ways of working, which are detailed in the Councils [Corporate Plan 2017 – 2020](#). These include:

- A genuine focus on customers by putting them at the heart of what we do;
- A re-shaped organisation, designed to deliver what we have promised;
- New, innovative ways of working that deliver sustainable services; and,
- More people getting involved locally, making their communities stronger.

## 6. Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

### 6.1 Defining outcomes

6.1.1 The Council has identified the following priorities or outcomes, which are detailed in the Corporate Plan 2017 – 2020:

- **Thriving and Vibrant Economy:**

We are investing to build Barnsleys economy to achieve the following outcomes:

- ✓ Create more and better jobs and good business growth;
- ✓ Increase skills to get more people working;
- ✓ Develop a vibrant Town Centre;
- ✓ Strengthen our visitor economy; and,
- ✓ Create more and better housing.

- **People Achieving their Potential:**

We are creating a healthier, safer and better educated population to achieve the following outcomes:

- ✓ Every child attends a good school and is successful in learning and work;
- ✓ Reducing demand through access to early help;
- ✓ Children and adults are safe from harm; and,
- ✓ People are healthier, happier, independent and active.

- **Strong and Resilient Communities:**

We are helping people get the most out of where they live now and in the future to achieve the following outcomes:

- ✓ People volunteering and contributing towards stronger communities;
- ✓ Protecting the Borough for future generations by recycling and using renewable energy; and,
- ✓ Customers can contact us easily and use more services online.

6.1.2 The progress made towards these outcomes are detailed in the [Council's Performance Management reports](#) which include a 'RAG' rating against each outcome, and a detailed narrative against each individual area of activity.

6.1.3 The [Councils Medium Term Financial Strategy](#) (MTFS) supports the delivery of the Councils key outcomes and underpins the development of individual business and service delivery plans, and is currently designed to ensure the sustainable delivery of services to 2020. The MTFS identifies a number of key assumptions and constraints that are regularly tested to ensure they remain robust and accurate. Each Business Plan also considers issues such as finances, workforce and equalities to ensure appropriate risks are identified and mitigated to acceptable levels. Under Section 25 of the Local Government Act 2003 the Council is required to report on the robustness of estimates made for the purposes of setting budgets, and the adequacy of the proposed financial reserves, which is discharged via the annual reporting of the [Councils Statement of Accounts](#).

6.1.4 The MTFS also includes a brief section which considers the financial implications relating to relationships with key partners.



## **6.2 Sustainable Economic, Social and Environmental Benefits**

- 6.2.1 The Council ensures that it considers the impact of its decisions in terms of economic, social and environmental consequences and requires all [decision making reports](#) to include an appropriate analysis of issues such as financial implications, health and safety, consultation, implications for local people / service user, risk management, equality and inclusion and social inclusion. Reports are also required to provide assurances regarding the impact the decision may have on the Councils Corporate Plan and Performance Management arrangements.
- 6.2.2 The Council has an [Equality and Diversity Policy](#) which sets out the Councils commitment, together with the specific responsibilities of employees, managers and Elected Members in implementing the policy and meeting our [Public Sector Equality duties](#). Furthermore, the [Councils Equality Scheme](#) sets out how the policy and Public sector Equality duties are put into practice.

## **7. Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.**

### **7.1 Determining Outcomes**

7.1.1 The Council ensures its decision makers are able to make informed and evidence-based decisions through the development of objective decision making reports that include an analysis of available options (including a 'preferred' option) and considers the potential financial, resource and risk implications of any decisions that are to be made.

7.1.2 In order to honour its commitment to seek feedback and opinion from its stakeholders, the Council has a dedicated 'Tell us what you Think' campaign, which is designed to elicit feedback relating to a number of Council services. The Council values feedback from our stakeholders and considers all comments and suggestions that have been made.

### **7.2 Planning Interventions**

7.2.1 In terms of strategic planning, the Council benefits from two thematic Boards, comprised of partners from across the Borough who have an interest in delivering the outcomes associated with the thematic Board:

- Health and Wellbeing Board – Terms of reference include agreeing Health and Wellbeing related strategies and working with all relevant organisations to join up health and social care across the Borough. The Board is made up of Elected Members and officers of the Council, representatives from Barnsleys Clinical Commissioning Group (CCG) and other health providers, as well as the local HealthWatch, which represents the interests of patients and service users. Representatives from other organisations that have an impact on Health and Wellbeing, such as South Yorkshire Police also attend these meetings; and,
- Barnsley Economic Partnership – The Barnsley Economic Partnership (BEP) brings together a group of high levels influential people from the public and private sectors with the skills and experience to assist with the delivery of the [Jobs and Business Plan](#) for Barnsley. The BEP seeks to contribute towards the rebalancing of the economy by stimulating private sector job growth through enterprise, business growth and inward investment.

7.2.2 The effectiveness of interventions is considered and assessed as part of the Councils Performance Management arrangements. Performance Reports include a brief narrative relating to the activities and outputs of the Health and Wellbeing Board and BEP.

### **7.3 Optimising the achievement of Intended Outcomes**

7.3.1 The Councils activities are considered at a strategic level through the development of the Councils MTFs and complementary [Service and Financial planning arrangements](#). These set out the context in which the Council operates in terms of significant financial pressures arising from ongoing austerity measures and changes to local government funding arrangements. They also attempt to ensure that the activities of the Council and its key partners are aligned and that appropriate resources are in place to enable the delivery of intended outcomes.

7.3.2 The Council has developed an Efficiency Plan which seeks to outline the framework that is in place to ensure that it is a self-sustaining, evolving organisation that will deliver against the MTFs, in spite of reducing resources. This is complemented by the Councils [Future Council 2020 Plan](#) which has

set out the journey towards a more modern, efficient and business minded organisation through planned change, improvement and growth. In response to austerity measures, the Council has made £87M efficiency savings up to 2017. Over the next three years the Council has £15M more efficiencies to realise and an income target of £36M to achieve by 2020. In order to maintain a balanced , sustainable budget in the context of these challenges and to achieve our Future Council aspirations we have developed a [Commercial Strategy](#).

- 7.3.3 The Council procures a variety of goods and services in accordance with EU, UK and local regulations, which are set out in the [Councils Procurement Policies](#).
- 7.3.4 In terms of social value the Council has developed a policy / statement during 2017 / 18 which will be launched across the organisation during 2018 / 19. It is envisaged that Social Value will be embedded into the procurement process and evaluation.

8. **Principle E: Developing the entity's capacity, including the capability of its leadership and individuals within it.**

8.1 **Developing Organisational Capacity**

8.1.1 The Organisational Improvement Strategy 2017-2020 sets out plans for the future to ensure that the Council is efficient, effective and in the best position possible to support the achievement of its priorities and to meet customer needs and expectations. Building on progress and improvements already made as a result of the implementation of the Future Council Strategy 2014-2017, the [new strategy](#) is built around our ten One Council priorities and focuses on four key areas of improvement. These areas of improvement will enable us to continue to drive forward changes at a pace to ensure we meet the demands required of a modern Council. The areas of improvement are:

- **Culture and behaviour change** – Continue to build and develop a healthy and positive organisational culture to ensure we are a customer focused, modern, efficient and business minded Future Council;
- **Efficient and effective processes and technology** – Ensure our processes and procedures are reflective of a modern Council and provide efficiency and value for money as well as supporting creativity and innovation. Provide reliable and efficient technology to mobilise our workforce and members and enable better and more efficient ways of working;
- **Agile, healthy and engaged workforce** – Ensure our workforce is healthy, resilient and able to work flexibly to meet the needs and expectations of our customers. Ensure our employees and members are engaged, motivated, empowered, able to share ideas and get involved in decision making to shape the future organisation; and,
- **Developing the skills of our workforce and Elected Members** – Ensure that our employees, members and wider workforce take ownership for their own learning and development and have the right skills, knowledge and behaviours to perform effectively in their role, to support achievement of our priorities and plans and to meet our customers' needs and expectations.

8.1.2 Performance is monitored by the Organisational Improvement Board against the One Council priorities to ensure we are making sufficient progress and improvements.

8.1.3 A number of service areas make use of benchmarking opportunities to measure performance and consider and compare outputs and outcomes against resource inputs such as financial and human resources to ensure the Council is delivering efficient and effective value for money services.

8.2 **Developing the Capability of the Organisations Leadership and other Individuals**

8.2.1 A robust performance framework has been developed aligned to the priorities and outcomes included in our Corporate Plan. Performance for all areas of the Council is measured on a quarterly basis and progress reported into Cabinet. Areas of performance are subject to further scrutiny through the Councils Overview and Scrutiny Commission.

8.2.2 Individuals are able to identify how they contribute to the council's priorities and objectives through business plans, team plans and individual performance objectives set during the annual Performance Development Review (PDR) process. Progress against these objectives are reviewed

regularly throughout the year at one-to-one and supervision meetings and quarterly against the performance framework. Personal development requirements are also identified and discussed at PDR, one-to-one and / or supervision meetings to ensure individuals are able to achieve their potential and contribute to the delivery of the Councils priorities.

- 8.2.3 The Barnsley Leadership Programme continues to develop the leadership skills and behaviours of Council leaders with over 450 completing the programme to-date and a further 165 due to complete this year/early next year. The programme is linked to the Chartered Management Institute Certificate in Leadership and Management enabling employees to formalise their skills with an accredited professional qualification if they wish to do so.
- 8.2.6 A corporate development offer has been available to all employees to develop their skills for now and the future. Key focus areas for this development include developing digital skills, commercial awareness and a practical approach to using coaching conversations to support and encourage people to be the best that they can be.
- 8.2.7 Effective two-way communication between employees and the organisation is enabled through regular activities including employee surveys and employee engagement events ('Talkabouts'). These provide employees with an opportunity to raise concerns, share ideas and get involved with decision making and improvements to shape the future organisation.
- 8.2.8 A Corporate Health and Safety Committee, chaired by the Head of Corporate Health, Safety and Emergency Resilience is in place and includes membership from a number of employee representatives. The committee meets on a regular basis, and includes within its terms of reference the following activities:
- Consideration of accident and incident statistics;
  - Consideration of occupational health statistics;
  - Health and Safety Audit Reports;
  - The development, introduction and monitoring of health and safety management systems;
  - The effectiveness of health and safety training; and,
  - The adequacy of safety and health communication and publicity within the workplace.

## **9. Principle F: Managing risks and performance through robust internal control and strong public financial management.**

### **9.1 Managing Risk**

9.1.1 The Councils [Risk Management Framework](#) (RMF) positions risk management as not being about eliminating risk, or being risk averse, but about being aware and managing acceptable levels of risk in the pursuit of agreed objectives. The RMF includes the Policy Objectives Statement and the Risk Management Strategy, which sets out how the Council will seek to embed this approach to risk into its normal business activities through the ongoing development of a positive risk management culture. The RMF, including the Policy Objective Statement and the Risk Management Strategy are key elements in the implementation of good governance arrangements and form key elements of the Councils own Annual Governance Review (AGR) process.

9.1.2 The Councils [Strategic Risk Register](#) (SRR) is intended to be a robust and dynamic document that sets out the culture and tone for risk management across and throughout the Council. The engagement of SMT in the risk management process through their ownership and review of the SRR demonstrates a strong commitment to lead and champion risk management ‘from the top’ and to further reinforce the continuing development of a positive risk management culture. The risks in the SRR are owned by SMT, with the management of individual risks being allocated to a Risk Manager (being a member of SMT), and measures to mitigate risks are allocated to Risk Mitigation Action Managers (being those senior managers best placed to take responsibility to drive the implementation of those actions). The SRR is subject to regular six-monthly review, the outcomes of which are reported to the Audit Committee, and subsequently, Cabinet.

9.1.3 Individual Business Units benefit from maintaining Operational Risk Registers (ORR) which relate to the key risks to the provision of Council services. These risk registers are aligned to individual Business Unit Business Plans. Service Directors are asked to review these risk registers on a bi-annual basis, and following each review there is an expectation that ‘red’ risks (in terms of ‘current’ and ‘target’ risk assessments) are escalated to Business Unit Management Teams for further consideration.

9.1.4 Risk management is an essential part of the Councils decision making report structure, and it is expected that all decision making reports include a section on the risk implications of the decision in hand.

### **9.2 Managing Performance**

9.2.1 The Council measures its performance against the key priorities and outcomes included in the Corporate Plan 2018 – 2020. To assess progress and performance against these priorities and outcomes, along with performance against individual service objectives, a performance management framework has been developed which consists of three elements:

1. Corporate Plan Priorities;
2. Corporate Health of the Organisation; and,
3. Directorate Performance.

9.2.2 Each quarter, the Council produces a [performance report](#), summarising the performance against the priorities and outcomes.

9.2.3 Through effective contract management, the Council is also able to identify and assess the performance of its partners and contractual relationships.

### **9.3 Effective Overview and Scrutiny**

9.3.1 The Overview and Scrutiny Committee (OSC) is responsible for reviewing and challenging the decisions made by the Councils Cabinet and Executive Officers. The committee meets once per month and consists of 26 Councillors, 3 members of the public (referred to as co-opted members) and a Parent Governor Representative. It monitors the work and performance of the Council as well as other organisations such as local healthcare providers, to ensure the effective delivery of local services and that appropriate safeguarding arrangements are in place to protect vulnerable adults and children in the Borough. The Committee also sets up smaller 'Task and Finish' groups, which supports the work of the Committee by undertaking more detailed investigations on specific topics.

### **9.4 Robust Internal Control**

9.4.1 The Councils system of internal controls are designed to support the achievement of corporate objectives and outcomes whilst ensuring that there is an appropriate level of compliance in terms of laws, regulations and internal arrangements. The internal control framework acts as robust control measure against risks such as loss of assets, fraud, misuse of equipment and the misuse of data and information.

9.4.2 The Council benefits from a [suite of policies](#) in respect of counter fraud and corruption activities, including a Whistleblowing Policy, anti-Money Laundering Policy and an anti-Bribery Policy.

9.4.3 The Councils Audit Committee is made up of four Elected Members and five independent people, who are not councillors. It ensures that the Council is complying with its rules and regulations for governance and finance, including the value for money of Council services.

### **9.5 Managing Data**

9.5.1 The Council has information governance accountabilities that are required to be in place in accordance with legislation and accreditation standards such as the Information Governance toolkit and Public Services Network accreditation. The Information Governance Toolkit is in use by the Council and is an online self-assessment tool used for publishing the standards of practice organisations must comply with regarding information governance.

9.5.2 Information Governance arrangements within the Council are based on the [8 Data Protection Principles](#) and these are overseen by the Councils Senior Information Risk Owner (SIRO), which is a role undertaken by the Executive Director of Core Services. The SIRO also chairs the Councils Information Governance Board, which takes the lead in the development of policies, procedures, training arrangements and lessons learned from previous information governance incidents.

9.5.3 The Council is increasingly managing, storing and maintaining personal data and information as part of the delivery of services. With data held in a vast array of places and transferring between supply chain partners, it becomes susceptible to loss, protection and privacy risks. As a result, the Council has in place information sharing protocols and agreements that partners are required to endorse prior to any information being shared with them.

9.5.4 The Council responds to a significant number of information access requests as a result of the Freedom of Information Act 2000 and the Environmental Information regulation 2004. Furthermore,

a number of requests for information are received as a result of [subject access requests](#) as part of the Data Protection Act 1998.

9.5.5 During October 2017, the Council welcomed a consensual audit of its processing of personal data by the Information Commissioners Office (ICO), who recognised the strong leadership and good practice the Council has embedded. In particular, the ICO cited the excellent online training provision, comprehensive case management system for processing Freedom of Information requests and the Councils Records Management base, Shortwood, which was identified as having very well established processes for managing paper records. In total, 110 recommendations were made for the Council to act upon, with the majority being classed as medium or low priority. An action plan was developed by the Council and is facilitated by Internal Audit, the Information Governance Board and the Audit Committee.

9.5.6 In preparation for the General Data Protection Regulations (GDPR), which are new regulations that come into effect on the 25th May 2018 (alongside a new UK Data Protection Act which completely replaces the existing Data Protection Legislation in the UK), the Council has been preparing during 2017 / 18 to ensure that it specifically addresses:

- The individual rights of our customers;
- The changes to accountability and governance surrounding information management;
- The appointment of a Data Protection Officer;
- Processes relating to breach notifications;
- Reviewing and updating policies; and,
- Rolling out training and awareness to all network users.

## **9.6 Strong Public Financial Management**

9.6.1 The Council has a pragmatic approach to the management of finances and endeavours to ensure that value for money outcomes are obtained through the spending of public money. This approach is intended to support the achievement of short term operational performance, alongside longer term strategic outcomes. Strategies including the Councils [Value for Money](#) and Commercial strategy underpin both long and short term objectives.

9.6.2 The Councils Service Director (Finance) acts as the Section 151 officer, and ensures that the Council benefits from robust financial advice and is compliant in terms of its accounting and fiduciary responsibilities. This includes ensuring that financial management is embedded within the annual Business and Service Planning processes which includes the control and mitigation of financial risk.



## **10. Principle G: Implementing good practices in Transparency, Reporting and Audit to deliver Effective Accountability.**

### **10.1 Implementing good practice in Transparency**

10.1.1 The Councils commitment to be a customer focused organisation that puts the customer at the heart of everything we do is underpinned by ensuring that any information that is published for stakeholders is done so in a manner that is accessible and transparent. Information published on the Councils website conforms with branding and [accessibility](#) requirements.

10.1.2 The Council is required to publish information as part of the [Local Government Transparency Code 2015](#), which has been designed to make sure that local people can now [see and access data](#) about subject such as:

- How the Council spends its money;
- How Council assets are used;
- How the Council make decisions; and,
- Issues important to local people.

10.1.3 The Council benefits from a [Social Media policy](#) which aims to maximise positive engagement with stakeholders by the Council and individual officers, whilst protecting its own reputation and ensuring compliance with relevant standards and regulations.

### **10.2 Implementing Good Practice in Reporting**

10.2.1 It is important for the Council to be able to demonstrate that it has been able to deliver on its priorities and ambitions and that it has been able to deliver value for money outcomes. This is achieved through the publication of Performance Reports.

10.2.2 Performance reporting is complemented by the Councils [Statement of Accounts](#) report, which is prepared and published in accordance with legislative requirements and the [Code of Practice on Local Authority Accounting in the United Kingdom](#). The Annual Statement of Accounts report is made available for local electors, stakeholders and other interested parties to inspect.

10.2.3 There is a legal responsibility to undertake (at least annually) a full review of the Councils own internal control and corporate governance arrangement, and details the outcomes and findings of that review in its own [Annual Governance Statement](#). This is complemented by an [improvement Action Plan](#) that is monitored by the Councils Audit Committee.

### **10.3 Assurance and Effective Accountability**

10.3.1 It is important that the Council is challenged, audited and reviewed both internally and externally to ensure that Council services, priorities and outcomes are making a positive impact on the Borough. Following such reviews, the Council ensures recommendations and improvements that have been identified are translated into operational actions that are achievable, measurable and have suitable accountability built into them. Where appropriate, Elected Member engagement can provide clear oversight on the recommended actions, and their consequential outcome or output.

10.3.2 In order to deliver the Councils own vision and values, it is important that partnership working is carried out in a way that ensures robust governance arrangements are in place in terms of finance, resources and risk. A practical Partnership Governance Framework has been designed to assist

Partnership Lead Officers provide suitable assurances that the partnership is making a valuable contribution to the Council's objectives and priorities, and is a well governed and controlled relationship.

## **11. Review of the Effectiveness of the Governance Framework**

### **11.1 Annual Governance Review**

11.1.1 Barnsley Metropolitan Borough Council has responsibility for conducting (at least annually) a review of the effectiveness of its governance framework, systems of internal control and risk management arrangements. The review of effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audits (HoIA) annual report and also by the comments made by external auditors and other regulators or inspectors.

### **11.2 Senior Management Team**

11.2.1 The Councils SMT are responsible for ensuring compliance with, as well as improvement against the governance, risk and internal control framework. As part of this function, each member of SMT is provided with details of their Directorates assurance information for the year. This assurance information includes:

1. Significant and Fundamental Internal Audit recommendations that have been made to individual Business Units within the Directorate;
2. Significant and Fundamental Internal Audit recommendations that have been identified following 'themed' audits; and,
3. Other Sources of Assurance information which has been sourced from Internal Control and Governance lead officers.

11.2.2 Following receipt of this information by each individual Service Director, each SMT member is then asked to provide assurances regarding the overall governance arrangements for their Directorate.

11.2.3 This information is then evaluated and where appropriate included in the Annual Governance Statement Action Plan.

### **11.3 Internal Control Arrangements**

11.3.1 The Council has adopted a comprehensive set of internal policies and procedures that govern key aspects of its operational, as part of the drive to develop high quality local public services. Collectively, these are referred to as the Internal Control Framework.

11.3.2 Each of these policies, plans and procedures has a senior lead officer with overall responsibility for their maintenance and application.

11.3.3 Each element that makes up the Internal Control Framework is subject to cyclical, risk informed reviews by the Councils Internal Audit Section.

### **11.4 Internal Audit**

11.4.1 The HoIA is responsible for providing assurances as to the robustness of the Councils internal control arrangement to the Audit Committee. An annual report on Internal Audit activity and performance is also presented. In terms of the 2017 / 18 report, which the Audit Committee will have considered as a draft at their meeting dated 6<sup>th</sup> June 2018, the HoIA gave a controls assurance

opinion which reflected that systems concerning internal controls were **adequate** and that no fundamental breakdowns of any such systems had occurred. Whilst the overall opinion is positive, there are some key issues arising from Internal Audit work in the year that senior management should consider. In general terms these continue to relate to the challenges in moving to Future Council in terms of changed structures, new and changed systems, increasing workloads, all of which have had an impact on the organisations capacity to maintain reasonable and effective controls in some areas of activity.

11.4.2 It is recognised that the Future Council approach has required a change in risk appetite and that there is a natural period during which new operational arrangements will embed. This has been openly acknowledged and again discussed with senior management during the year but it is nevertheless important that during 2017/18 senior managers remain alert to, and focussed on, maintaining an appropriate, risk-based and effective framework of controls. The audit work undertaken and planned for the current year has sought to take into account the change in risk appetite necessary to embrace and implement such significant change and achieve financial savings. Although the overall assurance opinion is adequate, it is essential that senior management retain a focus on embedding new operational and governance arrangements. This is reflected in the fact that 50% of the completed audits resulted in a substantial or adequate assurance opinion which is a decrease from 2016/17. However, if we include the 2017/18 Internal Audit reviews that are substantially complete, as at 25th May, all have an indicative opinion of at least adequate, this would increase to 60%. With regards to the implementation of agreed management actions only 37% were implemented by the original date set by management.

11.4.3 The role of Internal Audit within the governance, risk and internal control framework is to operate both independently and objectively in reviewing and reporting on the effectiveness of the Annual Governance Review process and the Corporate Risk Management framework. This work has been undertaken by a Principal Auditor reporting directly to the Executive Director of Core services in order to preserve that independence.

## **11.5 Strategic Risk Management**

11.5.1 During 2017 / 18, the Risk and Governance Manager has supported (and where appropriate challenged) the management and development of the Councils SRR, and has prepared a number of reports to SMT, Audit Committee and Cabinet regarding the outcomes of the bi-annual reviews of the SRR. Work has also included the promotion and embedding of good risk management practice throughout the Council and its partners.

## **11.6 External Audit, Assessment and Inspection**

11.6.1 Barnsley Metropolitan Borough Council is subject to external assessment and regulation by auditors and service inspectorates such as OFSTED and the CQC. Services are responsible for ensuring that relevant findings from external audit or inspection activity informs the annual governance review which in turns underpins the production of the Annual Governance Statement.

11.6.2 In summary, the following principle sources of evidenced were considered when carrying out this review:

- Assurances provided by Service Directors and Executive Directors regarding the overall governance arrangements for Business Units and Directorates;
- Internal Audit Annual Report;
- Risk Management Annual Report;

- The Annual Audit Letter;
- Key issues arising from the Annual Corporate Health and Safety Annual Report;
- The Local Government Ombudsman Annual Monitoring Report regarding complaints handled by BMBC;
- The independent Internal Audit annual review of Corporate Risk Management arrangements and the annual review of Annual Governance Arrangements;
- A review of the action taken and progress made in relation to the issues raised in the 2016 / 17 Annual Governance Statement and Associated Improvement Action Plan.

## **12. Significant Governance Issues**

12.1 Only the more significant and strategic governance and internal control issues should be included in the AGS. The following criteria have been applied when considering and determining if an issue is significant:

- It has seriously prejudiced or prevented the achievement of the Authority's objectives;
- It has resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- It has led to a material impact in the accounts;
- It is identified in the Head of Internal Audit's report;
- The Authority requires progress / action reports;
- It has attracted media or public attention and has seriously affected the reputation of the Authority; and / or,
- It has resulted in formal action by the Treasurer or Monitoring Officer.

12.2 The annual review of the Councils governance, risk and internal control arrangements in place for 2017 / 18 has identified issues relating to:

- The delivery of actions identified by the Information Commissioners Office as part of the Councils consensual audit in 2017 (action 3); and,
- The monitoring of the implementation and embedding of effective compliance arrangements in respect of the General Data Protection Regulations 2018.

12.3 The review has confirmed that the general level of compliance with the Councils governance and internal control framework remains robust and effective.

12.4 The review process has taken into account the action taken against control issues on previous Annual Governance Statements.

12.5 The Action Plan to be monitored during 2018 / 19 is comprised of the issues that have been carried forward from previous years, along with issues identified from the 2017 / 18 review.

## **13. Statement by the Leader of the Council and Chief Executive**

13.1 We are satisfied that the comprehensive review process undertaken has identified the relevant areas for attention over the forthcoming year. The Action Plan put in place will be monitored by the Councils Audit Committee will (when implemented) further enhance the Councils governance, risk and internal control framework.

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Councillor Sir Stephen Houghton CBE  
Leader of Barnsley MBC

Date:

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Diana Terris  
Chief Executive of Barnsley MBC

Date:

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## 14. Glossary

CIPFA – Chartered Institute of Public Finance and Accountancy  
SOLACE – Society of Local Authority Chief Executives  
BMBC – Barnsley Metropolitan Borough Council  
SMT – Senior Management Team  
SCR – Sheffield City Region  
ICO – Information Commissioners Office  
MTFS – Medium Term Financial Strategy  
H&WB – Health and Wellbeing Board  
BEP – Barnsley Economic Partnership  
CCG – Clinical Commissioning Group  
P&DR – Performance and Development Review  
RMF – Risk Management Framework  
SRR – Strategic Risk Register  
ORR – Operation Risk Register  
OSC – Overview and Scrutiny Commission  
SIRO – Senior Information Risk Owner  
GDPR – General Data Protection Regulations  
AGS – Annual Governance Statement  
AGR – Annual Governance Review  
HoIA – Head of Internal Audit  
OFSTED – Office for Standards in Education, Children's Services and Skills  
CQC – Care Quality Commission





Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
1	<p>To further develop and embed a practical framework to assist on the effective governance and control of the Council's partnerships, contracts and general relationships with external organisations. This has increased significance in the context of the Future Council programme.</p> <p><i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	<p>Revised to 30/09/2018</p> <p>(Audit Committee Meeting 19/09/2018)</p>	<p><u>December 2017:</u> Targeted correspondence was sent to relevant Service Directors in October 2017. Subsequently, the Risk and Governance Manager has met with a number of Service Directors and Risk Owners to consider partnership risks. The majority of Business Units now have risks regarding specific partnerships included within their Operational Risk Registers. Further work during the remainder of the financial year will focus on ensuring the remaining risk registers are updated to reflect partnership risk.</p> <p><u>July 2018:</u> <b>Analysis relating to overall compliance with the Framework will be undertaken, and reported to the Audit Committee at their meeting dated 19/09/2018.</b></p>
2	<p>Internal Audit Annual Report: A corporate issue relating to non-compliance with Contract Procedure Rules and the overall adequacy of Contract Management Arrangements</p> <p><i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	Revised to 30/09/2018	<p><u>December 2017:</u></p> <p>Non-compliance with CPR:</p> <ul style="list-style-type: none"> <li>▪ The Strategic Procurement Team continue to track and challenge waivers on an ongoing basis. The team also provides information on waivers to key stakeholders on a monthly basis;</li> <li>▪ The 'Document Review' is now complete and a new set of standardised procurement processes, documentation and guidance is available via SharePoint for staff to utilise when procuring at all levels of expenditure;</li> <li>▪ A review of the Contract Procedure Rules is also underway which is planned for completion by end March 2018.</li> <li>▪ All waivers over £100,000 require the Monitoring Officer and S151 Officer approval.</li> </ul>

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
				<p data-bbox="1350 172 1921 204">Adequacy of Contract Management Activity:</p> <ul data-bbox="1373 240 2148 437" style="list-style-type: none"> <li data-bbox="1373 240 2148 437">▪ A scoping paper to review contract management activity was approved by SMT in December 2017. Activity will now be undertaken by the Strategic Procurement Team during 2018 to establish the ‘as is’ situation whilst also developing a new ‘to be’ approach with a view to Council wide adoption.</li> </ul> <p data-bbox="1350 480 1496 507"><b><u>July 2018:</u></b></p> <ul data-bbox="1373 512 2148 948" style="list-style-type: none"> <li data-bbox="1373 512 2148 644">▪ <b>The ‘Non-Compliance with CPR’ activity is now closed, with the exception of the action relating to the review of CPRs, which is completed and is now going through an approval process.</b></li> <li data-bbox="1373 681 2148 948">▪ <b>The contract management review was initiated in January and is ongoing with a planned completion by end September. A session to present an update to SMT is scheduled for 31st July. This session will present the findings of the ‘As Is’ approach to contract management within the council currently and also give an indication of recommendations for the ‘To Be’ solution going forward.</b></li> </ul>

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned																									
3	Following a consensual audit from the Information Commissioners Officer (ICO) in October 2017, a total of 110 recommendations were made for the Council to act on (the majority of actions being medium or low priority).	Executive Director, Communities	31/12/2018	<p><b>July 2018:</b> The current status of the actions identified by the ICO is detailed below:</p> <table border="1"> <thead> <tr> <th>Area</th> <th>Total</th> <th>Completed</th> <th>In Progress</th> <th>Not started</th> </tr> </thead> <tbody> <tr> <td>Training and Awareness</td> <td>25</td> <td>13</td> <td>11</td> <td>1</td> </tr> <tr> <td>Records Management</td> <td>48</td> <td>29</td> <td>10</td> <td>9</td> </tr> <tr> <td>FoI / EiR</td> <td>31</td> <td>25</td> <td>6</td> <td>0</td> </tr> <tr> <td><b>Total</b></td> <td><b>104</b></td> <td><b>67</b></td> <td><b>27</b></td> <td><b>10</b></td> </tr> </tbody> </table> <p>(A full analysis and action plan has been developed and is available upon request)</p>	Area	Total	Completed	In Progress	Not started	Training and Awareness	25	13	11	1	Records Management	48	29	10	9	FoI / EiR	31	25	6	0	<b>Total</b>	<b>104</b>	<b>67</b>	<b>27</b>	<b>10</b>
Area	Total	Completed	In Progress	Not started																									
Training and Awareness	25	13	11	1																									
Records Management	48	29	10	9																									
FoI / EiR	31	25	6	0																									
<b>Total</b>	<b>104</b>	<b>67</b>	<b>27</b>	<b>10</b>																									
4	Monitoring the implementation and embedding of effective compliance arrangements in respect of the General Data Protection Regulations 2018.	Executive Director, Core Services	31/03/2019	<p><b>July 2018:</b> The Councils compliance with the Data Protection Act (DPA) 2018 and the General Data Protection Regulations (GDPR) will be monitored through the Information Governance Board alongside other areas of information governance and management.</p> <p>The Council's Data Protection Officer (DPO) will report to the Board, providing assurances regarding compliance based on a programme of independent review work. The DPO will also report periodically to SMT and will provide the Audit Committee with assurance reports.</p> <p>It is the responsibility of all senior managers to ensure the personal data they use in the delivery of services is maintained in compliance with the Council's policies, the DPA 2018 and GDPR. The DPO provides independent advice and assurance regarding that compliance.</p>																									



# Item 5

## Report of the Head of Internal Audit and Corporate Anti-Fraud

**AUDIT COMMITTEE – 20<sup>TH</sup> JULY 2017**

**INTERNAL AUDIT QUARTERLY REPORT 2018/19  
QUARTER ENDED 30<sup>TH</sup> JUNE 2018**

### **Executive Summary**

1. Internal Audit work undertaken during the period identified no fundamental management action (Para. 4.1).
2. The internal control assurance opinion overall is considered to be adequate, based upon the results of the work undertaken during the quarter (Para. 6.1 / Appendix 1).
3. Of the 47 management actions followed-up, 13 (28%) had been implemented by the original target date, 2 (4%) had been completed after the target date, 8 (17%) had not yet been completed but had revised dates agreed, 8 (17%) had not reached their target date and 16 (34%) were waiting response by Management (Para. 4.4).
4. In relation to the Barnsley MBC audit plan, actual days delivered was 448 days which is in line with the profile of work planned. (Para.7.7 & Appendix 2)
5. Quarterly and full year performance of the function is satisfactory with the majority of PIs meeting or exceeding target levels. (Para 8.2 & Appendix 3).

**AUDIT COMMITTEE – 20<sup>TH</sup> JULY 2017**

**INTERNAL AUDIT QUARTERLY REPORT 2018/19  
QUARTER ENDED 30<sup>TH</sup> JUNE 2018**

**1. Purpose of Report**

- 1.1 This report provides the Audit Committee with a comprehensive overview of the key activities and findings of Internal Audit based on the Service's work covering the whole of the first quarter to ensure that the Audit Committee is provided with the most up to date position. This report provides the Audit Committee with information relevant to its responsibilities within its terms of reference (terms of reference items (a), (b), (h), (i) and (k)).
- 1.2 The report covers:-
- i. The issues arising from completed Internal Audit work in the period (section 4 and Appendix 1);
  - ii. Matters that have required investigation (section 5);
  - iii. An opinion on the ongoing overall assurance Internal Audit is able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment (section 6);
  - iv. Progress on the delivery of the Internal Audit Plan for the period up to the end of the first quarter of 2018/19 year (section 7 and Appendix 2);
  - v. Details of Internal Audit's performance for the quarter utilising Performance Indicators (PIs) (section 8 and Appendices 3 and 4).

**2. Recommendations**

**2.1 It is recommended that the Audit Committee:-**

- i. **consider the issues arising from completed Internal Audit work in the period along with the responses received from management;**
- ii. **note the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period to the end of June 2018;**
- iii. **note the progress against the Internal Audit plan for 2018/19 for the period to the end of June 2018; and**
- iv. **Consider the performance of the Internal Audit Service for the first quarter.**

### **3. Introduction / Background**

- 3.1 Internal Audit is a key contributor to the assurances the Audit Committee requires regarding the adequacy and effectiveness of the internal control, risk and governance environment of the Authority. That assurance is provided through planned work and responding to urgent matters and changes in priority and risk. It is important that all Internal Audit activities are undertaken with due regard to risk and the risk issues prevailing at the time.
- 3.2 In order to fulfil its responsibilities the Audit Committee needs to be satisfied that the Internal Audit Service is undertaking its work as planned, responding appropriately to client demands, operating to the required professional standards and obtaining the necessary responses from management following Internal Audit work.
- 3.3 In accordance with statutory best practice provided by the Public Sector Internal Audit Standards, there is a requirement that the Head of the Internal Audit function prepares an annual report to the appropriate member body. This requirement is best supported through regular reports during the year, providing, amongst other things, ongoing assurances on the adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 3.4 For the Authority, the appropriate member body is the Audit Committee.

### **4. Key Issues Arising From Internal Audit Work in the Period Ended 30<sup>th</sup> June 2018**

- 4.1 Internal Audit work undertaken during the period made no fundamental recommendations. However, five significant recommendations were made during the period. Further details on these can be found at Appendix 1 Table A.

#### **Follow-Up of Report Management Actions**

- 4.2 Table 1A identifies the total number of reports analysed by the assurance opinion given and the total number of management actions agreed.
- 4.4 Table 1B shows the number of management actions followed-up in the quarter. Of the 47 management actions followed-up, 13 (28%) had been implemented by the original target date, 2 (4%) had been completed after the target date, 8 (17%) had not yet been completed but had revised dates agreed, 8 (17%) had not reached their target date and 16 (34%) were waiting response by Management.
- 4.5 Of the 16 waiting management response, 9 are significant in status. An analysis can be found below:

<b>IA Review</b>	<b>Number of Significant Management actions overdue at 30<sup>th</sup> June 2018</b>
Workforce Development Fund	6
Establishment Cash Visit - Museums	2
SFVS – Schools Procurement Themed Review	1

<b>Total</b>	<b>9</b>
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- 4.6 Internal Audit continues to get very good co-operation from management including the Senior Management Team (SMT) and as such is able to closely monitor any implications that may arise from a delay in the implementation of management action.
- 4.7 As previously reported to members, Internal Audit is working closely with management to monitor the general position with regards the implementation of management actions and to establish the reasons behind any delays. In an effort to provide more transparency to Executive Directors on the status and progress of their management actions, Internal Audit continues to issue monthly updates. This is in addition to the quarterly performance reports currently presented to SMT.

**5. Fraud, Investigations and the Corporate Anti-Fraud Team**

- 5.1 The Audit Committee receives a separate report covering the detail of fraud and irregularity investigations undertaken, the preventative work and the general activities and work plan of the Corporate Anti-Fraud Team.
- 5.2 The overall assurance opinion takes into account any control issues arising from investigations or anti-fraud work. No issues are required to be brought to the Committee's attention at this time.

**6. Head of Internal Audit's Internal Control Assurance Opinion**

- 6.1 Based on the audits reported in the period, an overall **adequate** assurance opinion is considered to be appropriate.
- 6.2 As referred to above, the percentage of audit report management actions not implemented, and/or requiring a revised implementation date is not decreasing. However, the number of substantial assurance opinions given this quarter is 2 (50%) as per appendix 1. This has been considered in assessing the overall assurance opinion. In addition to this the outcomes from our non assurance opinion work has been considered.
- 6.5 It does however need to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly only reasonable and not absolute assurance is given.
- 6.4 The assurance opinion is supported by the knowledge that the underlying framework of financial and other controls, encompassing the Council's Financial Regulations, various codes of practice, procedures and other financial governance arrangements, periodically reviewed by both Internal and External Audit, are appropriate and working satisfactorily.
- 6.5 The general context and impact of the significant savings and service changes that have been implemented arising from Future Council form a core element of Internal Audit work planning to ensure that the control, risk and governance framework remains adequate and effective.



## **7. Internal Audit Plan 2018/19 - Progress to the end of June 2018**

- 7.1 Internal Audit utilise a risk-informed approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are considered and covered, where appropriate, by Internal Audit work. In turn the annual work programme is planned indicatively across the year. This enables quarterly monitoring of progress against planned work and the utilisation of Audit resources.
- 7.2 It is however important to recognise and appreciate that whilst a significant proportion of audit work is planned, there are many 'external' factors that can and do impact on precisely when pieces of work are actually undertaken and completed and indeed their detailed scope. For this reason the monitoring of the audit plan in each quarter can only provide an indicative picture of progress overall. Individual jobs are monitored on a job-by-job and week-by-week basis utilising the audit management system.
- 7.3 Table C contains reference to the audit jobs that are categorised as 'works in progress as at the end of Q1. The progression of these jobs is closely monitored and there will be an updated position presented to Audit Committee Members at the end of Q2 in 2018/19.
- 7.4 Appendix 2 shows the progress of the plan up to the end of June 2018, analysed by Directorate / Service.
- 7.5 At the beginning of the year provision is made in the allocation of audit resources for responsive work. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this provision.
- 7.6 The following audits have been deferred, added to or deleted from the audit plan, as agreed in conjunction with management:

<b>Directorate / Service</b>	<b>Audit Assignment Title</b>	<b>Deferred / Added / Deleted</b>
Communities	SAP Concur System - Design and Implementation	Added - An unplanned request for audit consultancy was made by the Service Director, Information Technology to form part of the project board for the development and implementation of an automated mileage and expense management solution.
Core	Occupational Road Risk	Deleted – due to software and process update to mileage and express solution currently in operation.
Place	HCA Grant Funding 2018/19	Added – reciprocal audit arrangement with Doncaster MBC
Place	Weighbridge New Cash Receipting and Recording Follow up	Added A targeted review to understand and evidence the new cash receipting process recently implemented at Smithies Depot. This revised process was a management action from IA's 2016/17 review.

7.7 The position at the end of the first quarter for the audit days allocated to BMBC shows that they are in line with those of the profile. (Appendix 2).

## **8. Internal Audit Function and Performance**

8.1 The Service uses a range of performance indicators to monitor operational efficiency. Quarterly performance of the function is satisfactory and the majority of PI's for the year are either on or exceed target levels. The only indicator that is below target was a result of the client response being delayed. A list of the performance indicators (PIs) for 2018/19 is attached at Appendix 3.

8.2 For the first quarter of the year, at the point of preparing this report 4 feedback sheets have been received. All have been noted as very good or good. All other feedback questionnaires have been chased with the appropriate senior officer, but were not returned.

## **9. Local Area Implications**

9.1 There are no Local Area Implications arising from this report.

## **10. Consultations**

10.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive Director and/or Service Director to apprise him/her of key issues raised and remedial actions agreed.

10.2 No specific consultation has been necessary in the preparation of this quarterly report.

## **11. Compatibility with European Convention on Human Rights**

11.1 In the conduct of audit work and investigations particularly, Internal Audit operates under the provisions of the Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

## **12. Reduction of Crime and Disorder**

12.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls are made. Additionally, Internal Audit ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

## **13. Risk Management Considerations**

13.1 The underlying purpose of the work of Internal Audit is to address and advise on key risks facing management and, as such, risk issues are inherent in the body of the report.

13.2 The Service's operational risk register includes the following risks which are relevant to this report:

- Inappropriate use of and management of, information to inform and direct service activities;
- Inability to provide a flexible, high performing and innovative service; and
- Poor levels of customer satisfaction.

All of these risks have been assessed and remain within the tolerance of the Service.

An essential element of the control (and on-going) management of these risks is the provision of update reports to the Audit Committee and the assurance this provides.

#### **14. Employee Implications**

14.1 There are no employee implications arising from this report.

#### **15. Financial Implications**

15.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function are included within the Authority's base budget.

#### **16. Appendices**

16.1 Appendix 1 - Key issues arising from completed Internal Audit work and audit activity during the period.  
Appendix 2 - Internal Audit Plan 2018/19 – Position as at 30<sup>th</sup> June 2018  
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 30<sup>th</sup> June 2018

#### **17. Background Papers**

17.1 Various Internal and External Audit reports, files and working papers.

**Officer Contact:** Head of Internal Audit & Corporate Anti-Fraud  
**Telephone No:** 01226 773241  
**Date:** 11<sup>th</sup> July 2018

TABLE A - Completed Audits / Final Reports Issued During the Period Ending 30<sup>th</sup> June 2018

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Other Action
Core: Housing Rents	The review concluded with a substantial assurance opinion and no recommendations were made, based on the audit work undertaken.	<b>Substantial</b>	F - 0 S - 0 MA - 0	10.04.2018	To follow up all management actions.
People: Assessment & Care – Governance Arrangements	<p>The key issues identified during the review relate to:</p> <ul style="list-style-type: none"> <li>• A need for the Service to implement a programme of formal audits of Adult Social Care cases to confirm that the correct procedures have been followed, with all financial streams, including income streams, being correctly recorded and recharged.</li> <li>• A need for the Service to review and formalise roles and responsibilities with regards to finance related activity and Strategic Finance support provided to the Service in line with the Core Offer from Finance and agreeing this with Finance. This to include a single point of contact within the Service to deal with funding queries from the Clinical Commissioning Group (CCG).</li> <li>• The recording of income streams on the ERICA and Controcc systems to continue to be reviewed and improved by the Service to identify and action any unnecessary duplicate data entry and to enable management to easily identify the total cost of an individual's care package and the contributions (if any) from health and the service user.</li> <li>• The Service should review and improve the process for invoicing the CCG for Continuing Health Care (CHC) and Funded Nursing Care (FNC) cases to ensure timely invoicing and payment.</li> </ul>	<b>Adequete</b>	F - 0 S - 4 MA - 0	10.05.2018	To follow up all management actions.
Core: Settlement Agreements	The Authority applies appropriate rigour and scrutiny with regard to the use of Settlement Agreements; the pro forma control document ensures that such agreements are entered into with the authorisation of	<b>Substantial</b>	F - 0 S - 1 MA - 2	18.05.18	To follow up all management actions.

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Other Action
	relevant senior managers.				

KEY –Management Actions - Fundamental ‘F’      Significant ‘S’      Merits Attention ‘MA’

**TABLE B - Details and Outcome of Other Audit Activities Not Producing a Specific Assurance Opinion**

<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
Place: URBACT Project TechTown Phase 2 - Grant Claim Certification	Grant Claim Audit Certification.	The work contributes to assurance in respect of financial management.
People: Assessed and Supported Year in Employment (AYSE) Grant Claim Verification	Grant Claim Audit Certification for Social Workers in the first year of employment.	The work contributes to assurance in respect of financial management.
Core/People: Milefield Primary School Focused Internal Governance Review	A focused internal governance review of Milefield Primary School was requested by the BMBC Startgic Finance Manager as a result of concerns raised to him by the Local Leader of Edducation (LLE) regarding the appropriatness of decision making and governance arrangements at the school.	The work contributes to assurance in respect of governance arrangements.
People: Troubled Families – Quarterly validation	Grant claim validation.	The work contributes to assurance in respect of financial management.

**Table C - Projects and Work In Progress**

<b>Client Sponsor</b>	<b>Title of Audit or Nature of Audit Activity</b>	<b>Key Objective(s)</b>	<b>Status / Comment</b>
Public Health	Public Health Governance Preparation	To provide assurance that the quality control checks and the oversight arrangements provided by the Public Health Quality & Governance Group meets the requirements of the Care Quality Commission	Being Scoped
Core Services	Commissioning, Procurement & Contracts - Compliance Review	To provide assurance that the established commissioning, procurement and contract management arrangements are operating efficiently and effectively and that spending decisions provide for best value. The application of controls and procedures will be examined across the Council as a whole on a risk basis. The reviews will cover: Pre-procurement / commissioning; Procurement Process (compliance with CPRs) and post procurement (contract management).	Being Scoped
Assets	Carbon Reduction Commitment Energy Efficiency Scheme	To provide independent validation of the energy data prior to submission.	Ongoing
Communities	Disabled Facilities Grants	To provide assurance that the policy and procedures in respect of disabled facilities grants are being applied correctly and resources effectively support the anticipated demand.	Draft report issued for discussion and agreement
Place	Home England Compliance Grant Verification	Grant Claim Audit Certification	Ongoing
Core Services	Purchase to Pay (Walk Through)	In order to provide assurance that the control framework in respect of the Purchase to Pay System is operating effectively and efficiently, a walkthrough of the key processes and procedures operating as part of the Purchase to Pay control framework is required.  This forms part of the planned coverage of the Council's core financial systems.	Final draft report issued to client
Core Services	Pay, Employee Admin & Organisational Management	To undertake a risk based review of the adequacy and effectiveness of the Pay, employee Admin & Organisational Management system.	Final draft report issued to client
Core Services	Treasury Management	In order to provide assurance that the control framework in respect of the Treasury Management System is operating effectively and efficiently, a walkthrough of the key processes and procedures operating as part of the Treasury Management control framework is required.	Draft report issued for discussion and agreement

Client Sponsor	Title of Audit or Nature of Audit Activity	Key Objective(s)	Status / Comment
		This forms part of the planned coverage of the Council's core financial systems.	
Core Services	Main Accounting (Walk Through)	<p>In order to provide that the control framework in respect of the Main Accounting System is operating effectively and efficiently, a walkthrough of the key processes and procedures operating as part of the Main Accounting System control framework is required.</p> <p>This forms part of the planned coverage of the Council's core financial systems.</p>	Draft report issued for discussion and agreement



**Table D – Other Audit Work Undertaken**

<b>Audit Activity</b>	<b>Description</b>
Follow-up of Outstanding Management Actions	Regular work undertaken to follow-up outstanding management actions.
Attendance at Steering / Working Group	Information Governance Board, Commissioning, Procurement & Contracts Working Group, Housing Property Repairs & Improvement Board, IT Steering Group, Capital Programme Oversight Board, SharePoint Board, IRM Replacement Project Board.
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding progress of audit work, future planning and general client liaison.
Advice	General advice to services regarding controls, risk or governance matters. Such work often does not require formal reporting but occasionally will escalate into a specific piece of audit work for which a new job will be created.
Audit Committee Support	Time taken in the preparation of Audit Committee reports, Audit Committee Member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, service business continuity and health and safety.

Summary Activity

All Audit Reports

Assurance Opinion	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Substantial	2 (50%)				
Adequate	2 (50%)				
Limited	0 (0%)				
None	0 (0%)				
<b>TOTAL REPORTS</b>	<b>4</b>				
Other Reports	1				

Total Number of Management Actions

Number of Management Actions	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Fundamental	0 (0%)				
Significant	5 (71%)				
Merits Attention	2 (29%)				
<b>TOTAL</b>	<b>7</b>				

**Table 1B**

**Management Actions Followed-up by Internal Audit**

<b>Quarter 1</b>						
<b>Recommendation Classification</b>	<b>Followed-up</b>	<b>Followed-up not yet due</b>	<b>Completed by due date</b>	<b>Completed after target date</b>	<b>Not yet completed – Revised date agreed</b>	<b>Missed target date, awaiting response from management</b>
<b>Fundamental</b>	0		0	0	0	0
<b>Significant</b>	22	4	3	0	6	9
<b>Merits Attention</b>	25	4	10	2	2	7
<b>TOTAL</b>	<b>47</b>	<b>8</b>	<b>13</b>	<b>2</b>	<b>8</b>	<b>16</b>

INTERNAL AUDIT PLAN 2017/18 – Position as at 30<sup>th</sup> June 2018

Directorate	Original 2018/19 Plan	Revised 2018/19 Plan	Actual Days
Communities	133	133	25
People	111	111	22
Place	40	51	20
Public Health	25	25	1
Core Services	397	369	101
Council Wide	142	152	72
Corporate	152	178	37
Provision for Provision of DPO	30	30	22
Responsive	50	43	0
<b>Barnsley MBC Sub Total</b>	<b>1,080</b>	<b>1092</b>	<b>300</b>
Corporate Anti-Fraud Team	580	558	148
<b>Sub Total</b>	<b>1,600</b>	<b>1,650</b>	<b>448</b>
<b>External Clients</b>	<b>1,524</b>	<b>1,581</b>	<b>382</b>
<b>Total Chargeable Planned Days</b>	<b>3,184</b>	<b>3231</b>	<b>830</b>

## INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2018/19

Ref.	Indicator	Frequency of Report	Target 2018/19	This Period	Year to Date
1.	<b><u>Customer Perspective:</u></b>				
1.1	Percentage of questionnaire received noted “good” or “very good” relating to work concluding with an audit report.	Quarterly	95%	100%	100%
2.	<b><u>Business Process Perspective:</u></b>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report. (Quarter 1 2/3 reports)	Quarterly	80%	66%	66%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	76%	76%
2.3	Average number of days lost through sickness per FTE (Cumulative 41.4 days in total)	Quarterly	6 days	0 days	0 days
3.	<b><u>Continuous Improvement Perspective:</u></b>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<b><u>Financial Perspective:</u></b>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Yes	Yes

## Performance Indicator Definitions and Supporting Information

PI Ref	Indicator	Comments
1.1	Percentage of favourable auditee questionnaire responses received (noted “good” or “very good”) relating to work concluding with an audit report.	Questionnaires are left at the end on each audit job resulting in a formal report. The questionnaire asks 14 specific questions covering the effectiveness of audit planning, communication, timing and quality of the audit report. An overall assessment is sought as to the overall value of the audit. This is the answer used for this PI. All questionnaires are analysed in detail to ensure all aspects of the audit process are monitored and improved.
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	This is an operational PI to ensure the timely issue of final reports. This PI is influenced by the availability of senior Internal Audit staff to clear the report and any issues the Service’s quality assessment process highlights along with the availability of the auditee.
2.2	Percentage of chargeable time against total available.	A key operational measure of the ‘productivity’ of Audit staff taking into account allowances for administration, general management, training and other absences. This PI will reflect the % chargeable time of staff in post, net of vacancies.
2.3	Average number of days lost through sickness per FTE.	A corporate PI to measure the effectiveness of good absence / attendance management.
3.1	Personal development plans for staff completed within the prescribed timetable.	IA place a high level of importance on staff training and continuous development and are committed to ensure all staff have their own training plans derived from the personal development plan process.
4.1	Total Internal Audit costs v budget.	This is a simple overall measure to note whether the Service’s expenditure for the year has been kept within the budget.



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# Item 6

## BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

Report of the Executive Director, Core Services  
and Service Director, Finance (S151 Officer)

### ANNUAL REPORT ON TREASURY MANAGEMENT AND LEASING ACTIVITIES 2017/18

#### 1. Purpose of Report

- 1.1 This document has been prepared in accordance with the CIPFA Treasury Management Code and CIPFA Prudential Code and reviews the treasury management and leasing activities carried out by the Council during 2017/18.
- 1.2 In broad terms it covers the following:
- The agreed Treasury Management Strategy for 2017/18;
  - Economic summary;
  - The Council's borrowing and leasing activity;
  - The Council's investment activity, and
  - Prudential and Treasury Indicators for 2017/18.

#### 2. Recommendations

- 2.1 It is recommended that Members note:
- **The treasury management and leasing activities carried out during 2017/18, and**
  - **The Prudential and Treasury Indicators set out in Appendix 1.**

#### 3. The Agreed Strategy for 2017/18

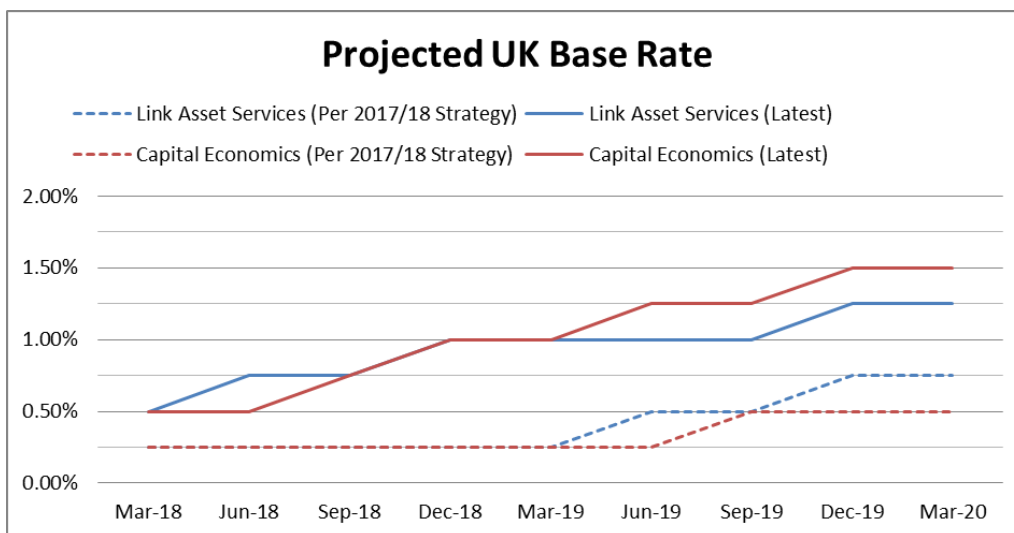
- 3.1 The Treasury Management Strategy identifies the key risks associated with borrowing, investment and leasing activities and sets out how the Council intends to address those risks.
- 3.2 The agreed strategy for 2017/18 included the following recommendations:
- *Borrowing £10M from the UK Municipal Bonds Agency (MBA) to cover fixed rate debt maturing in May 2017;*
  - *Moving towards fixing out temporary loans as a general policy objective;*
  - *Exploring deferred loans as a method of refinancing the variable rate debt maturing in 2019/20;*
  - *Postponing borrowing to keep investment balances low and minimise credit & counterparty risk;*
  - *Investing surplus funds prudently, having regard to Security and Liquidity before seeking a higher Yield or rate of return.*

## 4. Economic Summary

Highlights (see Appendix 4 for more details):

- *Inflation rose sharply following the Brexit vote, as the pound fell in value.*
- *Brexit negotiations caused further uncertainty, restricting UK growth;*
- *Growth picked up in the second half of 2017, putting pressure on a rate rise;*
- *The UK base rate was increased to 0.50% in November 2017 (the first increase in 10 years);*
- *Warnings of a second rate rise (as early as May 2018) were issued during the final quarter;*
- *Up to four rate rises can be expected before March 2020.*

4.1 2017/18 saw a significant shift in expectations regarding the UK base rate, as illustrated in the chart below:



4.2 At the time of producing the 2017/18 strategy, the base rate was expected to remain at 0.25% until mid-2019, rising just twice before March 2020. Following the increase announced in November 2017 (to 0.50%), up to four rate rises are now expected in the same period.

4.3 The impact on borrowing and investment rates was somewhat mixed. Short to medium term rates increased noticeably from September 2017, after indication that the base rate was likely to be raised very soon (accelerating further in Q4 after warnings of a second rate rise). On the other hand long term rates fluctuated throughout the year with no real trend.

4.4 This demonstrates both the uncertainty that exists in the financial markets and the importance of addressing the Council's under-borrowed position and variable interest rate exposure.

## 5. Borrowing and Leasing Activity

### Highlights:

- As of 31<sup>st</sup> March 2018, the Council's Capital Financing Requirement (CFR) stood at £950M (a net increase in year of £9M);
- At this time, the Council was under-borrowed by £149M (down £38M from the estimated position);
- Several new loans were taken in year to address this position in light of the anticipated rate rises, including £40M from the Public Works Loans Board (PWLB);
- In addition, the Council secured a £20M deferred loan in December 2017 (the first English LA to do so) to address the variable rate debt maturing in 2019/20.
- As of 31<sup>st</sup> March 2018 the MBA had yet to secure an investor, however the Council held sufficient liquid investments to cover the fixed rate debt this intended to replace;
- The Council continued to take advantage of the low cost temporary loans offered by other local authorities (LAs), but replaced some with longer term debt in line with the agreed strategy;
- The Council may be required to borrow up to £294M over the next 3 years.

### Gross Debt and the Capital Financing Requirement (CFR)

- 5.1 The CFR reflects the Council's underlying borrowing need to finance capital investment and is a measure of the Council's total outstanding indebtedness.
- 5.2 Each year the Council makes a statutory revenue charge known as the minimum revenue provision (MRP), which reduces the CFR. Where appropriate the Council may set aside further amounts to repay debt, such as revenue contributions or capital receipts.
- 5.3 The table below outlines the movement in CFR during 2017/18 and compares this to the original estimates:

	2017/18 Estimate (£M)	2017/18 Actual (£M)	2017/18 Variance (£M)
<b>Opening Capital Financing Requirement</b>	<b>960.591</b>	<b>940.585</b>	<b>(20.006)</b>
Increase in CFR from In Year Capital Investment	-	20.229	20.229
Amount Set Aside to Repay Debt	(6.401)	(10.910)	(4.509)
<b>Closing Capital Financing Requirement</b>	<b>954.190</b>	<b>949.904</b>	<b>(4.286)</b>

- 5.4 Despite a lower opening position, the closing CFR was broadly in line with the strategy, as fewer resources were applied to in year capital investment than expected. The additional amounts set aside to repay debt took this to £4M below the original estimate.

5.5 The table below shows the extent to which the Council is under-borrowed and compares this to the original estimates:

	2017/18 Estimate (£M)	2017/18 Actual (£M)	2017/18 Variance (£M)
Borrowing CFR*	716.352	712.280	(4.072)
Gross Borrowing	(529.656)	(563.213)	(33.557)
<b>Under / (Over) Borrowed Position</b>	<b>186.696</b>	<b>149.067</b>	<b>(37.629)</b>

\* Excludes PFI schemes / finance leases (£238M) due to the borrowing facility already included

5.6 Despite several new loans been taken in year (paragraphs 5.7 - 5.10 refer), the Council was under-borrowed by £149M as of 31<sup>st</sup> March 2018.

#### Movement on Gross Debt

Source	Balance on 01/04/2017 (£M)	New Debt (£M)	Debt Repaid (£M)	Balance on 31/03/2018 (£M)	Net Increase / (Decrease) (£M)
PWLB Borrowing	414.979	40.000	(24.367)	430.612	15.633
Other Long Term Loans	63.000	-	-	63.000*	-
Temporary Borrowing	49.603	97.280	(108.880)	38.003	(11.600)
Long Term LA Loans	23.898	27.700	(20.000)	31.598	7.700
<b>Total Borrowing</b>	<b>551.480</b>	<b>164.980</b>	<b>(153.247)</b>	<b>563.213</b>	<b>11.733</b>
Other Long Term Liabilities	227.901	2.031	(7.345)	222.587	(5.314)
<b>Total Debt</b>	<b>779.381</b>	<b>167.011</b>	<b>(160.592)</b>	<b>785.800</b>	<b>6.419</b>

\* Excludes deferred loans of £20M yet to be drawn down (paragraph 5.9 refers)

5.7 PWLB borrowing increased by £16M during the year - including new borrowing of £40M, which sought to protect the Council from any sudden interest rate rises (in light of the shift in interest rate expectations) whilst reducing the Council's under-borrowed position (see Appendix 2 for more details).

5.8 The Council secured a deferred loan of £20M in December 2017 to address the variable rate debt maturing in 2019/20. At a rate marginally above the PWLB, this protects the Council from any sudden interest rate rises whilst avoiding any cost of carry until March 2020.

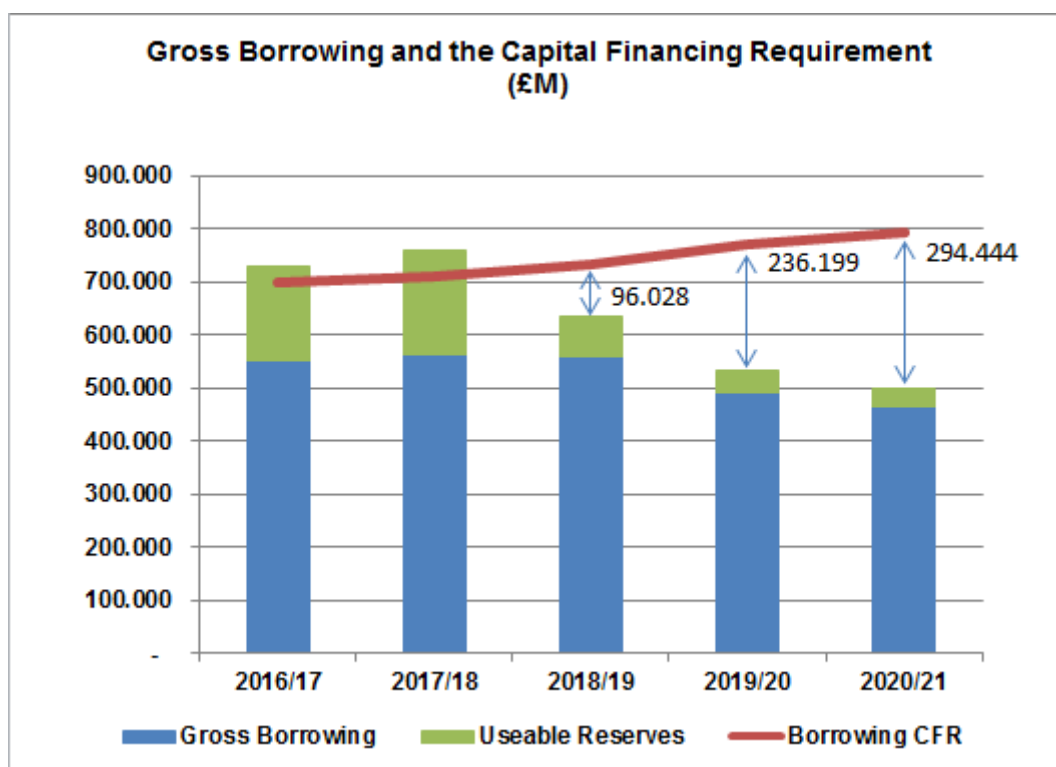
5.9 Officers continued to take advantage of the low cost loans available from other LAs, however temporary borrowing as a whole fell by £12M reflecting the General Fund (GF) policy objective of fixing out short term / variable loans.

5.10 Long term LA loans increased by £8M over the period - including new borrowing of £28M, which aimed to spread the risk of refinancing the Council's variable rate debt (see Appendix 2 for more details).

5.11 Other long term liabilities reduced by £5M in year, of which £7M related to the repayment of principal. Several new vehicles were acquired during the year via finance lease (with a capital value of £2M). Following completion of a tender exercise it was ascertained that leasing was the best value method of financing (versus borrowing).

### Future Outlook

5.12 As shown in the chart below, the Council is currently maintaining an under-borrowed position, which is expected to increase further by 2020/21 as its borrowing need increases and its borrowing / reserve levels fall (assuming no replacement of long term loans as they mature):



5.13 Whilst there are sufficient reserves to support this position in the short term, these reserves will ultimately need replacing with external borrowing as they are utilised. Based on current projections, the Council may be required to borrow up to £294M over the next 3 years:

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Borrowing CFR*	731.878	770.052	794.742
Gross Borrowing	(558.814)	(490.481)	(466.009)
<b>Under / (Over) Borrowed Position</b>	<b>173.064</b>	<b>279.571</b>	<b>328.733</b>
Useable Reserves	(77.036)	(43.372)	(34.289)
<b>External Borrowing Requirement</b>	<b>96.028</b>	<b>236.199</b>	<b>294.444</b>

\* Includes capital expenditure plans which have yet to be formally approved but could impact on the Council's future financing need

## 6. Investment Activity

### Highlights:

- *The Council continued to invest in secure counterparties with the majority invested in Money Market Funds (MMFs) and instant access accounts;*
- *Investment balances increased slightly by £9M during the year (compared to £36M in 2016/17;*
- *The Council took advantage of some competitive rates offered by other LAs particularly towards the end of the year;*
- *The long term investments held at the start of the year were redeemed in March 2018 in line with the agreed strategy for 2018/19.*

### Movement on Investments

Source	Balance on 01/04/2017 (£M)	New Investments (£M)	Redeemed Investments (£M)	Balance on 31/03/2018 (£M)	Net Increase / (Decrease) (£M)
Short Term Investments	17.000	104.000	(86.000)	35.000	18.000
Long Term Investments*	7.000	-	(7.000)	-	(7.000)
MMFs / Instant Access Accounts	38.250	346.300	(348.550)	36.000	(2.250)
<b>Total Investments</b>	<b>62.250</b>	<b>450.300</b>	<b>(441.550)</b>	<b>71.000</b>	<b>8.750</b>

\* Invested for an indefinite period (hence considered long term) although redeemable within 3 days

- 6.1 Short term investments increased by £18M during the year, particularly towards the year end as the Council took advantage of some competitive rates offered by other LAs.
- 6.2 The long term investments held at the start of the year were redeemed in March 2018 in line with the agreed strategy for 2018/19. Because the principal invested was subject to variation, this could have an impact on the Council's general fund balances from next year (see paragraph 6.4); therefore a decision was taken not to invest in these funds. On redemption the Council received 100% of the principal invested.
- 6.3 The closing balance on the Council's MMFs / instant access accounts remained similar to the opening position, although there were a large volume of transactions during the year as a result of managing the daily cash position.

## Future Outlook

6.4 The Council is aware of two upcoming reforms that may impact on its future investment activities:

1. **Money Market Fund (MMF) Reforms** - introduce a new structural fund - the Low Volatility Net Asset Value (LVNAV) Fund - and other changes to the existing Money Market Funds. These regulations will apply to new funds from July 2018 and existing funds from January 2019. Whilst the principal amount invested in LVNAV funds may fluctuate from time to time, the advice the Council has received suggests that the probability of this happening is very low. However in line with the Council's investment priorities, the recommendation is not to invest in LVNAV funds or any other funds where the principal invested is subject to variation.
2. **IFRS9 Financial Instruments** - changes the way that investments are accounted for. This is a new requirement for 2018/19 which could potentially impact the Council's general fund balances in two ways:
  - The change of accounting treatment of certain instruments, which can introduce an element of market volatility to investment valuations
  - The introduction of an expected credit losses model, in which the Authority must recognise potential losses (as opposed to the current requirement to recognise actual losses)

6.5 Given the current size and nature of the Council's investment portfolio, the impact of these reforms is expected to be low; however officers will continue to monitor the situation until confirmed.

## **7. Performance Measurement / Compliance with Prudential and Treasury Limits**

7.1 The Capital Financing budget underspent by £3.4M in year through postponing borrowing and taking advantage of low cost temporary loans. However the Authority is beginning to fix out its borrowing in light of the anticipated interest rate rises, therefore these savings are one-off in nature.

7.2 This was offset slightly by reduced investment income; however this is likely to pick up further in 2018-19 as interest rates are expected to rise.

7.3 The Council operated within the prudential and treasury indicators set out in the agreed strategy and in compliance with the Council's Treasury Management Practices (see Appendix 1 & 3 for more details).

## **8. Consultations**

8.1 This report has been prepared using information supplied by the Council's Treasury Management advisors (Link Asset Services) and approved by the Treasury Management Panel.

## **9. Financial Implications**

- 9.1 The financial implications arising from the treasury management activities for the year have been reported to Cabinet as part of the Council's revenue outturn report for 2017/18.

## **10. Employee Implications**

- 10.1 None arising from this report.

## **11. Regulatory Framework & Risk Assessment**

- 11.1 The Council has complied with all of the relevant statutory and regulatory requirements, which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.
- 11.2 The Council is aware of the risks of passive management of the treasury portfolio and, with the support of its Treasury Management advisers, has proactively managed the debt and investments over the year.
- 11.3 Treasury Management risks are identified and monitored on the MKI Insight software as part of the Council's overall approach to managing risk.
- 11.4 Treasury Management is a core system and as such is subject to Internal Audit inspection on an annual basis. The current assessment of Treasury Management systems is 'substantial', with no outstanding recommendations.

## **12. Background Papers**

- 12.1 Various Financial Services working papers.



## APPENDIX 1 - ACTUAL PRUDENTIAL AND TREASURY INDICATORS FOR 2017/18

### 1. Capital Expenditure

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

	<b>2016/17 Actual (£M)</b>	<b>2017/18 Estimate (£M)</b>	<b>2017/18 Actual (£M)</b>
General Fund	41	51	46
HRA	27	30	23
<b>Total Capital Expenditure</b>	<b>68</b>	<b>81</b>	<b>69</b>

### 2. Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	<b>2016/17 Actual (%)</b>	<b>2017/18 Estimate (%)</b>	<b>2017/18 Actual (%)</b>
General Fund	22	24	24
HRA	45	44	46

### 3. Capital Financing Requirement (CFR)

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

	<b>2016/17 Actual (£M)</b>	<b>2017/18 Estimate (£M)</b>	<b>2017/18 Actual (£M)</b>
General Fund	664	676	678
HRA	277	278	272
<b>Total CFR</b>	<b>941</b>	<b>954</b>	<b>950</b>

#### 4. External Debt

This indicator is obtained directly from the Council's balance sheet and is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit (External Borrowing + Other Long Term Liabilities).

	2016/17 Actual (£M)	2017/18 Estimate (£M)	2017/18 Actual (£M)
General Fund Borrowing	280	271	304
HRA Borrowing	272	258	259
Other Long Term Liabilities	227	238	223
<b>Total Debt</b>	<b>779</b>	<b>767</b>	<b>786</b>

#### 5. Authorised Limit for External Debt

The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council.

The Authorised Limit is the statutory limit under the Local Government Act 2003 and must not be exceeded during the year.

	2017/18 Limit (£M)	2017/18 Actual (£M)	Compliant?
Maximum Debt compared to Authorised Limit	984	823	YES

#### 6. Operational Boundary for External Debt

This indicator refers to the means by which the authority manages its external debt to ensure it remains within the statutory authorised limit. It differs from the authorised limit in as far as it is based on the most likely scenario, in terms of capital spend and financing during the year.

Unlike the authorised limit breaches of the operational boundary (due to cash flow movements) are allowed during the year as long as they are not sustained over a period of time.

	2017/18 Limit (£M)	2017/18 Actual (£M)	Compliant?
Average Debt Compared to Operational Boundary	954	802	YES

#### 7. Adoption of CIPFA Code of Practice in TM

The Council adopted the CIPFA Code of Practice on Treasury Management on 13 <sup>th</sup> February 2002
---

## 8. Interest Rate Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. Separate limits have been set for the GF and HRA debt pools.

The limits adopted by Council provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

	2017/18 Limit (%)	Actual 31/03/2018 (%)	Compliant?
<b>General Fund:</b>			
Upper Limit on Fixed Interest Rate Exposure	90	87	YES
Upper Limit on Variable Interest Rate Exposure	25	25*	YES
<b>HRA:</b>			
Upper Limit on Fixed Interest Rate Exposure	100	82	YES
Upper Limit on Variable Interest Rate Exposure	25	18	YES

\* Includes temporary loans which (whilst the rate is fixed until maturity) are sensitive to movement in interest rates

## 9. Maturity Structure of Fixed Rate Borrowing

These limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.

Separate limits have been set for the GF and HRA debt pools. The higher percentage of maturities within 12 months in the GF pool is representative of the strategy of short term borrowing to minimise debt interest costs. The Council's LOBOs are now shown within the 'Less than 12 months' category.

	2017/18 Limit (%)	Actual 31/03/2018 (%)	Compliant?
<b>General Fund:</b>			
Less than 12 months	0-50	25	YES
12 months to 2 years	0-25	2	
2 years to 5 years	0-25	18	
5 years to 10 years	0-25	6	
10 years to 20 years	0-75	4	
20 years to 30 years	0-75	9	
30 years to 40 years	0-75	14	
40 years to 50 years	0-75	22	
50 years and above	0-75	0	

	<b>2017/18 Limit (%)</b>	<b>Actual 31/03/2018 (%)</b>	<b>Compliant?</b>
<b>HRA:</b>			
Less than 12 months	0-25	18	YES
12 months to 2 years	0-25	2	
2 years to 5 years	0-25	4	
5 years to 10 years	0-25	10	
10 years to 20 years	0-75	6	
20 years to 30 years	0-75	15	
30 years to 40 years	0-75	23	
40 years to 50 years	0-75	22	
50 years and above	0-75	0	

### 10. Maximum Principal Sums Invested

This indicator sets an upper limit for the level of investment that may be fixed for a period greater than 364 days. This limit is set to contain exposure to credit and liquidity risk.

	<b>2017/18 Limit (£M)</b>	<b>2017/18 Actual (£M)</b>	<b>Compliant?</b>
Sums Invested > 364 days	20	0	YES
Sums Invested > 2 years	20	0	
Sums Invested > 3 years	20	0	

### 11. HRA Limit on Indebtedness

This indicator compares the HRA CFR with the Debt Cap prescribed by the CLG.

	<b>2017/18 Limit (£M)</b>	<b>2017/18 Actual (£M)</b>	<b>Compliant?</b>
HRA Debt Cap compared to HRA CFR	301	272	YES

## APPENDIX 2 – NEW LONG TERM BORROWING DURING 2017/18

New PWLB Borrowing:

Date	Amount	Term	Interest Rate
01/11/2017	£20M	48y	2.49%
16/02/2018	£10M	50y	2.54%
19/03/2018	£10M	45y	2.38%

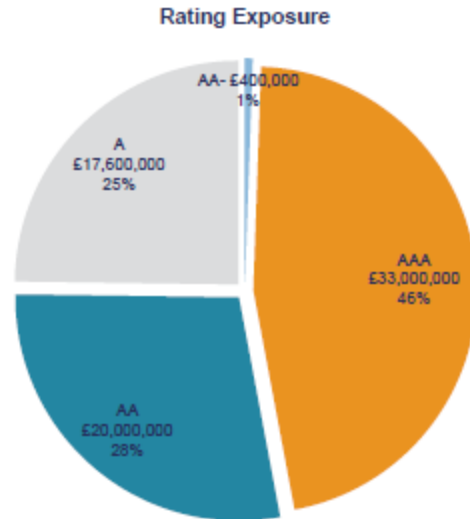
New Long Term Local Authority Loans:

Date	Amount	Term	Interest Rate
11/09/2017	£5M	3y	0.80%
15/09/2017	£2.7M	4y	0.98%
21/09/2017	£2M	3y	0.92%
21/09/2017	£3M	3y	0.94%
23/10/2017	£5M	5y	1.40%
04/12/2017	£5M	3y	1.05%
15/12/2017	£5M	3y	1.10%

### APPENDIX 3 - INVESTMENT PORTFOLIO AS AT 31/03/2018

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF Federated Investors (UK)	10,000,000	0.44%		MMF	AAA	0.000%
MMF Aberdeen	4,500,000	0.35%		MMF	AAA	0.000%
MMF Goldman Sachs	5,200,000	0.35%		MMF	AAA	0.000%
MMF Standard Life	9,800,000	0.43%		MMF	AAA	0.000%
MMF Deutsche	3,500,000	0.35%		MMF	AAA	0.000%
Barclays Bank Plc	2,600,000	0.30%		Call	A	0.000%
Svenska Handelsbanken AB	400,000	0.30%		Call	AA-	0.000%
Lloyds Bank Plc	5,000,000	0.65%	25/10/2017	25/04/2018	A	0.004%
Plymouth City Council	5,000,000	0.50%	29/01/2018	30/04/2018	AA	0.002%
Wirral Metropolitan Borough Council	5,000,000	0.85%	29/03/2018	04/05/2018	AA	0.002%
Denbighshire County Council	5,000,000	0.55%	19/02/2018	21/05/2018	AA	0.003%
Telford & Wrekin Council	5,000,000	0.66%	01/03/2018	01/06/2018	AA	0.004%
Goldman Sachs International Bank	5,000,000	0.70%	04/12/2017	04/06/2018	A	0.010%
Bank of Scotland Plc	5,000,000	0.60%	05/02/2018	06/08/2018	A	0.020%
<b>Total Investments</b>	<b>£71,000,000</b>	<b>0.52%</b>				<b>0.003%</b>

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	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs	
									WAM	WAM at Execution
Yellow	74.65%	£53,000,000	62.26%	£33,000,000	46.48%	0.49%	17	29	44	78
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	14.65%	£10,400,000	3.85%	£400,000	0.56%	0.61%	74	175	77	182
Red	10.70%	£7,600,000	34.21%	£2,600,000	3.66%	0.56%	43	120	65	182
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
<b>Total</b>	<b>100.00%</b>	<b>£71,000,000</b>	<b>50.70%</b>	<b>£36,000,000</b>	<b>50.70%</b>	<b>0.52%</b>	<b>28</b>	<b>60</b>	<b>56</b>	<b>122</b>

Portfolios weighted average risk number = 1.87  
 WARoR = Weighted Average Rate of Return  
 WAM = Weighted Average Time to Maturity

## **APPENDIX 4 - ECONOMIC COMMENTARY FROM LINK ASSET SERVICES**

### **The Economy and Interest Rates**

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the autumn, rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The minutes of the MPC meeting of 14 September indicated that the MPC was likely to raise Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered by raising Bank Rate from 0.25% to 0.50%.

The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected.

Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in investment rates from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to US treasuries. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

The major UK landmark event of the year was the inconclusive result of the general election on 8 June. However, this had relatively little impact on financial markets.

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# Item 7

Report of the Service Director  
Business Improvement &  
Communications

Audit Committee – 20<sup>th</sup> July 2018

## **Business Improvement and Communications Progress Report**

### **1. Purpose of Report**

- 1.1 To give an overview of the functions of the Business Improvement and Communications Business Unit and related elements of the Annual Governance Statement process in line with the Audit Committee programme.

### **2. Functions of the Business Unit**

- 2.1 The Business Unit has five broad functions reporting to the Service Director, Business Improvement and Communications:

- Business Improvement and Intelligence (including the Overview and Scrutiny function)
- Communications, Marketing and Campaign Management
- Corporate Programmes, Projects, Feedback and Improvement
- Equality and Inclusion
- Organisation and Workforce Improvement (including the Member Development function)

- 2.2 The core purpose of the business unit is to,

*‘Provide high quality, value for money, customer focussed, professional and strategic core services’.*

The Business Unit is responsible for driving and delivering business improvement and communications to ensure the organisation is a customer focussed, modern, efficient and commercial minded Future Council.

### **3. Related Elements of the Annual Governance Statement**

- 3.1 The business unit has a role in ensuring assurance against the following elements of the Annual Governance Statement:

- **Management Arrangements** – services can demonstrate compliance with the Managing People Framework through the completion of Performance and Development Reviews (P&DR)
- **Performance Management** – Business Units have Business Plan in place which brings together several individual corporate requirements into one streamlined document. This ensures that Business Units can collectively review and consider all elements together in relation to the delivery of our three priorities and One Council outcomes. Business Plans were subject to check and challenge at dedicated SMT sessions. The business plans for each unit have subsequently

been published on the intranet and the supporting delivery plans and other documentation are available on the BLT SharePoint Site.

- **Equality and Inclusion** – Directorates can demonstrate their compliance with Equality and Inclusion arrangements through the inclusion of Equality and Inclusion information within Decision Making reports.

### **Performance and Development Review (PDR)**

- 3.2 In order to further improve the PDR process, consultation workshops were held with managers and employees during 2017 to identify what was working well and what changes and improvements needed to be made. As a result of the feedback, a new PDR process was developed and implemented in April 2018.
- 3.3 As reported in the last Audit report dated 19<sup>th</sup> July 2017, the most important element of a PDR is the quality of the conversation. With this in mind, comprehensive guidance has been developed which sets out the importance of a good PDR and how managers and employees should prepare for the meeting to ensure it is effective. Training sessions were also held to give managers and employees a demonstration of the new process, gain an understanding of what a quality PDR should include and provide an opportunity for them ask questions.
- 3.4 The new PDR process has been built into the council's learning management and appraisal system, The Pod. This includes an electronic workflow between the manager and employee to enable both to add comments and to formally approve the summary of the discussion. This enables the PDR to be electronically signed off and saved into the system as a record of the PDR.
- 3.5 Using feedback from the consultation workshops, the PDR form itself has been simplified. Drop down boxes, which forced managers to select from a list of limited options, have been removed and replaced with free text boxes. Step by step guidance has been developed which sets out clearly how to complete the new form.
- 3.6 As part of the consultation process, individual meetings were held with managers of non-networked employees to discuss with them problems they encountered with the previous process and to agree a way forward. As a result of these conversations, a different process has been put in place for non-networked employees. This enables a copy of the manual PDR form to be saved into The Pod so an electronic record of the PDR is available. It also ensures that manual PDRs can easily be included within the completion statistics, something that was difficult with the previous process.
- 3.7 At the end of Quarter 4 (31<sup>st</sup> March 2018) PDR completions for the council were 51.6% which is 0.5% higher than the same quarter last year (51.1%). Appendix 1 shows a breakdown of completions by directorate and business unit.

- 3.8 Initial feedback about the changes to the PDR process has been very positive with officers reporting that they like the new format and benefits the flexibility brings. It is anticipated that as a result of the changes and improvements made and the positive feedback received PDR completions will show an increase over the year.
- 3.9 Now that the revised PDR process is operational, future developments will concentrate on further improving the quality of conversations and increasing PDR completions. A new accountability framework is currently being developed which sets out areas of responsibility for managers including PDR completions. Once implemented, it is expected that completion rates should increase.
- 3.10 The council has also procured a provider to deliver 'coaching conversations' training to all employees. The skills developed as part of this training will enable participants to hold quality coaching style conversations which should positively benefit the PDR process, in particular the quality of the discussion.

### **Performance Management**

- 3.11 Business planning is the Council's systematic and continuous process of making decisions to meet future demands, organising the resources required to carry out these decisions and measuring the results against expectations. It is not to simply forecast, deal with future decisions or an attempt to eliminate risk.
- 3.12 Since the new approach was introduced in 2016/17 we have done some further work to refine the process. The revisions aim to give Business Units ownership of their own business plans and bring together several individual corporate requirements into one streamlined process, ensuring that Business Units could collectively review and consider all elements together.
- 3.13 As part of the process for 2018/19, Business Units produced a business plan with a supporting delivery plan and workforce plan which included the following;
- 2018/19 Delivery against the four council priorities
  - Looking forward to 2020
  - Customer focus
  - Performance management
  - Organisational improvement
  - Digital focus
- 3.14 Business plans were subject to SMT check and challenge across 3 dedicated sessions.
- 3.15 All finalised business plans were submitted on time and the finalised business plans are all published on the intranet and are available to all members of staff.

### **Equality and Inclusion**

- 3.16 All local authorities have a legal obligation (Equality Act 2010) to give "due regard" to the impact its policies and decisions could have on diverse groups where this may differ from the population as a whole. The tool we use to do this is the Equality Impact Assessment (EIA) process.

- 3.17 When preparing a report for a decision by Cabinet, Council Officers should consider the impact this will have on different groups, undertake any appropriate consultation with stakeholders to inform this, and identify reasonable actions that could be taken to mitigate any negative or unequal impacts on those groups.
- 3.18 The EIA process is a flexible one, which should be proportionate to the risk of any negative or unequal impacts the decision may have. The outcome of this EIA process should be summarised in the Cabinet report to ensure that Cabinet are fully aware of the impact of any recommendations they are asked to make a decision on.
- 3.19 These EIA's and subsequent Cabinet reports should be robust; the Cabinet report should include a summary of the potential inequalities, the evidence behind this assessment, and the mitigations actions that were considered and, where reasonable, implemented.
- 3.20 The Equality and Inclusion team assess the robustness of Cabinet reports by analysing a sample of cabinet reports throughout the year and across every directorate. Each report is then rated as Good, Satisfactory or Poor.
- 3.21 For the period April 2017 to March 2018 76 cabinet reports were assessed with 62 (82%) of these being considered to have addressed potential inequalities robustly. However 14 (18%) were considered not to have done so sufficiently. The findings were reported to each Directorate's management team so we can learn what worked and where we need to improve in the future.
- 3.22 The performance for each individual directorate is as follows:

<b>Directorate</b>	<b>Poor</b>	<b>Adequate</b>	<b>Good</b>	<b>Total*</b>	<b>% Good / Adequate</b>
Communities	3	5	1	9	<b>66.7%</b>
Core	1	23	5	29	<b>96.6%</b>
People	6	9	1	16	<b>62.5%</b>
Place	3	12	4	19	<b>84.2%</b>
Public Health	1	2	0	3	<b>66.7%</b>
<b>Total</b>	<b>14</b>	<b>51</b>	<b>11</b>	<b>76</b>	<b>81.6%</b>

### **Corporate Programmes, Projects, Feedback and Improvement**

- 3.23 The service provides three key functions:
- Corporate Programmes and Projects: overseeing a corporate approach to both programme and project management, ensuring governance arrangements are effectively managed; reporting supports decision making and activity contributes towards the Council's corporate priorities
  - Customer Feedback and Improvement: supporting our business units to effectively manage complaints, compliments, comments and information requests to drive continuous improvement and improving the customer experience

- Business Improvement and Communications Continuous Improvement: supporting our business units to strive for excellence through re-designing and re-engineering services, systems and processes

3.24 In line with the Council's Corporate Plan, the Customer Feedback and Improvement Team (CFIT) is committed to ensuring a genuine focus is placed upon its customers; placing them at the heart of what we do. As such, it is undertaking a schedule of work in reshaping internal processes designed to effectively manage customer expectations.

3.25 The submission of feedback (compliments, complaints, and comments) is an important means in which a customer can inform the Council about their experiences. The Council's Annual Customer Feedback Report 2017/18 sets out a number of headline figures which demonstrates its performance against its values and behaviours. A copy of the report is set out in Appendix 2.

3.26 In 2017/18, the service received 490 compliments, an increase from 458 in 2016/17 and 317 complaints, a decrease from 504 in 2016/17. Whilst this is encouraging to note, during 2018/19 the CFIT is committed to undertaking the following activities:

- Work in collaboration with services to strengthen its learning from complaints received and internal process arrangements
- Explore how it ensures our most vulnerable customers know how to make a complaint, including customers who are receiving a service paid for by the Council whilst delivered by a third party
- Explore how it captures and reports on all compliments and complaints made directly to other organisations that provide services on the Council's behalf

3.27 To achieve this, it will act as a 'critical friend' and engage in offering constructive challenge in relation to programmes, projects and review of customer feedback against corporate priorities, outcomes, strategies and plans in order to drive continuous improvement.

#### **4. Other Issues Affecting Elected Members**

##### **4.1 Overview & Scrutiny**

The Business Unit is responsible for the Overview and Scrutiny function and annual work programme. One of the key performance metrics for this area is Elected Member attendance at the committee and for 2017/18 the attendance rate was 67.2%.

#### **5. Conclusion / Recommendations**

5.1 This report is presented for information.

#### **6. Background papers**

6.1 Business Improvement and Communications Business and Delivery Plans and Annual Governance Statement are available for inspection.

**Report Author:** Michael Potter

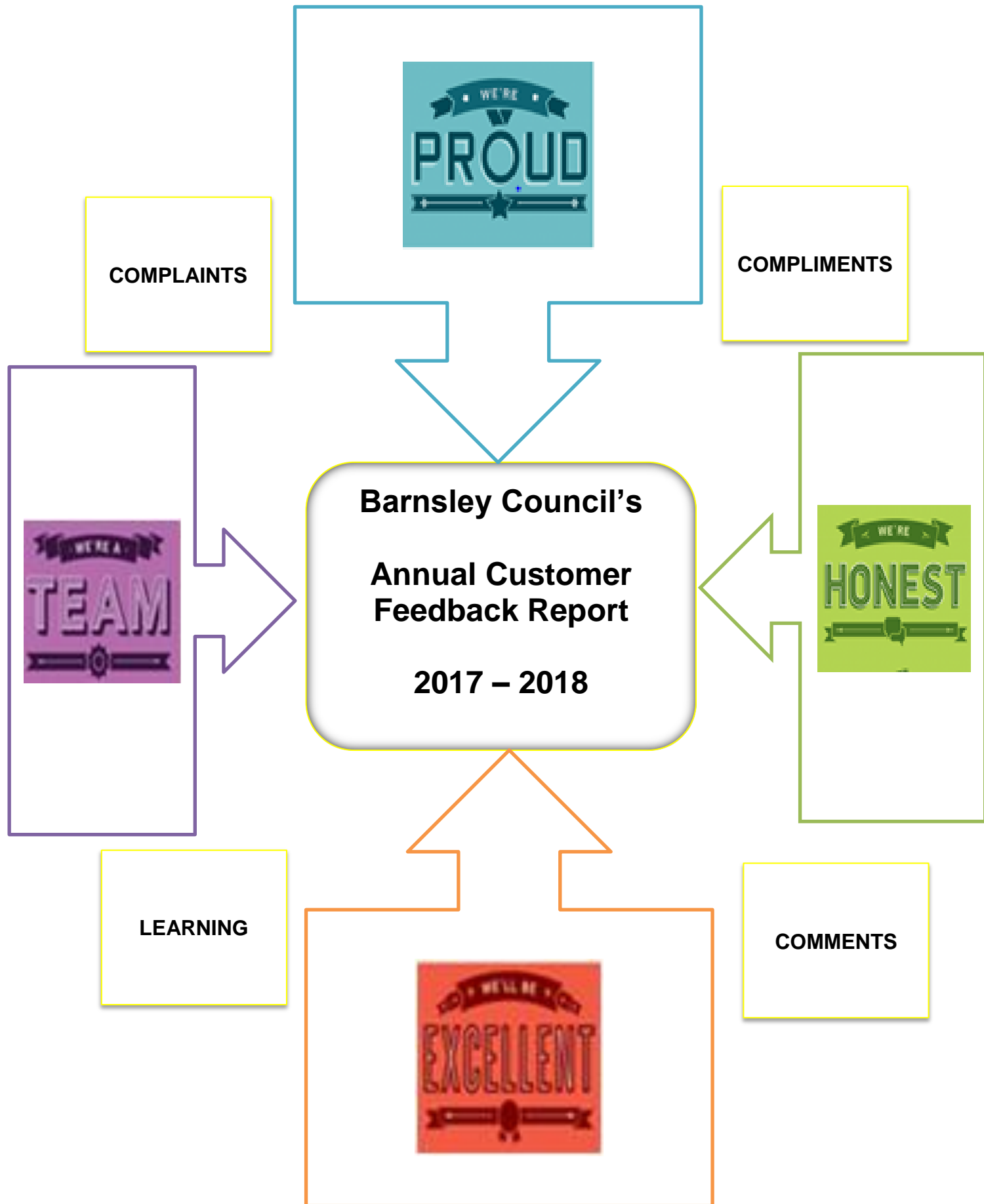
**Contact:** 774594

**Date:** 11<sup>th</sup> July 2018

## Appendix 1

Summary of Performance and Development Reviews Completed as at: <span style="float: right;">31 March 2018</span>						
12 Months	P&DR Complete		P&DR Incomplete		Incomplete with Reason	
	Number	%	Number	%	Number	%
<b>Council (Whole)</b>	<b>1629</b>	<b>51.6</b>	<b>1470</b>	<b>46.6</b>	<b>56</b>	<b>1.8</b>
<b>Chief Executive</b>	<b>0</b>	<b>0.0</b>	<b>6</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Management	0	0.0	6	100.0	0	0.0
<b>Communities</b>	<b>519</b>	<b>65.1</b>	<b>270</b>	<b>33.9</b>	<b>8</b>	<b>1.0</b>
Customer Services	400	72.9	141	25.7	8	1.5
Information Services	83	66.4	42	33.6	0	0.0
Stronger, Safer and Healthier Communities	35	28.9	86	71.1	0	0.0
Management	1	50.0	1	50.0	0	0.0
<b>People</b>	<b>406</b>	<b>55.0</b>	<b>311</b>	<b>42.1</b>	<b>21</b>	<b>2.8</b>
Adult Social Care	125	77.2	33	20.4	4	2.5
Children's Social Care and Safeguarding	157	66.0	77	32.4	4	1.7
Education, Early Start and Prevention	123	36.6	200	59.5	13	3.9
Management	1	50.0	1	50.0	0	0.0
<b>Place</b>	<b>419</b>	<b>45.8</b>	<b>479</b>	<b>52.3</b>	<b>17</b>	<b>1.9</b>
Culture, Housing and Regulation	93	62.4	56	37.6	0	0.0
Economic Regeneration	86	35.4	148	60.9	9	3.7
Environment and Transport	239	45.9	274	52.6	8	1.5
Management	1	50.0	1	50.0	0	0.0
<b>Core</b>	<b>217</b>	<b>39.2</b>	<b>328</b>	<b>59.2</b>	<b>9</b>	<b>1.6</b>
Assets	45	51.1	41	46.6	2	2.3
Business Improvement and Communications	46	68.7	20	29.9	1	1.5
Elections and Land Registers	4	66.7	2	33.3	0	0.0
Finance	3	1.5	196	96.6	4	2.0
Governance and Member Support	11	61.1	7	38.9	0	0.0
Health and Safety	0	0.0	8	100.0	0	0.0
Human Resources and Business Support	101	78.3	26	20.2	2	1.6
Legal Services	7	21.2	26	78.8	0	0.0
Management	0	0.0	2	100.0	0	0.0
<b>Public Health</b>	<b>68</b>	<b>46.9</b>	<b>76</b>	<b>52.4</b>	<b>1</b>	<b>0.7</b>
Public Health	31	39.2	48	60.8	0	0.0
0-19	37	56.1	28	42.4	1	1.5

Note: Incomplete without reason includes employees on maternity leave, career breaks and long-term sickness.



## **2017-18 Annual Customer Feedback Report**

### **Contents**

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## **1. Introduction**

Welcome to Barnsley Council's annual customer feedback report, which provides the council, partners and members of the public with important information on what our customers have told us about their expectations and experiences of the services they have received during 2017-18.

This report looks at all of the complaints, compliments and comments that have been recorded by the council during the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018, including those complaints received about adult and children social care services.

Whilst we have achieved so many great things this year, it is one of our challenges to ensure that we respond to and manage rising customer expectations and demands, but also recognise the opportunities this presents. To achieve this we need to listen to what our customers are telling us, manage their expectations and continuously improve our services. This is why customer feedback (compliments, complaints, and comments) is important, and why it is our aim is to ensure that our customers feel able to provide us with feedback, know how to do this, and that we respond fairly, in partnership with the customer and reach a swift resolution where putting it right is at the heart of what we always consider.

It is also vital to continuous service improvement to know when things have gone right and when people are happy with the services they receive. However, on those occasions when things go wrong, complaints are equally valuable because they provide a chance to identify areas for improvement to ensure the same mistakes are not repeated in the future.

Not all customer concerns need to be processed as a complaint and where a customer has contacted the service direct and their concerns are resolved by the service there is no need to escalate these to the council's complaints procedures. Therefore the information reported on below does not include these concerns unless the customer remained unhappy and pursued their concerns further. It is important though that we make sure the customer is always informed of their right to make a complaint if their concern is not resolved or they remain unhappy.

The Customer Feedback and Improvement Team are a part of the Business Improvement and Communication Business Unit and are responsible for the management, facilitation and collation of all customer feedback received for the council.

# We Value Your Feedback

Customer feedback is a great way for us to understand and manage how customers experience the services we provide, and it enables us to monitor our performance against the values that are really important to us.



**We've received a total of 490 compliments.**



**317 customer complaints have been received and we agreed that there were things we could improve upon for 193 of these complaints.**



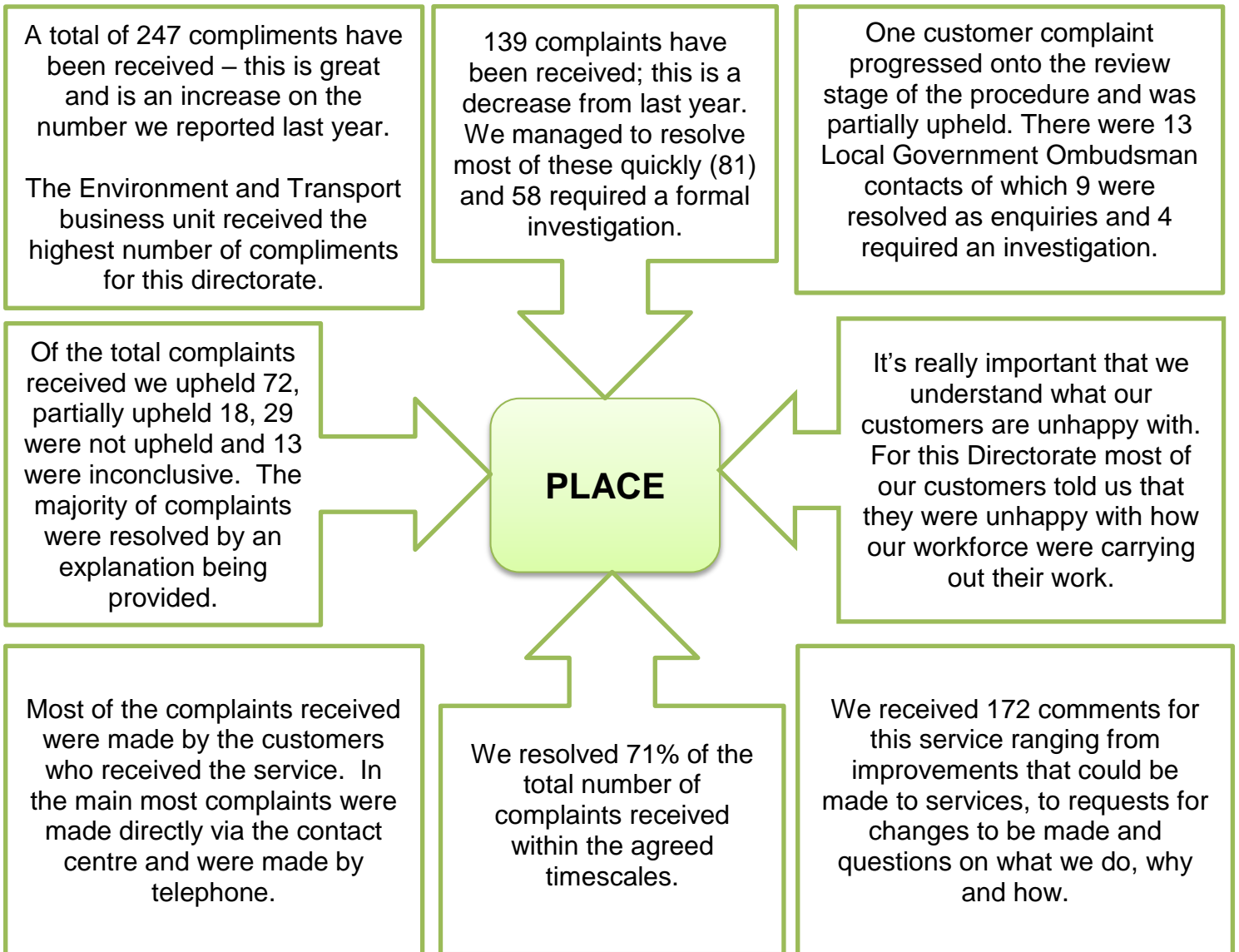
**We want to listen to what our customers have to say and learn from when things go wrong – see our learning from feedback page**



**There's been 41 Local Government and Social Care Ombudsman and Housing Services Ombudsman contacts received, and 11 of these have been investigated by them.**

# Customer Feedback Place Directorate

This part of the report takes a look at the customer feedback that has been received from customers about the services which form part of the Council's Place Directorate. This includes: Environment and Transport (such as waste management and highways); Culture, Housing and Regulation (such as museum, housing; trading standards); and Economic Regeneration (such as planning, town centre redesign).



Here are some examples of compliments we have received:

## Environment and Transport

A customer stated that they were happy with the service they received when they requested overgrown hedges to be attended to. They stated "The men did a wonderful job"

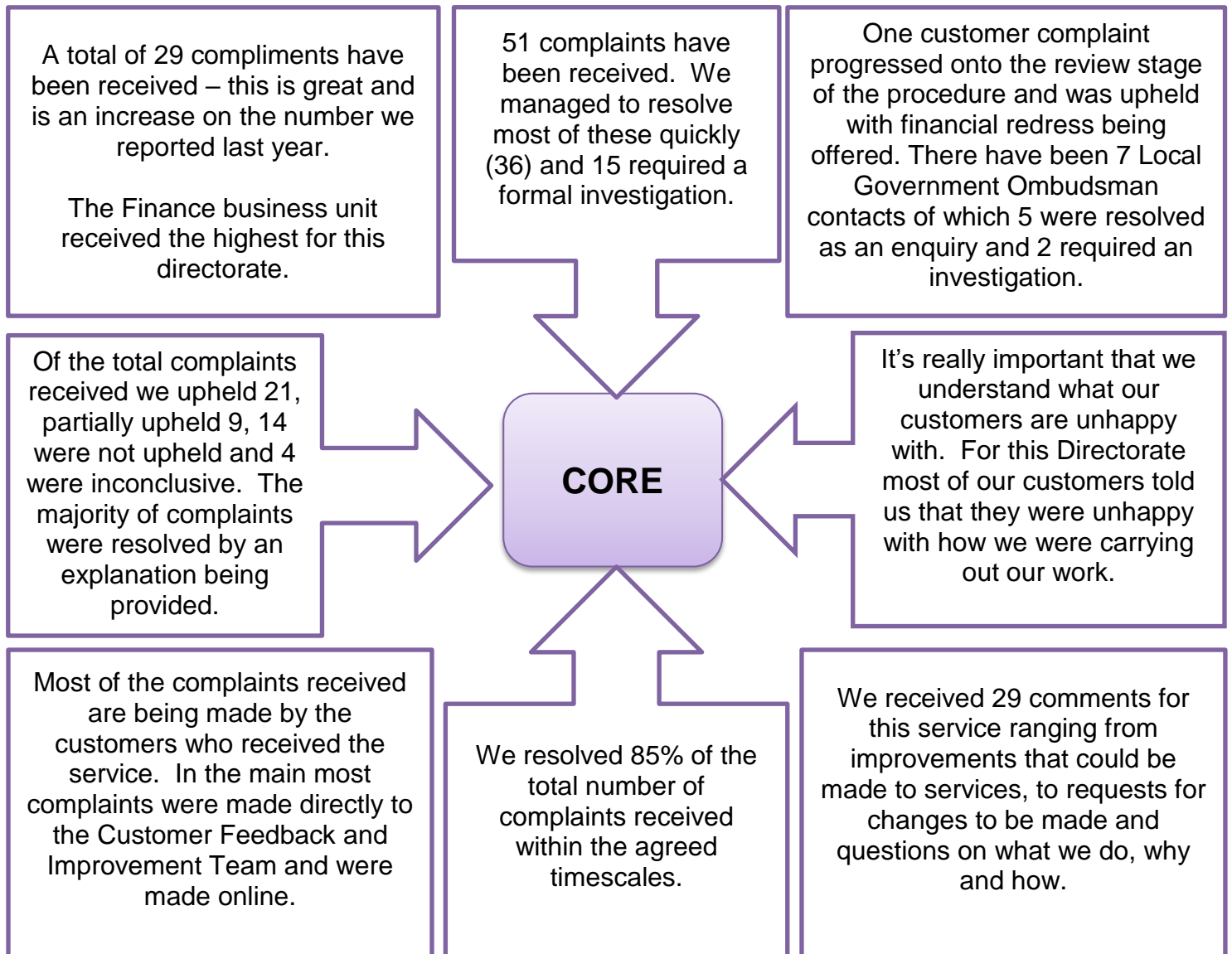
## Economic Development

A customer told us "it's always a pleasure to work with Barnsley. I wish many others were half as good".

# Customer Feedback

## Core Directorate

This part of the report takes a look at the customer feedback that has been received from customers about the services which form part of the Council's Core Directorate. This includes: Finance (payments; council tax); Assets (buildings); Human Resources (employees; health and safety); Business Support (administration); Business Improvement and Communications (performance management; communication); Legal (law and compliance) and Governance (member support; elections).



Here are some examples of the compliments we've received:

### Finance Service

A customer informed us "a big thank you for your support which is very much appreciated"

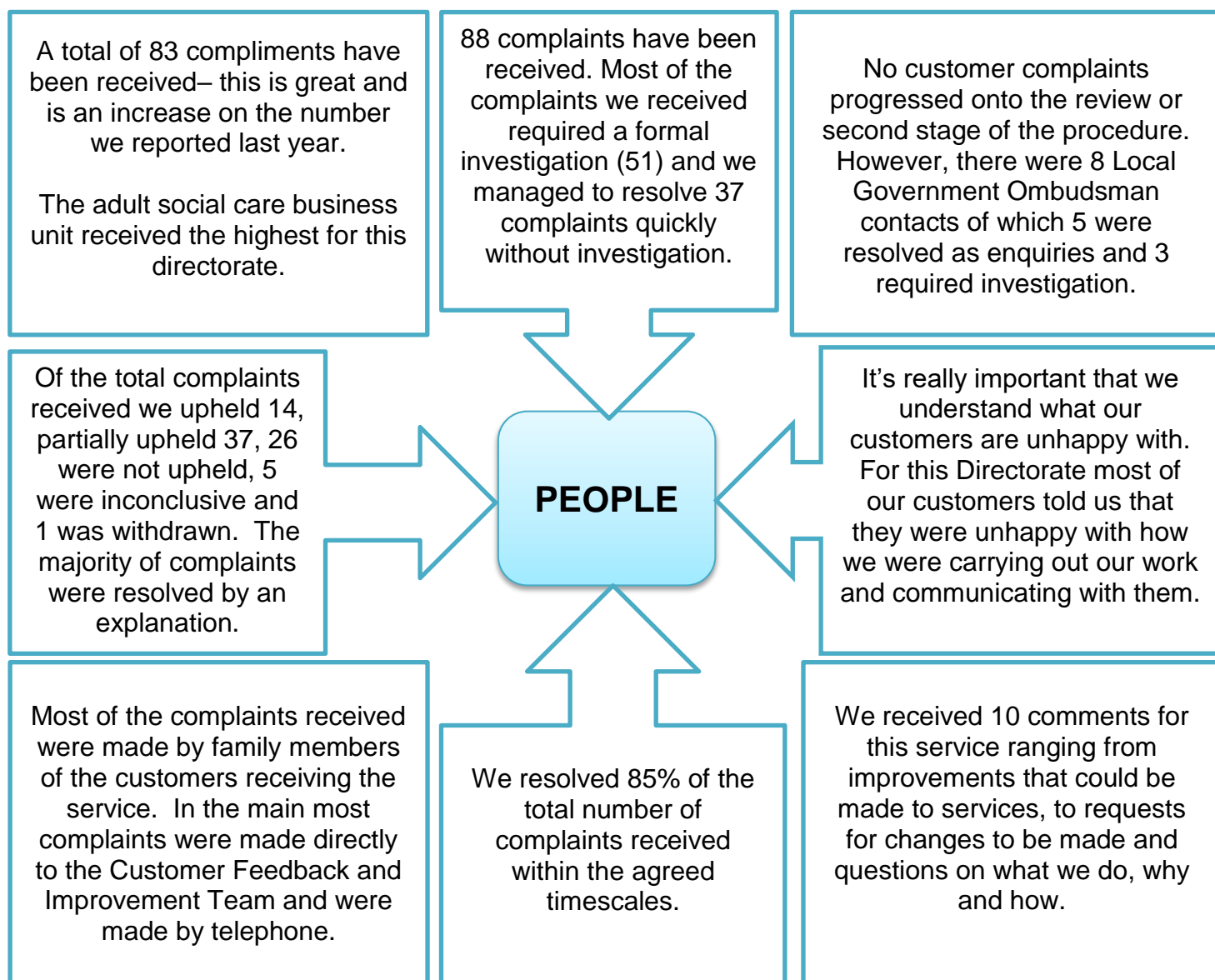
### Legal Services

"I just wanted to pass on how helpful and polite the ladies are that run the land charges department. They have always assisted to accommodate any request and any information is a

# Customer Feedback

## People Directorate

This part of the report takes a look at the customer feedback that has been received from customers about the services which form part of the Council's People Directorate. This includes: Education (education welfare), Early Start (child care) and Prevention (Family Centres); Adult Social Care and Health; Children Social Care and Safeguarding.



Here are some examples of the compliments we've received.

### Education, Early Start and Prevention

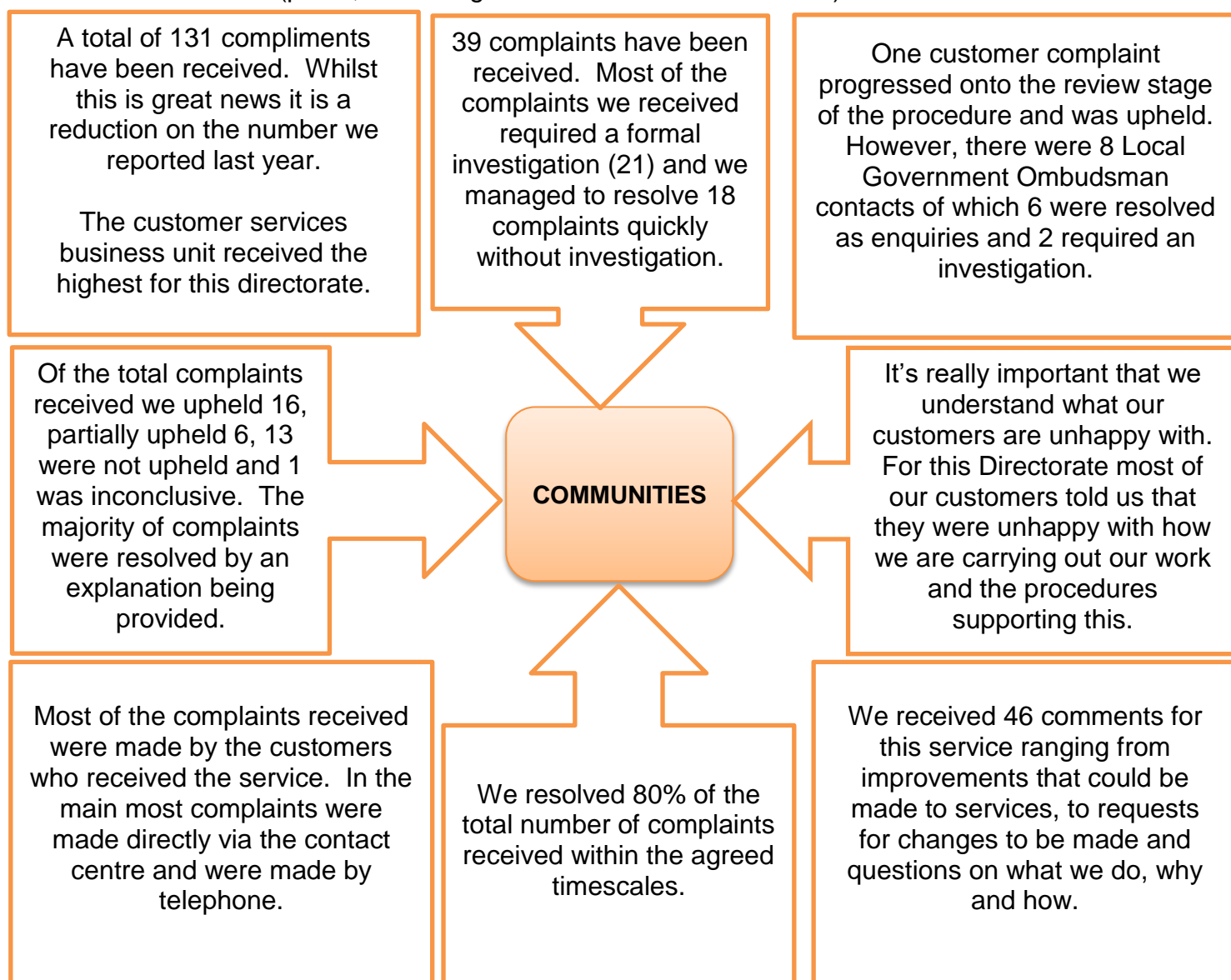
**A parent told us that they were very happy with the support their young person had received and described that they had “come on leaps and bounds” since they had received support from the Targeted Youth Support Service.**

### Adult Social Care

**“I just felt it important to formally convey how impressed I have been by the way the team have responded to the increased ask of them this week. . . . A real can do spirit that is matched by a quick and effective action”.**

# Customer Feedback Communities Directorate

This part of the report takes a look at the customer feedback that has been received from customers about the services which form part of the Council's Communities Directorate. This includes: Customer Services (libraries; digital; day opportunities; school catering); Information services (technology); Stronger, Safer and Healthier Communities (parks, safer neighbourhoods and enforcement).



Here are some examples of the compliments we've received.

### Customer Contact Centre

A customer who used the blue badge renewal process told us that the service was friendly and efficient.

### Information Technology Team

A company who purchase IT support stated that they found the code green staff member to be highly effective and personable and provided support speedily and effectively and went above and beyond in solving the initial problem.

# Learning from Feedback

## **Procedures and Processes**

Customers shared with us their experiences of using our services such as planning enforcement, complaints and social care services, when we considered the complaints we found that some of our procedures were not as clear to staff as they could be, therefore we either updated or changed these to make sure we provide the best service we can.

## **Keeping customers informed**

Customers told us that they would like to know more about what will happen next when they contact the council for services such as complaints, social care services and customer services. We agreed that it would be good practice to keep our customers informed on what will happen next when they contact us. Therefore some services have made changes to their practices and some are considering what changes they can make to improve the customers experience.

## **Handling your contact correctly**

We have listened to our customers and know sometimes we haven't always handled the call correctly or customers have been unable to use our online forms and that there may have been occasions when we could have done more to help. We have therefore throughout the year made a number of improvements such as, creating an escalation process for handling complex customer queries within our contact centre, updated our web information and introduced web chat for some of our key online contact pages. We also ask for feedback on your online experience and use this information to understand a customer's experience to improve our online offer.

## **Customer Communication**

We recognise the importance of how we communicate with our customers therefore we have identified opportunities to learn from what our customers have experienced in the following area:

- To review our transition process between different social care services
- Provide information explaining what happens during a children's social care Section 47 investigation
- To use individual experiences of social care services and include this as part of social work reflective practice
- To produce additional guidance to staff on deprivation of liberty assessments.
- To streamline the process for making payments to special guardians
- To agreeing individual communication plans with customers who have asked for this
- To improve our partnership working arrangements
- Implement online systems to improve customer communication such as Pin on the Map and reporting damaged bins
- To create key performance indicators to monitor our bin collection

# Customer Feedback Data

One of the aims of the Customer Feedback and Improvement Team is to try and make the information we produce interesting and easy to read. However, we also understand it is important to be clear and transparent. It is for this reason that we have included the key data with an explanation on our performance. This data has supported the compilation of this report.

## 1. Number of compliments

Directorate	Business Unit	Q1	Q2	Q3	Q4	Compliments Total	Directorate Compliments Total
Place	Culture, Housing and Regulations	8	8	6	3	25	247
	Environment and Transport	36	71	50	49	206	
	Economic Regeneration	4	8	1	3	16	
Core	Finance	1	1	5	9	16	29
	Assets	1	1	3	1	6	
	Legal and Governance	0	0	0	1	1	
	Business Improvement and Communications	1	0	0	2	3	
	Public Health	1	1	1	0	3	
People	Education, Early Start and Prevention	3	4	18	8	33	83
	Adult Assessment and Care Management	16	3	13	9	41	
	Children's Social Care and Safeguarding	2	1	3	3	9	
Communities	Customer Services	4	25	45	28	102	131
	Information Services	0	1	1		2	
	Stronger, Safer and Healthier Communities	3	11	12	1	27	
<b>Total</b>		<b>80</b>	<b>135</b>	<b>158</b>	<b>117</b>	<b>490</b>	

**There has been an increase in the number of compliments we have received compared to last year (458).**

**Whilst this is great news work will be undertaken during 2018-19 to promote to services to share with us the compliments they are receiving.**



**2. Number of complaints and resolution method**

Directorate	Business Unit	Q1	Q2	Q3	Q4	Early Resolution	Total Early Resolutions	Q1	Q2	Q3	Q4	Formal Complaint	Total Formal Complaints	Overall Total		
Place	Culture, Housing and Regulations	0	2	1	0	3	81	0	1	1	0	2	58	139		
	Environment and Transport	22	29	8	17	76		12	16	7	11	46				
	Economic Regeneration	0	2	0	0	2		5	1	0	4	10				
Core	Finance	10	11	6	8	35	36	0	3	3	6	12	15	51		
	Assets	0	0	0	0	0		0	0	1	1	2				
	Legal and Governance	0	0	0	0	0		0	0	0	0	0				
	Human Resources and Business Support; Business Improvement and Communication; Health and Safety	0	1	0	0	1		0	1	0	0	1				
	Public Health	0	0	0	0	0		0	0	0	0	0				
People	Education, Early Start and Prevention	2	0	1	2	5	37	0	1	1	0	2	51	88		
	Adult Assessment and Care Management	5	3	2	1	11		9	4	5	2	20				
	Children's Social Care and Safeguarding	6	9	2	4	21		10	5	8	6	29				
Communities	Customer Services	1	5	3	3	12	18	0	5	3	3	11	21	39		
	Information Services	0	0	0	0	0		0	0	0	0	0				
	Stronger, Safer and Healthier Comunities	2	3	0	1	6		2	5	2	1	10				
<b>Total</b>		<b>48</b>	<b>65</b>	<b>23</b>	<b>36</b>	<b>172</b>		<b>38</b>	<b>42</b>	<b>31</b>	<b>34</b>	<b>145</b>				
								<b>317</b>								

**There has been a decrease in the number of complaints we have received this year when we look at how many we received last year (504). However there have been more complaints which have required a formal investigation in comparison to last year (107). We think that this is may be because our customers could be actively trying to resolve their concerns with the service directly before making a complaint and are then being informed of their rights to make a complaint if they are dissatisfied with the initial response from the service they have contacted.**

### **3. Number of complaints which progressed**

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**This year 3 of our complaints that were investigated were reconsidered when the customer told us they were unhappy with their response. When we reviewed what we had said to the customer in our response we agreed that we had not quite got our response right the first time and agreed to take further action to address the complaint.**

**Whilst only 3 complaints were reviewed we understand that it is not to say that the rest of our customers were always happy after their investigation. However, when they let us know this we worked with them to establish why and worked with them to resolve their outstanding concerns through clarification and explanation of our original response to their complaint.**

#### 4. Types and outcomes

Types	Q1	Q2	Q3	Q4	Total
Workforce	21	33	16	27	97
Information	3	4	0	4	11
Communication and Consultation	21	31	17	18	87
Process and Procedure	41	38	19	20	118
Policy	0	1	2	1	4
<b>Total</b>	<b>86</b>	<b>107</b>	<b>54</b>	<b>70</b>	<b>317</b>

Types	Upheld	Partially Upheld	Not upheld	Inconclusive	Withdrawn	Outstanding	Total
Workforce	44	9	23	12	1	8	97
Information	4	3	3	1	0	0	11
Communication and Consultation	21	29	25	8	0	4	87
Process and Procedure	51	29	30	2	1	5	118
Policy	3	0	1	0	0	0	4
<b>Total</b>	<b>123</b>	<b>70</b>	<b>82</b>	<b>23</b>	<b>2</b>	<b>17</b>	<b>317</b>

Types	Apology	Explanation	Reassurance	Change to service	Financial redress	Other	Total
Workforce	30	23	17	0	2	16	88
Information	1	6	3	0	0	1	11
Communication and Consultation	15	43	14	2	3	6	83
Process and Procedure	16	50	16	2	12	16	112
Policy	0	1	1	0	1	1	4
<b>Total</b>	<b>62</b>	<b>123</b>	<b>51</b>	<b>4</b>	<b>18</b>	<b>40</b>	<b>298</b>

Most of our complaints were about the way we are delivering our services and how we are communicating with our customers. This trend is to be expected as these are the main interactions the council has with members of the public. However, we acknowledge that we have also upheld most of the complaints we have received, therefore we are agreeing that we need to improve and learn from what our customers are telling us. In doing this we have provided an explanation to the customer as a resolution to their complaint to explain what went wrong and what we will do to address this.

### 5. Timescales

Directorate	Business Unit	Total complaints	Total Early Resolution	Exceeded Timescale	Total Formal Complaint	Exceeded Timescale	Outstanding
Place	Culture, Housing and Regulations	5	3	0	2	1	0
	Environment and Transport	122	76	17	46	18	3
	Economic Regeneration	12	2	0	10	3	1
Core	Finance	47	35	5	12	2	3
	Assets	2	0	0	2	0	0
	Legal and Governance	0	0	0	0	0	0
	Human Resources and Business Support; Business Improvement and Communication; Health and Safety	1	0	0	1	0	0
	Public Health	1	0	0	0	0	0
People	Education, Early Start and Prevention	7	5	2	2	0	0
	Adult Assessment and Care Management	31	11	2	20	2	2
	Children's Social Care and Safeguarding	50	21	7	29	0	1
Communities	Customer Services	23	12	2	11	2	2
	Information Services	0	0	0	0	0	0
	Stronger, Safer and Healthier Communities	16	6	1	10	2	1
<b>Total</b>		<b>317</b>	<b>171</b>	<b>36</b>	<b>145</b>	<b>30</b>	<b>13</b>

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**Whilst we resolved most of our complaints early (within 2 working days) we failed to meet the timescale on 21% of the occasions. We also didn't always meet our agreed timescales for our formal investigations and on 21% of occasions we had to extend these. We will continue to work to improve meeting the timescales we agree with our customers as we know that this is important. However, sometimes due to availability, work pressures and the complexity of some complaints these timescales are exceeded. We always aim to keep the customer up to date when there will be a delay with their complaint investigation.**

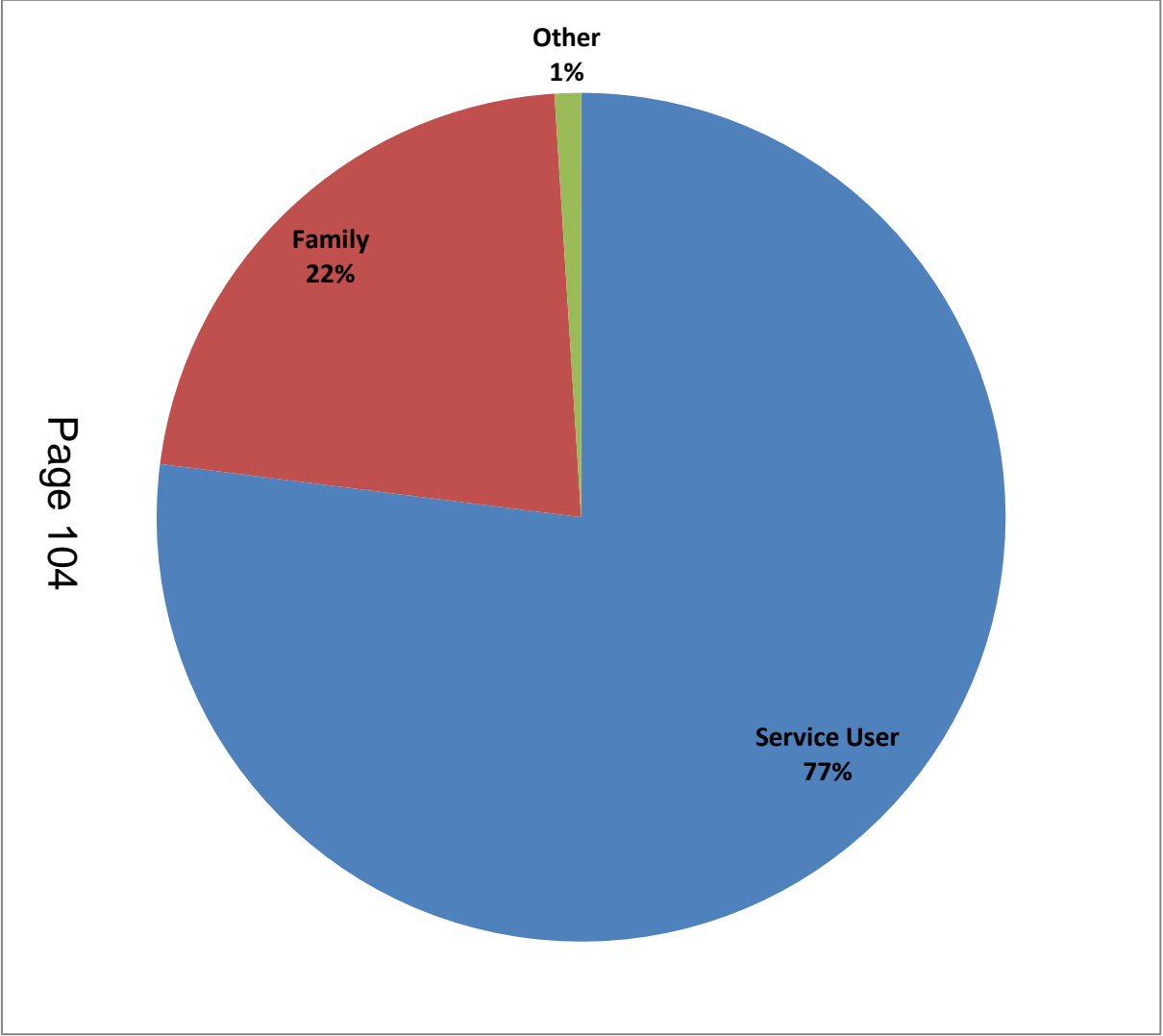
6. Ombudsman

Directorate	Business Unit	Number	Enquiry	Decision	Investigation	Decision	Remedy
Place	Environment and Transport	9	7	5 council to pursue as a complaint; 1 no investigation as not enough evidence of fault; 1 pending a decision	2	No investigation as not enough evidence of fault	
	Economic Regeneration	4	2	1 Council to pursue as a complaint; 1 pending a decision	2	2 Pending a decision	
Core	Finance	4	3	1 outside jurisdiction; 1 council to pursue as a complaint and 1 pending a decision	1	Pending a decision	
	Assets	1	0		1	Outside jurisdiction	
	Legal and Governance	2	2	1 outside jurisdiction; 1 council to pursue as a complaint	0		
People	Adult Assessment and Care Management	7	4	1 discontinued investigation, 2 council to pursue as a complaint and 1 no investigation as not enough evidence of fault	3	2 - Fault causing injustice and 1 Pending a decision	One required a written letter of apology and £400 redress for distress and time and trouble. One required a review of support, a refund of expenses and guidance to be developed for staff.
	Children's Social Care and Safeguarding	1	1	Council to pursue as a complaint	0		
Communities	Stonger, Safer and Healthier Comunitéis	8	6	4 council to pursue as a complaint; 1 discontinued investigation; 1 no investigation as not enough evidence of fault.	2	1 no investigation as not enough evidence of fault and 1 pending a decision	
Berneslai Homes		5	5	4 pending a decision; 1 no action required	0		
<b>Total</b>		<b>41</b>	<b>30</b>		<b>11</b>		

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**This year we have seen a slight increase in the number of Local Government and Social Care Ombudsman and Housing Service Ombudsman contacts than last year (36). We have received 2 decisions where fault has been found and action has been recommended to address. One of these resulted in financial redress being given. There are currently 12 cases which are still pending a decision, 5 of which relate to an investigation.**

7. Who are making the complaints we receive?



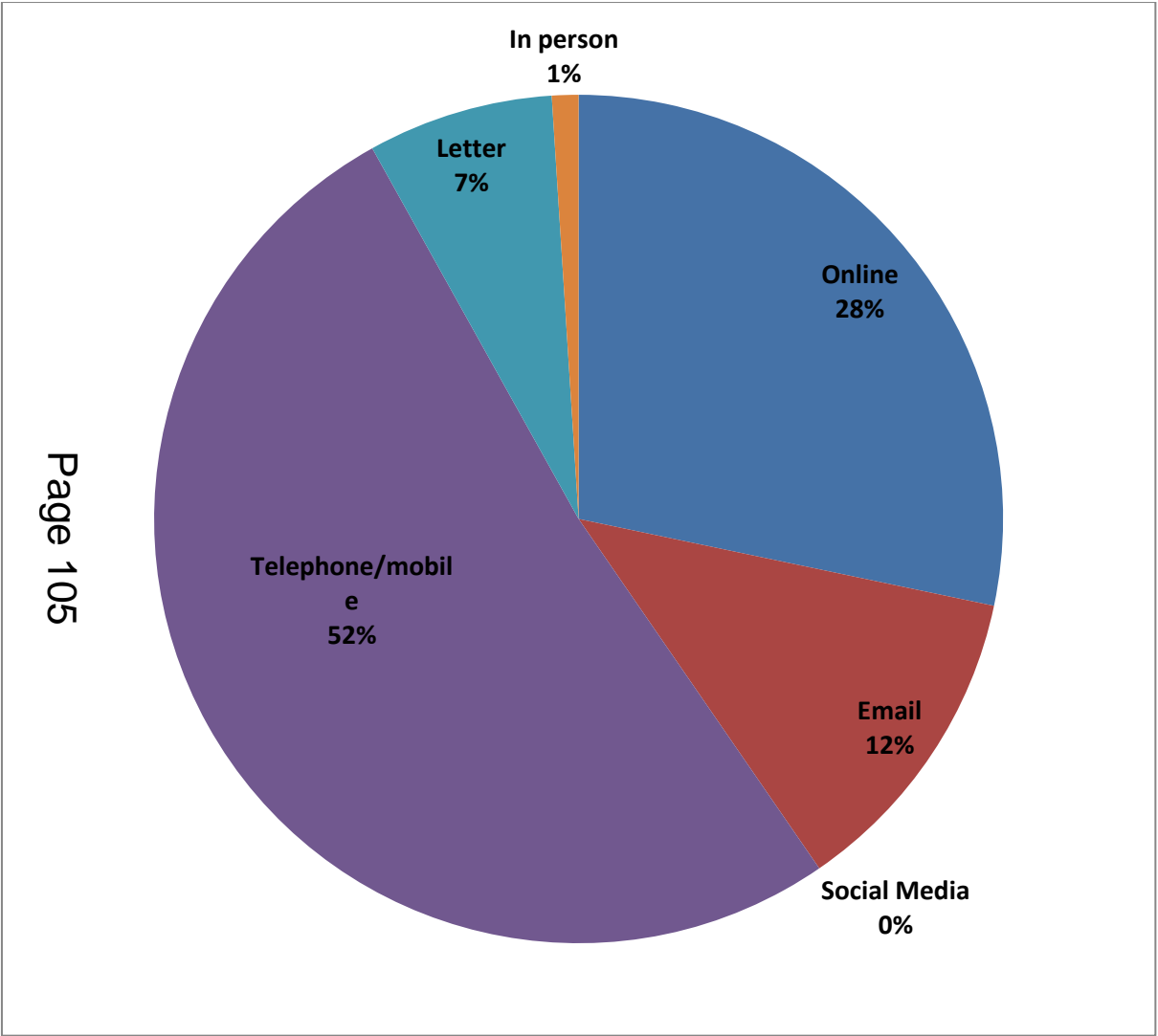
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**It's great to report that the trend continues from last year that most of the complaints we receive are being made by the person who is receiving the service.**

**Unfortunately, again not many people have used an advocate this year to support them but a reason for this may be that because most of our complaints are resolved through early resolution the support of an advocate is not always needed.**



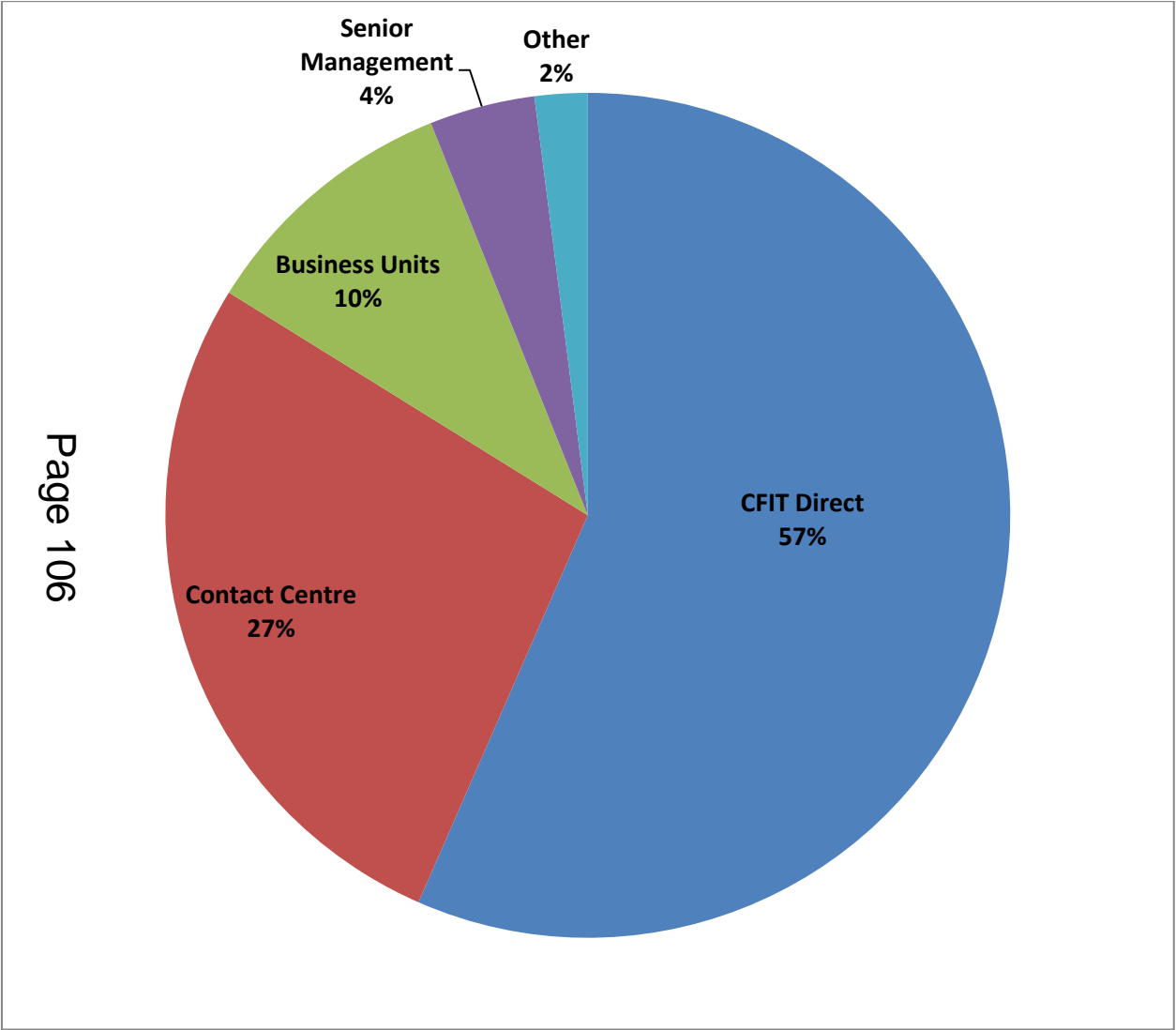
8. How are the complaints being made to the Council?



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**Just over half of all the complaints we received last year were made by telephone. This is a change from last year where we reported that most of the complaints were being made online. We are keen to try and understand why this change has taken place as whilst we continue to promote that complaints can be made in any way, as a council we are keen to encourage and support our customers to use our online services.**

9. Where are the complaints being made to within the Council?



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**It's pleasing to report that the trend continues that most of the customer who made a complaint raised their concerns directly with the Customer Feedback and Improvement Team. This shows that the team are continuing to be accessible to customers and that they are aware of their rights to complain. This is great news and we welcome all feedback from our customers.**

# AUDIT COMMITTEE

Sara Hydon – Head of IT (Service Management)

Friday 20<sup>th</sup> July 2018



# Information Commissioners Audit Records Management

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Arising from Minute 74, Members commented on the long timescale for responses to the Information Commissioner's Office consensual audit, with some recommendations not requiring implementation until 2020. Whilst it was understood that this was indeed the timescale in respect of some recommendations, this would be subject to confirmation at the next Audit Committee meeting.



# Promoting a Paperless Office

- Overview
- Issues
- Task in hand
- Records v's Files



# Aims of the project

- Education and understanding
- Ensuring the responsibility for a service's records sits with the service
- Putting the tools in place to manage records and documents the right way from now on
- Dealing with our existing data



# High level tasks

- Developing the tools;
- Records Champions;
- New training course;
- Barnsley Records Catalogue;
- Prep on network content;
- All staff training course;
- Transition tools;
- Governance arrangements



# Questions...?





**BARNSELY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME**

	Mtg. No.	2	3	4	5	6	7	8	1
Committee Work Area	Contact / Author	20.07.18** (2.00 pm)	19.09.18**	31.10.18 (2.00 pm)	5.12.18	16.01.19	20.03.19	17.04.19	5.06.19
<b>Committee Arrangements</b>				<b>Workshop</b>					
Committee Work Programme	WW	X	X		X	X	X	X	X
Minutes/Actions Arising	WW	X	X		X	X	X	X	X
Review of Terms of Reference and Self-Assessment	RW/CHAIR								
Training Review and Skills Assessment	RW/CHAIR								
Review of Terms of Reference & Working Arrangements	ACF					X			
Draft Audit Committee Annual Report	RW/CHAIR								X
Audit Committee Annual Report	RW/CHAIR		X						
<b>Internal Control and Governance Environment</b>									
Local Code of Corporate Governance	AF/AH					X			
Annual Governance Review Process and Timescales	AF/AH								
Draft Annual Governance Statement & Action Plan	AF/AH								X
Final Annual Governance Statement	AF/AH	<b>X</b> Moved from 21/9							
AGS Action Plan Update	AF/AH				X				
Corporate Whistleblowing Update & Annual Report	RW		X						
Annual Fraud Report	RW								X

	Mtg. No.	2	3	4	5	6	7	8	1
Committee Work Area	Contact / Author	20.07.18** (2.00 pm)	19.09.18**	31.10.18 (2.00 pm)	5.12.18	16.01.19	20.03.19	17.04.19	5.06.19
Corporate Fraud Team - Report	RW				X		X		
<b>Corporate Risk Management</b>									
Risk Management Policy & Strategy	AH							X	
Risk Management Update*	AH					X			
Annual Report	AH		X						
Strategic Risk Register Review	AH				X			X	
<b>Internal Audit</b>									
Internal Audit Charter	RW					X			X
Internal Audit Plan	RW						X		
Internal Audit Quarterly Report	RW	X			X	X		X	
Annual Review of the Effectiveness of Internal Audit	RW		X						
Review of the Effectiveness of Int. Audit - Update	RW					X			
Internal Audit Annual Report	RW								X
<b>External Audit (KPMG)</b>									
Annual Governance Report (ISA260 Report)	KPMG	X Moved from 21/9							
Audit Plan	KPMG						X		
Annual Fees Letter	KPMG						X		
Annual Audit Letter	KPMG								
Grants Letter	KPMG								
Claims & Returns Annual Report	KPMG					X			

	Mtg. No.	2	3	4	5	6	7	8	1
Committee Work Area	Contact / Author	20.07.18** (2.00 pm)	19.09.18**	31.10.18 (2.00 pm)	5.12.18	16.01.19	20.03.19	17.04.19	5.06.19
External Audit Progress report & Technical Update	KPMG	X	X		X	X	X	X	X
<b>Financial Reporting and Accounts</b>									
Budget Proposal Section 25 Report	NC						X		
Draft Statement of Accounts	NC								
Corporate Finance Summary	NC		X						
Corporate Finance and Performance Management & Capital Programme Update	NC		X				X		
Treasury Management Annual Report	IR	X							
Treasury Mgt. Policy & Strategy Statement	IR						X		
<b>Other Corporate Functions contributing to overall assurance</b>									
Human Resources (annual)	AB		X						
Business Improvement and Communication (annual)	MP	X							
Health & Safety Resilience (6 monthly report – March Update – September Annual)	SD		X				X		
Governance & Member support (annual)	IT/WW								X
Information Governance	DR		X		X		X		

	Mtg. No.	2	3	4	5	6	7	8	1
<b>Committee Work Area</b>	<b>Contact / Author</b>	<b>20.07.18** (2.00 pm)</b>	<b>19.09.18**</b>	<b>31.10.18 (2.00 pm)</b>	<b>5.12.18</b>	<b>16.01.19</b>	<b>20.03.19</b>	<b>17.04.19</b>	<b>5.06.19</b>
update									
General Data Protection Regulations - Update	RW/SH		<b>X</b> Moved from 20/7						

\*Members of the Senior Management Team to be invited periodically to report on any issues identified within the Strategic Risk Register

\*\* Please Note: Change of dates and times dates/times due to the changes to the regulations relating to the approval of the accounts