



Meeting: Corporate Governance Committee

Date/Time: Friday, 25 September 2015 at 10.00 am

Location: Guthlaxton Committee Room, County Hall, Glenfield

Contact: Mr E Walters (tel: 0116 305 6016)

Email: euan.walters@leics.gov.uk

Membership

Mr. A. M. Kershaw CC (Chairman)

Mr. G. A. Boulter CC Mr. T. J. Richardson CC
Mr. G. A. Hart CC Mr. S. D. Sheahan CC
Mr. K. W. P. Lynch CC Mr. R. J. Shepherd CC

AGENDA

<u>Item</u>	<u>Report by</u>	
1. Minutes of the meeting held on 12 June 2015.		(Pages 3 - 8)
2. Question Time.		
3. Questions asked by members under Standing Order 7(3) and 7(5).		
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
5. Declarations of interest in respect of items on the agenda.		
6. External Audit of the 2014/15 Statement of Accounts and the Annual Governance Statement.	Director of Corporate Resources	(Pages 9 - 46)
7. Ombudsman Annual Review 2014-15 and Corporate Complaint Handling.	Chief Executive and Director of Corporate Resources	(Pages 47 - 98)



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| 8. | Annual Report on the Operation of Members' Code of Conduct 2014-15. | County Solicitor | (Pages 99 - 100) |
| 9. | Quarterly Treasury Management Report. | Director of Corporate Resources | (Pages 101 - 104) |
| 10. | Risk Management Update. | Director of Corporate Resources | (Pages 105 - 138) |

A presentation on the risks associated with the County Council's work regarding Child Sexual Exploitation in Leicestershire will be provided as part of this item.

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| 11. | Internal Audit Service Progress Report. | Director of Corporate Resources | (Pages 139 - 146) |
| 12. | Any other items which the Chairman has decided to take as urgent. | | |
| 13. | Dates of future meetings. | | |

Future meetings of the Corporate Governance Committee will take place at 10:00am on the following dates:-

17 November 2015
 19 February 2016
 13 May 2016
 23 September 2016
 25 November 2016



Minutes of a meeting of the Corporate Governance Committee held at County Hall, Glenfield on Friday, 12 June 2015.

PRESENT

Mr. A. M. Kershaw CC (in the Chair)

Mr. G. A. Hart CC
Mr. D. Jennings CC
Mr. J. Kaufman CC

Mr. K. W. P. Lynch CC
Mr. S. D. Sheahan CC
Mr. R. J. Shepherd CC

49. Appointment of Chairman.

That Mr. A. M. Kershaw CC be elected Chairman for the period ending with the Annual Meeting of the County Council in May 2016.

Mr. Kershaw in the Chair

50. Election of Deputy Chairman.

That Mr R. J. Shepherd CC be appointed Deputy Chairman for the period ending with the date of the Annual Meeting of the County Council in 2016.

51. Minutes of the meeting held on 20 February 2015.

The minutes of the meeting held on 20 February 2015 were taken as read, confirmed and signed subject to amendment to minute no. 39 to make it clear that although the wife of Mr Jennings CC was a member of the teachers' pension scheme Mr Jennings himself was not.

52. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

53. Questions asked by members.

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

54. Urgent Items.

There were no urgent items for consideration.

55. Declarations of interest in respect of items on the agenda.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting. It was noted that all members who were also members of a Parish, Town or District Council had personal interests in items which related to those authorities.

Mr Kershaw CC declared a personal interest in item 9, 'Risk Management Update', as his wife was in receipt of self-funded care provided by Bradgate Home Care who were an approved Provider with Leicestershire County Council.

56. External Review of the MTFS.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present the findings from a review by the Council's external auditor on the Medium Term Financial Strategy (MTFS). A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Matthew Elmer of PricewaterhouseCoopers (PwC) to the meeting.

Arising from discussion the following points were noted:

(i) Although the 'spending power' of the Council was due to rise by 1.6% in 2015/16, the Assistant Director – Strategic Finance and Property stated that with this additional money came extra responsibilities and outgoings. For example a proportion of the Better Care Fund would go to the National Health Service and therefore not be available to the Council's budget. Therefore the Council would not be better off financially.

(ii) With regard to the concerns raised at page 5 of the report on the subject of corporate memory, members were advised that the key to ensuring corporate memory was retained was managing the loss of posts in a planned manner and being aware of savings required well in advance. One of the reasons why the Council did not offer voluntary redundancies was so that careful decisions could be made about which posts would be lost.

(iii) A full report on Earmarked Reserves would be going before the Scrutiny Commission in the Autumn.

RESOLVED:

That the report of the County Council's external auditors, PricewaterhouseCoopers, on the Medium Term Financial Strategy 2015/16 – 2018/19 be noted.

57. Risk Management Update.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an overview of key risk areas and the measures being taken to address them. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Committee also received a presentation on the risks associated with The Care Act 2014. A copy of the slides forming the presentation is filed with these minutes.

Presentation – Risks around The Care Act 2014.

Arising from the presentation it was noted that whilst some additional funding was being provided by central government, the Corporate Resources Department were of the view that this money was not going to be sufficient to fund all the extra responsibilities required under the Act. This was the greatest risk facing the Council at this time.

The Risk Register

Clarification was provided in connection with the date the government had set by which a Community Infrastructure Levy (CIL) ought to be introduced. It was confirmed that the Government had effectively given local planning authorities (i.e district/borough councils) 5 years from April 2010 to get CIL Charging Schedules in place. The Committee was informed that a planning obligation may not constitute a reason for granting planning permission if 5 or more similar Section 106 agreements providing funding for a particular project or type of infrastructure had been concluded in the period since April 2010. The consequence of this might be that if the planning obligation was necessary to make the development acceptable in planning terms but there were already 5 or more section 106 agreements for that particular site then the application may have to be refused.

RESOLVED:

(a) That the current status of the strategic risk, the addition of new risks facing the Council and the updated Corporate Risk Register be approved.

(b) That a presentation be provided at the next meeting of the Committee on the risks associated with the County Council's work regarding Child Sexual Exploitation in Leicestershire.

58. Annual Treasury Management Report 2014/15.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to report on the action taken and the performance achieved in respect of the treasury management activities of the Council in 2014/15. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

RESOLVED:

That the Annual Treasury Management Report 2014/15 be noted.

59. Quarterly Treasury Management Report

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an update on the actions taken in respect of treasury management in the quarter ended 31st March 2015. A copy of the report marked 'Agenda Item 11', is filed with these minutes.

RESOLVED:

That the Quarterly Treasury Management Report be noted.

60. Draft Annual Governance Statement 2014/15.

The Committee considered a joint report of the Director of Corporate Resources and the Chief Executive outlining the background and approach taken to produce the County Council's 2014/15 Annual Governance Statement (AGS), and presenting the draft AGS for comment prior to sign off by the Chief Executive and Leader of the Council. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

RESOLVED:

- (a) That the draft 2014/15 Annual Governance Statement be approved;
- (b) That it be noted that the Statement may be subject to change as required by the Code of Practice in Local Authority Accounting, as detailed in paragraph 15 of the report, and that such changes will be notified to members of the Committee;
- (c) That the proposed actions and improvement areas detailed in section 6 of the Statement be confirmed.

61. Internal Audit Service Quarterly Progress Report.

The Committee considered a report of the Director of Corporate Resources which summarised the work of Leicestershire County Council's Internal Audit Service (LCCIAS) finalised since the last report to the Committee and highlighted audits where high importance recommendations had been made to managers. The report also provided information on a concluded special investigation. A copy of the report, marked 'Agenda Item 13' is filed with these minutes.

With regard to the investigation into the theft of lunch club income the Committee noted that the Council had a zero tolerance policy on criminal matters and this was why the Police had been informed. It was acknowledged that there had been internal control failures and the Head of Internal Audit Service said it was important to retain a focus on routine processes and controls especially during a time of structure changes.

RESOLVED:

That the Internal Audit Service Progress Report be noted.

62. Internal Audit Annual Report 2014/15.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to provide an annual report on work conducted by the Internal Audit Service. A copy of the report marked 'Agenda Item 14' is filed with these minutes.

RESOLVED:

- (a) That the Internal Audit Service Annual Members' Report for 2014/15 be noted;
- (b) That it be noted that reference to actions needed to facilitate full conformance to the Public Sector Internal Audit Standards (PSIAS) is contained in the Annual Governance Statement for 2014-15;

63. Internal Audit Service Audit Plan 2015-16

The Committee considered a report of the Director of Corporate Resources the purpose of which was to provide members with information about the contents of the Internal Audit Service Audit Plan 2015-16 for the County Council and audit resource allocated to other organisations.

RESOLVED:

That the Internal Audit Plan for 2015-16 be noted.

64. Date of next meeting.

RESOLVED:

That the next meeting of the Committee be held on 25 September 2015 at 10:00am.

10.00 - 11.45 am
12 June 2015

CHAIRMAN

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CORPORATE GOVERNANCE COMMITTEE – 25 SEPTEMBER 2015

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

**EXTERNAL AUDIT OF THE 2014/15 STATEMENT OF ACCOUNTS &
ANNUAL GOVERNANCE STATEMENT**

Purpose of Report

1. To report the key findings from the external audit of the 2014/15 financial statements.

Background

2. PricewaterhouseCoopers LLP (PwC), the County Council's external auditor, are required to communicate the results of the 2014/15 audit of the Council's financial statements to those charged with governance prior to certifying the statement of accounts. The draft 2014/15 Statement of Accounts and Annual Governance Statement (AGS) can be viewed on the Council's website via the following link:-

http://www.leics.gov.uk/index/your_council/budget/statement_of_accounts.htm

3. A copy of the auditor's report and the draft letter of representation are attached as an Appendix to this report. The auditor anticipates issuing an unqualified audit opinion.
4. Richard Bacon, the PwC audit partner responsible for the County Council audit will attend the Committee meeting on 25 September to communicate any significant findings and answer any questions.

Recommendation

5. The Committee is asked to consider the issues raised in the auditor's report.

Equalities and Human Rights Implications

6. None.

Circulation Under the Local Issues Alert Procedure

7. None.

Background Papers

None.

Officers to Contact

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Judith Spence, Head of Corporate Finance

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Appendices

Appendix - External Auditors report and draft letter of representation.

Leicestershire County Council

Report to those charged with governance

Report to the Corporate Governance Committee of the authority on the audit for the year ended 31 March 2015 (*ISA (UK&I) 260*)

Government and
Public Sector

September 2015

**Code of Audit Practice and
Statement of Responsibilities
of Auditors and of Audited
Bodies**

In April 2010 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and of audited bodies’. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

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An audit of the Statement of Accounts is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters. We have issued a number of reports during the audit year, detailing the findings from our work and making recommendations for improvement, where appropriate.

Executive summary

Background

This report tells you about the significant findings from our audit. We presented our plan to you in February 2015; we have reviewed the plan and concluded that it remains appropriate. We have updated our risk assessment and present any changes in the audit approach section of this report.

Audit Summary

- We have completed the majority of our audit work and expect to be able to issue an unqualified audit opinion on the Statement of Accounts.
- We will update you on progress at the Committee, but the key outstanding matters at the time of writing were:
 - review of the final adjustments within the Statement of Accounts;
 - receipt of an outstanding investment confirmation;
 - approval of the Statement of Accounts and letter of representation; and
 - completion procedures including subsequent events review.
- Your draft accounts (including the pension fund) were submitted to us by the June deadline and were of a high quality. Supporting working papers were good and provided on time in the majority of cases. Your use of our 'Connect' electronic working papers system helped the audit process run smoothly.
- Finance staff are always responsive and helpful. They are committed to the audit process and are always looking to improve.
- We did not identify any material audit and accounting issues during our work.

Please note that this report will be sent to the Audit Commission in accordance with the requirements of its standing guidance.

We look forward to discussing our report with you on 25 September 2015. Attending the meeting from PwC will be Richard Bacon and Matthew Elmer.

Our Audit Approach is risk-based.

We utilise a range of technology to support what we do, including data auditing, bespoke delivery centres and our cutting edge auditing software 'Aura'.

Audit approach

Our audit approach was set in our audit plan which we presented to you in February 2015.

We have summarised below the significant risks we identified in our audit plan, the audit approach we took to address each risk and the outcome of our work.

Risk	Categorisation	Audit approach
Fraud and Management Override of Controls ISA (UK&I) 240 requires that we plan our audit work to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk that management may override controls in order to manipulate the financial statements.	Significant Risk	<p>We focussed our work on the testing of journals and utilised data auditing audit techniques to do this. We also:</p> <ul style="list-style-type: none">• reviewed accounting estimates for biases and evaluate whether circumstances producing any bias, represent a risk of material misstatement due to fraud;• evaluated the business rationale underlying significant transactions; and• performed ‘unpredictable’ procedures – these are tests we have not carried out before to test the robustness of controls. <p>No significant issues were identified as part of this work.</p>
Recognition of income and expenditure Under ISA (UK&I) 240 there is a (rebuttable) presumption that there are risks of fraud in revenue recognition. There is a risk that the Council could adopt accounting policies or treat income and expenditure transactions in such a way as to lead to material misstatement in the reported revenue and expenditure position.	Significant Risk	<p>We updated our understanding of your revenue and expenditure controls, and evaluated your accounting policy for income and expenditure recognition. This is consistent with the requirements of the code of accounting for Local Government.</p> <p>We also performed detailed testing of revenue and expenditure transactions in your Statement of Accounts. This included reviewing your bank statements to test associated income transactions, and testing in detail your expenditure accruals. No significant issues were identified as part of this work.</p>

The Valuation of Properties was an area of audit focus. This was due to the size of the Property, Plant and Equipment on your balance sheet.

Valuation of properties

Property, Plant and Equipment is the largest figure on your balance sheet. The economic conditions continue to be uncertain, which has a potential impact upon the valuation of your property, plant and equipment.

Specific areas of audit risk include:

- The accuracy and completeness of detailed information on assets.
- Whether the assumptions underlying the classification of properties are appropriate.
- The valuer's methodology, assumptions and underlying data, and our access to these.



Significant Risk

This category has been updated from an 'other' risk in our audit plan, reflecting the size of your land and buildings and degree of judgement involved.

For assets which were valued during the year, we:

- agreed the source data used by your Valuer to supporting records;
- assessed the work of your Valuer through use of our own internal specialists; and
- agreed the outputs to your Fixed Asset Register and accounts.

Where assets were not re-valued in year, we reviewed your impairment assessment, and evaluated whether your assets are held at an appropriate value in your accounts at the year-end.

More details on the results of our audit procedures are included later in this report.

Medium Term Financial Strategy

The Authority has made significant efforts over the past few years to identify savings and deliver more efficient services. The MTFS approved in February 2015 was based upon a reduction in formula grant over the four year period 2015/16 to 2018/19. It included savings of £86.3m. Growth of £28.5m has been included for service improvement, cost and demand pressures.

Recent announcements on likely future funding and the protection from reductions of other public services over the medium term mean that the total savings requirement is likely to continue being significant.

Significant (VFM work)

In forming our conclusion economy, efficiency and effectiveness, we have reviewed your Medium Term Financial Strategy. We have updated our understanding of how you develop the strategy and compared the assumptions you used to comparative benchmarks and best practice.

In particular, we have reviewed:

- the governance structure in place to deliver your plans;
- how you have managed your savings programme;
- the key assumptions included in the MTFS, comparing them with best practice and those used by other Local Authorities;
- the sensitivity of key assumptions to change;
- the impact of potential changes to key assumptions and the rigour behind the MTFS;
- the prioritisation of resources as part of the MTFS;
- your arrangements to review the value for money which your services provide; and
- the adequacy of your planned level of reserves and contingencies against your stated policy and the level of future risk in delivering the MTFS.

The detailed findings from our work were presented separately to the Corporate Governance Committee at its meeting in June 2015.

A summary of the work to support our value for money opinion is also included later in this report.

Intelligent scoping

In our audit plan presented to you in February 2015 we reported our planned overall materiality which we used in planning the overall audit strategy. Our materiality increased from £17,232,000 to £17,840,000 to reflect the values in the draft 2014/15 Statement of Accounts. The clearly trivial reporting de minimis level has remained the same.

Our revised materiality levels are as follows:

	£
Overall materiality	17,840,000
Clearly trivial reporting de minimis	100,000

Overall materiality has been set at 2% of gross expenditure for the year ended 31 March 2015, as per the draft Statement of Accounts we received for audit in June.

ISA (UK&I) 450 (revised) requires that we record all misstatements identified except those which are “clearly trivial” i.e. those which we do expect not to have a material effect on the financial statements even if accumulated. We agreed the de minimis threshold with the Corporate Governance Committee at its meeting in February 2015.

Significant audit and accounting matters

Auditing Standards require us to tell you about relevant matters relating to the audit of the Statement of Accounts sufficiently promptly to enable you to take appropriate action.

Accounts

We have completed our audit, subject to the following outstanding matters:

- review of the final adjustments within the Statement of Accounts;
- receipt of an outstanding investment confirmations;
- approval of the Statement of Accounts and letter of representation; and
- completion procedures including subsequent events review.

Subject to the satisfactory resolution of these matters, the finalisation of the Statement of Accounts and their approval of them we expect to issue an unqualified audit opinion.

As part of our work on the Statement of Accounts we also need to examine the Whole of Government Accounts schedules submitted to the Department for Communities and Local Government. We anticipate issuing an opinion stating in our view they are consistent with the Statement of Accounts, subject to final review and completion of this work.

Accounts Preparation

You completed your draft accounts by the end of June, and provided them to us in advance of the audit as agreed. The hard work you have put into your accounts process over the past few years gives you a strong base to work from. Our audit identified no material issues in the quality of the accounts presented for audit. Some minor disclosure issues were identified which have been discussed and have been amended appropriately.

We agreed in advance what we would need for our audit and this was mostly ready for us when we arrived. The working papers were provided to us electronically and your use of our 'Connect' electronic working papers system helped us perform our audit. The finance team worked hard to meet the timescales and were helpful in resolving our queries.

We would like to thank the team (and others) for their support and assistance during the audit.

Accounting issues

We identified the following key matters during our audit.

Valuation of Property, Plant and Equipment

Your draft accounts include property, plant and equipment with a net book value of £794.3 million, largely made up of land and buildings (£448.5 million) and infrastructure assets (£317.8 million). The total value of your land and buildings has decreased slightly from £465.2 million in the prior year. This is primarily due to the revaluation of your estate offset by the conversion of a number of schools to Academy status.

You have to keep the values of your own land and buildings up to date. The Council's accounting policy is to include land and buildings in the balance sheet at open market value for existing use or at depreciated replacement cost for specialised assets where there is no market. You review the top 20 assets every year, revaluing a fifth of your other assets every year and on completion of a capital scheme above £100,000. The work is completed internally to the Council.

We have engaged an internal PwC valuation specialist to review the work of your internal valuation team. We considered the applicable professional requirements and industry standard indices used to revalue specialised assets, and the steps taken by the Council to account for the full impact of these indices across all of its specialised assets. We also challenged the assumptions you have made in valuing your assets.

No issues have been identified to report to the Committee.

East Midlands Shared Services

The East Midlands Shared Service (EMSS) went live in September 2012. As part of our planning for the audit we asked for the Internal Auditors of EMSS to review the core financial processes – accounts receivable, accounts payable and payroll.

We reviewed their work and placed reliance on this as appropriate. We undertook some 'top-up' testing ourselves to check that the controls in place were operating across the whole financial year. The Council should consider how they receive assurance that the controls are operating effectively across the whole of the financial year in future periods.

Pensions liability

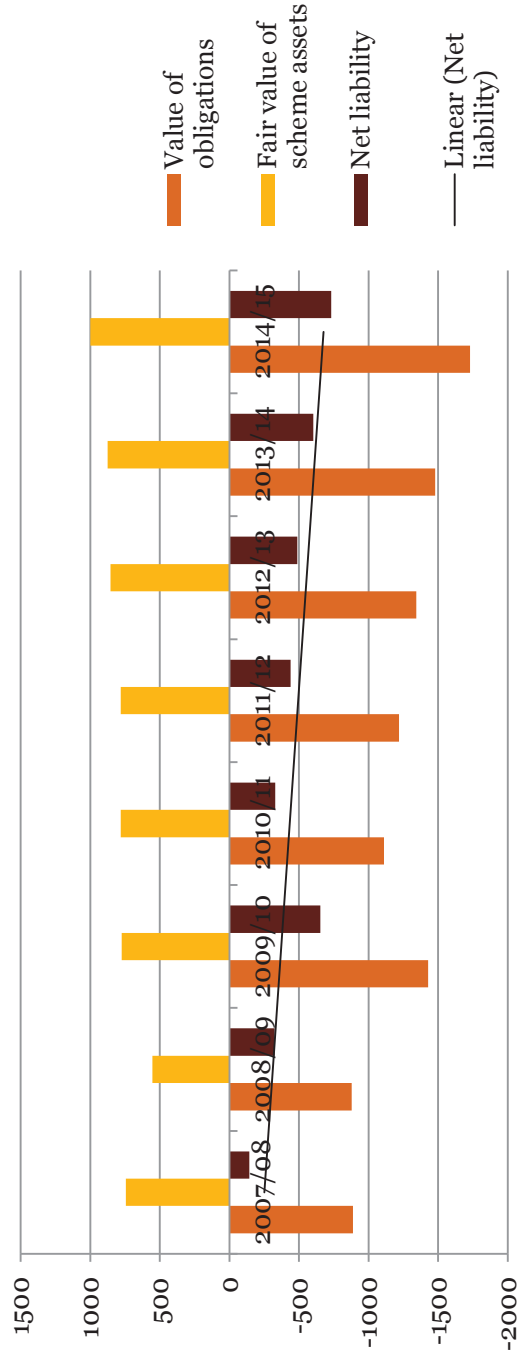
The most significant estimate in the Statement of Accounts is in the valuation of net pension liabilities for employees in the Leicestershire pension fund. Your net pension liability at 31 March 2015 was £731 million (2014 - £603.3 million).

The increase in your pension fund deficit reflects an increase in the net deficit for Local Government Pension Funds as a whole over the last few years. The 2013 triennial valuation increased the total deficit from £36 billion in 2010 to £46 billion, an increase of over 25%.

Although the trend for your scheme has been for assets to gradually increase in value over this period, the value of the liabilities has nearly doubled over the past 7 years.

The chart below shows the significant movement in your net pension liability over the last few years, and illustrates the persistent and growing net liability in the pension fund since at least 2007.

Trend in pension assets and liabilities (£'m)



We also reviewed the reasonableness of the assumptions underlying the pension liability, and we are comfortable that the assumptions are within an acceptable range. The key assumptions used are as follows:

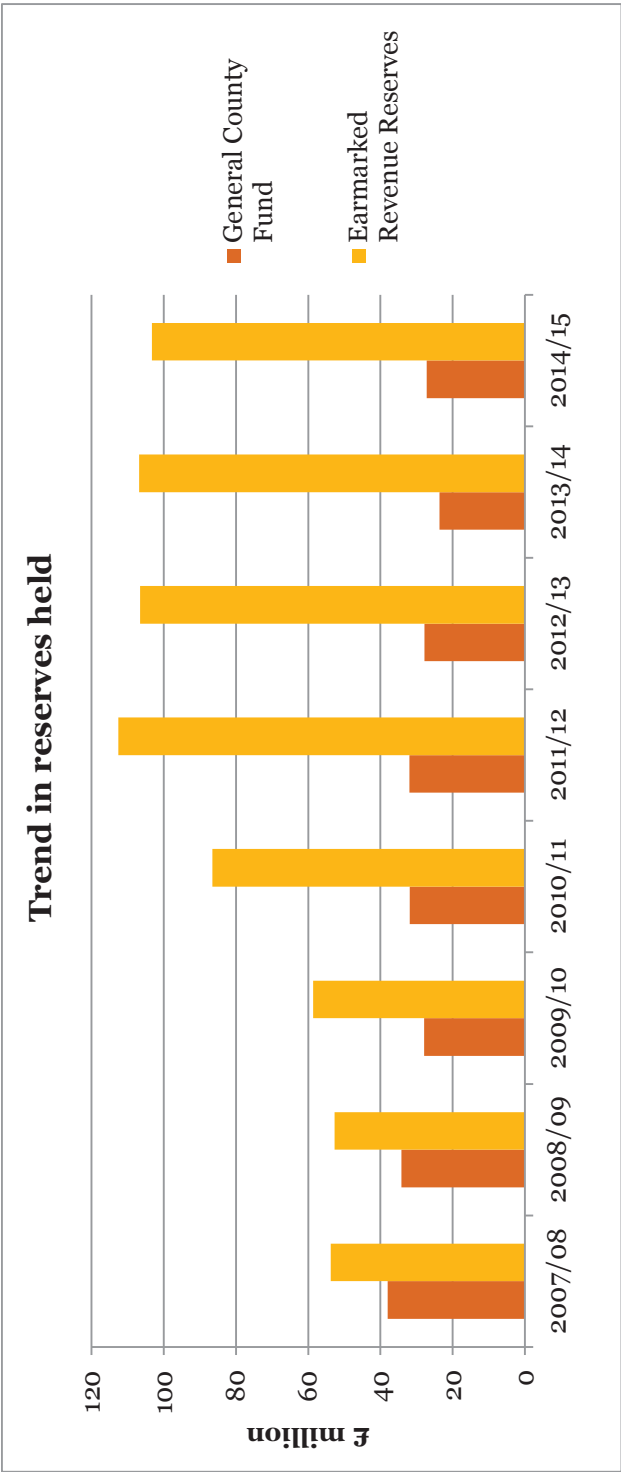
Description	Assumption used
Mortality assumptions at age 65	22.2 – 26.6 years
Inflation	2.4%
Rate of salary increase	4.3%
Rate of pension increase	2.4%
Discount rate	3.2%

We utilised the work of PwC actuarial experts to assess the assumptions applied by the Council. We also validated the data supplied to the actuary on which to base their calculations. We concluded that the assumptions used were reasonable.

We utilised the work of the PwC Pensions Team over the Leicestershire Pension Fund to gain assurance over the valuation of your pension fund assets. The work undertaken included obtaining confirmation letters directly from the managers of relevant investment funds.

Reserves

Your level of reserves continues to be strong. We have commented in more detail on this in our report on your Medium Term Financial Strategy which is presented to you earlier in the year. Your draft Statement of Accounts show that this trend has continued:



Of the reserves held at the end of 2014/15, £7.6 million of the General County Fund relates to delegated funding for schools. Significant earmarked reserves include £17.2 million for insurance purposes (£14.9 million in 2013/14 and £11.4 million in 2012/13) and £18.8 million in a transformation fund (£15.5 million in 2013/14).

You hold a number of earmarked reserves to address emerging future costs. During 2014/15 you undertook a detailed review of your reserves requirements. Our review of these reserves identified no auditing or accounting issues; we are satisfied that they have been established in accordance with your accounting policies. The use of these reserves will continue to be considered in more detail as part of your financial planning procedures going forward.

From an audit perspective, we are satisfied that reserves have been accounted for correctly. We would comment that, with further reductions in Local Government funding likely and a number of policy reforms requiring implementation, you continue to face higher levels of risk in the short and medium term. You should continue to take this in account in your assessment of reserves requirements.

Misstatements and significant audit adjustments

We have to tell you about all uncorrected misstatements we found during the audit, other than those which are trivial. See Appendix 1.

There are no misstatements which have been corrected by management but which we consider you should be aware of in fulfilling your governance responsibilities.

Significant accounting principles and policies

Significant accounting principles and policies are disclosed in the notes to the Statement of Accounts. We will ask management to represent to us that the selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the Statement of Accounts have been considered.

Judgments and accounting estimates

The Authority is required to prepare its financial statements in accordance with the CIPEA Code. Nevertheless, there are still many areas where management need to apply judgement to the recognition and measurement of items in the financial statements. The following significant judgements and accounting estimates were used in the preparation of the financial statements:

- i. **Property, Plant and Equipment - Depreciation and Valuation** - You charge depreciation based on an estimate of the Useful Economic Lives for the majority of your Property, Plant and Equipment (PPE). This involves a degree of estimation. You also value your PPE in accordance with your accounting policies to ensure that the carrying value is true and fair. This involves some judgement and reliance on your internal valuers.

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- ii. **Bad Debt Provision** – Your Bad Debt Provision for sundry debtors is calculated on the basis of age and an assessment of the potential recoverability of invoices. There is an inherent level of judgement involved in calculating these provisions and you rely on the knowledge of the Departments for information on specific transactions.

- iii. **Accruals** - You raise accruals for expenditure where an invoice has not been raised or received at the year end, but you know there is a liability to be met which relates to the current year. This involves a degree of estimation.

- iv. **Provisions:** Provisions at 31 March 2015 total £9 million (£9.7 million as at 31 March 2014). Because provisions are liabilities of an uncertain timing or amount, there is an inherent level of judgement to be applied.

- v. **Pensions:** See our comments above. You rely on the work of an actuary in calculating these balances.

- vi. **Provision for accumulated absences** - You calculate your accrual for untaken holiday and employment benefits at the year-end based on a sample of returns completed by managers. You apply an average calculation based on these returns when you have had no response. Your 31st March 2015 balance is £5.2 million.

Overall we found your significant judgements and accounting estimates to be reasonable.

Management representations

The final draft of the representation letter that we ask management to sign is attached in Appendix 2.

Related parties

In forming an opinion on the financial statements, we are required to evaluate:

- whether identified related party relationships and transactions have been appropriately accounted for and disclosed; and
- whether the effects of the related party relationships and transactions cause the financial statements to be misleading.

We also considered the completeness of the information provided to us by considering our knowledge of the Council, undertaking internet searches and information from Companies House.

We did not identify any matters during the course of our work to report.

Audit independence

We are required to follow both the International Standard on Auditing (UK and Ireland) 260 (Revised) "Communication with those charged with governance", UK Ethical Standard 1 (Revised) "Integrity, objectivity and independence" and UK Ethical Standard 5 (Revised) "Non-audit services provided to audited entities" issued by the UK Auditing Practices Board.

Together these require that we tell you at least annually about all relationships between PricewaterhouseCoopers LLP in the UK and other PricewaterhouseCoopers' firms and associated entities ("PwC") and the Authority that, in our professional judgement, may reasonably be thought to bear on our independence and objectivity.

Relationships between PwC and the Authority

We are not aware of the following relationships that, in our professional judgement, may reasonably be thought to bear on our independence and objectivity and which represent

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matters that have occurred during the financial year on which we are to report or up to the date of this document.

Relationships and Investments

We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.

Employment of PricewaterhouseCoopers staff by the Authority

We are not aware of any former PwC partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management position covering financial, accounting or control related areas.

Business relationships

We have not identified any business relationships between PwC and the Authority.

Services provided to the Authority

The audit of the Statement of Accounts is undertaken in accordance with the UK Firm's internal policies. The audit is also subject to other internal PwC quality control procedures such as peer reviews by other offices.

In addition to the audit of the Statement of Accounts, PwC has also undertaken other work for the Authority:

- VAT claim (£4,000) – you have requested an extension of administrative assistance with a VAT claim you are progressing, which we first delivered in 2013/14. The fee for the first stage of the work was £12,000.
- East Midlands Councils (estimated final fee of £12,000) – we undertook an audit of the East Midlands Councils 2013/14 accounts.

Fees

The analysis of our audit fees for the year ended 31 March 2015 is included later in this report. In relation to the non-audit services provided, none included contingent fee arrangements.

Services to Directors and Senior Management

PwC does not provide any services e.g. personal tax services, directly to directors or senior management.

Rotation

It was the Audit Commission's policy that engagement leaders at an audited body at which a full Code audit is required to be carried out should act for an initial period of five years. The Commission's view was that generally the range of regulatory safeguards it applies within its audit regime is sufficient to reduce any threats to independence that may otherwise arise at the end of this period to an acceptable level. Therefore, to safeguard audit quality, and in accordance with APB Ethical Standard 3, it will subsequently approve engagement leaders for an additional period of up to no more than two years, provided that there are no considerations that compromise, or could be perceived to compromise, the auditor's independence or objectivity.

The 2014/15 financial year is Richard Bacon's 6th year as your Engagement Leader. In March 2014, we requested an extension to his appointment to cover the 2014/15 financial year, the last for which PwC will be your auditors. This request was approved in April 2014.

Gifts and hospitality

We have not identified any significant gifts or hospitality provided to, or received from, a member of the Authority's Cabinet, senior management or staff.

Conclusion

We hereby confirm that in our professional judgement, as at the date of this document:

- Teacher's Pension Return (£13,000) – we undertook a review of this return, relating to 2013/14, in November 2014.
- VAT Helpline (£3,000) – a helpline service covering the 2015/16 financial year.

We identified the following potential threats to our independence, and put in place safeguards against these:

Self-review threat: This threat could arise if we undertake work which we later rely upon for our audit. Our non-audit work does not result in a material impact on the financial statements.

Self-interest threat: This threat could arise if we undertake significant levels of non-audit work. The size of the non-audit fees and the nature of the work does not give rise to a self-interest threat.

Management threat: This threat arises if PwC makes a management decision or assumes a management responsibility. The Council designated an appropriate officer to receive the results of our work and make all significant judgements connected with the services. The individuals nominated have a sufficient level of understanding of our services and has the responsibility for evaluating our work and determining what actions to take. We do not take management decisions.

Advocacy threat: Our non-audit services do not involve an advocacy role.

Familiarity threat: All of our members of staff are independent of Leicestershire County Council.

Intimidation threat: No intimidation threat has been identified.

We are satisfied in all cases that the non-audit work does not compromise our independence as your external auditor

- we comply with UK regulatory and professional requirements, including the Ethical Standards issued by the Auditing Practices Board; and
- our objectivity is not compromised.

We would ask the Corporate Governance Committee to consider the matters in this document and to confirm that they agree with our conclusion on our independence and objectivity.

Annual Governance Statement

Local Authorities are required to produce an Annual Governance Statement (AGS), which is consistent with guidance issued by CIPFA / SOLACE: “Delivering Good Governance in Local Government”. The AGS was included in the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA / SOLACE “Delivering Good Governance in Local Government” framework and whether it is misleading or inconsistent with other information known to us from our audit work.

We found no areas of concern to report in this context.

Economy, efficiency and effectiveness

Our value for money code responsibility requires us to carry out sufficient and relevant work in order to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

The Audit Commission guidance includes two criteria:

- The organisation has proper arrangements in place for securing financial resilience; and

- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We determine a local programme of audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities.

Medium Term Financial Strategy

Our audit plan highlighted specific value for money risk in relation to your savings requirement and financial plans over the next few years. We agreed in the audit plan that we would review your Medium Term Financial Strategy (MTFS), comparing it to others, and also review your management arrangements.

We have already reported to members on the results of this work in a separate communication. However a summary of the key points are reported here for your information:

- You have demonstrated in the past that you have robust programme management arrangements in place and that you achieve the savings targets which you have set yourself. However, the scale of the challenge, particularly during 2015/16, is more significant than what you have faced to date. This is something you recognise through the establishment of the Transformation Programme and the additional resources you have put in place;
- You have applied a number of prudent assumptions in setting your MTFS. In some cases these were more prudent than in our benchmark average. However, we believe these are realistic assumptions which will help you to meet manage the financial risks which exist over the plan period;
- The Public Sector Audit Appointments (PSAA) value for money profile, whilst backwards looking, continues to show a number of key areas where the

Authority is providing services which can demonstrate value for money when compared with other County Councils;

- You have set aside a prudent level of earmarked reserves and contingency to manage future cost pressures. Whilst these are larger than in other similar Local Authorities, we believe that you have taken a prudent approach in setting your MTFS. These reserves will be required to effectively deliver the transformation you require;
- Up to 700 posts may be lost as a result of the changes needed over the next 4 years. You need to ensure that corporate memory is retained during this process, and that gaps in controls do not arise as a result;
- The Better Care Fund is an important aspect of your Medium Term Financial Strategy going forward. The local Better Care Fund submission has met the relevant planning deadlines and governance arrangements have been put in place.

Given the scale of the changes you are making, there are inevitably a range of risks which are largely unchanged since we last reported:

- **Slippage:** you may not be able to identify or achieve the savings you want either from a service reduction or through efficiencies.
- **Timing:** The timing of savings, service reductions and funding announcements will impact how you deliver against your MTFS.
- **Assumptions:** We have gone some way above to assess the assumptions you have applied in your MTFS. If these assumptions turn out to be false, this would have a significant impact on your ability to deliver a balanced budget over 4 years.

- **Policy:** Current and future changes in government policy have the potential to fundamentally alter the framework within which the MTFS has been developed. Examples may include further integration of Health and Social Care, the impact of the Care Bill and future Comprehensive Spending Reviews.

We have reviewed your MTFS and the assumptions which lie behind it. We have compared you with other, similar Local Authorities and taken into account our wider understanding of the Local Government sector. Funding announcements have shown that there is likely to be a continuing reduction in the amount you have to spend in the medium term. This will make it increasingly challenging to identify and deliver savings which do not result in service reductions.

In conclusion, our work in this particular area has not identified any issues which would lead to a qualified value for money conclusion.

Reports in the public interest

In auditing the accounts of a Local Authority, the auditors must consider:

- Whether, in the public interest, they should make a report on any matter coming to their notice in the course of the audit, in order for it to be considered by the body concerned or brought to the attention of the public; and
- Whether the public interest requires any such matter to be made the subject of an immediate report rather than of a report to be made at the conclusion of the audit.

No public interest report has been issued.

Other reporting requirements

In auditing the accounts of a Local Authority, the auditors must consider:

- Whether we need to make written recommendations for the consideration of the Council under s11(3) of the 1998 Act;
- Whether we need to report on any questions or objections made to us as auditors;
- Whether we believe that the Council or one of its officers:
 - is about to make or has made a decision which involves or would involve the authority incurring expenditure which is unlawful,
 - is about to take or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
 - is about to enter an item of account, the entry of which is unlawful and we need to issue an advisory notice under s19A of the 1998 Act;
- Whether there is any item of account for which we need to make an application to the court under s17 of the 1998 Act for a declaration that the item is contrary to law; and
- Whether we need to apply under s24 of the 1998 Act for judicial review of any decision or failure to act by the Council which it is reasonable to believe would have an effect on the accounts.

None of these actions has been necessary.

Internal controls

Accounting systems and systems of internal control

Management are responsible for developing and implementing systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. As auditors, we review these arrangements for the purposes of our audit of the Statement of Accounts and our review of the annual governance statement.

We report internal control issues separately to management and action plans have been agreed with officers.

Reporting requirements

We have to report to you any deficiencies in internal control that we found during the audit which we believe should be brought to your attention. No such deficiencies were identified.

Risk of fraud

International Standards on Auditing (UK&I) state that we, as auditors, are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

Auditors' responsibility

Our objectives are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

Management's responsibility

Management's responsibilities in relation to fraud are:

- to design and implement programmes and controls to prevent, deter and detect fraud;
- to ensure that the entity's culture and environment promote ethical behaviour; and
- to perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation.

Responsibility of the Corporate Governance Committee

Your responsibility as part of your governance role is:

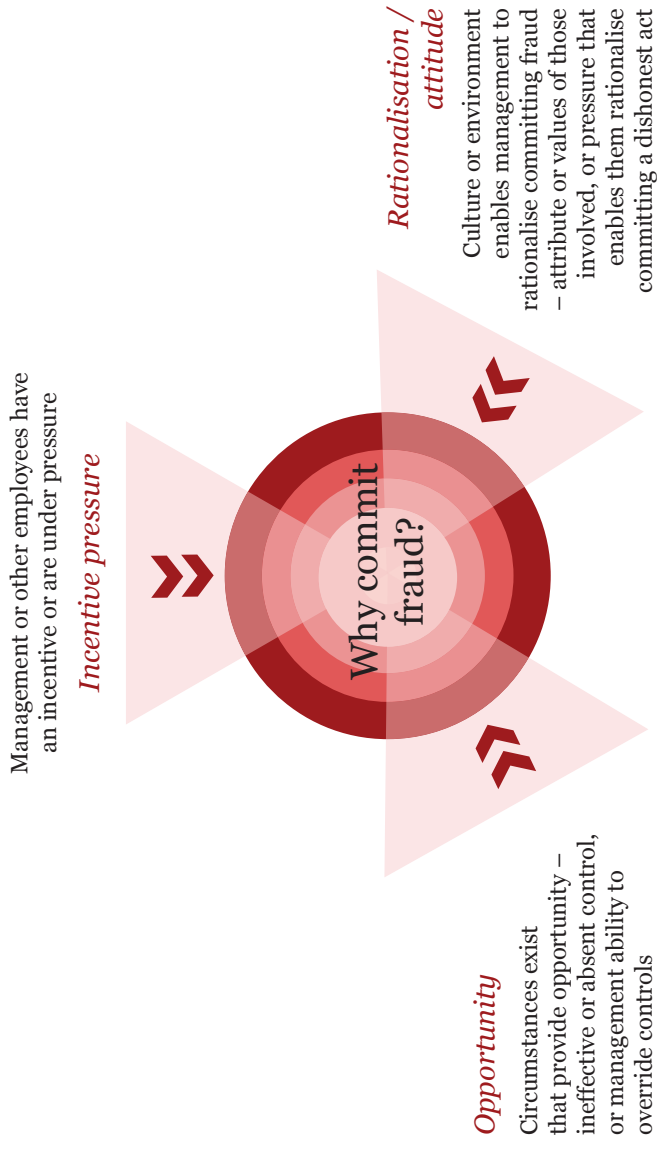
- to evaluate management's identification of fraud risk, implementation of anti-fraud measures and creation of appropriate "tone at the top"; and
- to investigate any alleged or suspected instances of fraud brought to your attention.

Your views on fraud

In our audit plan presented to the Corporate Governance Committee in February 2015 we enquired:

- Whether you have knowledge of fraud, either actual, suspected or alleged, including those involving management?
- What fraud detection or prevention measures (e.g. whistle-blower lines) are in place in the entity?
- What role you have in relation to fraud?
- What protocols / procedures have been established between those charged with governance and management to keep you informed of instances of fraud, either actual, suspected or alleged?

In presenting this report to you we ask for your confirmation that there have been no changes to your view of fraud risk and that no additional matters have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud is included in the letter of representation.



Fees update

Fees update for 2014/15

We reported our fee proposals in our plan.

Our actual fees are in line with our proposals.

Audit fee	Actual fee 2013/14 £	Forecast fee 2014/15 £
Audit work performed under the Code of Audit Practice	102,600	102,600
- Statement of Accounts		
- Conclusion on the ability of the organisation to secure proper arrangements for the economy, efficiency and effectiveness in its use of resources		
- Whole of Government Accounts		
Certification of Claims and Returns	2,789	0
Total Audit Code work	105,389	102,600

Our work performed outside of the requirements of the Code of Audit Practice is summarised in the independence section earlier in this report.

Appendices

Appendix 1: Summary of uncorrected misstatements

We identified no misstatements during the audit (above the de minimis reporting threshold) that have not been adjusted by management.

There are also no adjusted misstatement which we are required to bring to your attention.

Appendix 2: Letter of representation

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Dear Richard,

Representation letter – audit of Leicestershire County Council’s (the Authority’s) Statement of Accounts for the year ended 31 March 2015

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts of the Authority give a true and fair view of the affairs of the Authority as at 31 March 2015 and of its deficit and cash flows for the year then ended and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the Service Reporting Code of Practice 2014/15.

I acknowledge my responsibilities as Chief Financial Officer for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the authority and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of other chief officers and members of the Authority with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Statement of Accounts

I have fulfilled my responsibilities for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the Service Reporting Code of Practice 2014/15; in particular the Statement of Accounts give a true and fair view in accordance therewith.

All transactions have been recorded in the accounting records and are reflected in the Statement of Accounts.

Leicestershire County Council

PwC • 23

Significant assumptions used by the Authority in making accounting estimates, including those surrounding measurement at fair value, are reasonable.

All events subsequent to the date of the Statement of Accounts for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the authority's auditors, are aware of that information.

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the Statement of Accounts such as records, documentation and other matters, including minutes of the Authority and its committees, and relevant management meetings;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

So far as I am aware, there is no relevant audit information of which you are unaware.

Accounting policies

I confirm that I have reviewed the Authority's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of Statement of Accounts are appropriate to give a true and fair view for the authority's particular circumstances.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the Statement of Accounts may be materially misstated as a result of fraud.
- all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the Statement of Accounts.

- all information in relation to allegations of fraud, or suspected fraud, affecting the Authority's Statement of Accounts communicated by employees, former employees, analysts, regulators or others.
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Statement of Accounts.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the Authority conducts its business and which are central to the authority's ability to conduct its business or that could have a material effect on the Statement of Accounts.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Statement of Accounts.

The Authority pension fund has not made any reports to the Pensions Regulator nor am I aware of any such reports having been made by any of our advisors. I confirm that I am not aware of any late contributions or breaches of the schedule of contributions that have arisen which I considered were not required to be reported to the Pensions Regulator. I also confirm that I am not aware of any other matters which have arisen that would require a report to the Pensions Regulator.

There have been no other communications with the Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

Related party transactions

I confirm that the attached appendix to this letter is a complete list of the Authority's related parties. All transfer of resources, services or obligations between the Authority and these parties have been disclosed to you, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

We confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

Employee Benefits

I confirm that we have made you aware of all employee benefit schemes in which employees of the authority participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the Authority have been properly reflected in the accounting records or, where material (or potentially material) to the statement of accounts, have been disclosed to you.

The Authority has complied with all aspects of contractual agreements that could have a material effect on the Statement of Accounts in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the Statement of Accounts in the event of non-compliance.

I have disclosed all material agreements that have been undertaken by the Authority in carrying on its business.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the statement of accounts and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Taxation

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- In connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities.
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken for the authority's benefit or any other party's benefit.
- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the authority or any associated company for whose taxation liabilities the authority may be responsible.

Pension fund assets and liabilities

All known assets and liabilities including contingent liabilities, as at the 31 March 2015, have been taken into account or referred to in the Statement of Accounts.

Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the 31 March 2015 have been properly valued and that valuation incorporated into the Statement of Accounts.

The pension fund has satisfactory title to all assets and there are no liens or encumbrances on the pension fund's assets.

The value at which assets and liabilities are recorded in the net assets statement is, in the opinion of the authority, the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the pension fund. Any significant changes in those values since the date of the Statement of Accounts have been disclosed to you.

Pension fund registered status

I confirm that the Leicestershire Pension Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.

Bank accounts

I confirm that I have disclosed all bank accounts to you including those that are maintained in respect of the pension fund.

Subsequent events

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the statement of accounts or in the notes thereto.

Accounting Estimates

Regarding the accounting estimates disclosed in note 3 to the Statement of Accounts:

- I confirm the Authority has used appropriate measurement processes, including related assumptions and models, in determining the accounting estimate in the context of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.
- Measurement processes were consistently applied from year to year.
- The assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the authority, where relevant to the accounting estimates and disclosures.
- Disclosures related to accounting estimates are complete and appropriate under the CIPFA/ CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the Statement of Accounts.

Using the work of experts – Valuation of Property, Plant and Equipment

I agree with the findings of our management expert valuer, an expert in evaluating the Valuation of Property, Plant and Equipment, and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the Statement of Accounts and underlying accounting records. The Authority did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Using the work of experts – Pension Fund

I agree with the findings of our management expert actuary, experts in the valuation of pension fund assets and liabilities, and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the Statement of Accounts and underlying accounting records. The Authority did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Assets and liabilities

The Authority has no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the Statement of Accounts.

In my opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.

The Authority has satisfactory title to all assets and there are no liens or encumbrances on the Authority's assets, except for those that are disclosed in the Statement of Accounts.

I confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. I confirm that we have used the appropriate assumptions with those reviews.

Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year-end have been properly valued and that valuation incorporated into the statement of accounts. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the Statement of Accounts.

Disclosures

Where appropriate, the following have been properly recorded and adequately disclosed in the statement of accounts the identity of, and balances and transactions with, related parties.

I confirm that the Authority has recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and has disclosed in the statement of accounts all guarantees that we have given to third parties, including oral guarantees made by the Authority on behalf of an affiliate, member, officer or any other third party.

Retirement benefits

All significant retirement benefits that the Authority is committed to providing, including any arrangements that are statutory, contractual or implicit in the authority’s actions, wherever they arise, whether funded or unfunded, approved or unapproved, have been identified and properly accounted for and/or disclosed.

All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.

The following actuarial assumptions underlying the valuation of retirement benefit scheme liabilities are consistent with my knowledge of the business and in my view would lead to the best estimate of the future cash flows that will arise under the scheme liabilities:

- Mortality assumptions (in years):
 - Longevity at 65 for current pensioners:
 - Men – 22.2
 - Women – 24.3
 - Longevity at 65 for future pensioners:
 - Men – 24.2
 - Women – 26.6
- Rate of inflation – 2.4%
- Rate of increases in salaries – 4.3%
- Rate of increase in pensions – 2.4%
- Rate for discounting scheme liabilities – 3.2%
- Proportion of employees opting to commute part of their annual pension to a retirement lump sum:
 - Pre April 2008 Service – 50%
 - Post April 2008 Service – 75%

The authority participates in the Teachers’ Pension Scheme that is a defined benefit scheme. I confirm that the authority’s share of the underlying assets and liabilities of this scheme cannot be identified and as a consequence the scheme has been accounted for as a defined contribution scheme.

Transactions with members/officers

No transactions involving members, officers and others requiring disclosure in the Statement of Accounts under the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 have been entered into.

Additional written representations about the Statement of Accounts

The selection and application of accounting policies are appropriate.

The following have been recognised, measured, presented or disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

- Plans or intentions that may affect the carrying value or classification of assets and liabilities;
- Liabilities, both actual and contingent;
- Title to, or control over assets, liens or encumbrances on assets, and assets pledged as collateral; and
- Aspects of laws, regulations and contractual agreements that may affect the statement of accounts, including non-compliance.

As minuted by the Corporate Governance Committee at its meeting on 25 September 2015.

.....

Chief Financial Officer

For and on behalf of Leicestershire County Council

Date

Appendix 1 - Related parties and related party transactions

The Authority is required to disclose a list of related party relationships and transactions – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax).

Members

Members of Leicestershire County Council have direct control over the Authority's financial and operating policies. Members represent the interests of the Authority within a range of organisations and some are also members of district, borough or parish councils within Leicestershire.

Members of Leicestershire County Council have direct control over the authority's financial and operating policies. During 2014/15, works and services to the value of £252,000 were commissioned from a company, in which one member (Mr Blake Pain) had an interest. Contracts were entered into in full compliance with the Authority's standing orders.

During 2014/15 the Authority made payments (grants or contracts) to various voluntary and community sector organisations to the value of £0.3m in which a total of 16 members had an interest. The details are:

Member	Name of Body	Interest	Value £
Mr Richard Blunt	Leicestershire Rural Housing Association	Board Member	155
Mrs Jo Fox	East Midlands Housing	Board Member & Chair of Housing & Regeneration	141,649
Mr Simon Galton	De Montfort Housing Association	Member	2,231
Dr Sarah Hill	Woodland Trust	Member	4,408
Dr Sarah Hill	Leicestershire and Rutland Wildlife Trust	Member	6,500
Mr Max Hunt	Leicestershire and Rutland Wildlife Trust	Member	6,500
Mrs Helen Loydall	Leicestershire and Rutland Wildlife Trust	Member	6,500
Mr Keith Lynch	Next Generation Hinckley	Management Cttee	6,636
Ms Betty Newton	John Storer House Loughborough	Trustee	1,477
Mr Peter Osborne	Bradgate Park and Swithland Woods	Member	27,000
Mr Peter Osborne	National Forest	Member	200
Mr Alan Pearson	Active Melton Social Enterprise	Director	2,475
Mrs Pam Posnett	Melton MENCAP	Chairman Trustee	77,988
Mrs Christine Radford	Bradgate Park and Swithland Woods	Member	27,000
Mr David Snartt	Bradgate Park and Swithland Woods	Trustee	27,000

Mr David Snartt	Voluntary Action Leicester - John Storer House	Observer	1,477
Mr Leon Spence	Thringstone Community Centre	Member of Executive Cttee	806
Mr David Sprason	Fareshare Leicester	Member	3,523
Mr Ernie White	Cotesbach Educational Trust	Trustee	4,490
Mr Michael Wyatt	Broom Leys Committee Alloment Society	Society Member	1,050
Total			349,065

In all instances, the payments were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the payments. Details of all these transactions are recorded in the *Register of Members' Interest*, which is available for public inspection at www.leics.gov.uk. No such payments have been made to organisations whose senior management includes members of the families of members.

Officers

There were no related party transactions declared by the key management personnel of the Authority.

Pension Fund

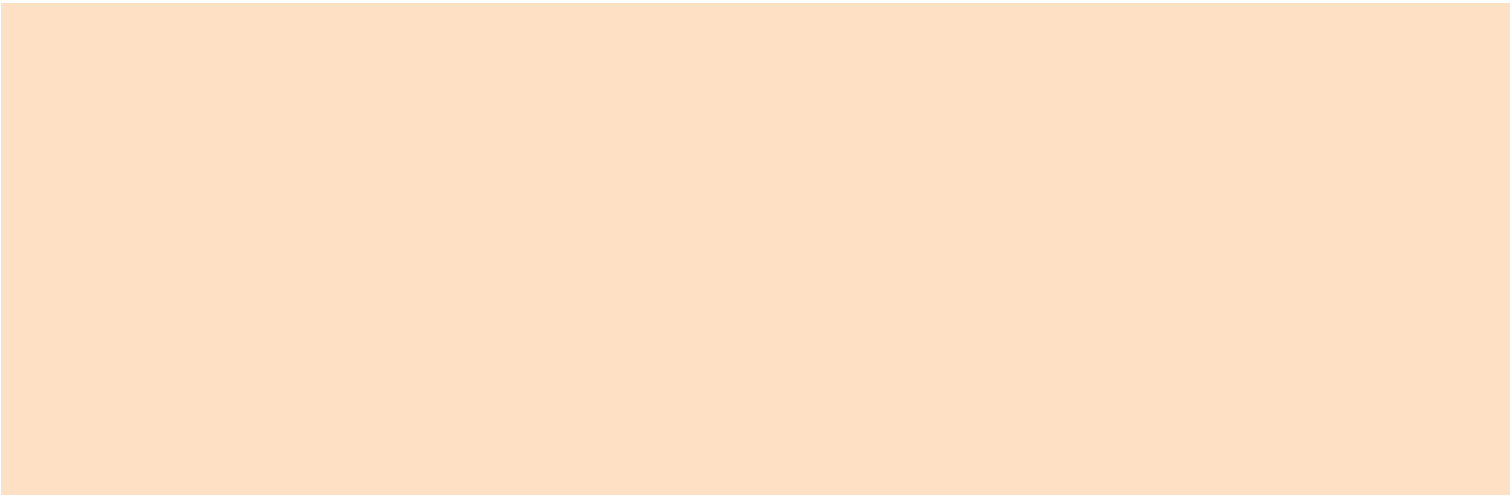
Leicestershire County Council administers the Leicestershire Local Government Pension Scheme. Leicestershire Pension Fund's accounts are included within the Statement of Accounts.

Other Public bodies (subject to common control by Central Government)

- Eastern Shires Purchasing Organisation (ESPO) – the Authority is a member of the Eastern Shires Purchasing Organisation involved in the negotiation of contracts for supplies to its members and the provision of a central warehouse for the supply of items in common use. During 2014/15 turnover between the Authority and ESPO totalled £6.5m. In 2005, the Authority entered into a 25 year borrowing arrangement of £12.5m on behalf of the constituent members of the consortium to finance the provision of a new warehouse and integrated offices. The loan outstanding as at 31 March 2015 is £7.8m.
- East Midlands Shared Services – the Authority runs a joint operation with Nottingham City Council (NCC) to provide shared transactional finance, human resources and payroll services to both authorities under the name of East Midlands Shared Services (EMSS). During 2014/15 the net cost of EMSS was £2.1m.
- East Midlands Councils (EMC) – the Authority is a member of EMC and paid £9,500 in membership subscriptions during 2014/15. Until 31 March 2014 the County Council was also the servicing authority for EMC. The final balance of funds held by the County Council, £1188,781, was paid to EMC during 2014/15.
- Leicester Shire Connexions Service Limited – the Authority and Leicester City Council each own 50% of the company Leicester Shire Connexions Service Limited. The Director of Children and Family Services and Assistant Director of Strategic

Finance and Property are Directors of Connexions. The company entered voluntary liquidation on 23 May 2014 on a solvent basis. The Authority made no contributions to the company during 2014/15.

- Leicester Shire Promotions Limited (LPL) - the Authority provides funding to Leicester Shire Promotions Limited (LPL) to provide tourism services in the County. The Authority made contributions of £0.2m to LPL during 2014/15.
- Concessionary Travel Fares Scheme - the Authority administers the Concessionary Travel Fares Scheme for areas covered by Leicester City Council and the District Councils in Leicestershire. The net cost for 2014/15 was £5.7m
- Pooled budgets - the Authority has two pooled budget arrangements with local health authorities for the supply of aids for daily living and the provision of services for adults with learning difficulties. Expenditure and income totalling £8.3m and £22.0m were incurred on each pool respectively for 2014/15.
- Leicester, Leicestershire and Rutland Combined Fire Authority - the Authority is a constituent member of Leicester, Leicestershire and Rutland Combined Fire Authority. During 2014/15 the Authority received £0.4m of income from the Leicester, Leicestershire and Rutland Combined Fire Authority for services rendered.





In the event that, pursuant to a request which Leicestershire County Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. Leicestershire County Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Leicestershire County Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Leicestershire County Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for Leicestershire County Council and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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CORPORATE GOVERNANCE COMMITTEE – 25 SEPTEMBER 2015

JOINT REPORT OF THE CHIEF EXECUTIVE AND THE DIRECTOR OF CORPORATE RESOURCES

OMBUDSMAN ANNUAL REVIEW 2014/15 & COMPLAINT HANDLING

Purpose of Report

1. The purpose of this report is to inform Members of the Ombudsman Annual Review letter for the Authority for 2014/15 and to provide Members with an update on improvements to the Corporate Complaints procedures and effective complaints handling.

Background

2. The Customer Services Strategy includes a principle that states: "*We will encourage comments and complaints to support a culture of continuous improvement*" and also refers to the need to "*put the customer at the heart of services, designing and planning all services around their needs*"
3. The role of the Corporate Governance Committee includes the promotion and maintenance of high standards within the Authority in relation to the operation of the Council's Code of Governance. It also has within its terms of reference the making of payments or providing other benefits in cases of maladministration under Section 92 of the Local Government Act 2000.
4. At its meeting on 29 November 2009 this Committee, in line with its role and responsibilities, and those of the then existing Standards Committee, agreed that reports on complaints handling should be submitted on an annual basis for members consideration following receipt of the Ombudsman's Annual Review.
5. The Local Government Ombudsman produces an annual review letter for each Authority. This has historically contained complaint statistics as well as any specific comments on the Council's performance.
6. In July 2015, the Ombudsman issued their annual review of local government complaints for 2014-15. An extract of the report is attached as Appendix B whilst copies of the data annexe can be found in member

group rooms. There are no significant conclusions that can be drawn regarding the County Council's performance.

7. The Ombudsman, in partnership with the Local Government Association, has developed a Councillors toolkit. This is designed to help elected members engage effectively with local authority complaints systems. The toolkit is attached as Appendix C.

Ombudsman's Annual Report for Leicestershire County Council

8. A copy of the Annual Review for 2014/15 is attached as Appendix A to this report. A total of 61 Complaints and Enquiries were received during the year which marks a 24% reduction on prior year (80)
9. The Ombudsman made decisions on 62 complaints during the year and of these 17 resulted in a detailed investigation being carried out. This equates to 27% of the complaints submitted.
10. Seven complaints had a finding of some fault and were consequently upheld. This is a reduction on prior year (10).
11. Where a finding of fault with injustice is made, the Ombudsman may suggest a course of action to the Council which if implemented would lead the Ombudsman to dis-continue their investigation. The Council is not obligated to carry out this recommendation but failure to do so may lead to a Public Report being issued.
12. Such settlements may involve an element of compensation for a complainant where there has been a failure to provide a service, together with a payment to recognise the complainant's time and trouble in having to pursue the complaint
13. During 2014/15, the Council agreed to the Ombudsman's recommendations in all of the seven cases. Of these:-
 - Case 1 related to Fostering and a decision to remove a child placed with a foster carer. The Ombudsman did not criticise the decision but found administrative fault in that the Council had not sent a copy of their concerns to the fostering agency. It agreed to do so.
 - Case 2 related to Community Care Finance (Adult Social Care) and the imposition of charges for the daughter of the complainant's residential placement. The Ombudsman found administrative fault in that the Council failed to provide formal notification that a financial contribution was required. The Council agreed to waive three months charges until the point where there was clear evidence the complainant was aware that charges applied.
 - Case 3 related to a Blue Badge mobility assessment. The Ombudsman found procedural faults with how the Council

documented the assessment. The Council agreed to run a fresh assessment and make some amendments to our guidance notes issued to residents applying for this service.

- Case 4 related to Special Educational Needs and concerns that the Council failed to provide adequate support to the complainant's son who has Selective Mutism. The Ombudsman found a number of failings and inconsistent support. The Council accepted these findings and agreed to pay £1000 made up of time and trouble and distress payments.
 - Case 5 concerned the way the Council handled a safeguarding concern together with financial issues relating to a relative. The Ombudsman found a number of administrative faults but none that caused any injustice. The Council agreed to revise guidance around mental capacity assessments and risk assessments.
 - Case 6 concerned mis-leading advice given by the Council around eligibility for a re-ablement package. The Ombudsman felt an apology was the appropriate remedy as no injustice had been caused.
 - Case 7 concerned a complaint around nuisance being caused by a children's home near the complainant's property. The Ombudsman found undue delay in carrying out remedial works agreed in a mediation session. The Council agreed to complete the property improvements and offer £100 as a time and trouble payment.
14. The Ombudsman produced no public reports against the Council during 2014/15.
 15. The Council's willingness to agree settlement proposals such as those outlined above help to maintain and enhance the Authority's reputation with the Ombudsman.
 16. All financial settlements outlined above were approved by the County Solicitor after consultation with the Chairman of the Committee, in accordance with powers delegated by this Committee at its meeting on 26 November 2012.

Complaints Handling

17. There have been a number of positive developments with the Council's complaints handling arrangements over the last 12 months. These include:
 - The implementation of a revised lessons learned process and development of a practical 'root cause analysis' model.

- New toolkit to help managers deal with challenging complainants and ensure they respond fairly and consistently.
 - Further professional training arranged to ensure managers are equipped to respond effectively to complaints.
 - Customer Relations Manager appointed Chair of the Eastern Region complaints managers group.
18. Reports are also produced for the Scrutiny Commission which monitors and scrutinises the Authority's performance in complaint handling through a Corporate Complaints and Compliments Annual Report. This report sets out an analysis of all complaints recorded by type, department and the response times for dealing with these.
19. The 2014/15 annual report was presented to the Commission for consideration at its meeting on 3 June 2015 and this highlighted the following main themes:
- The number of complaints (at 293) had increased by 8% compared to the previous year;
 - Of the complaints resolved within the year, 80% received a response within 10 working days and 96% received a response within 20 working days. This is almost identical performance to the previous year and can be considered a strong performance.
 - Uphold rates have reduced by 1% from prior year at 51% of the overall total.
 - Expectation Management and keeping customers informed continues to be a key theme that requires improvement and would go a long way to reducing both complaints received and upheld.
20. The Ombudsman annual review letter was received after the corporate complaints annual report had been presented to the Scrutiny Commission. Therefore, Ombudsman data presented in the corporate complaints annual report does not match the official figures published by the Ombudsman and referred to in this report.

Recommendations

21. The Committee is recommended to:
- (a) note the contents of this report;
 - (b) provide comment and feedback on the Ombudsman's annual review letter and the complaints handling arrangements and improvements outlined.

- (c) Provide comment on the merits of the Councillor toolkit and any wider distribution requirement.

Equal Opportunities Implications

None

Background Papers

Report to the Scrutiny Commission dated 3 June 2015 'Corporate Complaints and Compliments Annual Report 2014/15'

Circulation under the Local Issues Alert Procedures

None.

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List of Appendices

Appendix A: The Local Government Ombudsman's Annual Review Letter dated 18 June 2015 – Leicestershire County Council – for the year ended 31 March 2015

Appendix B: Review of Local Government Complaints 2014-15 (extract)

Appendix C: Handling Complaints for Service Improvement - Councillor Workbook.

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18 June 2015

By email

Mr John Sinnott
Chief Executive
Leicestershire County Council

Dear Mr Sinnott

Annual Review Letter 2015

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2015. This year's statistics can be found in the table attached.

The data we have provided shows the complaints and enquiries we have recorded, along with the decisions we have made. We know that these numbers will not necessarily match the complaints data that your authority holds. For example, our numbers include people who we signpost back to the council but who may never contact you. I hope that this information, set alongside the data sets you hold about local complaints, will help you to assess your authority's performance.

We recognise that the total number of complaints will not, by itself, give a clear picture of how well those complaints are being responded to. Over the coming year we will be gathering more comprehensive information about the way complaints are being remedied so that in the future our annual letter focuses less on the total numbers and more on the outcomes of those complaints.

Supporting local scrutiny

One of the purposes of the annual letter to councils is to help ensure that learning from complaints informs scrutiny at the local level. Supporting local scrutiny is one of our key business plan objectives for this year and we will continue to work with elected members in all councils to help them understand how they can contribute to the complaints process.

We have recently worked in partnership with the Local Government Association to produce a workbook for councillors which explains how they can support local people with their complaints and identifies opportunities for using complaints data as part of their scrutiny tool kit. This can be found [here](#) and I would be grateful if you could encourage your elected members to make use of this helpful resource.

Last year we established a new Councillors Forum. This group, which meets three times a year, brings together councillors from across the political spectrum and from all types of local authorities. The aims of the Forum are to help us to better understand the needs of councillors when scrutinising local services and for members to act as champions for learning from complaints in their scrutiny roles. I value this direct engagement with elected members and believe it will further ensure LGO investigations have wider public value.

Encouraging effective local complaints handling

In November 2014, in partnership with the Parliamentary and Health Service Ombudsman and Healthwatch England, we published *'My Expectations'* a service standards framework document describing what good outcomes for people look like if complaints are handled well. Following extensive research with users of services, front line complaints handlers and other stakeholders, we have been able to articulate more clearly what people need and want when they raise a complaint.

This framework has been adopted by the Care Quality Commission and will be used as part of their inspection regime for both health and social care. Whilst they were written with those two sectors in mind, the principles of *'My Expectations'* are of relevance to all aspects of local authority complaints. We have shared them with link officers at a series of seminars earlier this year and would encourage chief executives and councillors to review their authority's approach to complaints against this user-led vision. A copy of the report can be found [here](#).

Future developments at LGO

My recent annual letters have highlighted the significant levels of change we have experienced at LGO over the last few years. Following the recent general election I expect further change.

Most significantly, the government published a review of public sector ombudsmen in March of this year. A copy of that report can be found [here](#). That review, along with a related consultation document, has proposed that a single ombudsman scheme should be created for all public services in England mirroring the position in the other nations of the United Kingdom. We are supportive of this proposal on the basis that it would provide the public with clearer routes to redress in an increasingly complex public service landscape. We will advise that such a scheme should recognise the unique roles and accountabilities of local authorities and should maintain the expertise and understanding of local government that exists at LGO. We will continue to work with government as they bring forward further proposals and would encourage local government to take a keen and active interest in this important area of reform in support of strong local accountability.

The Government has also recently consulted on a proposal to extend the jurisdiction of the LGO to some town and parish councils. We currently await the outcome of the consultation but we are pleased that the Government has recognised that there are some aspects of local service delivery that do not currently offer the public access to an independent ombudsman. We hope that these proposals will be the start of a wider debate about how we can all work together to ensure clear access to redress in an increasingly varied and complex system of local service delivery.

Yours sincerely



Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

Local authority report – Leicestershire County Council

For the period ending – 31/03/2015

For further information on interpretation of statistics click on this link to go to <http://www.lgo.org.uk/publications/annual-report/note-interpretation-statistics/>

Complaints and enquiries received

Local Authority	Adult Care Services	Benefits and tax	Corporate and other services	Education and children's services	Environmental services and public protection	Highways and transport	Housing	Planning and development	Total
Leicestershire CC	16	0	7	15	4	16	2	1	61

Decisions made

Local Authority	<u>Detailed investigations carried out</u>		Advice given	Closed after initial enquiries	Incomplete/Invalid	Referred back for local resolution	Total
	Upheld	Not Upheld					
Leicestershire CC	7	10	2	13	4	26	62

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Review of Local Government Complaints 2014-15





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Decisions made (by local authority)	31

Local Government Ombudsman

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Web: www.lgo.org.uk
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We are pleased to present our second Annual Review of Local Government Complaints, which publishes our complaints statistics for all English local authorities for the financial year 2014/15.

We write to each local authority annually to feed back on their performance. This includes a summary of the complaint statistics we have recorded against them for the year including the amount of complaints we uphold. The combination of statistics from these letters forms the overall data we are publishing in this report.

The headlines from this year's data show that:

- > we experienced a 10% increase in social care complaints
- > we upheld 46% of all complaints where we carried out a detailed investigation
- > we received a 11% decrease in complaints about benefits and tax
- > as a proportion of our total work, education and children's services remains our most complained about area
- > despite these changes, the overall number of local authority complaints and enquiries we received remained largely static to the previous year.

As the Ombudsman we only see the complaints that have not been resolved at a local level. To provide an insight into the complaints process at the local authority level, we surveyed councils about their experiences over the last three years.

The results, combined with concerns raised in last year's annual review, point to a local complaints system that is under increasing pressure.

We argue that:

- > councils are increasingly stretched when it comes to handling complaints - more than half are having to do 'more with less', due to a combination of increased volumes of complaints and reduced resources in complaint handling teams
- > people are waiting too long to have their issues sorted - the average time people spent trying to resolve their complaint before coming to us was nine months
- > the redress system is not accessible enough - 43% of people were not advised they could refer their complaint to the Local Government Ombudsman.

In addition, this year we saw a small, yet unprecedented, increase in the number of councils that sought to challenge our decisions and chose not to implement our recommendations to remedy a fault. While these cases are still rare, they raise an important question of how a council's actions can be held to account if it does not follow the recommendations of its ombudsman.

A responsive and outcome-focussed local complaints system is not only what the public should expect, it is an excellent driver for improving public services.

The intelligence from complaints can be used to learn lessons, spot early warning signs and understand public sentiment. Particularly in this current financial climate, further investment in good local complaint handling, both in terms of resources and developing an open culture, could help councils to achieve better outcomes for people at a lower long term cost.

By sharing our knowledge from complaints, the LGO can support this process. Releasing the data in this report is just one example where we can help hold a mirror up to councils so they can compare, contrast and reflect on their own approach to handling complaints. In doing so, we help to encourage local accountability by supporting the scrutiny of local services.

We stress that a higher volume of complaints does not necessarily mean poorer standards of service, it may indicate a council's open approach to listening to feedback and using complaints as early indicator of potential issues.

The final section of this report focuses on local scrutiny. The annexe of data tables allows anybody to view our complaint statistics by local authority or subject. It should be of particular use for elected members as a part of their scrutiny tool-kit. We provide a set of questions that councillors may wish to consider asking in order to build a clearer picture of how their authority responds to, and learns from, complaints.

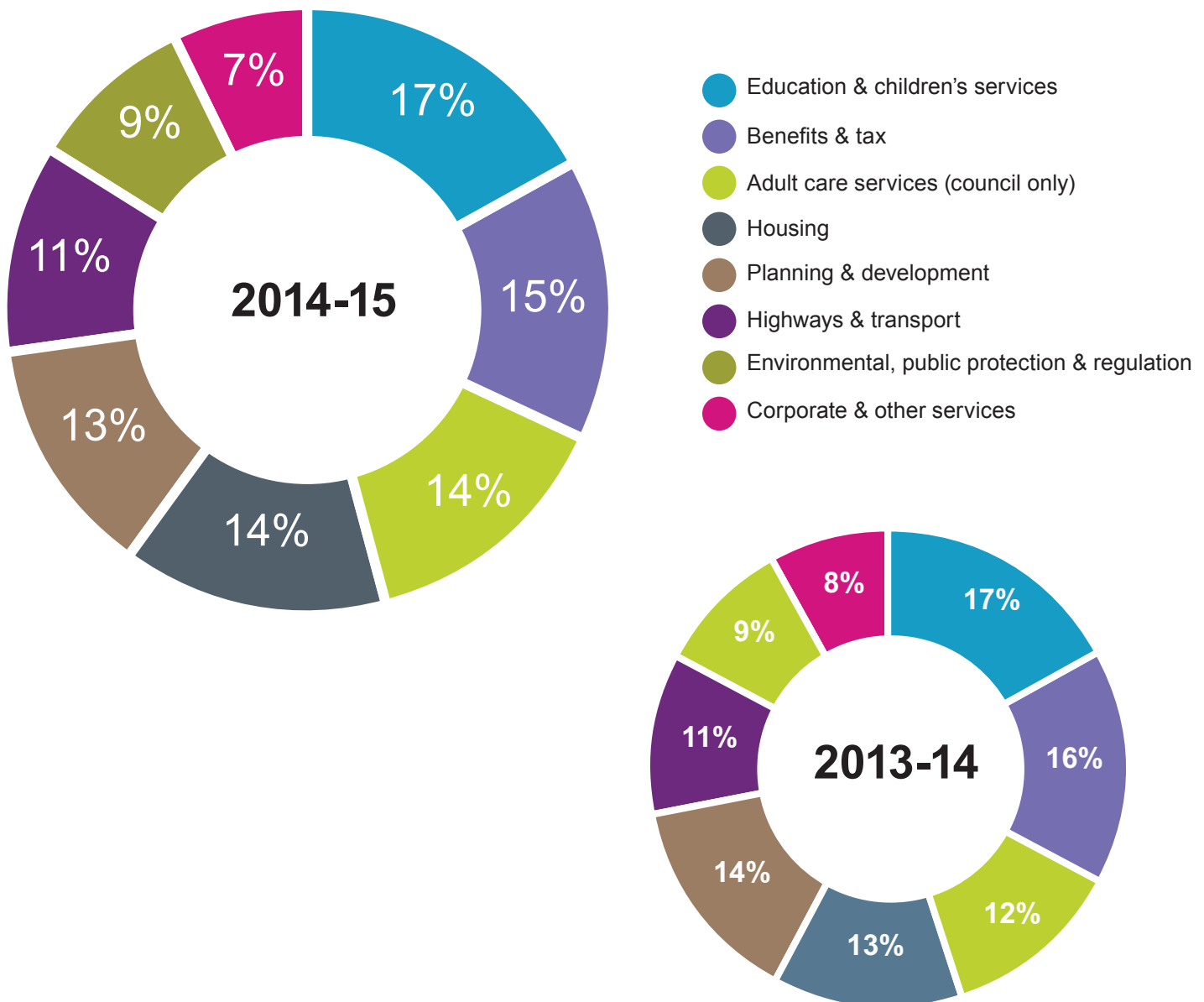
Complaint numbers and common issues



In 2014/2015 we registered **18,211 complaints and enquiries about local authorities**.

In comparison to the previous year the number remains broadly static – we recorded 18,436 complaints and enquiries in 2013/14.

While this report concentrates on local government, our remit also includes private adult care providers and some other organisations¹, and so our total amount of registered complaints and enquiries across all jurisdictions is **20,286**.



¹ In this report we consider only local government complaints, defined as those registered against local and national park authorities. Our jurisdiction also extends to private care providers and some other organisations including school admission appeal panels, drainage boards, fire and rescue authorities and some government arms length bodies.

Complaint numbers and common issues

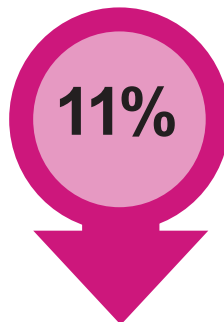


18,211

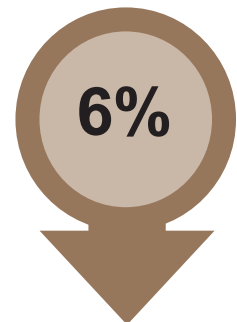
registered local authority complaints & enquiries



Adult care services



Benefits and tax



Planning & development

In terms of the number of complaints, this year we saw a **10% increase in complaints about adult care services** (where the local authority was the responsible body) and an **11% reduction in complaints about benefits and tax**.

The number of planning and development complaints were also down slightly (6%) on 2013/14.

Upheld complaints

This year we upheld 46% of all complaints where we carried out a detailed investigation.

This does not include complaints where the person has approached us before giving the council opportunity to resolve the problem, or where we are not able to look at the complaint because it is outside of our jurisdiction.

We record a complaint as upheld when we find some fault in the way a council acted, even if it has agreed to put things right during the course of our investigation or had accepted it needed to remedy the situation before the complainant approached us.



Complaint numbers and common issues

Subject focus: Education and children's services

As a proportion of our total caseload, education and children's services remains the subject about which we received the most complaints and enquiries.

Some of the common areas in which we receive complaints are child protection issues, fostering, school admission appeals and special educational needs.

This year we also contributed to the ongoing debate about the children's social care complaints system, asking whether it is creaking under the strain. Our [report](#) highlighted some of the common issues we see and questioned whether the current statutory procedure is the best way to ensure effective outcomes for children and young people who wish to complain.

Our work on school admission appeals remains important in giving parents recourse to an independent review if they feel their admission appeal has not been carried out fairly. However, the number of complaints we receive continues to decline, which coincides with the increase in the number of academies and free schools being created – over which we have no jurisdiction. We released a [report](#) which showed that the number of complaints to us has fallen by 50% in last four years, and detailed some typical faults we uncover.

Complaint numbers and common issues



Case study: reactive response put child at further risk

Mr and Mrs Roberts have two adopted daughters, Evie and Sally. They adopted Sally when she was five. Sally had suffered abuse and neglect in her early years and had spent time with foster carers before she was adopted.

Sally, who is now 16 years old, exhibited challenging behaviour, which became more severe after she was sexually assaulted.

Mr and Mrs Roberts complained about the lack of support from the council and its failure to protect their daughter from risk of sexual exploitation. Our investigation found the council took almost eight months for it to assess Sally's needs and put a support package in place, and failed to review this package for over three years.

The council's response was fragmented, reactive and not considered with the urgency the situation required. While we cannot say the council could have prevented Sally's risky behaviour, its poor response compounded the family's distress. The council had identified that Sally was at risk of serious harm, but then:

- > failed on four occasions to conduct a section 47 investigation (a section 47 enquiry is required under the Children Act where there is reasonable evidence that a child is suffering, or likely to suffer harm)
- > delayed in arranging a multi-agency meeting, exposing Sally to further risk which resulted in her being detained in police protection
- > delayed in involving the Child Sexual Exploitation service
- > failed to use the risk assessment matrix or case management template created by the Local Safeguarding Children Board specifically for children at risk of sexual exploitation

As a result of our investigation the council agreed to:

- > make sure that all staff who deal with vulnerable children are aware of the robust procedures and follow them where a child appears to be at risk of sexual exploitation
- > apologise for the distress caused by the lack of urgent response and for not following the correct procedures when assessing the risk of harm to Sally
- > pay £2,500 to the family for the lack of effective support which placed a strain on the whole family
- > review its handling of the separate allegations it mismanaged that Mr and Mrs Roberts harmed their children, with a view to repairing the damage done to its relationship with Mr and Mrs Roberts.



Subject focus: Adult social care

Complaints and enquiries about local authority **adult social care increased by 10%** against the previous year, and so remains our fastest growing area of work.

In this report we consider only the adult social care complaints where the local authority is the responsible body. As the Social Care Ombudsman, our jurisdiction extends to complaints about any adult care service, including privately funded care. We are publishing a separate annual review of social care complaints, which includes data on private providers, later this year.

Common areas of complaint include care assessments, charging for care, safeguarding and residential care.

Ensuring the safety of adults at risk, who are unable to protect themselves from abuse or exploitation, is a critical role that councils with adult social care responsibilities undertake. We receive a range of complaints about safeguarding, including when a council decides a safeguarding alert does not meet the threshold for investigation, delays in the process, disagreements about the outcome of an investigation, and not involving the families of the adult at risk.

If having received a complaint we have concerns somebody may be at risk, we adopt a 'good citizen' approach and raise an alert with the relevant local authority. In addition, we work closely with the care regulator, Care Quality Commission (CQC), to share information if we receive an individual complaint that we think could have implications for the overall quality of care at an organisation.

Care assessments form a vital role in ensuring people receive the care they need and for which they are eligible. Often we find a failure to regularly review care plans, not place the individual's needs central to the process and not take all relevant factors into account when carrying out an assessment.

Typical complaints around charging for care include issues such as poor information given about costs, a lack of clarity over whether someone is a temporary user or not, calculation of private contributions or 'top-up fees', and inadequate notice of fee or service changes.

Complaint numbers and common issues



Case study: inadequate safeguarding investigation remedied

Archie's father, George, had lived in a care home for a number of years when his health began to deteriorate following a stroke.

He had concerns that his father was at increased risk of falls. George fell out of bed and sustained a head injury; he was admitted to hospital but

sadly passed away a few days later.

Archie made a safeguarding alert to the council, who asked the manager at the care home to investigate the complaint. The manager's report found his father's fall from bed could not have been foreseen and was therefore not preventable.

Archie was not satisfied and brought his complaint to us. As part of our investigation we requested all the daily care records. These showed that on 11 occasions carers had reported finding George hanging from his bed in the three weeks prior to the fall. His bed had also been raised higher than usual.

Further investigation revealed the care home manager had not referred to the daily care records during his investigation. George's clear risk of falling from his bed that had not been identified, assessed or mitigated.

The council had accepted the findings from the care home manager without question. Had it checked the care records as we had done, it would have been clear that the safeguarding outcome report was inaccurate.

Following our investigation the council acknowledged its failings and took robust action to improve its safeguarding procedures.

It issued new detailed guidance to its staff, which directed them to check the validity of information provided by care providers and cross reference records where any abuse, neglect or injury is suspected.

The council also agreed to our recommendations to provide Archie with a written apology for failing to conduct the safeguarding investigation properly, and make a £750 payment to recognise the distress and time and trouble caused.

The local complaints system

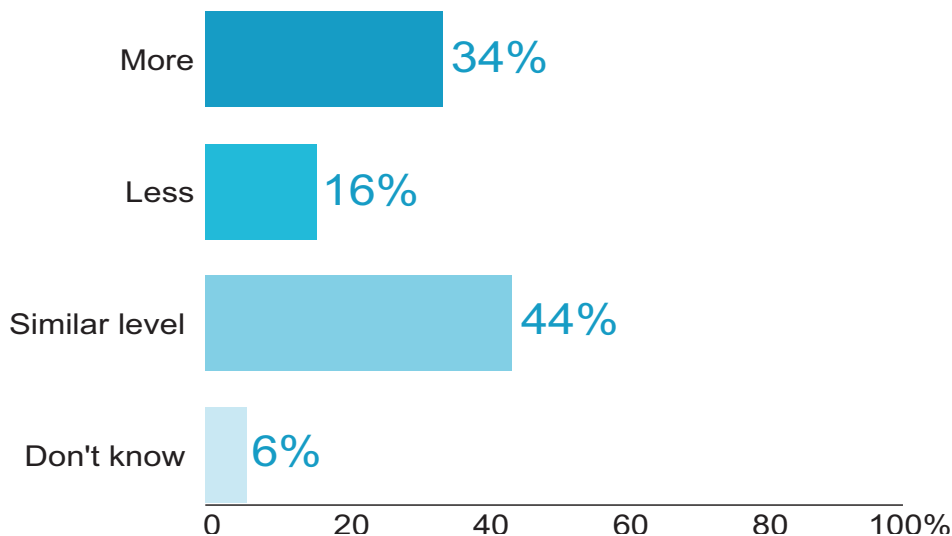


What councils told us

As the independent body for reviewing complaints, we only see those cases that cannot be resolved locally between the council and the person complaining. To present a picture of the local complaints system, we invited all councils to take part in a survey² which looked at the volume, resources available and approach to managing complaints. This builds on customer research we published last year that looked at the accessibility and timeliness of the local complaints system.

Volume of local complaints

Have you received more or less complaints last year than the previous year?



The survey showed that for the majority of councils, the number of complaints they received remained at a similar level or increased on the previous year. Only 16% of councils said that their number of complaints had decreased. While the results do not account for the size and composition of the councils responding, this data indicates that many councils on average are having to handle increasing numbers of complaints. It is important to note that a higher volume of complaints does not necessarily mean poorer standards of service, it may indicate a council's open approach to listening to feedback and using complaints as early indicator of potential issues.

² The research was carried out between February and March 2015, where we invited all local authorities to take part in a survey. Results are based on 149 responses received.

The local complaints system



Resources to manage complaints

Volume of complaints/ resources to manage complaints

	More capacity to deal with complaints	Similar capacity to deal with complaints	Less capacity to deal with complaints	Don't know
More complaints	3%	17%	13%	>1%
Similar level of complaints	3%	16%	25%	>1%
Fewer complaints	>1%	5%	9%	1%
Don't know	>1%	2%	3%	0%

At the same time that local complaints are increasing, the survey also shows councils have less capacity available to manage them.

The chart above combines the results for volume of complaints and resources to manage complaints. It shows that some councils whose resources had remained at a similar level had also reported an increase in complaints, and in total, **55% of councils' complaint handling teams are having to 'do more with less'**.

Of those that gave a reason for these changes to capacity, the majority mentioned either a reduction in staff levels within complaint handling teams, or the effects of staffing reductions across the council leaving those handling complaints to do so on top of an increasingly busy day job.

On a more positive note, the results suggest councils may be taking a more proactive approach to ensuring complaints are dealt with efficiently locally. We asked council complaint handlers if it had become easier or harder to secure the cooperation of colleagues in other parts of the business when dealing with complaints. Despite staffing reductions that all councils have experienced over the last three years, more councils said it had become easier (29%) to secure cooperation handling complaints than those that said it had become more difficult (19%). Nearly half (48%) said it remained unchanged.

The local complaints system



Accessibility and timeliness

In last year's annual review we highlighted our concerns that not enough people may be aware of their right to an independent review by the Ombudsman. Independent customer research³ showed that **43% of complainants were not advised that they could refer their complaint to the LGO.**

Our customer research also showed that 62% of people had been trying to resolve their problem locally for at least six months, including more than a third (36%) who had been trying for over a year. The average time that people spent trying to resolve their complaint before approaching us was nine months.

With councils now just as likely to be commissioning services as delivering them directly, the traditional lines of accountability and routes to complaining when things have gone wrong are more complex. We welcome the good practice that some councils are undertaking by ensuring that an effective and accessible complaints service forms part of the contract with commissioned service partners.

Providing remedy

We asked councils whether their approach to providing remedies had changed over the last three years, for example due to financial restrictions, policy changes or commissioning arrangements.

70% of councils said they had not changed their approach to providing remedies. It is encouraging that a good number of authorities are continuing to learn from complaints and take a proactive approach to putting things right.

Of the just under a quarter of councils that had changed their approach to remedies, it is interesting to look at the reasons behind these.

Most of the responses quoted financial considerations as being at least part of the reason for changes to their approach. While some councils are generally looking to restrict financial recompense across the board, a number are more amenable to offering financial payments at an earlier stage or trying to resolve issues at the first point of contact, in an effort to reduce the costs associated with longer investigations.

Here is one typical example:

"On the one hand, and from a cultural perspective, officers are more amenable to providing remedies, particularly of a financial nature where things have gone wrong. On the other hand officers are working with less and less resource and more and more consideration of public funds so in some areas this can be more difficult."

A number of responses mention that councils are taking more time to discuss the desired outcomes from a complaint with the person involved, and assessing the level of injustice further, to try to come to a satisfactory outcome at the earliest opportunity. We fully support a complaints system which enables people to feel confident in speaking up, listened to and understood and assured that their complaint makes a difference.

³ Research was carried out between January and May 2014. An independent research company carried out more than 800 telephone interviews from a random selection of people who had an ongoing case with us. The full research report is available on our website.

The role of the Ombudsman



Remedying injustice

Any member of the public can come to Local Government Ombudsman for an independent review of their complaint if they are dissatisfied with what the local authority has done to put things right. If we find an individual has suffered as a result of the actions of the council, we usually recommend action to be taken by the authority to repair the situation, as well as avoid the same thing happening to others.

The courts have made clear that the findings of our independent investigations are binding – our decisions are final and can only be challenged through the high court. However, councils have a democratic mandate to make decisions about local public services and so have the right to decide how to implement our recommendations, with their actions being ultimately accountable to the local electorate.



Case study: Selby District Council – refusal to refund planning fees

We found the Selby District Council failed to deal properly with relevant and material planning considerations when deciding a planning application for an extension to a cottage close to the complainants' converted barn. We issued a public interest report.

The council questioned our conclusions, and was wrong to challenge these in the media. It also questioned our recommended remedy. It did offer to apologise to the complainants and pay £250 to reflect their time and trouble in pursuing their complaint. However it refused to accept our recommendation to reimburse the planning consultant fees of £1,896 incurred by the complainants. The council made this offer on the basis of us closing the complaint without issuing a report.

We issued a further report calling on the council to reconsider its position. It did apologise and pay £250 for time and trouble, but refused to reimburse the fees. Since the remedy offered did not put right all the injustice suffered, we issued a further report highlighting our unresolved concerns.

A statement of non-compliance was published after the council refused to accept all of the recommendations in the further report. We regret the council has failed to fully remedy the complaint and remain dissatisfied with its actions on this matter.

Complying with recommendations

Each year more than 99.9% of councils comply with our recommendations, however this year we saw a small but unprecedented increase in the number of councils refusing to implement our recommendations. A number of these sought to publicly challenge the validity of our decisions through the media.

These councils are reminded of the formal process for accepting ombudsman recommendations as detailed below, and that the only formal way to challenge our findings would be through the courts.

If a council does not comply with our recommendations, we will always choose to publish a report of the investigation in the public's interest. This also requires the council to make a public announcement and make the report available to its residents.

After thorough consideration of our report, which we insist is at a full council meeting, if a council still refuses to implement our recommendations; our legislation allows us to issue a further public interest report updating our position on the case.

Ultimately our legislation does not allow us to force a council to implement a recommendation. So if after full consideration of our further report a council still decides not to comply, we will respect their democratic right. However we will require the council to notify the public by publishing a statement of non-compliance explaining the reasons for its decision. We will also publish this on our website.

The role of the Ombudsman



Case study: Tameside MBC – refusal to refund care charges

We issued a public interest report where we found fault in the way Tameside Metropolitan Borough Council had acted when it changed the way it commissioned care and left existing care users disadvantaged.

When the council reviewed the way it commissioned placements, the home in which a man's mother lived was excluded from a new quality framework, despite meeting the set criteria. As a result, the council reduced the amount paid to 'off framework' homes and there was a shortfall in the amount paid to the care home, which the mother's family had to make up. The man's only options were to pay significantly more for his mother's care or move her to a different home – at a significant risk to her health.

Our investigation also highlighted that potentially a further 160 older people and their families across the area could be similarly affected.

The council was incorrect in its public assertion that we acted outside our powers in investigating this complaint, and was wrong to dispute our findings in the media. As it refused to implement all of our recommendations we issued a further report calling on the council to provide a remedy to the man by apologising, refunding the mother's estate the top-up fees incurred and a time and trouble payment for pursuing the issue. The council is currently considering our further report.



Case study: Isle of Wight – refusal to remedy housing complaint

We issued a report that found Isle of Wight Council at fault for offering a man and his family a property which was too small for their needs. The man and his four children were moved from accommodation which, although temporary, met their needs, into a property which was significantly less suitable and too small for them.

We recommended the council provide guidance to its housing officers, elevate the man's housing priority and pay £1,000 to recognise the distress suffered in living in unsuitable accommodation for more than two years longer than necessary.

The council accepted our recommendation to provide guidance to housing officers, and we accepted how it mitigated the effect of classifying the family's accommodation as temporary. However, we did not accept the council's justification for offering to make a payment of only £250 to recognise the distress caused.

We issued a further report that called on the council to make a payment of £1,000. After considering the further report, the council still rejected this recommendation. A statement of non-compliance was issued, which stated that we found the council's actions unacceptable in its failure to recompense the family for its severe and prolonged distress.



Improving Public Services

As well as putting things right for individuals, we always look to make recommendations that will help others who have been affected by a similar issue or will avoid similar problems happening in the future.



Case study: Bin collections resolved for many

Dozens of keen gardeners were aggrieved when their green waste collection, which they paid the council £45 for, was significantly reduced without prior notice.

After the council failed to respond to Tony's complaint properly he approached us to investigate. We found that at the time the council sent out Tony's renewal notice, it had already decided to increase the winter collection break from the usual 6 weeks to 17 weeks – but had charged the same amount as the previous year. They did not inform him until 4 months later.

We found no evidence that the letter Tony received included a disclaimer about the level of service being 'under review', which the council claimed had been sent. We also decided the wording of the disclaimer was not open and transparent because the council should have shared information at the time, that the service would be suspended for 17 weeks.

The council also received nearly 100 other complaints about the extended winter suspension period, which increased our concern that others did not receive the disclaimer.

As a result of our investigation the council apologised to and partially refunded Tony. It also agreed to partially refund all other customers affected via a discount off the next year's bill.

The role of the Ombudsman



We regularly publish thematic reports which highlight systemic issues we find through our casework, or where we need to raise awareness of particular themes. These feed back our experiences from complaints so others can take on board the lessons learned and consider how these could help improve services.

Supporting learning from planning complaints

In December 2014 we published the Focus report [*Not in my back yard: Local people and the planning process*](#), which shared the lessons from our complaints about planning and development.

The report explains the role of the ombudsman in the planning process, encourages greater transparency in the way councils make decisions, and helps the public understand more about the impact they can have on the planning process.

Some organisations have told us how they have used the report in constructive ways to encourage learning and support better practices.

Allerdale Borough Council now hosts a copy of the report on the planning pages of its website, offering it as a resource for local people when commenting on applications. It used social media to promote this to people. The Chair of the council's Development Panel also wrote an editorial in the local press drawing on the report and offering advice to the public on how to submit their views on local planning applications.

Dartmoor National Park Authority used the report as the basis for a workshop for its planning officers and managers. They found it beneficial to debate their approach to each scenario set out in the case studies, with the outcome being clarification of roles on some issues and some changes to protocol – for example, making changes to how neighbourhood consultation is recorded. The report was also shared with members of the Development Management Committee.

The Royal Town Planning Institute (RTPI) has recommended the report and its case studies to its members and planning practitioners in its June edition of The Planner magazine, and intends to use it for future guidance publications.

Our Focus report can be downloaded [here](#).



Supporting local scrutiny



By publishing our complaints data for all local authorities in one report we are providing an open resource to help people compare statistics with other local authorities and inform scrutiny at the local level. Data tables can be found as an annexe to this report.

These figures should only be used as a starting point for a discussion about the council's complaint handling, as numbers alone don't tell the full story. A high number of complaints maybe as likely to show that the authority is open and engaged with its residents, as it is to suggest there is a problem.

As part of our local authority survey, we asked some questions about how complaints data is shared locally both with the public and elected members.






More than 50% of councils publish data about their complaints for public consumption above the statutory requirement to report to cabinet annually. However, there were still **41% of councils that did not**, and we would encourage more open access to information on how complaints are being managed so the public can make better informed decisions about public services.

As local representatives of the community, councillors have a democratic mandate to scrutinise local service delivery for the benefit of all. We encourage councillors to use this report, and its data, to support scrutiny – we provide some questions they can consider asking below.

We have worked in partnership with the Local Government Association to produce a workbook and e-learning package, and we have also established a Councillors Forum. This group aims to help us to better understand the needs of councillors and to help them to become champions for learning from complaints. These are some of the examples of the recent work we have been doing with councillors to support them as community representatives in helping people complain locally, and to scrutinise local services.

Questions for councillors

Does your council:

-  actively welcome feedback from service users about how it manages complaints?
-  report the outcomes and lessons learned from complaints to all members?
-  provide similar information that is easily accessible for the public?
-  consider how commissioned partners implement an effective complaints handling service?
-  clearly signpost its complaints procedure, including people's right to come to the LGO, within all access points?

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Handling complaints for service improvement



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This councillor workbook includes references to materials published by the Local Government Association (LGA) and the Local Government Ombudsmen (LGO). Further information can be found on www.lga.gov.uk and www.lgo.org.uk

Foreword

This workbook has been designed as a learning aid for elected councillors. It makes no judgement about whether you have been a councillor for some time, or whether you have been elected more recently. If you fall into the former category the workbook should serve as a useful reminder of some of the key skills, approaches and tactics that make for an effective ward councillor - it may even challenge you to reconsider how you have approached aspects of the role to date.

Those councillors who are new to local government will recognise that they have much to learn. The workbook will help you to get up to speed with key aspects of the ward councillor role that require focus and attention. In effect, it should provide you with some pointers on how to develop a style and approach that you are comfortable with, and that enables you to be most effective in your day to day duties.

The workbook can be used as a standalone learning aid or as an adjunct to other material you may cover. It offers few firm rules for councillors as it is recognised that each individual must decide how best to use and develop their influencing skills, based on individual preference and confidence. As such, the workbook should serve more as a direction marker rather than a road map. In practical terms, the document will take between two to three hours to work through.

You do not need to complete it all in one session and may prefer to work through the material at your own pace. The key

requirement is to think about your own approach in influencing other people – how the material relates to your local situation, the people you serve and the council you represent.

In working through the material contained in this workbook you will encounter a number of features designed to help you think about the ward councillor role. These features are represented by the symbols shown below:



Guidance – this is used to indicate research, quotations, explanations and definitions that you may find helpful.



Challenges – these are questions or queries raised in the text which ask you to reflect on your role or approach – in essence, they are designed to be thought-provokers.



Case studies – these are ‘pen pictures’ of approaches used by other people or organisations.



Hints and tips – these represent a selection of good practices which you may find useful.



Useful links – these are signposts to sources of further information and support, outside of the workbook, which may help with principles, processes, methods and approaches. A full list of useful additional information and support is also set out in the appendices to the workbook.

Handling complaints for service improvement

Why complaints are important

Councils provide services and make decisions which affect the lives of local residents.

It is inevitable that sometimes people will feel that a council has made a wrong decision, or has not fulfilled its duty in the services it provides; in some cases, the local authority may have made a mistake, or need to make improvements to its services or the way it goes about providing them.

When an individual has concerns, it is important that they feel they can raise these with the council and that their complaint will be treated with respect and responded to accordingly. It is also important that if a mistake has been made, the council has the opportunity to rectify it and take measures to ensure that it does not happen again.

Having a dedicated complaints team and formal complaints procedures in place ensures that all complaints can be directed to the appropriate service area within the council and investigated thoroughly. It also speeds up the complaints process.

For the public, making a complaint can be a daunting task, especially if the reason for their complaint has already caused them particular distress or upset. Part of your role, as a ward councillor, is to support your residents by directing them to the appropriate complaints channels and resources, and providing representation where appropriate.

To do this effectively, you must be familiar with the services your council provides, its complaints procedures and where to signpost people if their complaint is not about a service provided by the council.

Ward councillors also have a role in holding local authorities to account, improving services and optimising health and wellbeing outcomes for their residents. Data about complaints provides you with an important source of intelligence about what is going on in your ward, which you can use as a means of seeking service improvement.

This workbook will:

- take you through the complaints process and your role in it
- provide an overview of the ombudsman and what type of complaints they deal with
- direct you to sources of information for monitoring complaints
- explain how to use complaints to drive service improvement
- signpost sources of information for complaints that are outside your council's remit.

Being equipped to handle complaints

As a councillor, you will receive all kinds of complaints, from all kinds of people. To be able to handle the complaints effectively you need to equip yourself with information that will help you to decide what the next steps should be. You need to know:

Your council's remit

What services your council does and does not provide, so that you can decide whether the complaint is one that your council needs to handle.

Who does what?



	Shire areas			Met areas	London	
	Unitary	County	District	Met district	Borough	LGA
Education	✓	✓		✓	✓	
Highways	✓	✓		✓	✓	✓
Transport planning	✓	✓		✓	✓	✓
Passenger transport	✓	✓		✓		✓
Social care	✓	✓		✓	✓	
Housing	✓		✓	✓	✓	
Libraries	✓	✓		✓	✓	
Leisure	✓		✓	✓	✓	
Environmental health	✓		✓	✓	✓	
Trading standards	✓	✓		✓	✓	
Waste collection	✓		✓	✓	✓	
Waste disposal	✓	✓		✓	✓	
Planning apps	✓		✓	✓	✓	
Strategic planning	✓	✓		✓	✓	✓
Local tax collection	✓		✓	✓	✓	

Councillors' Guide, LGA 2014

Your council's structure

Be aware of how the council works, who is responsible for what and how decisions are made. Knowing this will help you to raise issues around service improvement at the appropriate forums or direct them to the relevant people or departments.



How are decisions made?

Councils operate one of the following models:

- a leader and cabinet
- a committee system
- executive arrangements with a directly elected mayor
- arrangements prescribed by the Secretary of State.

Councillors' Guide, LGA 2014

Your council's complaints procedures

Your council will have corporate complaints procedures and statutory complaints procedures for Adult Social Care and Children's Social Care (Children Act 1989). These are published on the council's website. You need to understand how these work and where to find them, so that they can be implemented properly by your complaints team and you can give appropriate advice to the complainant.

What to do with complaints that you receive

Establish your own process for handling complaints, so that you record information properly, refer complaints to the right place and can monitor complaints information to help improve services in the future.

What happens when a complaint is not resolved

If a complainant is not satisfied with a local authority's response, they may challenge it via court proceedings or an ombudsman scheme. A complaint would be referred to one of three ombudsman schemes, which deal with different types of complaints. You need to be aware of what these are so that you can provide information and support to the complainant.

All of the ombudsmen listed below will normally only look at complaints that have first been referred to the organisation involved and responded to by them. This gives the organisation a chance to try and put things right locally, without an ombudsman's involvement. The thinking behind addressing issues locally is that local authorities are often best placed to make decisions and implement changes more quickly.

If it is not possible to resolve a complaint on a local level, the complainant can take the issue up with the relevant ombudsman.



The ombudsmen

Local Government Ombudsman (LGO)

The Local Government Ombudsman looks at complaints about most council services, including:

- planning
- education
- adults' and children's social care
- housing benefit
- council tax
- transport and highways

- environment and waste
- neighbour nuisance and antisocial behaviour
- some housing services (homelessness applications, housing allocations and transfers).

The LGO also considers complaints about adult social care when the service is provided by a private care provider.

The Local Government Act 1974 states that councils should have an opportunity to consider and respond to complaints before they are referred to the LGO, and they will not consider a complaint unless this has happened. They consider a complaint if someone has suffered a significant personal injustice or if the council has not taken, or is unwilling to take, satisfactory action to resolve it.

The LGO carries out joint investigations with the other ombudsmen. For example, a complaint about a council's social services department and the NHS would be jointly investigated with the Parliamentary and Health Service Ombudsman. These complaints would need to be directed to the LGO, who would manage the joint investigation with investigators from the PHSO who are based in the LGO's offices.

Parliamentary and Health Service Ombudsman (PHSO)

The Parliamentary and Health Service Ombudsman fulfils the two statutory roles of Parliamentary Commissioner for Administration (the Parliamentary Ombudsman) and the Health Service Commissioner for England (Health Service Ombudsman).

The PHSO's role is to investigate unfair treatment and poor service in relation to government departments, other public organisations and NHS-funded healthcare services.

Complaints about a government department or service need to be referred by a Member of Parliament.

Housing Ombudsman Service (HOS)

The Housing Ombudsman Scheme is approved by the Secretary of State under section 51 of and Schedule 2 to the Housing Act 1996. It requires social landlords, such as housing associations and other local authorities, to be members of an approved scheme. Private landlords may also join the scheme on a voluntary basis.

The Housing Ombudsman Service investigates complaints and resolves disputes involving members of the scheme. The Localism Act 2011 provides that tenants of housing associations, local authorities, and Arms-Length Management Organisations (ALMOs) will be able to ask for their complaints to be considered by a 'designated person' once the complaint has been through their landlord's complaints procedure.

As a local councillor, you may be asked to be a designated person. You can try and resolve the complaint yourself or refer it straight to the HOS.



Exercise 1 - how well-equipped are you for handling complaints?

Do you know all the information you need to handle complaints effectively? Consider these statements to identify any gaps. If you answer 'no' to any of them, take some time to find the answers from your council's website or your work colleagues.

I know in detail which services my council does and does not provide.	Yes / No
I can describe the structure of my council.	Yes / No
I can describe how decisions made by my council are scrutinised.	Yes / No
I can name the people in my council responsible for making decisions about a) planning applications, b) environmental health and c) adult social care.	Yes / No
I can go straight to my council's complaints web page.	Yes / No
I can give examples of three things that my council's standard complaints procedure does not cover.	Yes / No
I can state how many days within which my council promises to fully respond to a complaint.	Yes / No
If you answer 'no' to any of the following statements, there is more information later in this workbook.	
I have a formal process for recording all the complaints that I receive.	Yes / No
I can quickly and easily retrieve information about complaints I have received in the past six months.	Yes / No
I feel confident referring complaints to the ombudsmen and know when to do this.	Yes / No
I know where to find information about complaints made regarding my council.	Yes / No
I can describe what information is provided in an LGO focus report.	Yes / No

Your role in the complaints process

As a councillor, you need to find out as much as possible about any complaint you receive and then decide the most appropriate way to respond to it.

Being familiar with your council's complaints procedures will help you to advise the complainant on how to go about submitting their complaint. You can also support them by making sure they understand the procedures and by keeping in touch with them as their complaint is processed.

A crucial part of your role is to identify any reasonable adjustments that need to be made, so that you can ensure these are accounted for when the complaint is processed. For example, if a complainant does not speak English, or have access to a computer; you can make sure they are still able to submit their complaint and receive any information they require in an appropriate format. A child or young person may need an advocate to act on their behalf, and you can advise the complaints team if this is the case.



Complaints involving children

Councils will assess whether a child is mature enough to make a complaint and understand its implications. This is undertaken by Children's Services, who often ask an independent qualified person, from organisations such as Barnardo's or the NSPCC, to do a Gillick competency and Fraser guidelines assessment for them. This provides a recognised benchmark for balancing children's rights and wishes with an authority's responsibility to keep them safe from harm.

You can find out more at:
www.nspcc.org.uk

You will not be involved in this assessment, but you should be aware of it so that you can provide information and advice.

You must also be alert for potential issues the complainant may talk about that require other action. For example, you have a responsibility to report any concerns you have that care being provided is causing abuse, harm or neglect, or that vulnerable adults and children are being exploited in any way, for example by web/phone scams or hate crimes.

Your council will have an emergency duty officer/help desk for Adults' and Children's Services whose phone number should be on the council's website. Your local police service may also have a vulnerable adults' and/or children's unit; the receptionist answering the phone will know who to

contact. You should call the police if you have any concerns or suspicions that a crime has been committed.



About your role

DO...

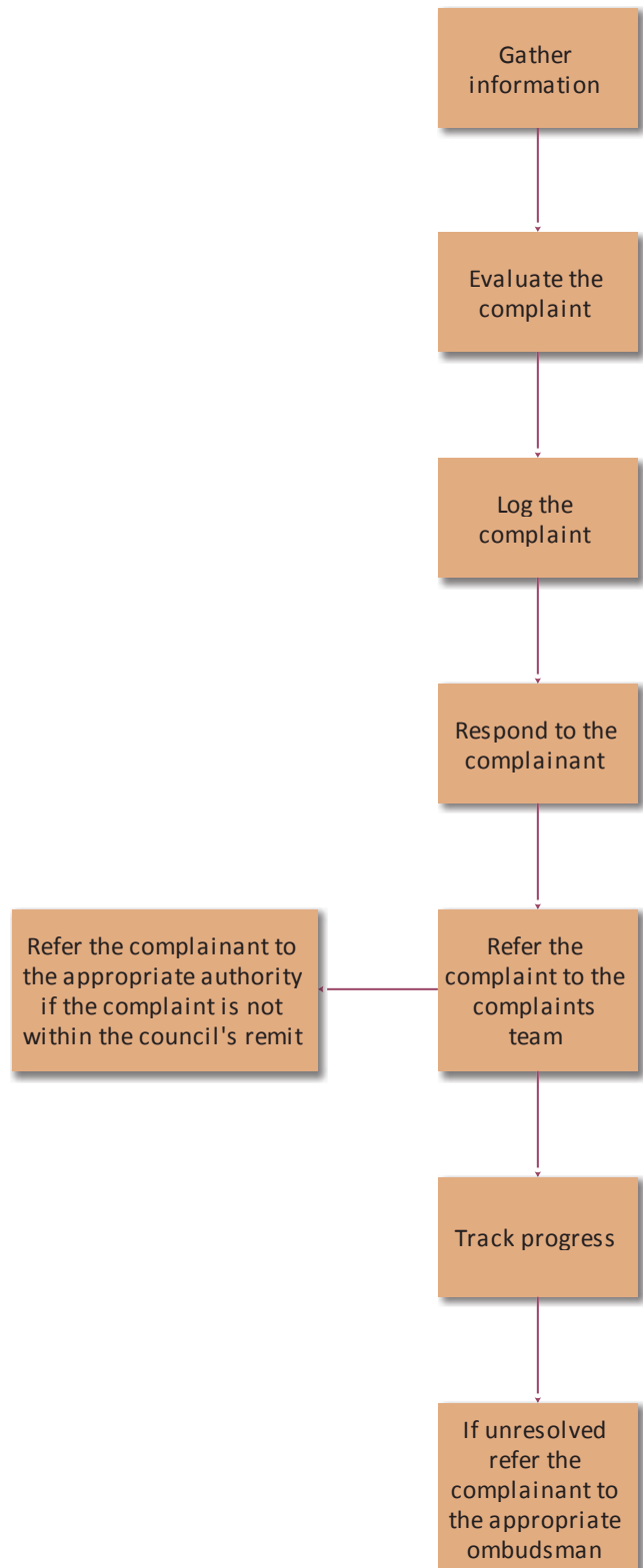
- support the complainant by helping them to resolve the problem at a local level and directing their complaint to the appropriate service area or complaints team
- signpost the complainant to useful information and organisations, even if the complaint will not be dealt with by the council
- facilitate communication, meetings and enquiries within the council on the complainant's behalf
- ensure reasonable adjustments are made, if necessary
- follow the complaint through to its resolution and keep in touch with the complainant
- raise any service improvement issues that you identify.

DON'T...

- make promises you cannot keep
- guarantee a particular outcome for the complainant
- attempt to influence a complaints procedure
- assume that stages of a complaints procedure can be omitted because you are involved
- give legal advice
- make decisions for the complainant.

How to handle a complaint

The diagram below shows you the steps in the process for handling any complaints you receive.



Gather information

At this point you want to gather as much information as possible so that you fully understand the complaint and are able to decide if anyone else needs to be involved and what should happen next. Here is an information checklist of things to find out:

- ✓ **Details of the complainant** – full name, age, contact details
- ✓ **What went wrong** – exact and concise details of the problem, including dates and times if appropriate
- ✓ **What the effect was** – the LGO calls this ‘injustice’. Knowing this will make it easier for you to express empathy, and will aid the complaints team in establishing more about the complaint and a potential remedy
- ✓ **Evidence** – find out what supporting documentation or other evidence exists to support the complaint
- ✓ **Desired outcome** – identify what the complainant would like the outcome of the complaint to be. Some complainants have unrealistic expectations; for example, it is unlikely that the council will be able to give them large sums of financial compensation such as those awarded by the courts
- ✓ **Reasonable adjustments** – find out whether any reasonable adjustments need to be made, and whether an advocate is required
- ✓ **Safeguarding issues** – be alert for any other action that may need to be taken in relation to a vulnerable adult or child.



Questioning techniques for gathering information

An effective questioning technique for gathering information is to use open and closed questions.

Closed questions – where there is only one answer, which will usually be a fact and is often ‘yes’ or ‘no’. They are:

- easy and quick to answer
- good for putting people at ease early in the conversation
- good for gathering and expanding on factual information
- good for receiving confirmation of an outcome.

Open questions - require more information in the response and give the person answering an opportunity to explain their opinions, ideas and feelings in their own words. They:

- make people feel that you believe they are worth listening to
- help to clarify a person’s issues, needs and perspectives
- start with words like ‘what’, ‘how’, ‘why’, and ‘describe’.
- make decisions for the complainant.

Evaluate the complaint

Once you have all the information, you can decide whether the complaint is something that should be dealt with by your council's complaints team. A valid complaint is about services provided by the council, whether those services are provided directly by the council or by a third party, private company or volunteer group on their behalf. It could be about:

- the way a service has been delivered
- a service that hasn't been delivered
- the way a decision has been made that has caused problems for the complainant.

For example, the complaint could be that the council took too long to do something, failed to meet expected standards of service or provided wrong information.

Sometimes complaints are made that should either be handled by another organisation or are not appropriate to refer to the council's complaints team. For example:

- **Service request** – the complaint may actually be a request for a service, but could become a complaint if it is not dealt with properly. Find out more about what the complainant wants and identify the relevant service area to direct them to.
- **Appeal/review** – the complainant may have a right to appeal a council's decision or to request a review. Your complaints team will be able to advise you on when this is the case, and whether the council or an independent panel would carry out the appeal or review.
- **Ongoing court proceedings** – if you receive a complaint about something that is being considered by the courts, for example in family court proceedings, the

council complaints team will not consider the complaint until the court case has finished. However, there may be elements of the complaint that are not covered by the court proceedings, which could be handled by the council. Your complaints team will be able to advise you.

- **About council policy or procedures** – a complaint about incorrect application of council procedure, and therefore a potential fault in its decision-making, would be handled by the complaints procedure. However, if the complaint is about the content or wording of a council's policy or procedure this cannot be dealt with through the complaints procedure. A more appropriate way of handling this would be for councillors to discuss the issue when the policy is next revised, and for the complainant to express their views when the policy next goes out for public consultation.
- **Unreasonable and persistent** – you may become aware of a complainant who persistently makes unreasonable complaints. Refer these to your complaints team.

If you are in any doubt about any of the above, seek advice from your complaints team, or refer the complaint directly to them.

Log the complaint

The complaints you receive could be made by email, letter, telephone or in person. However a complaint is made, it is important that you keep a documented record of it. This could be in electronic or hard copy format, although electronic records stored on your computer are easier and less time-consuming to store and retrieve.

You need to record the information you gathered earlier, as listed in the checklist,

as well as any actions you have taken or are planning to take, with dates and times. To make sure you record the appropriate information each time, create a document template with headings based on the checklist. Advise the complainant to keep their own records of whom they speak to and when.

How you store complaints records, and any associated documentation, is as important as the actual records you create. It is worth taking some time to consider your requirements, particularly in the context of service improvement. For example, you might want to be able to:

- see how many complaints you have received about a particular service area
- check which complaints have yet to be resolved
- review similar complaints made by different people, for comparison
- sort the complaints by service area, complaint, complainant, date, status, etc.
- view all the documented evidence that supports a complaint
- update information or add documentation.

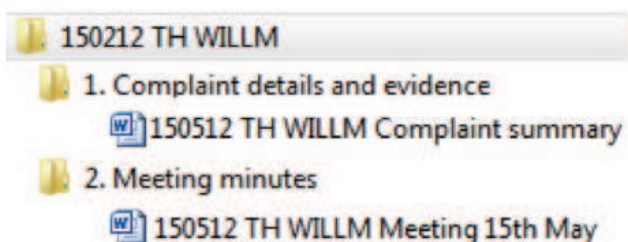
Be mindful that information you record could be subject to Freedom of Information (FOI) requests, and could potentially be seen by the complainant. Keep the information factual and non-judgemental, avoiding personal comments.

A good way of keeping track of records is to have a spreadsheet with quick-reference information, which you can use to sort information, update progress/actions and reference where you have saved associated documentation, such as a detailed summary of the complaint. This doesn't need to be complicated, keep it as simple as you need it to be or make it as complicated as you like!

The table below shows you an example. Notice how:

- a code has been used for the service area: TH = Transport and Highways; EW = Environment and Waste
- the status has been colour coded for quick reference
- a reference code has been created from the date (YYMMDD format), service area and surname. This can be used to prefix any folder or file names, as shown by the image below.

Ref.	Date	Surname	First name	Service	Complaint summary	Status	Action
150512 TH WILLM	12/05/2015	Williams	Martin	TH	Potholes still not repaired.	In progress	Call complaints to check they received complaint.
150519 EW WOODE	19/05/2015	Woods	David	EW	Rubbish dumped at side of road needs clearing.	Closed	Resolved - rubbish cleared 26/05/15.





Exercise 2 – what are your complaints record requirements?

Think about how you want to use information about the complaints you receive, and any ideas you have for keeping your records. Use this space to make notes.



File/folder naming tips

- If you prefix electronic file or folder names with the date in the format YYMMDD, they will appear in date order if sorted alphabetically.
- A good way to include a reference to someone's name is to use the first four letters of their surname and the first letter of their first name. For example, Martin Williams would be WILLM.
- Making a reference to the type of complaint, or service area to which it relates, in the records will help you to quickly identify similar records.
- Using templates for documents will remind you what information to include.
- However you decide to manage your records, consistency in approach is key to making it successful.

Respond to the complaint

Once you have decided whether or not your council should handle a complaint, identified any reasonable adjustments required, raised any safeguarding issues and logged all the information, you are ready to respond to the complainant and refer the complaint to the appropriate place.

Taking information from your records, provide the complainant with a written summary of the complaint (this can be by email), remaining non-judgemental and using the complainant's own words where possible. This will help to check your understanding. Also include any actions you have taken or plan to take.

If the complaint is related to services provided by your council it will be handled by your complaints team, so provide the complainant with information about your council's complaints process, how to proceed with the complaint and what your involvement will/will not be. It is good practice for you to communicate with the complaints team yourself, so they are aware of your contact with the complainant. Make sure to pass on all the information you have gathered to date, including any supporting evidence.

If the complaint needs to be handled by another authority, explain to the complainant why this is and provide as much information as you can to direct them to the appropriate place. Again, explain what involvement, if any, you will have from this point on.

Keep track of progress

Check on progress with the complaints team. It is important to keep in touch with the complainant so that they feel supported and confident that their complaint is being processed.

Remember to keep your records updated with progress, and to keep records of any meetings or conversations that take place. Make sure you stick to the file naming and storage conventions you decided on earlier!

Resolution

At the end of the complaints procedure, the complaints team should notify the complainant of the outcome and what actions have or will be taken in response to the complaint. It is good practice for you to contact them as well, to check that they are happy with the result and to formally close the matter with them.

If the complaints team decides the complaint cannot or will not be resolved by the council, the complainant can raise the matter with the LGO. They can go directly to the LGO themselves, or you can complain on their behalf. Be sure to provide all the information you have been recording throughout the process.

The complainant also has the option of challenging the way a decision was made by the council (rather than the conclusion it reached) through a judicial review. However, legal action can be costly and complex for the complainant, whilst the local authority will usually be defended by an insurance company or their legal team. You should not give legal advice; refer your complainant to an organisation that can offer legal advice, such as the Citizen's Advice Bureau, Mind or the Children's Legal Centre.

Whatever the outcome, remember to update your records.

Identifying service improvement issues

As well as ensuring individual complaints are handled properly, as a local councillor you are also responsible for using information about complaints to inform and improve the services delivered by the council for your residents.

By reviewing information about complaints related to your council you will be able to spot patterns and trends highlighting issues affecting the wellbeing and living conditions of your residents. Try to establish a routine for this; for example, decide how often you will review your own complaints records, and consider opportunities for getting further information from your peers and colleagues.

Your complaints team will be able to tell you if they publish any information on the complaints they handle. The LGO, as the ombudsman dealing with council-related complaints, publishes several documents on its website which will be useful to you. These are:

Decision statements

The LGO publishes decisions statements, which detail the outcome of complaints that it investigates. These are anonymised to protect personal data but do contain the name of the local authority involved. Decisions are published three months after they are shared with the parties involved, to allow time for any further action to be taken. You can search through these decision statements by council and/or by topic.

Reports and further reports

Where the complaint raises issues of wider public interest, or where the local authority is unwilling to remedy the issues, the LGO may decide to issue a public report. This is a more detailed account of the investigation, which is shared with the parties involved in the complaint and with relevant media.

Where a local authority fails to comply with the recommendations contained in a report, the LGO may issue a further report to encourage local scrutiny of the council's decision not to remedy the injustice identified.

Reports, further reports and the accompanying press releases are published in the news section of the LGO website. Alternatively, you can type the name of your local authority into the search box and all information about your council will appear in the search results.

Annual review

In June/July each year, the chief executive and leader of every local authority receives an annual review from the LGO, with a view to encouraging democratic scrutiny. This provides an overview of the council's performance in responding to complaints, including data about how many complaints were referred to the LGO and their outcomes. It also raises any specific concerns, such as non-compliance with LGO recommendations and delays in responding to queries.

Annual reviews also cover complaints handling for social care services, and include information about private care providers.

Focus reports

When the LGO identifies that a particular aspect of local public services is gathering complaints, or where a trend is emerging, it publishes a focus report. These reports use case studies to identify common failings in service delivery and to highlight how such issues can be avoided in the future. Recent topics have included planning, homelessness, kinship carers and school admissions.

**Finding LGO documents**

The documents published by the LGO, as well as other relevant information such as factsheets, newsletters and guidance information, is available from their website:

www.lgo.org.uk

You can also sign up to receive a newsletter with details of recent interesting and significant decisions.



A case in point

When Pauline was appointed as deputy to look after Barry's affairs, she found that he had not been receiving his full right to council tax benefit. She applied for a backdating of the pensions benefit on Barry's behalf and was told by the Pensions Service that he was also eligible for council tax benefit from the same date.

The council accepted that it had received a notice from the Pensions Service and Barry had been entitled to pensions and credits from that date. The council's normal procedure meant that when notified, officers should contact the applicant to arrange for them to complete a claim form. It said officers should either post a form or arrange a visit to help fill in the form.

The council had no note on Barry's case file of a telephone conversation but maintained that it did try to help him with his claim. However, Pauline said no form was sent. The council said it did not receive any claim from Barry until one was sent on his behalf and it said Social Security legislation only allows a claim for council tax benefit to be backdated for three months.

Pauline felt this response was not adequate and considered the council at fault for the form not being submitted sooner. She took her complaint to the LGO.

The LGO found no evidence to support the council's claim that it telephoned Barry as it had no record of the call taking place, and there was no evidence of a follow-up letter or application form being sent.

The council subsequently agreed to redress the injustice Barry suffered for the loss of opportunity to apply for council tax benefit by giving him £1,000.

'A Case in Point' newsletter, December 2014, LGO website

Driving service improvement

As a councillor, you have a responsibility to act on any issues you identify with the services provided by your council. Use the information available to you to determine what questions you should be asking to scrutinise your council's services and the way they are provided. You can help to facilitate change by:

- raising concerns when you spot them
- making other people, such as the complaints team, your party peers and ward councillors, committees and boards, aware of your concerns
- participating on committees and boards so that you can actively influence change.

Your political party's priorities will also provide you with areas of focus and priority. Bear these in mind when you consider how you approach a complaints issue.



A social care example

The complaint

Mr X has limited mobility, which makes it difficult for him to write and do other things, such as shopping, cleaning and getting out and about. He has had to find an advocate to complain on his behalf because the council did not offer him access to one.

A recent re-assessment by the council of Mr X's care needs has resulted in him being given fewer hours of social care support a week. This means that he cannot go out to his weekly philosophy club and there is not enough time for his carers (from a private company) to get everything done in the house.

The LGO investigation

The law currently says the Council should consider relevant information from the Health Authority when completing a community care assessment. In this case, the council's social worker had sought information from Mr X's GP but when it was not provided, she had not followed it up. (The GP was on holiday and nobody had responded to the social worker's email as they didn't realise it was urgent – these assessments need to be completed within a certain amount of time.) By the time the GP had returned from holiday, the re-assessment had finished. The social worker had not talked to Mr X's carers.

Therefore the council was at fault for not completing the re-assessment of Mr X's needs properly because it did not include information from his GP and carers.

The law requires councils to help people to access recreational facilities outside their home. The social worker was unaware of this, and said the council could not help him attend his philosophy club as it was not something they needed to do; she suggested he ask a friend to transport him instead.

Therefore the social worker was at fault for not adequately explaining why she had reduced Mr X's hours of support.

Conclusion

If the social worker had included the information from Mr X's GP and carers, it would have been likely that Mr X's hours would have been increased, not decreased. His carers had said he was becoming increasingly isolated and depressed as he could no longer attend his philosophy group, which was the only social outing he had every week. His doctor had also noted that he was becoming withdrawn, and had concerns about his mental health. Mr X was paying for the extra care he needed because of his reduction in hours.

Remedy

The LGO recommended that the council should:

- do a proper re-assessment of Mr X's needs, taking into account information from the NHS Trust and his carers
- apologise to Mr X for the inadequate assessment and the distress it had caused him
- reimburse Mr X for the extra services he had needed to pay for because his hours were reduced
- liaise with the NHS Trust to ensure that information is provided for care assessments in a timely manner
- apologise for its failure to offer Mr X access to advocacy services, which is contrary to government advice on handling adult social care complaints
- offer Mr X £150 for the frustration, anxiety and distress he experienced.



Encouraging local scrutiny

More recent focus reports published by the LGO include suggested scrutiny questions to assist local councillors in scrutinising their own local authority. The focus report 'Not in my back yard: Local people and the planning process' provided the following list of questions about the planning process for councillors to ask officers.

- Does the council comply with the good practice checklist?
- What is the council's target for building new homes and is it likely to achieve this? Failure to provide new homes can have a significant effect on the local economy and housing market.
- What type of applications are currently decided by officers and should this be reviewed?
- How does the 'call-in' procedure work and how often is it used?
- How many of the council's decisions are overturned by the Planning Inspector?
- How many complaints does the council receive about decisions on planning applications, what are the outcomes and how has the council used them to improve its services?

Allerdale Borough Council used this focus report to update their own guidance to the public on how to respond to planning applications. It sought to manage people's expectations better by setting out more clearly the factors that a council can and cannot take into account when considering a planning application. The guidance referenced the LGO's focus report to provide assurance that it was based upon views offered by an independent ombudsman.

LGO website December 2014

www.lgo.org.uk

Final summary

The way you handle complaints and pursue issues of service improvement contributes to how effective you are as a ward councillor. You represent the people on your ward and their satisfaction with the services the council provides is a measure of your success.

To handle complaints effectively, and to help drive service improvement in your council:

- be prepared with all the information you need about how complaints are handled in your council
- recognise when a complaint needs to be referred to another organisation
- follow the complaints procedures set out by your council
- regularly review complaints data to identify trend or patterns
- raise any issues you identify as soon as possible.



Where do you go from here?

Look back over the material contained in earlier sections of this workbook and consider the following:

- a) Do you have all the information you need to handle complaints effectively?
- b) Does the way you process and record complaints enable you to review complaints data? Is there anything you could do better?
- c) Have you established a routine for regularly reviewing complaints information about your council? Have you reviewed the information available from the LGO website about your council?

Appendix – Sources of further information and support

You will find more detailed information and examples about complaints handling in the e-learning module that accompanies this workbook. Contact the Local Government Association for more information.

Guidance

Local Government Ombudsman

www.lgo.org.uk

Parliamentary and Health Service Ombudsman

www.ombudsman.org.uk

Housing Ombudsman

www.housing-ombudsman.org.uk

Printed publications

Advising residents about health and social care complaints: a guide for councillors, joint publication by the LGA and the Centre for Public Scrutiny, 2014.

Councillors' Guide, LGA 2014.

My expectations for raising concerns and complaints, joint publication about effective complaint handling from the view of the complainant, published by PHSO, LGO and Healthwatch (November 2014).

Other useful websites

www.info4local.gov.uk

Provides an online, one-stop gateway for local authorities to get quick and easy access to local government-related information that is published on the web sites of central government departments and agencies.

www.local.gov.uk

The Local Government Association's website provides invaluable sources of help and advice for all those in local government and contains guidance and case studies on all aspects of the councillor role.

www.upmystreet.com

Type in the relevant postcode for a wealth of social and economic information by neighbourhood.

www.local.gov.uk/about-lginform

Local Government Inform (LG Inform) is the LGA's benchmarking data service for councils and fire and rescue authorities. A new and improved version of LG Inform has been released, with improved performance and functionality.



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We consider requests on an individual basis.

**CORPORATE GOVERNANCE COMMITTEE - 25TH SEPTEMBER
2015**

REPORT OF THE COUNTY SOLICITOR

**ANNUAL REPORT ON THE OPERATION OF THE MEMBERS' CODE
OF CONDUCT 2014/15**

Purpose of Report

1. This report fulfils the requirement for the Monitoring Officer to report to the Committee on an annual basis on the operation of the Members' Code of Conduct in accordance with a decision of the Committee on 24th September 2012.

Background

2. In the light of the changes introduced in the Localism Act 2011 a new Members' Code of Conduct was adopted at the County Council meeting on 4th July 2012 following prior consideration at the Constitution Committee on 22nd June and the Corporate Governance Committee on 29th June that year.
3. The effect of the changes was to give this Committee responsibility for dealing with matters relating to the Code of Conduct for Members.
4. Detailed arrangements for dealing with allegations against Members were considered by this Committee on 24th September 2012 and a procedure for dealing with allegations was agreed.
5. The Committee received the report on 26th November 2012 to address concerns which had been received as to the steps which could be taken in the event that a Member who had been the subject of complaints processes refused to comply with the outcome of those procedures. Concerns were expressed at the lack of sanctions in the regime for dealing with the conduct of Members in the light of changes to the legislation and the Committee asked that in the event of non-compliance, the Monitoring Officer report the cases to this Committee. To date this situation has not arisen.

Complaints received under the Members' Code of Conduct

6. Since August 2014 no complaint has been received by the Monitoring Officer under the Members' Code of Conduct

Independent persons

7. As a preliminary to this report the three people appointed as Independent Persons under the Members' Code of Conduct have been approached and have confirmed their willingness to continue in that role.

Clarification for Members declaring interest.

8. As a result of discussions with one or two Members in the last couple of months it would probably be of assistance to all members to clarify the circumstances in which a Member with an interest in a matter should declare that when involved in discussions with officers.
9. The position is that where a Member is approached by an officer by way of consulting him/her on a matter within his/her division then the Member should disclose any personal interest which the Member may have in the matter to that officer. Given the consultation will usually be in the form of a letter or email the Member should include within any written response mention of the interest. If the approach from an officer is in person or over the telephone then the Member should declare the interest at the outset of the discussion. The same principles apply where a Member wishes to approach an officer to discuss a matter with that officer.

Recommendation

10. The Committee is asked to note this Report.

Equality and Human Rights Implications

None.

Background papers

Guide to the Leicestershire County Council Members' Code of Conduct

Leicestershire County Council's Procedure for dealing with allegations of a breach of the Members' Code of Conduct.

Report to the Corporate Governance Committee on 24 September 2012 - 'Arrangements for dealing with Member Conduct Complaints'

Report to the Corporate Governance Committee on 23 September 2014 – 'Annual Report on the operation of the Members Code of Conduct 2013/14'

Circulation under the Local Issues Alert Procedure

None.

Officer to contact

Andrew James (County Solicitor) 0116 305 6007, email andrew.james@leics.gov.uk

CORPORATE GOVERNANCE COMMITTEE – 25TH SEPTEMBER 2015**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****QUARTERLY TREASURY MANAGEMENT REPORT****Purpose of the Report**

1. To update the Corporate Governance Committee about the actions taken in respect of treasury management in the quarter ended 30th June 2015.

Background

2. Treasury Management is defined as:-

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

3. A quarterly report is produced for the Corporate Governance Committee to provide an update on any significant events in the area of treasury management.

Economic Background

4. The UK economy grew by 0.7% during the June quarter, following a disappointing figure for the previous quarter. The unexpectedly clear outcome of the May general election eliminated some market uncertainties but the firm commitment of the Conservative Government to remove the deficit within the term of this Parliament will mean further reductions in expenditure, which will have an impact onto the level of growth over the next few years. Inflation remained subdued with no expectation of an immediate increase, whilst employment and consumer expenditure continue to be robust.
5. In the Eurozone there were further issues in respect of Greece but, despite this, consumer and business confidence improved significantly. This improvement in confidence is almost undoubtedly linked to the massive programme of quantitative easing that the European Central Bank commenced in January.
6. The US economy also showed continued signs of resilience, with GDP rebounding from a weather-induced slowdown in the first quarter. By the end of June there was strong consensus amongst market commentators that the Fed funds rate would see its first increase from historic lows before the end of 2015.
7. After the end of the quarter there became increasing concern over the state of the Chinese economy, which appeared to be experiencing a much bigger slowdown than had been anticipated, and this had a significant impact onto World markets. The Chinese authorities acted decisively and allowed its currency to weaken, cut interest rates and made it easier for banks to lend, all with the aim of supporting the stuttering economy. At the time of writing this report it is difficult to assess whether

this is anything more than a market wobble, but it does make it likely that the point at which interest rates will rise in the UK and US has been postponed for a while longer.

Action Taken during June Quarter

8. The balance of the investment portfolio increased over the quarter and stood at £178.7m at the end of the quarter, and increase of £13.7m from the opening position. Balances generally increase by a meaningful amount in the first quarter of the financial year as a result of the 'front loading' of certain grants, and the increase is actually less than has been experienced in recent years.
9. On 1st April a new method of assessing the acceptability of counterparties came into force, following its approval as part of the Authority's Medium Term Financial Strategy. This increased the number of available counterparties and as a result there was an unusually high amount of activity within the loan portfolio.
10. Two loans to Local Authorities (totalling £15m) matured during the quarter and were not renewed, and the same happened with a £10m deposit with HSBC. The biggest movement, however, came in the reduction of monies invested in Money Market Funds, with the balance falling from £75m to £28.7m.
11. A three month loan with HSBC was renewed for further period of three months and two loans of £5m each with the Bank of Scotland matured during April and were replaced with new one year loans at a slightly higher interest rate (1% instead of 0.95%). The increase in the maximum limit on loans to the Lloyds Banking Group (which includes Bank of Scotland) was also utilised, with a new £10m loan being placed for one year at 1%.
12. Of the new counterparties that came onto the list in April, £40m was invested with RBS (for one year, in three different transactions). Six month loans were placed with Santander UK (£15m), Nationwide Building Society (£10m) and Landesbank Hessen Thuringen (£10m). The new counterparty list has allowed significant sums to be moved out of Money Market Funds (earning c. 0.45%) and deposited with safe financial institutions at higher rates of interest. The overall impact of the activity on the average rate was that it increased from 0.62% to 0.79%.
13. The loan portfolio at the end of June was invested with the counterparties shown in the list below.

	£m
Lloyds Banking Group/Bank of Scotland	50.0
Royal Bank of Scotland	40.0
HSBC	15.0
Santander UK	15.0
Nationwide Building Society	10.0
Landesbank Hessen Thuringen	10.0
Lancashire County Council	10.0
Money Market Funds	<u>28.7</u>
	<u>178.7</u>

14. There are also five further loans with Lloyds Banking Group which are classified as 'service investments' for the Local Authority Mortgage Scheme (LAMS). These do not form part of the treasury management portfolio, but are listed below for completeness:

5 year loan for £2m, commenced 5th September 2012 at 2.72%
 5 year loan for £1.4m, commenced 27th November 2012 at 2.19%
 5 year loan for £2m, commenced 12th February 2013 at 2.24%
 5 year loan for £2m, commenced 1st August 2013 at 2.31%
 5 year loan for £1m, commenced 31st December 2013 at 3.08%

15. The Leicestershire Local Enterprise Fund has been making financing available to small and medium sized Leicestershire companies, via an association with Funding Circle, since December 2013. There are a number of hurdles that companies must clear before being able to access this funding, and any loans made will be classed as 'service investments'. As such, these loans are not covered within the Treasury Management Policy but at the end June 2015 there had been 44 loans made totalling £440,080 and the average interest rate on these loans was 8.6%.
16. The Authority has significant earmarked funds, some of which appear unlikely to be utilised for a number of years. Whilst these funds are necessary, the returns earned on them prior to their utilisation will be in line with returns on cash unless they are invested differently. Cabinet agreed on the 11th September to the investment of £15m of the County Council's earmarked funds into a pooled property fund, or a small number of pooled property funds. This investment will give a meaningful lift in the Council's investment income and the probability of some long-term capital appreciation, given that property values do not seem currently to be extreme.

Resource Implications

17. The interest earned on revenue balances and the interest paid on external debt will impact directly onto the resources available to the Council.

Equality and Human Rights Implications

17. There are no discernible equality and human rights implications.

Recommendation

18. The Committee is asked to note this report.

Background Papers

None

Circulation under the Local Issues Alert Procedure

None

Officers to Contact

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 Chris Tambini - telephone 0116 3056199, email chris.tambini@leics.gov.uk

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CORPORATE GOVERNANCE COMMITTEE
25 SEPTEMBER 2015

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT UPDATE

Purpose of the Report

1. One of the key roles of the Committee is to ensure that the Council has effective risk management arrangements in place. This report assists the Committee in fulfilling that role by providing a regular overview of key risk areas and the measures being taken to address them. This is to enable the Committee to review or challenge progress, as necessary, as well as highlight risks that may need to be given further consideration. This report covers:
 - a) The Corporate Risk Register (CRR) – an update against risks
 - b) Update on related risk management matters and counter-fraud initiatives.

Corporate Risk Register (CRR)

2. The Council maintains departmental risk registers and a Corporate Risk Register (CRR). These registers contain the most significant risks which the Council is managing and which are owned by Directors and Assistant Directors.

The CRR is designed to capture strategic risk that applies either corporately or to specific departments, which by its nature has a long time span. Risk owners are engaged and have demonstrated a good level of awareness regarding their risks and responsibilities for managing them. The full CRR is attached as Appendix A.

3. The CRR is a working document and therefore assurance can be provided that, through timetabled review, high/red risks will be added to the CRR as necessary. Equally, as further mitigation actions come to fruition and current controls are embedded; the risk scores will be reassessed and this will result in some risks being removed from the CRR and reflected back within the relevant departmental risk register.
4. The key change since the CRR was last presented to the Committee on 12 June 2015 is regarding the Care Act 2014:
 - Risk 2.1 (referred to in the previous Committee report 12 June 2015) – relating to the Impact of the Care Act 2014 - Phase 2 on the long term Council delivery strategies has been revised. The Government recently announced (July 2015) its decision to delay the introduction of the cap on care costs until April 2020 therefore the risk regarding the implementation

of the Care Act (Phase 2) is no longer relevant. However, there is now a risk regarding the funding received for implementing the Care Act (Phase 1 & 2) of approximately £5.5m. The funding allocation was not specific to Phase 2, and it is unclear whether some of this will be taken back. Furthermore, there is also uncertainty as to whether there will be a reduction of the Care Allocation in 2016/17. The position may be clearer following the autumn spending review for 2016/17 funding.

- Other changes are :
 - Addition of a new risk (1.5) – significant pressures on the children’s social care placement budget, which fund the care of vulnerable children.
 - The financial impact of the increase in the living wage for 25+ entitled to the National Living Wage from April 2016 at £7.20 per hour is reflected in risk 1.1 – MTFs in the table below.
 - Personal Independence Payment (PIP) migration from Disability Living Allowance and other changes are referred under risk 2.3 - Welfare Reform Act in the table below.
 - Minor changes to the CSE risk descriptions at 7.1

5. At its meeting on 12 June 2015, the Committee requested that a presentation be provided on the following :



- The County Council's work to mitigate the risks of Child Sexual Exploitation in Leicestershire.






This will be undertaken as part of this agenda.





6. The most up-to-date position of the risks on the CRR is shown in the table below. The risks have been re-numbered within each category. To maintain a full history of all risks, details of any risks removed will be provided in the Corporate Risk Register (Appendix A).




The arrows explain the direction of travel for the risk, i.e. where it is expected to be within the next twelve months after further mitigating actions, so that: -


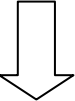


- a) A horizontal arrow shows a there’s not much movement expected in the risk
- b) A downward pointing arrow shows there’s expectation that the risk will be mitigated towards ‘medium’ and would likely be removed from the register
- c) An upwards pointing arrow would be less likely but is possible, since it would show that the already high scoring risk is likely to be greater

Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl changes)	Update	Direction of Travel (Residual Risk Score over the next 12 months)
1. Medium Term Financial Strategy (MTFS)					
All	1.1	Risk around the MTFS including the ability to deliver savings through service redesign and Transformation as required in the MTFS, impact of the living wage and other demand and cost pressures	25	As a result of the budget announcement on the living wage, there has been a serious worsening of the Council's financial position. In addition, the children's social care placement budget is forecast to overspend, and there could be additional costs arising from the recent Government announcement on Syrian refugees. The MTFS will be revised over the Autumn. The Transformation Unit and Strategic Finance Service have developed a combined monitoring and reporting process for all projects. A revised approach will be submitted to the Transformation Delivery Board in October 2015.	 Expected to remain high/red
C&FS	1.2	Local Authority legal requirements to meet deficit budgets from maintained schools becoming sponsored academy, and pressure from Sponsors to meet repair costs.	16	<p>No change – early due diligence work commenced at the end of last term at Shephed Hind Leys and High Schools to help identify potential costs – this has included revenue projections at/post conversion and commissioning of revised condition surveys. More will be known in the autumn term when discussions recommence with the DfE and potential sponsor.</p> <p>Once the Education and Adoptions Bill (2015-16) is passed by Parliament, this will help identify which Leicestershire schools might be impacted i.e. the definition of coasting schools, and in turn identification of potential revenue and capital costs.</p>	 Expected to remain high/red

CE	1.3	Funding and reputation risks: CIL Regulations (1 April 2015) are now in force which restrict the pooling of section 106 contributions	20	A recent review of the developer contribution process has highlighted the need for corporate oversight to improve strategic direction and optimise the amount of contributions secured and how and what they would be spent on. A number of actions will be progressed.	 Expected to remain high/red
CR	1.4	The cost arising from uninsured risks increases	16	The uninsured loss fund has been increased by £2.2 m to £ 7.0 m, to replace cover lost due to failed insurers (per the June Cabinet report). Independent insurance company has offered settlement terms to its creditors. These are expected to be accepted with the consequence that future claims relating to the period 1993 to 1997 will be effectively self-insured.	 Expected to remain high/red
C&FS	1.5	Significant pressures on the children's social care placement budget, which fund the care of vulnerable children.	15 (New)	Forecast budget overspend (£6m) arising from the high cost and volume of placements	 Expected to remain high/red
2. Health & Social Care Integration					
A&C	2.1	Care Act 2014 Phase 2- Financial risk for funding received for 2015/16 and beyond	20 (revised)	See paragraph 4 above for further explanation	 Expected to remain high/red
CE / A&C	2.2	Better Care Together (BCT) - there are a number of strategic risks associated with the health and social care economy's 5 year plan and strategic outline	16	Programme has been reshaped to define the outcomes (benefits, costs, risks) to be achieved by each workstream within the BCT. Consultation narrative is being developed for full public consultation in November 2015. Health and social care pathways are being re-designed through implementation of Intensive Community services to provide alternative to in-patient beds. A cross cutting, Leicester,	 Expected to move to medium/amber

				Leicestershire & Rutland Adult Social Care Strategy in final draft. The impact of the 'left shift' (meaning more care will be provided in the community and closer to home) on local authority and social care workforce, finances and commissioning intentions is being determined.	
All	2.3	Challenges caused by the Welfare Reform Act.	25	<p>Key changes:</p> <ul style="list-style-type: none"> Personal Independence Payment (PIP) migration from Disability Living Allowance for new and existing services users effective from 13 July 2015 over the next two years. Plan in place by Community Care Finance (Adults and Communities Department) to deal with PIP for LCC appointeeship and Deputyship cases. Government's rollout timetable for exiting benefit claimants to be moved over to the Universal Credit during 2016 and 2017 	 expected to remain high/red
3. ICT, Information Security					
CR	3.1	Maintaining ICT systems and having the ability to restore services quickly and effectively in the event of an outage.	15	Significant progress has been made over the last 12 months to mitigate number of Disaster Recovery risks	 Expected to move to medium/amber
CR	3.2	Continuing risk of failure of information security.	16	Whilst a number of actions have been taken to tighten governance and controls, it will be essential to continue a programme of communication and training for staff, and to embed security as part of operational activities.	 Expected to move to medium/amber
All	3.3	Failure by LCC to provide effective business intelligence to services will	15	Good progress has been made over the last 9 months and the appointment of a new Head of Business Intelligence and the establishment of the Centre of	 Expected to remain

		restrict implementation of effective strategies, impacting council wide priorities and delivery of the Transformation Programme.		Excellence in July 2015 are important milestones. A new Data and Business Intelligence Strategy will be approved over the next 3 months.	high/red
CR	3.4	Insufficient capacity to provide Information & Technology solutions.	16	Future savings requirements will have an impact on the availability of resources, and demand management and new ways of delivering Information & Technology solutions will be required.	 Expected to remain high/red
C&FS	3.5	Retention of children's case files beyond Data Protection Act (DPA) requirements	16	No change to previously reported position – risk will be reviewed with the Caldecott Guardian.	 Expected to remain high/red
4. Transportation					
E&T	4.1	Impact of an increase in unplanned and speculative local developments to address the shortfall in the five year housing supply which could have an adverse impact on the functioning of the transport network.	15	No change to the previously reported position. Further actions and additional controls are ongoing.	 Expected to move to medium/amber

5. Partnership Working					
C&FS	5.1	Improved outcomes and financial benefits of Supporting Leicestershire Families (SLF) are not achieved, leading to inability to financially sustain the SLF service beyond 2015/16.	15	Government has committed to further five years funding (up until March 2020). Discussions are now taking place with partners to secure financial commitment to align with government funding.	 Expected to remain high/red
E&T	5.2	LLEP-insufficient funding for transport schemes to deliver economic growth and LTP3 /Strategic Plan. Risk regarding match funding requirement for the Council	20	No change to the previously reported position. Further actions and additional controls are ongoing. Position will become clearer when Autumn statement made.	 Expected to move to medium/amber
6. Commissioning & Procurement					
CR	6.1	The Authority does not obtain the required value and level of performance from its providers and suppliers	15	<p>Programme of work underway to help mitigate this risk as part of the Effective Commissioning Enabler (Transformation Programme) and business continuity arrangements.</p> <p>Approval given to establish a new Commissioning Support Team. HR Action Plan due to be signed off early August with implementation of new structure and recruitment of additional resources to commence September 2015.</p>	 Expected to move to medium/amber
7. Safeguarding					
C&FS	7.1	Evidence of previously unknown serious historic issues of child sexual exploitation or abuse is identified The Council does not have the capacity to meet the demand on the CSE service	25	Current and historical CSE matters remain high. Additional resources have been deployed to facilitate the identification of non-recent abuse cases and the identification and reporting of current child sexual exploitation.	 Expected to remain high/red

Other Risk Information

7. Risk Management Training

A Risk Management Health Check & Register Workshop (1 day) was held at County Hall. This event was attended by departmental risk champions, internal auditors, and the Head of Internal Audit Service, officers from the Better Care and Transformation programmes and the Head of EMSS. The course refreshed views on the key risk management concepts from identification, assessment, monitoring and reporting. The learning evaluation highlighted a number of positive outcomes and areas where improvement is to be further explored.

Counter Fraud Initiatives

8. Local Government Transparency Code

Under the Local Government Transparency Code, the Council is required to publish, annually, summary details of fraud investigations including the total number of frauds investigated and the total amount spent by the authority on the investigation and prosecution of fraud:

http://www.leics.gov.uk/index/your_council/budget/fraud-investigation.htm

In accordance with the deadlines established by the Code, 2013/14 data was published by 2 February 2015, with 2014/15 data (and subsequent years) being published by 30 April each year. Nothing of significance was reported by the Council for either of the years.

9. Anti-Fraud & Corruption Survey

Local authorities are asked to complete an annual anti-fraud and corruption survey. Responsibility for the survey now lies with CIPFA since the closure of the Audit Commission. The results of the survey will be collated in due course and published to depict a national picture regarding fraud, including trends. This output is useful to us to highlight where counter fraud resource should best be directed, including emerging fraud areas. Although submission is now voluntary rather than mandatory, the 2014/15 survey was submitted to CIPFA in accordance with its deadlines. The information provided by the Council is similar to that published under the Local Government Transparency Code and therefore nothing of significance was reported in the 2014/15 survey.

10. National Fraud Initiative

The Council is a mandatory participant in the Cabinet Office's biennial National Fraud Initiative (NFI) a data-matching exercise designed to highlight fraud both within and between organisations. Responsibility for NFI transferred to the Cabinet Office in April 2015 following the closure of the Audit Commission in March 2015.

A series of data sets were submitted in October 2014. These comprised of data for Payroll, Pensions, Creditors, Blue Badges and Concessionary Travel passes, Residential Care Home payments and Personal Budgets. Data matching reports

were released at the end of January 2015. Review of the reports commenced on their release and is ongoing. Certain reports have been investigated as 'high priority' e.g. matching payroll to UK Visas, matching pensions to DWP deceased persons records but no further action was required. To date we have not identified any savings (or potential frauds) as a result of the NFI data matching exercise, however, this may change as investigations continue.

The NFI have previously issued a National Report highlighting savings achieved as part of NFI. If this practice continues, a report should be produced in June 2016.

11. Fraud Awareness e-learning module

The Council's e-learning module on fraud awareness has been revised. This e-learning is mandatory for all staff. The take-up of the e-learning will be monitored and strategies put into place to ensure it is maximised, for example reminders in Managers' Digest.

12. Countering Procurement Fraud

The CIPFA Counter Fraud Centre has recently published a guide on managing the risks associated with procurement fraud. This guide has been cascaded to the LCC Head of Procurement and the Assistant Director (Procurement & Compliance) at ESPO. This guide to managing the risk of procurement fraud has been written primarily for Heads of Procurement in local authorities who can act as a focal point for intelligence on procurement fraud and as a catalyst for a strategic approach to countering it. The intention, however, is that the guide will be useful to a much wider audience, including Finance Managers and those who manage contracts.

13. DCLG Fighting Fraud Funding Bid

The Council was part of a successful collaborative funding bid led by Leicester City Council which will see a number of counter fraud initiatives. The main element of the bid will see, at a later stage during the year, the introduction of regular data matching of employee data with other data sets, for example council tax data, in order to identify possible fraudulent activity both within and between authorities. The first of these initiatives to be progressed, however, is a Counter Fraud application for smart phones. This app will enable the Council to raise awareness with the public regarding fraud as well as publish information, e.g. success stories. The app is designed to be 'two way' and will be an avenue for individuals to be able to report suspected fraud to the Council. The success of this initiative will rely on a targeted communications strategy that encourages the general public to download the app, for which there is no charge.

14. Accredited Counter Fraud Technician

A member of the Internal Audit Service has successfully undertaken the CIPFA Accredited Counter Fraud Technician course. As a result, a number of 'quick wins' have been introduced to procedures (Leicestershire County Council Internal Audit Service), for example development of a loss recovery strategy in relation to fraudulent activity, and further work aimed at standardising how fraud investigations

will be undertaken within the Council, e.g. file management protocols, evidence retention, information security.

15. Loss Recovery Strategy

A formal loss recovery strategy is being developed which will complement the Council's overall zero tolerance approach to all forms of fraud and corruption within the organisation. This strategy will acknowledge that there are a number of different routes available to the Council to seek redress in the event of fraud loss, including both civil and criminal action. The strategy, once finalised and suitably approved, will be integrated into the Council's overall Anti-Fraud and Corruption Strategy.

Recommendation

16. That the Committee:

- a) Approves the current status of the strategic risks, facing the Council and the updated Corporate Risk Register;
- b) Notes the Council's initiatives to improve the prevention and pursuit of fraud;
- c) Make recommendations on any areas which might benefit from further examination and identify a risk area for presentation at its next meeting.

Resources Implications

None.

Equality and Human Rights Implications

None.

Circulation under the Local Issues Alert Procedure

None

Background Papers

Report of the Director of Corporate Resources – 'Risk Management Update' – Corporate Governance Committee, 20 February and 12 June 2015

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Appendices

Appendix A - Corporate Risk Register

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							Current Risk Score			Risk Response; <i>Tolerate Treat Terminate Transfer</i>		Residual Risk			Action Owner / (Date)	Action Complete (Yes or No)
Dept.	Risk #	Risk	Causes (s)	Consequences (s)	Risk Owner	List of current controls	I	L	Risk Score		Further Actions / Additional Controls	I	L	Risk Score		
1. Medium Term Financial Strategy (MTFS)																
All	1.1	Risk around the MTFS including the ability to deliver savings through Service Redesign/ Transformation as required in the MTFS, impact of the living wage and other demand and cost pressures	<ul style="list-style-type: none">Reducing government fundingIncreased demand for the most vulnerable continues to increase: Adult Social Care / CYPsSignificant efficiencies/savings already realised and implemented thereby making it increasingly difficult to deliver unidentified savings	<u>Service Delivery</u> <ul style="list-style-type: none">Negative impact on all services as further service cuts will be required to reduce deficit <u>Reputation</u> <ul style="list-style-type: none">Significant impact on reputation exacerbated by the need for quick and potentially crude savings if a more considered approach not adopted <u>Financial</u> <ul style="list-style-type: none">Loss of incomeRestricted funding from other sources	Chief Executive/ All Directors	<ul style="list-style-type: none">MTFS approvedPublic consultation undertakenMonitoring processes in place at both departmental and corporate levelSettlement reviewed and MTFS updatedProgress with savings monitored and reported to Scrutiny Commission regularlyImprovement to Transformation programme including governance	5	5	25	Treat	<ul style="list-style-type: none">Further investigation of living wage costs and offsetting actionsFurther investigations of the children's placements overspendGreater emphasis on commissioning, active communities and demand managementReview MTFS assumptionsReview savings due to the possibility of front loading funding reductions in 2016/17 and 2017/18 <u>Transformation Programme</u> <ul style="list-style-type: none">Review of Programme Design to be undertaken in	5	5	25	Chief Executive / All	

										collaboration with Corporate Finance with focus on strengthening and implementing design principles, processes and governance to ensure the effective and timely development of project proposals and business cases. Paper outlining proposed revised approach to be submitted to Transformation Delivery Board by October 2015.			Directors	
										<ul style="list-style-type: none"> In alignment with the outcome of Programme Design Review, the PMO will review current programme reporting and develop and implement a reporting regime which provides Transformation Delivery Board with a clear and relevant view on progress of all appropriate projects/change initiatives from concept development to benefits realisation – timescale for delivery to align with Programme Design Review 			Ongoing	

[illegible]

			projects	could direct LCC to close the school. <u>Financial</u> <ul style="list-style-type: none">• Demand on limited Dedicated School Grant (revenue) resources• Diversion of capital funding from other schools• If schools close there will be a negative impact on the transport budget as the LA will have to transport children to other schools.												
CE	1.3	Funding and reputation risks: CIL Regulations (1 April 2015) are now in force which restrict the pooling of section 106 contributions	<ul style="list-style-type: none">• No CIL in place by District Councils Regulations now in force (6th April 2015)	<u>Financial</u> <ul style="list-style-type: none">• Failure to secure funds putting LCC at financial risk <u>Reputation</u> <ul style="list-style-type: none">• Possible need for challenge / defend challenge in high court	County Solicitor/ Head of Planning, Historic & Natural Environment	<ul style="list-style-type: none">• Agreed positions established with District Councils	5	4	20	Treat	<ul style="list-style-type: none">• Analyse data of s106 contributions since 2010• Re Categorisation and agreement reached with LPAs	5	3	15	Head of Planning, Historic & Natural Environment (on going)	
CR	1.4	The cost arising	<ul style="list-style-type: none">• Latest estimates	<u>Reputation</u> <ul style="list-style-type: none">• Amounts involved are	Assistant Director –	<ul style="list-style-type: none">• Detailed review of MMI claims	4	4	16		<ul style="list-style-type: none">• Fund audit due this year to establish if	4	4	16		

		from uninsured risks increases	<p>from MMI indicate an increasing liability</p> <ul style="list-style-type: none"> Proposed settlement from the Independent only 15p per £1 of claims Independent insurance company close to agreement, which means LCC will be effectively self-insured for new claims in this period 	large and LCC is currently the MMI's largest creditor (£2.2m)	Strategic Finance & Property/ Finance Manager	<p>undertaken before payments made</p> <ul style="list-style-type: none"> Significant uninsured loss fund created has been increased (£2.2m) using 14/15 underspend to mitigate against the consequences MMI and similar situations Risk management work continues to minimise claim numbers, education to departments regarding maintenance of controls New process for checking insurance cover for high risk Property contracts Academies only expected to be insured by LCC or FA scheme in future Deductible increased to £250k to reduce premiums 			Treat	<p>reserve holding is sufficient and deductible level appropriate</p> <ul style="list-style-type: none"> Review reserve levels in light of future claims 			Assistant Director – Strategic Finance & Property / Finance Manager December 2015	
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						payable											
C& FS	1.5	Significant pressures on the children's social care placement budget, which fund the care of vulnerable children.	<ul style="list-style-type: none">High cost placements increasing especially in relation to behaviour & CSE issues	<ul style="list-style-type: none"><u>Financial</u> High cost and overspending of budget	Assistant Director-Children's Social Care	<ul style="list-style-type: none">T3 Project being closely performance managed by Departmental Transformation BoardPlacements Commissioning Board establishedWeekly tracking of admissions and discharges of Children in CareWorking with Impower to increase foster carer numbers	3	5	15	Treat	<ul style="list-style-type: none">T3 placement commissioning strategy is in progressCohorts of children being targeted for lower cost measuresChanged decision making processes to be put in placeMonthly high level DMT reviews to be introduced	3	5	15	Assistant Director-Children's Social Care	December 2015	
2. Health & Social Care Integration																	
A& C	2.1	Care Act - Phase 2 financial risk for funding received for 15/16 and beyond. (Total funding for Phase 1 and Phase 2 -	<ul style="list-style-type: none">Care Act Phase 2 implementation delayed by Ministers until April 2020. Funding allocation isn't specific to Phase 2, whether some of this will be taken back is unclear.	<ul style="list-style-type: none">Uncertainty about what claw-back if any in 15/16. Uncertainty if there will be a reduction of Care Act Allocation in 16/17. Project and staffing resources funded from this funding stream, - continued affordability which will impact department/operational teams. Impact on staff and staffing number – potential redundancies.	Assistant Director – Promoting Independence	<ul style="list-style-type: none">Significant use of fixed term contracts. Recruitment now ceased.	4	5	20	Treat	<ul style="list-style-type: none">Staffing being reviewed for the savings to be made if funding withdrawn. Mitigate redundancies through usual Council Policies.	3	5	15	Assistant Director – Promoting Independence	December 2015	

[illegible]

			<p>financial plan/assumptions for delivering the programme</p> <ul style="list-style-type: none"> • The savings from BCT are not achieved, leading to gaps in the financial plan/assumptions for delivering the programme. • A notional figure of £5m impact on ASC has been highlighted within the Strategic Outline Case. <p><u>People</u></p> <ul style="list-style-type: none"> • Partners are unable to provide sufficient staffing resource to deliver the programme leading to failure to deliver at the required pace and scale • Lack of LLR integrated workforce plans <p><u>Reputational</u></p> <ul style="list-style-type: none"> • The communication and engagement plan for BCT is ineffective leading to lack of public 	<p>work is in progress led by the BCT programme office on the bed reconfiguration proposals</p> <ul style="list-style-type: none"> • BCT update included in all-member briefings on a regular basis. • BCT reports to HWBB and Cabinet approving the 5 year plan and the Strategic Outline Case. • BCT Scheme of Delegation has been shared with the council for comment, feedback given. • Social care/prevention strategies for each LA have been drafted to inform the BCT delivery plan .The Chief Executive, (Rutland County Council, SRO, Social Care), are being consolidated by into one 			<p>BCT programme is currently developing an outcome and milestones document which will set out the detail of delivery plans for the next 12-18 months.</p> <ul style="list-style-type: none"> • Public consultation planned in the Autumn to be led by the BCT programme. 				
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[illegible]

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CR	3.1	The County Council's services have a growing dependence on ICT systems and infrastructure. Hence maintaining ICT systems and having the ability to restore services quickly and effectively in the event of an outage is vital.	<ul style="list-style-type: none"> Business evolution and dependencies cause additional load and complexity on existing infrastructure, reducing resilience to failure. Current data centre reaching end of life 	<p><u>Service Delivery</u></p> <ul style="list-style-type: none"> Unable to deliver critical services Disruption to day to day operations Loss of key information Loss of self-service customer facing options / Public unable to use all access channel <p><u>People</u></p> <ul style="list-style-type: none"> Alternate business continuity arrangements likely to result in backlogs of work <p><u>Reputation</u></p> <ul style="list-style-type: none"> Negative stories in press Key partners impacted may influence contract renewal <p><u>Financial</u></p> <ul style="list-style-type: none"> Potential penalties Additional costs related to internal and external recovery 	Assistant Director – Information & Technology / Assistant Director – Customer Services & Operations	<ul style="list-style-type: none"> DR testing done on all critical systems and integration of critical systems (technical tests) DR testing scenarios can be easily created using isolated bubble e.g. by service without impacting live environment Romulus court recovery can now recover a service at RC in minutes Host server down can now automatically reallocate its services to another server in minutes Property provide power resiliency – recent updates to testing generators Critical system list signed off by Corporate Resiliency. Built into service desk and DR recovery processes Service BC plans developed for all 	5	3	15	Treat	<ul style="list-style-type: none"> Continue review of current plans to ascertain gaps, to put forward improvement proposals Notification of all planned changes that may impact infrastructure Data Centre replacement project underway Completion of first year of planned DR test DR tests need Corporate Resiliency Group input and input from Strategic DR plan owner (Kevin Turner) via DR working group Server virtualisation programme 95% complete 	4	3	12	Design & Commissioning Manager December 2015 Assistant Director – Information & Technology & Assistant Director – Customer Services & Operations April 2016
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						critical services.											
CR	3.2	The responsibility to protect the confidentiality, integrity, availability and accountability of information means there is a continuing risk of failure of information security.	<ul style="list-style-type: none">Increased information sharingIncreased demand for flexible working increases vulnerability of personal, sensitive data taken offsite.More hosted technology servicesGreater emphasis on publication of data and transparencyGreater awareness of information rights by service usersIncreased demand to open up access to personal sensitive data and information to support integration of	<u>Service Delivery</u> <ul style="list-style-type: none">Diminished public trust in ability of Council to provide servicesFailure to comply with Public Service Network (PSN) Code of Connection standard would result in the Council being disconnected from PSN services, with possible impact on delivery of some vital services. <u>People</u> <ul style="list-style-type: none">Loss of confidential information compromising service user safety <u>Reputation</u> <ul style="list-style-type: none">Damage to LCC reputation <u>Financial</u> <ul style="list-style-type: none">Financial penalties	Director – Corporate Resources & Transformation/ Assistant Director – Information & Technology	<ul style="list-style-type: none">New, simplified Information Security and Acceptable Use policy signed offPSN compliance achievedRegular penetration testing and enhanced IT health checks in placeImproved guidance about data transfer toolsSimplified Security and Acceptable Use Policy approvedCommunication plan re information securityMobile device management implemented	4	4	16	Treat	<ul style="list-style-type: none">New security governance arrangements to be introducedPSN compliance requirements built into BAUActions from external tests build into BAUPersonal responsibility for information security to be built into new staff terms and conditionsOngoing implementation of relevant policies	4	3	12	Assistant Director – Information & Technology Sept 2015 Head of ICT Operations Sept 2015		

			services and development of business intelligence.														
All	3.3	Failure by LCC to provide effective business intelligence to services will restrict implementation of effective strategies, impacting council wide priorities and delivery of the Transformation Programme	<ul style="list-style-type: none">No clearly defined corporate Business Intelligence (BI) functionInsufficient BI on customers and cost of servicesReduced research, performance and finance support for projectsInadequate data quality and data sharingDemand influenced by unmanageable external environmentRange of cultural, Information Management, technology and skills issuesIncorrect	<u>Service Delivery</u> <ul style="list-style-type: none">Inadequate information for business casesJeopardise importance of robust and effective evidence based decision makingTransformation priorities not being met <u>People</u> <ul style="list-style-type: none">Difficulty in identifying and implementing effective preventative measuresLess productivity through duplication of work <u>Reputation</u> <ul style="list-style-type: none">Inaccurate returns to central governmentUnable to comply with increasing	Assistant Director – Information & Technology / Assistant Chief Executive	<ul style="list-style-type: none">Data and BI Enabler Programme underwayData and BI Board establishedNew Head of BI appointedTOM for Centre of Excellence for Data and BI agreedNew Centre of Excellence established	5	3	15	Treat	<ul style="list-style-type: none">Development of Data Framework modelDevelopment of technology roadmap for reporting and BINew mode for engagement with Transformation projects embeddedData and BI Strategy to be approved	5	3	15	Team Manager, Information & Data September 2015 Design & Commissioning Manager Sept 2015 Head of Business Intelligence Sept 2015		

			predictions for growth (and decline) For e.g. Waste	number of data sets required under the Transparency Agenda <u>Financial</u> <ul style="list-style-type: none">Risk of litigation/judicial review												
All	3.4	Insufficient capacity to provide Information & Technology solutions to support major change projects	<ul style="list-style-type: none">Imbalance of IT resources versus IT requirementsDemand outweighs supplyLoss of knowledge and lack of continuity as a result of staff turnover and/or inadequate investment in skills and competenciesDifficulties in recruitment and retention	<u>Service Delivery</u> <ul style="list-style-type: none">Departmental and corporate objectives not met or delayedDelays to project delivery <u>Financial</u> <ul style="list-style-type: none">Failure to support delivery of efficiency programme and ICT replacement projects	Director – Corporate Resources & Transformation/ Assistant Director – Information & Technology	<ul style="list-style-type: none">I&T work programme provides forward visibility of demandUse of external contractors to fill specific skills gapsAnalysis of likely future demandImproved forward planning through implementation of JIRAIdentification of key skills and workforce plan to retain, develop and recruit	4	4	16	Treat	<ul style="list-style-type: none">Implementation of Information and Technology StrategyDevelopment of demand management approaches	4	4	16	Assistant Director – Information & Technology April 2016	
C& FS	3.5	Breach of Data Protection Act - retention of files longer	Decommissioning of Adult Case management System (SSIS) C&F Management Team has	<u>Service Delivery</u> <ul style="list-style-type: none">Service delivery adversely affected by out of date data <u>People</u>	Assistant Director – Commissioning & Development / Head of	<ul style="list-style-type: none">Legal Services' view is that any fines for not retaining data when it should be retained for example in	4	4	16	Tolerate	<ul style="list-style-type: none">Review policy annually to see if position has changed	4	4	16	Assistant Director – Commissioning	

		than required	accepted advice from Legal Services to retain all data recorded on the former case management system (SSIS), as it is not practical to physically go through thousands of children's records on the system and make a judgement on what should or should not be retained, given the limited resource of staff that are 'qualified' to make such decisions.	<ul style="list-style-type: none"> Details of Vulnerable people at risk of disclosure <u>Reputation</u> <ul style="list-style-type: none"> Potential adverse media attention and public lack of confidence <u>Financial</u> <ul style="list-style-type: none"> Potential financial penalties 	Strategy – Business Support	litigation, would be greater than if data is kept securely for longer than legally required. <ul style="list-style-type: none"> Data securely held 								oning & Development / Head of Strategy – Business Support	October 2015	
4. Transportation																
E&T	4.1	Impact of an increase in unplanned and speculative local development	<ul style="list-style-type: none"> National and local housing shortage Government impetus to build new homes Lack of 5 year housing 	<u>Service Delivery</u> <ul style="list-style-type: none"> Significant increase in both the number and complexity of planning applications received Increase in the number of appeals 	Director – Environment & Transport	<ul style="list-style-type: none"> Working with district councils to help identify, prioritise and program work to establish housing plans. Additional expertise 	3	5	15		<ul style="list-style-type: none"> Continue to assist districts in formulation of planning documents to predict county wide housing requirements Identify pinch points on transport network early to begin design 	3	3	9	Head of Service	

		ents to address the shortfall in the 5 year housing supply which could have an adverse impact on the functionin g of the transport network.	<ul style="list-style-type: none">supply District level plans not in placePressure on districts for early determination of planning applicationsIncreased developer 'know-how'Shortage of expert resources	<ul style="list-style-type: none">Negative impact on other core LCC strategies (LTP3) <p><u>People</u></p> <ul style="list-style-type: none">Undue pressure on staff as expert and specific knowledge requiredSafety issues/congestion/accidents for residents if schemes not properly planned and approved <p><u>Reputation</u></p> <ul style="list-style-type: none">Difficulties to maintain reputation of being a quality and fair Highways AuthorityDevelopments in the wrong location <p><u>Financial</u></p> <ul style="list-style-type: none">Increase in legal costsLoss of developer contributionPublic funds needed to address impact of developers		resource recruited	<ul style="list-style-type: none">Analysing different options for the phasing , funding and delivery of transport infrastructureMonitoring number of applications and structuring team to ensure they can be turned around as efficiently as possible, however there is still a minimum amount of time that a transport assessment takes							Treat	<ul style="list-style-type: none">work on potential schemes so that they can be later funded by developers in appropriate circumstancesReview of planning responses across the authority						Transport Policy & Strategy, Head of Planning, Historic & Natural Environm ent Ongoing	
5. Partnership Working																						
C &F S	5.1	Improved outcomes and financial benefits of	<ul style="list-style-type: none">New phase two outcomes frameworks requires large data	<p><u>Service Delivery</u></p> <ul style="list-style-type: none">Reduction in families supportedIncrease in reactive	Director – Children & Family Services / Assistant	<ul style="list-style-type: none">Data project underway to increase provision, quality and from a range	5	3	15		<ul style="list-style-type: none">Measuring outcomes to demonstrate reduced demand.Cost benefits	5	3	15								

		Supporting Leicestershire Families (SLF) are not achieved, leading to inability to financially sustain the SLF service beyond 2015/16	collection • New framework includes much broader measures to achieve in order to pull down TFU monies	service demand <u>People</u> • Families and individuals do not achieve their potential <u>Reputation</u> • Loss of confidence in place based solutions <u>Financial</u> • Related services unable to reduce budgets if demand not decreased	Director-Children's Social Care	of services • Training for workers to achieve optimum outcomes with families at earliest opportunity • Leicestershire has now completed phase one of PBR and pulled down additional funding into the pooled budget • SLF Service is now fully up and running and merged into C&F Services • Whole family working is being rolled out across a range of Services				Treat	analysis to be shared with partners to progress further conversation around future funding • Discussions with partner organisation to secure ongoing funding • Leicestershire to enter PBR phase two early therefore enabling us to draw down additional money into the pooled budget				Assistant Director-Children's Social Care / Head of Supporting Leicestershire Families October 2015	
E&T	5.2	Insufficient /unknown funding for transport schemes to deliver economic growth and LTP3/Strategic Plan	• Changes to local and national funding streams (i.e. SEP) • Lack of available match funding • Lack of / insufficient future plan	<u>Service Delivery, People and Reputation</u> • A transport system that does not support population and economic growth, LTP3/Strategic Plan <u>Financial</u> • Major impact on funding sources	Director – Environment & Transport	• Fed into MTFS / LLEP / SEP processes • Development of Enabling growth action plan • Engagement with centre and LLEP to develop more coherent working relationships • Working with	5	4	20	Treat	• Continued engagement with centre and LLEP to develop more coherent working relationships • Continue to work with SCG, Leicester and Leicestershire Transport Advisory Group and Leicester City to increase the prominence of	4	3	12	Director – Environment & Transport Ongoing	

		& availability of match funding.		<ul style="list-style-type: none">Unknown funding for development of future schemes		SCG, Leicester and Leicestershire Transport Advisory Group and Leicester City to increase the prominence of transport investment in delivery of economic benefits <ul style="list-style-type: none">Continuing to understand future DfT funding models in order to optimise opportunities availableContinuing to develop future plan					transport investment in delivery of economic benefits <ul style="list-style-type: none">Continue to understand future DfT funding models in order to optimise opportunities availableContinue to develop future plan				
6. Commissioning & Procurement															

All	6.1	The Authority does not obtain the required value and level of performance from its providers /suppliers	<ul style="list-style-type: none"> Lack of robust contract management /performance measures for in-house services Robustness of supply chain Reduced funding and resources Staff turnover leading to lack of continuity in contract management Insufficient investment in contract management skills and competencies 	<p><u>Service Delivery</u></p> <ul style="list-style-type: none"> Business disruption due to cost and time to re-tender the contract Standards/quality not met resulting in reduced customer satisfaction Relationships with providers/suppliers deteriorate <p><u>People</u></p> <ul style="list-style-type: none"> Additional workload where disputes arise <p><u>Reputation</u></p> <ul style="list-style-type: none"> Customer complaints <p><u>Financial</u></p> <ul style="list-style-type: none"> VfM/ Efficiencies not achieved Increased costs as LCC has to pick up the service again Unfunded financial exposure (MMI) 	Director – Corporate Resources & Transformation / Assistant Director – Corporate Services & Transformation	<ul style="list-style-type: none"> The performance of the Authority's 23 'top' contracts is monitored on a quarterly basis to ensure that a robust approach is taken to managing performance. Departmental and Corporate CCB ensure that sufficient consideration is given to contract and relationship management; and to managing liabilities at the outset of the procurement. 	5	3	15	Treat	<ul style="list-style-type: none"> Approach to Supplier continuity assurance (based on plans for business critical services) underway Contract Management Toolkit and training interventions being developed as part of the Effective Commissioning Enabler (Transformation Programme) Roll out of e-tendering to help make contract KPI's and management more visible. Commissioning support model is being developed with specific focus on establishing a contract management function to help strengthen arrangements. New Commissioning & Procurement Strategy identified range of additional measures to be implemented 	4	3	12	Head of Commissioning and Procurement Support September 2015
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[illegible]

		abuse is identified		media and political risk	<u>Reputation & Service Delivery</u> Director - Children & Family Services					Treat				Director - Children & Family Services	
	<u>Current</u> The Council does not have the capacity to meet the demand on the CSE service	<u>Current</u> Concerted effort in response to the Goddard Inquiry and Police Operations result in the significant increase in identified cases	<u>Financial</u> <ul style="list-style-type: none">Increased cost of settling claims and service redesign <u>Service Delivery</u> <ul style="list-style-type: none">Increase in the volume of work beyond the capacity of the planned service <u>People (Public)</u> <ul style="list-style-type: none">The Council fails to support victims and those at risk <u>Reputation</u> <ul style="list-style-type: none">Loss of public confidence in the Council and political instability <u>Financial</u> <ul style="list-style-type: none">Increased cost of settlement and service delivery	<u>Legal</u> County Solicitor	<ul style="list-style-type: none">CSE team embedded in the police specialist response teamNew operational guidance and governance arrangements in placeLSCB CSE Co-Ordinator in place					<ul style="list-style-type: none">Understand fully the emerging care costsEffective Council wide approach			<u>Legal</u> County Solicitor	<u>Financial</u> Director - Corporate Resources	Ongoing & 31 st December 2015

Department

A&C = Adults & Communities
CE = Chief Executives
CR = Corporate Resources

E&T = Environment and Transport
PH = Public Health
All = Consolidated risk



CORPORATE GOVERNANCE COMMITTEE
25 SEPTEMBER 2015

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

INTERNAL AUDIT SERVICE PROGRESS REPORT

Purpose of Report

1. The purpose of this report is to give a summary of Leicestershire County Council's Internal Audit Service (LCCIAS) work since the last report to the Committee and report where high importance recommendations have been made.

Background

2. Under the County Council's Constitution, the Committee is required to monitor the adequacy and effectiveness of the system of internal audit, which is provided by LCCIAS. To do this, the Committee receives periodic reports on progress against the annual Internal Audit Plan. The Committee is also tasked with monitoring the implementation of high importance recommendations.
3. Most planned audits undertaken are of an 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on whether risk is being mitigated. Other planned audits are of a 'consulting' type, which are primarily advisory and allow for guidance to be provided to management. These are intended to add value, for example, by commenting on the effectiveness of controls designed before implementing a new system. Also, unplanned 'investigation' type audits may be undertaken.

Summary of progress against the Internal Audit Plan 2015-16

4. This report covers the position as at 15 September 2015.
5. The outcome of audits completed since the last progress report to the Committee is shown in **Appendix 1**. The 'opinion' is what level of assurance can be given that material risks are being managed. There are usually four classifications: full; substantial; partial; and little. A report with at least one high importance recommendation would normally be classified as 'partial'. The same assurance rating/opinions are now used for maintained schools audits.

6. Notwithstanding the above, on this occasion the Head of Internal Audit Service (HoIAS) has determined that two audits (Debt Write Off - validation of circumstances and Contract Dashboard) should be scored as only able to provide reasonable assurance that material risks are being managed. This describes that collectively there were a number of key recommendations but none of them individually scored high importance. Nevertheless, the HoIAS will monitor actions against these recommendations.
7. The report style has been changed to provide senior management with a headline summary of any findings, risks and recommendations. More detail is provided for operational management. Where the auditor's work has been quality reviewed by an Audit Manager and there's confidence that the opinion given will be acceptable to management, then it is shown in the appendix (draft issued). If a quality review hasn't yet been undertaken, 'draft pending' is recorded but the assurance rating is still to be confirmed.
8. **Appendix 2** details high importance (HI) recommendations and provides a short summary of the issues surrounding these. The relevant manager's agreement (or otherwise) to implementing the recommendation and implementation timescales is shown. Recommendations that have not been reported to the Committee before or where LCCIAS has identified that some movement has occurred to a previously reported recommendation are shown in **bold font**. Entries remain on the list until the auditor has confirmed (by specific re-testing) that action has been implemented.
9. To summarise movements within Appendix 2: -
 - a. Three new HI recommendations (E&T SEN transport risk assessments) have been added;
 - b. Implementation dates for two HI recommendations (E&T Resource Allocation System) have been extended to allow for a period of settling down after a review and reorganisation
 - c. The Head of Planning and Historic and Natural Environment in the Chief Executive's Department recently concluded a review of the Authority's approach to the developer contributions (s106) process (recorded in the Corporate Risk Register). A detailed action plan containing eleven recommendations was produced. The HoIAS is satisfied that the actions adequately cover the context of the three longstanding Internal Audit HI recommendations from an audit concluded in February 2012, and so they have been removed from Appendix 2.

Resource Implications

10. None

Equality and Human Rights Implications

11. There are no discernible equality and human rights implications resulting from the audits listed.

Recommendation

12. That the contents of the report be noted.

Background Papers

The Constitution of Leicestershire County Council

Report to the Corporate Governance Committee on 12 June 2015 - Internal Audit Plan for 2015-16

Circulation under the Local Issues Alert Procedure

None.

Officer to Contact

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Appendices

- Appendix 1 - Summary of Internal Audit Service work at 15 September 2015
- Appendix 2 - High Importance Recommendations

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<u>Department</u>	<u>Job</u>	<u>Final report (or position) @ 15/9</u>	<u>Opinion</u>	<u>HI Rec</u>
<u>2014-15 audits</u>				
Adults & Communities	Debt Collection Changes (PwC)	Draft issued	Substantial Assurance	
Adults & Communities	Debt Write Off - validation of circumstances	09-Jul-15	Reasonable Assurance	
Adults & Communities	Mandatory Reporting Requirements	25-Jun-15	Substantial Assurance	
Chief Executives	Better Care Fund incl role of Health & Wellbeing Board - phase 2 pooled budget	Draft issued	Substantial Assurance	
Chief Executives	Equality & Human Rights Impact Assessments	03-Jul-15	Substantial Assurance	
Children & Family Services	Supporting Leicestershire's Families - Realisation of Benefits	10-Jun-15	Substantial Assurance	
Children & Family Services	School Allocations	10-Aug-15	Substantial Assurance	
Consolidated Risk	Faster Payments System	Draft pending	TBC	
Consolidated Risk	Imprest Accounts	Draft issued	Substantial Assurance	
Consolidated Risk	ICT External Hosting & Associated Contractual Obligations	Draft pending	TBC	
Consolidated Risk	Internet Expense Scanning	Draft pending	TBC	
Consolidated Risk	Oracle Self Serve Applications - Annual Leave	25-Jun-15	Substantial Assurance	
Corporate Resources	Contract Dashboard	10-Sep-15	Reasonable Assurance	
Corporate Resources	Beaumanor - Income Generation	Draft pending	TBC	
Corporate Resources	Business Continuity - ICT	20-Aug-15	Substantial Assurance	
Corporate Resources	Expense Claims	Draft pending	TBC	
Corporate Resources	Information Sharing - Framework Design & Governance	15-Sep-15	Substantial Assurance	
Corporate Resources	Strike Pay Deduction Procedures	20-May-15	Substantial Assurance	
<u>2015-16 audits</u>				
Adults & Communities	Community Capacity Grant	23-Jun-15	Other - grant	
Adults & Communities	Deferred Debts	Assist strategic finance	N/A	
Adults & Communities	Home Care Debt	Assist strategic finance	N/A	
Adults & Communities	The Trees	21-Aug-15	Substantial Assurance	
Adults & Communities	Transforming Care Programme Grant	30-Jun-15	Other - grant	
Children & Family Services	Albert Village Primary	Draft issued	Substantial Assurance	
Children & Family Services	Ashmount School	30-Jun-15	Substantial Assurance	
Children & Family Services	Belvoirdale Primary School	Draft issued	Substantial Assurance	
Children & Family Services	Croft CE Primary School	Assist strategic finance	N/A	
Children & Family Services	Hallbrook Primary	Draft issued	Substantial Assurance	
Children & Family Services	Integrated SEN planning	22-Apr-15	Substantial Assurance	
Children & Family Services	Little Hill Primary School	Draft issued	Substantial Assurance	

Department	Job	Final report (or position) @ 15/9	Opinion	HI Rec
Children & Family Services	Loughborough Learning Alliance	16-Jun-15	N/A - Consultancy	
Children & Family Services	New Swannington Primary School	08-Jul-15	Substantial Assurance	
Children & Family Services	Supporting Leicestershire's Families - Review & Certification of Claims	Complete	Other - advisory	
Children & Family Services	Sherard Primary School	Draft issued	Substantial Assurance	
Children & Family Services	St Bartholomew CofE Primary	Draft issued	Substantial Assurance	
Children & Family Services	Ullesthorne CE Primary Full Audit	03-Sep-15	Substantial Assurance	
Children & Family Services	Volunteer and Community Support Consultation Process	08-Sep-15	Substantial Assurance	
Children & Family Services	Westfield Infant School	Draft issued	Substantial Assurance	
Consolidated Risk	Annual Governance Statement - 14/15 testing in final quarter	Complete	Report to CGC 29/9	
Consolidated Risk	IT General Controls - External Auditor Reliance	02-Jul-15	Substantial Assurance	
Corporate Resources	Carbon Reduction Targets	30-Jul-15	Substantial Assurance	
Corporate Resources	Exchange Server Upgrade	Complete	Advisory - successful	
Corporate Resources	ISRA - Achieve Forms	Complete	Substantial Assurance	
Corporate Resources	ISRA - CISCO AnyConnect	Complete	Substantial Assurance	
Corporate Resources	ISRA - ClickMeeting Webinare Service	21-Oct-15	Substantial Assurance	
Corporate Resources	ISRA – Morae Website Testing	Complete	Substantial Assurance	
Corporate Resources	ISRA - Oneview BP	Complete	Substantial Assurance	
Corporate Resources	ISRA - Paperwait 2015 16	Complete	Substantial Assurance	
Corporate Resources	ISRA-Electronic HR Casefile-Phase 1-CYPS Safeguarding	14-May-15	Substantial Assurance	
Corporate Resources	ISRA-HR Contracts to Personal Email	Complete	Substantial Assurance	
Environment & Transport	SEN Transport – Assessment Process	07-Aug-15	Partial Assurance	Yes
Environment & Transport	Stock Audit	27-Aug-15	Substantial Assurance	
Public Health	Clinical Governance Framework	28-Jul-15	Substantial Assurance	

High Importance Recommendations

<u>Audit Title (Director)</u>	<u>Summary of Finding and Recommendation</u>	<u>Management Response</u>	<u>Action Date (by end of)</u>	<u>Confirmed Implemented</u>
Reported September 2015				
SEN Transport risk assessments (E&T)	<p>The Department requested an audit of the risk assessment processes applied to transporting children with SEN. The audit found a range of issues around: -</p> <ol style="list-style-type: none"> 1. risk assessments including a high proportion of a sample that hadn't been completed, inconsistent processes and reactive follow up reviews 2. not always linking travel care plans (key points on how to manage the identified risks) to transport eligibility assessment forms 3. inadequate training records for transport escorts. <p>Recommended: -</p> <ol style="list-style-type: none"> 1. completing risk assessments within an agreed time limit 2. documenting processes for undertaking risk assessments and the completion of associated information to ensure consistency 3. maintaining improved training records with regular reviews 	<p>Agreed</p> <ol style="list-style-type: none"> 1. completion now being monitored 2. to be included in the transport review being undertaken by consultants 3. agreed 	March 2016	

Reported June 2015				
Resource Allocation System (E&T)	<p>An audit of the new Resource Allocation System (vehicles and plant) for highways work revealed that standing data was incomplete, there were delays in recording allocations and other key information and there was not any management information.</p> <p>Recommended: -</p> <ol style="list-style-type: none"> 1. Processes and training should be reviewed and revised 2. Information should be produced on a frequent basis and reviewed by management 	Agreed and actions already in place including internal audit stock checks	<p>Originally July 2015</p> <p>Extend to Oct. 2014</p>	