



Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: WEDNESDAY, 16 NOVEMBER 2016

TIME: 5:30 pm

PLACE: Meeting Room G.02, Ground Floor, City Hall, 115 Charles Street, Leicester, LE1 1FZ

Members of the Committee

Councillor Patel (Chair)

Councillor Westley (Vice-Chair)

Councillors Alfonso, Dr Barton, Cank, Dr Chowdhury and Hunter

Two unallocated Non-Group Places

Members of the Committee are summoned to attend the above meeting to consider the items of business listed overleaf.

for Monitoring Officer

Officer contact: Angie Smith
Democratic Support, Democratic Services
Leicester City Council,
City Hall, 115 Charles Street, Leicester, LE1 1FZ
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- ✓ where filming, to only focus on those people actively participating in the meeting;
- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

Further information

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PUBLIC SESSION

AGENDA

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1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members are asked to declare any interests they may have in the business to be discussed.

3. MINUTES OF THE PREVIOUS MEETING

Appendix A

The minutes of the meeting of the Audit and Risk Committee held on 27 September 2016 are attached and the Committee is asked to confirm them as a correct record.

4. INVOICE PAYMENT DATA

Appendix B

The Director of Finance submits a report to provide the Audit and Risk committee with an update on the timeliness of invoice payments the authority makes to its suppliers of goods and services. The Committee is asked to note the report.

5. PURSUANCE OF DEBT

Appendix C

The Director of Finance submits a report to provide the Audit and Risk Committee with assurance that the Council pursues debt owed to the Authority appropriately and timely. The Committee are recommended to note the content of the report and the Council's policy and practice on the pursuance of various type of debt and how this works in practice and within legislation.

6. CORPORATE COMPLAINTS (NON STATUTORY)

Appendix D

The Director of Finance submits an update report for noting to the Audit and Risk Committee on progress since the BSC Service Manager presented findings on the corporate non statutory complaints process in November 2015 and to report Quarter 2 2016/17 non statutory complaints figures.

7. HALF YEARLY UPDATE REPORT ON THE PROCUREMENT PLAN 2016/17 [Appendix E](#)

The Director of Finance submits to the Audit & Risk Committee the Council's Procurement Plan 2016-17 update report, as required by the Contract Procedure Rules. The Committee is asked to note the report.

8. COUNTER FRAUD UPDATE REPORT 2016-17 [Appendix F](#)

The Director of Finance and the Director of Local Services & Enforcement submit a joint report to provide the Committee with information on counter-fraud activities between 1 April 2016 and 30 September 2016. The Committee is recommended to note the report.

9. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE - OCTOBER 2016 [Appendix G](#)

The External Auditor submits a report which provides an overview on progress in delivering responsibilities as external auditors. The report also highlights the main technical issues which are currently having an impact in local government. The Committee are asked to note the report.

10. EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER 2015/16 [Appendix H](#)

The External Auditor submits an Annual Audit Letter which summarises the key findings from the 2015/16 audit of Leicester City Council, and audit fee. The Committee are asked to note the report.

11. PROCUREMENT OF THE COUNCIL'S EXTERNAL AUDIT CONTRACT BY PUBLIC SECTOR AUDIT APPOINTMENTS LTD (PSAA) [Appendix I](#)

The Director of Finance submits a report to provide the Audit & Risk Committee with an update on the process to appoint the Council's external auditors. Approval to proceed with procurement will then be sought from Council. The Committee is asked to note the report.

12. FUTURE PLANS FOR INTERNAL AUDIT 2017 AND BEYOND

The Head of Internal Audit & Risk Management will provide an update for noting on future plans for Internal Audit for 2017 onwards.

13. INTERNAL AUDIT PLAN - QUARTER 3 2016/17 [Appendix J](#)

The Director of Finance submits a report to Audit & Risk Committee which presents the detailed operational audit plan for the third quarter of the financial

year 2016/17. The Committee is recommended to note the report.

**14. RISK MANAGEMENT AND INSURANCE SERVICES - Appendix K
UPDATE REPORT**

The Director of Finance submits a report that provides the Audit & Risk Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities. The Committee is recommended to note the report.

15. PRIVATE SESSION

AGENDA

MEMBERS OF THE PUBLIC TO NOTE

Under the law, the Committee is entitled to consider certain items in private where in the circumstances the public interest in maintaining the matter exempt from publication outweighs the public interest in disclosing the information. Members of the public will be asked to leave the meeting when such items are discussed.

The Committee is recommended to consider the following report in private on the grounds that it will contain 'exempt' information as defined by the Local Government (Access to Information) Act 1985, as amended, and consequently makes the following resolution:-

"that the press and public be excluded during consideration of the following report in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because it involves the likely disclosure of 'exempt' information, as defined in the Paragraph detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it is considered that the public interest in maintaining the information as exempt outweighs the public interest in disclosing the information."

Paragraph 7

Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

This report deals with confidential security matters regarding evidential requirements for national and local benefits.

**APPENDIX B1– HOUSING BENEFIT & LOCAL COUNCIL TAX REDUCTION
RISK-BASED VERIFICATION POLICY**

Paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

This report concerns the strength of internal controls in the City Council's financial and management processes and includes references to material weaknesses and areas thereby vulnerable to fraud or other irregularity. It is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

APPENDIX B2– INTERNAL AUDIT UPDATE REPORT 2016-17 – QUARTER 1 AND QUARTER 2

16. HOUSING BENEFIT & LOCAL COUNCIL TAX REDUCTION RISK-BASED VERIFICATION POLICY **Appendix B1**

The Director of Finance submits a report to the Audit and Risk Committee on the Revenue & Customer Support Service's implementation of an amended Risk Based Verification Policy in determining evidential requirements for the assessment of Housing Benefit and Council Tax Reduction scheme (CTRS) new claims and changes in circumstance, in order to target verification resources on claims where there is the highest risk of fraud and error. The Committee is asked to note the report.

17. INTERNAL AUDIT UPDATE REPORT 2016/17 - QUARTER 1 AND QUARTER 2 **Appendix B2**

The Director of Finance submits a report to present to Audit & Risk Committee a summary of Internal Audit work completed in the first half of the financial year 2016-17. The Committee are recommended to receive the report and note the key issues identified.

18. ANY OTHER URGENT BUSINESS



Leicester
City Council

Appendix A

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: TUESDAY, 27 SEPTEMBER 2016 at 5:30 pm

P R E S E N T:

Councillor Patel (Chair)
Councillor Westley (Vice Chair)

Councillor Alfonso

Councillor Dr Chowdhury

Councillor Hunter

* * * * *

27. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Dr. Barton and Councillor Cank.

28. DECLARATIONS OF INTEREST

There were no declarations of interest made.

29. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

that the minutes of the meeting of the Audit & Risk Committee held on 3 August 2016 be confirmed as a correct record.

30. COUNTER FRAUD ANNUAL REPORT 2015 - 16

The Director of Finance submitted the Counter Fraud Annual Report 2015-16 for noting, which provided information to the Audit & Risk Committee on the Council's counter-fraud activities for 2015-16. Stuart Limb, the Corporate Investigations Manager presented the report.

The annual report provided an overview of reports issued, performance during 2015-16 and key priorities for counter-fraud work in 2016-17.

Members were asked to particularly note the following:

- Duty to investigate benefit fraud transferred to the Department for Work and Pensions (DWP) on 1st March 2016, and council staff in post transferred to

- become civil servants under direct employment of DWP, and all allegations of benefit fraud made after 1st March would be passed to the DWP;
- The Financial Investigator had fully utilised powers under the Proceeds of Crime Act (POCA) in appropriate cases, and had recovered £92,481.24;
 - The Financial Investigator also undertook work on behalf of Leicestershire County Council and Melton Borough Council. Stoke City Council were also considering using Leicester's POCA capacity.
 - A new case management system had been purchased, enabling reports to be developed to provide loss and savings estimate figures for work undertaken;
 - During 2015-16, the team had issued 79 sanctions relating to £481,028.32, which the authority would seek to recover in all cases, either through a percentage reduction in benefit entitlement, POCA or a repayment scheme.
 - Notification letters to claimants stated overpayments were recoverable and the DWP would pursue rigorously, though it was still down to the Council to recover overpayments uncovered by the DWP.
 - The Corporate Investigations Team received allegations about suspected irregularities, including cheque manipulation, though payments by cheque were reducing.
 - The authority, as a member of the National Anti-Fraud Network (NAFN) received regular alerts to emerging fraud threats which were circulated to the Finance team and authority staff.

The Chair thanked the Corporate Investigations Manager for the report.

RESOLVED:

1. That the Counter Fraud Annual Report 2015-16 be noted.

31. ANNUAL GOVERNANCE REPORT - ISO 260 REPORT TO THOSE CHARGED WITH GOVERNANCE

John Cornett, Director (External Auditor, KPMG) presented a report to Those Charged with Governance (ISA 260). The report summarised the key findings arising from the audit of Leicester City Council's financial statements for the year ended 31st March 2016, the Auditor's assessment of the Council's arrangements to secure value for money (VFM) in its use of resources, and the requirement for Members to authorise the Director of Finance to sign the letter of representation to KPMG from the Council in connection with the audit of the Council's financial statements. Members were asked to note the report and authorise the letter of representation. As noted on the agenda, supporting information had been distributed to members, published on the Council's website and was available at the meeting.

Members' attention was drawn to the following:

- KPMG anticipated issuing an unqualified audit opinion on the authority's financial statements on 30th September 2016 as a true and fair view of the authority's accounts, and asked for it to be noted the accounts had been produced to a high standard with a timely production of evidence, and asked that their thanks to the Finance Team be recorded.

- It was anticipated that a qualified Value for Money (VFM) conclusion would be issued on 30th September 2016. Two risks were identified earlier in the year, and reported to the Audit & Risk Committee in March 2016:
 - Implementation of OFSTED’s recommendations following their review of children’s services and subsequent report in March 2015 – last year a qualification was issued. The Chair noted that if there were concerns regarding the speed of improvements, scrutiny should look into the issue.
 - Financial resilience – it was noted the authority faced a challenge to make savings over the coming years, and that plans were adequate to deal with the issue, though it would become harder to make savings moving forward.
- Members’ attention was drawn to the previous year’s outstanding recommendations. The first recommendation on notes to the financial statements had been partially implemented, with plans to further review the relevance of the recommendation going forward. The remaining two outstanding recommendations were:
 - Related party disclosure – it was confirmed there was one declaration outstanding from an elected member. The Chair expressed support for a recommendation from members of the Committee to publish the names of members who failed to return their related party declarations;
 - Journal controls – management response stated a workflow-based system of authorisation for journals would be incorporated into the development of the new finance system.

The Head of Finance informed the meeting that 2017/18 accounts would need to be prepared for the end of May 2018, with the auditors opinion by end of July 2018. He added that the first year at least would be challenging and would require significant change, and the support of all departments, directors and services to work with the finance team. KPMG would also hold a closure workshop at the end of December for all authorities. The Chair asked that an update in six months on progress be brought to the Audit & Risk Committee.

The External Auditor concluded there were four areas that required completion as listed on page 8 of the report, and all that remained was for the external auditors to receive a signed management representation letter.

The Chair thanked the External Auditor for the report.

RESOLVED:

that:

1. The report to Those Charged with Governance (ISA 260) be noted;
2. The qualified ‘except for’ Value for Money conclusion following the OFSTED report in March 2015 with regards to arrangements for children’s services be noted;
3. The recommendation to publish the names of members who failed to return their related party declarations was supported;
4. An update report on progress regarding the implementation of

earlier closure of accounts be brought to a meeting of the Audit & Risk Committee in six months.

32. ANNUAL GOVERNANCE STATEMENT 2015-16

The Director of Finance submitted a report which recommended Audit & Risk Committee Members approve the Council's Annual Governance Statement 2015-16, which the Council was required to publish as part of its financial accounts reporting. Colin Sharpe, Head of Finance presented the report.

The Committee was asked to note the following:

- The statement should provide assurance that the Council operated in accordance with the law and had due regard to proper standards of behaviour, and that it safeguarded the public purse.
- Members' attention was drawn to the areas of significant risk or priorities for action that had been identified, as listed on pages 32-34 of the agenda.

The Chair thanked the officer for the report.

RESOLVED:

1. That the Annual Governance Statement 2015-16 be noted.

Councillor Patel (Chair) left the meeting at this point. Councillor Westley (Vice-Chair) took the Chair.

33. STATUTORY STATEMENT OF ACCOUNTS FOR THE FINANCIAL YEAR 2015-16

The Director of Finance submitted the Statutory Statement of Accounts to the Audit & Risk Committee for the financial year 2015-16, in line with the Accounts and Audit (England) Regulations 2015. The report recommended the Committee note the auditors' ISA 260 Report to Those Charged with Governance and the recommendations contained within it, that the audited accounts for the year ended 31st March 2016 be adopted by the Committee by the 30th September 2016, and approve the letter of management representation submitted by the Director of Finance. As noted on the agenda, supporting information containing details of the final accounts and briefing note had been distributed to members, published on the Council's website and was available at the meeting. Colin Sharpe, Head of Finance presented the report.

Members were asked to note amendments made to the draft 2015/16 Statement of Accounts as a result of the external audit, as outlined in the briefing note.

The Chair thanked officers for the report, and Members agreed the recommendations contained in the report.

RESOLVED:

that:

1. The auditors' ISA 260 Report to Those Charged with Governance be noted;
2. The Committee adopt the Statutory Statement of Accounts for the financial year ended 31st March 2016;
3. The letter of representation submitted by the Director of Finance be approved.

The Chair signed the letter of representation submitted by the Director of Finance.

34. ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE TO COUNCIL FOR THE MUNICIPAL YEAR 2015-16

The Director of Finance submitted a report for approval by the Audit & Risk Committee for submission to Council setting out what the Committee had achieved over the municipal year 2015-16. The Committee noted there was no specific requirement for such a report, but it was considered best practice for the Committee to be able to demonstrate its effectiveness in overseeing the City Council's control environment, as reflected in the Committee's terms of reference. The report covered the municipal year 2015-16 rather than the financial year, so as to align with Members' terms of office. Colin Sharpe, Head of Finance presented the report.

Members were asked to note that during the municipal year, the Committee had met on six occasions, and all meetings had been properly constituted and quorate. The Committee had fulfilled all legal requirements according to the responsibilities under its terms of reference, and made a significant contribution to the good governance of the City Council.

The External Auditor asked that two amendments be made to the report:

- a) Page 41, 4.5, final paragraph, to be amended to read 'The external auditor *uses* Internal Audit work *to inform* the external audit of the Council's accounts and the certification of certain grant claims and returns.'
- b) Page 43, 4.7, top paragraph, to be amended to read '...and that the Council has 'made proper arrangements to secure economy, efficiency and effectiveness in its use of resources *except for arrangements regarding children's services.*'

The Chair thanked the officer for the report.

RESOLVED:

that:

1. The Annual Report of the Audit & Risk Committee to Council covering the municipal year 2015-16 be approved and presented to Council, subject to the following amendments:
 - a) Page 41, 4.5, final paragraph, to be amended to read 'The external auditor *uses* Internal Audit work *to inform* the external audit of the Council's accounts and the certification of certain grant claims and returns.'

- b) Page 43, 4.7, top paragraph, to be amended to read
'...and that the Council has 'made proper arrangements to secure economy, efficiency and effectiveness in its use of resources *except for arrangements regarding children's services.*'

35. INTERNAL AUDIT REPORT AND OPINION FOR THE FINANCIAL YEAR 2015-16

The Director of Finance submitted a report that provided the authority with an annual internal audit report and opinion for 2015/16, and drew upon the outcomes of Internal Audit work performed over the course of the year. The report also concluded on the Effectiveness of Internal Audit. Colin Sharpe, Head of Finance presented the report.

The Audit & Risk Committee was asked to agree the recommendations in the report.

Members were asked to note that findings from the Review of the Effectiveness of Internal Audit could be used to inform the Authority's Annual Governance Statement.

Members asked for clarification in assurance levels given, as to why two similar sounding internal audits relating to the Troubled Families programme could have different outcomes, with one receiving an assurance assessment and the other not. They were informed that generally a substantive audit had taken place resulting in an assessment, but that the same area has also been subject to a different type of audit where assurance levels were not considered appropriate.

The Chair thanks the officer for the report.

RESOLVED:

that the Audit and Risk Committee:

1. Approved the contents of the annual Internal Audit Report and Opinion;
2. Noted that an audit opinion of 'substantial assurance' had been given in relation to the framework of governance, risk management and control for the year ended 31 March 2016;
3. Noted that the opinions expressed together with significant matters arising from internal audit work (reported to the Audit & Risk Committee 3rd August 2016) had been given due consideration when developing and reviewing the Authority's Annual Governance Statement for 2015/16;
4. Noted the conclusions of the Review of the Effectiveness of Internal Audit.

36. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT

The Director of Finance submitted a report to the Audit & Risk Committee for

noting which provided the Committee with the regular update on the work of the Council's Risk Management and Insurance Team's activities. The report was presented by Sonal Devani, Risk Management Manager.

Key elements of the report were highlighted, and Members' attention was drawn to the following:

- The Operational Risk Register at Appendix 1 to the report was presented by Strategic Area alphabetically, then by Divisions alphabetically with their risks in descending order of score;
- Submission of the Divisional risk registers to RMIS was 100%;
 - The process of review and update to produce the Council's Risk Management Strategy and Policy for 2017 had begun;
 - A summary report of claims against the Council was attached at Appendix 4, and Members were asked to note that since the last report to Committee, the Council had had no cases go to Court;
 - The annual review of the Council's Business Continuity Management Strategy and Policy for 2017 had begun;
 - The impact of Brexit on the Council is recognised within the key risks facing the business;
 - The Business Continuity Institute's 'Cyber Resilience Report 2016' highlighted the top five causes of disruption. It was confirmed the Council had IT security defences and relevant processes in place to address those areas;
 - A report from the Federation of European Risk Management Associations (FERMA) confirmed the enterprise risk management (ERM) was the best option for large organisations to report on non-financial or corporate social responsibility tasks;
 - A briefing session would be provided at a future meeting on insurance claims data.

Concern were raised about fire evacuation arrangements from offices on the third floor at City Hall, in particular that Members felt they were not properly trained/inducted, weren't aware of the procedures and weren't aware of who the evacuation officers were on a given day. Members also then raised concerns about the actual risks and the risk assessment of councillors' surgeries and home visits. They felt that Member Services should look into these matters.

The Chair thanked the officer for the report.

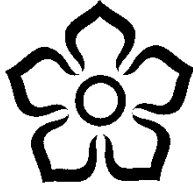
RESOLVED:

that;

1. The Risk Management and Insurance Services Update Report be noted;
2. A briefing be brought to a future meeting of the Audit & Risk Committee on claims data.
3. Consideration be given to the concerns raised around fire evacuation and lone working for Members.

37. CLOSE OF MEETING

The meeting closed at 6.57pm.



Leicester
City Council

WARDS AFFECTED
All

Audit & Risk Committee

16 November 2016

Invoice Payment Data

Report of the Director of Finance

1. Purpose of Report

The purpose of this report is to provide the Audit and Risk Committee with an update on the timeliness of invoice payments the authority makes to its suppliers of goods and services.

2. Recommendations

Members of the Audit and Risk Committee are asked to note the content of the report and the measures put in place to meet the manifesto commitment to improve the payment terms for small local business.

3. Report

3.1 Background Information

The corporate exchequer team, part of the Business Service Centre (BSC), is responsible for processing payments to suppliers of goods and services in accordance with the payment terms agreed with the supplier. Before ordering goods and services it is the responsibility of the cost centre manager to raise a purchase order. A purchase order is a commercial document issued by the buyer of goods or services to the seller, indicating types, quantities and agreed prices for products or services.

When the goods or services are supplied the cost centre manager acknowledges this by 'receipting' the goods or services via the corporate finance system. The goods receipting process is a means of accepting the goods or services are fit for purpose and suitable in the sense that goods are not damaged and the quantity ordered is delivered, or the service is delivered to a satisfactory standard.

The next step is for the supplier to send an invoice and once this is received by the payments team the payment process can commence.

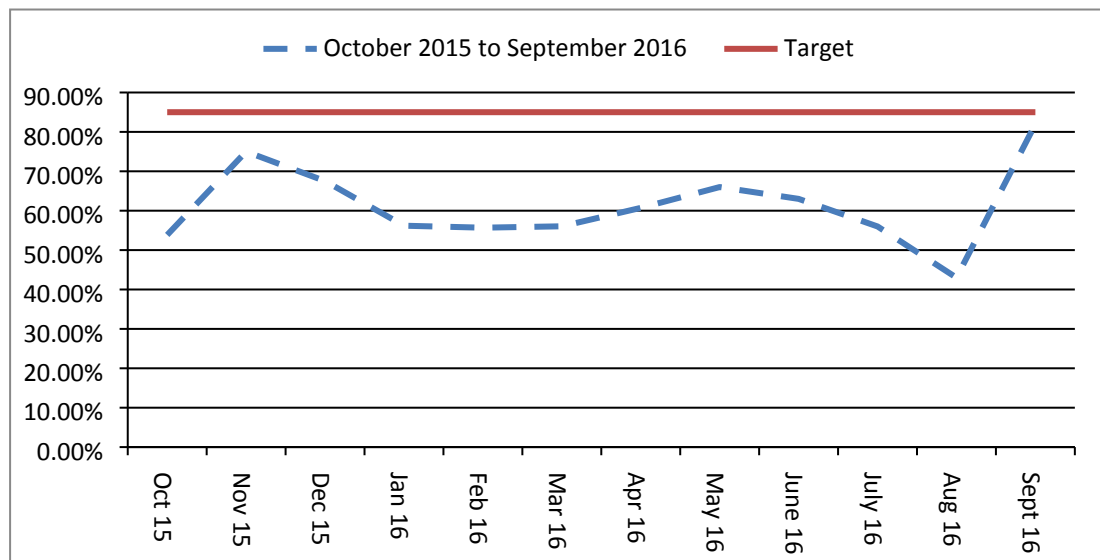
3.2 The authority makes on average 9,000 payments per month which equates to an average monthly spend of £47m.

4. Update since last report to Audit & Risk Committee in June 2016

4.1 Progress to meet the manifesto commitment to improve local small business payment terms continues to be monitored closely. The commitment reduced payment terms from 30 to 21 days meaning that those invoices get paid more quickly. The aim of this is to optimise cash flow for suppliers in our locality enhancing their financial stability.

The improved payment terms were introduced in October 2015 and affected some 765 suppliers (identified by an “LE” postcode). The following table shows the percentage of payments made to small businesses within the new payment terms.

Payment Performance



4.2 As demonstrated above since payment terms were changes for small local businesses last October, on average 61% are being paid on time. This is a slight improvement since progress was reported back in June. This is still below the overall target set for all supplier payments as detailed in **Appendix 1**. Although it should be noted that average payment terms are 30 days rather than 21 therefore we are not actually comparing like for like.

4.3 There was a marked drop in performance in August. This can be attributed in part to a problem with the invoice scanning system and resulted in the inability to process invoices electronically over a 4 day period. Just being unable to scan large volumes of invoices for a short period of time can have a detrimental effect on payments being made on time. However there was a marked improvement with 82% being paid within 21 days in September.

4.4 **Why are invoices paid late?**

The reasons for late payments remain the same as reported back in June.

- The delay in suppliers sending in their invoices for payment
- Invoices been sent to individual cost centre managers for payment then these having to be forwarded to the Business Service Centre (BSC) for the payment to be processed
- Some invoices being disputed and the need for resolution which in turn delays the payment
- The cost centre manager not raising a purchase order when ordering the goods or services from the supplier, again this delays payment
- The goods or services have not been signed off as 'received' by the cost center manager.

4.5 **What are we doing to improve performance?**

Work continues to identify which invoices are paid late and challenging the relevant manager to establish why.

In March 2016 we wrote to all suppliers setting out how Leicester City Council is improving how it processes supplier invoices to meet its obligation to pay invoices within the agreed terms. The letter included how suppliers can assist in this:

- Always obtain a Purchase Order Number before supplying goods or services to the authority. Ensuring the name of the person who placed the order is clearly shown on the invoice. Send invoices directly to the BSC for payment rather than a named individual or departments. Setting out the authority's preferred method of receiving invoices is via email directly to the BSC Setting out that the authority's preferred method of paying supplier invoices is via BAC's rather than cheques

We have escalated the reporting of invoices sent to the BSC late by providing all directors with a monthly report identifying these and asking directors to ensure staff are reminded of their responsibility. This has been positively received by directors.

5. **Additional performance data**

Appendix 2 shows the total volume of all payments made each month over the past 4 financial years

Appendix 3 shows the total value of payments made each month over the past 4 financial years.

6. Finance Implications

There are no significant financial implications arising from this report.

*Colin Sharpe Head of Finance
Ext 37 4081*

7. Legal Implications

There are no legal implications arising from this report but it should be noted that by making payment to local suppliers within 21 days the Council is meeting a higher standard than required under legislation.

*Emma Horton Head of Law (Contract, Property & Planning)
Ext 37 1426*

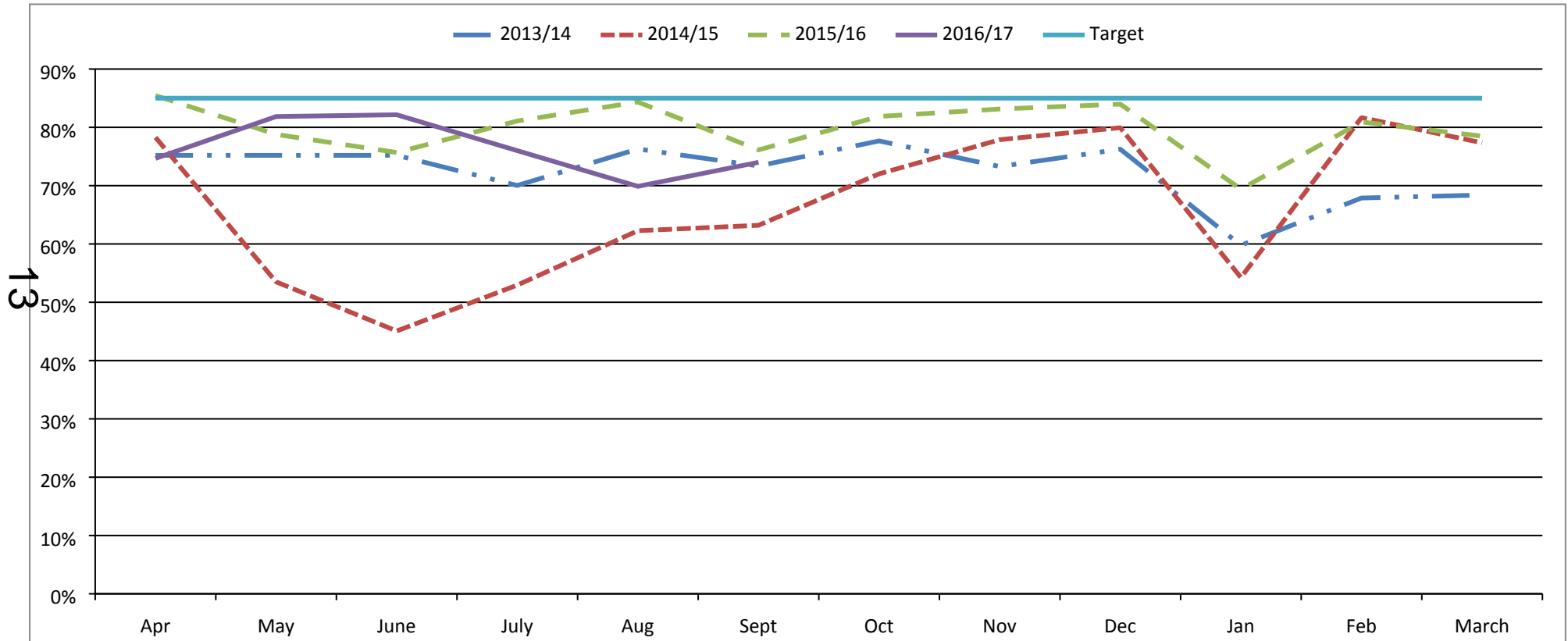
8. Report Author/Officer to contact:

*Enid Grant
Head of Business Service Centre*

Contact no: 4544401
Email address: Enid.grant@leicester.gov.uk

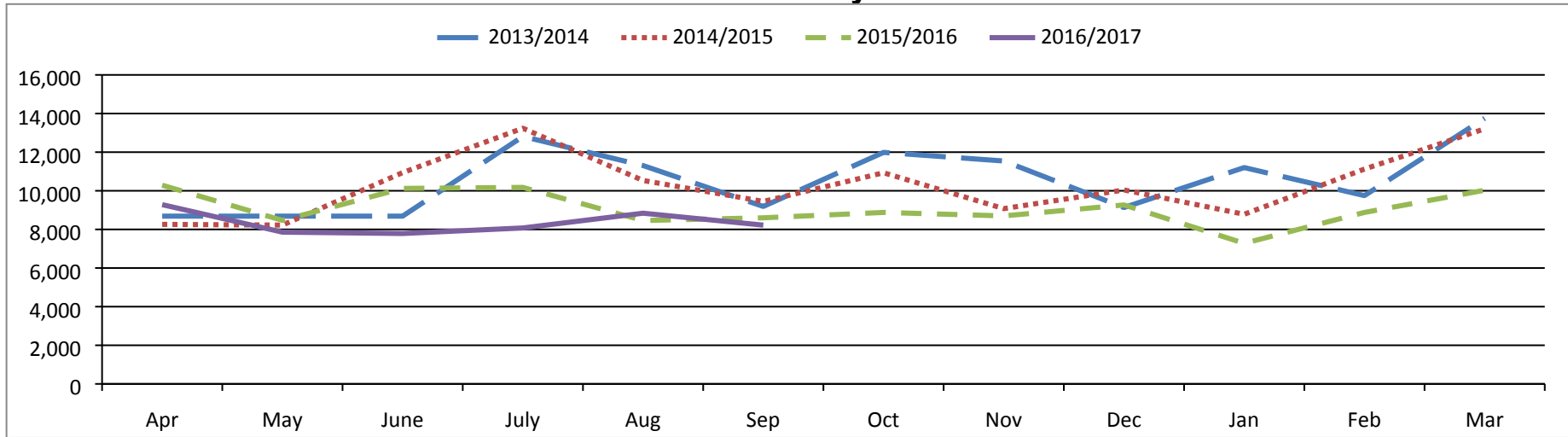
Appendix 1

Percentage of all Invoices Paid on Time



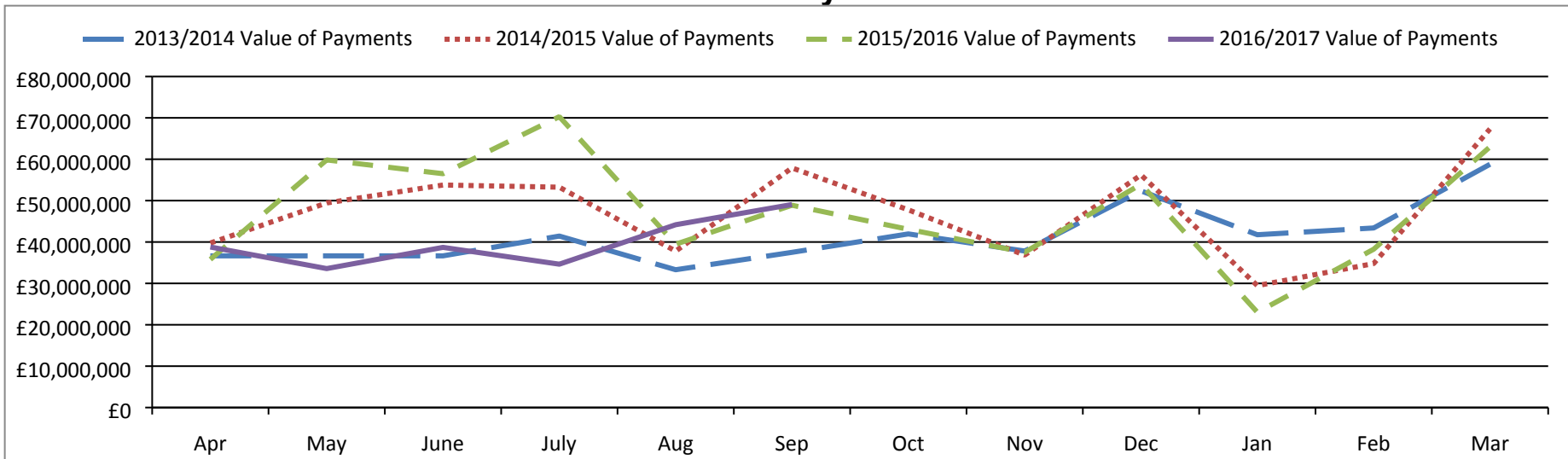
Appendix 2

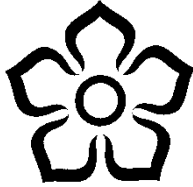
Volume of Payments



Appendix 3

Value of Payments





Leicester
City Council

WARDS AFFECTED
All

Audit & Risk Committee

16 November 2016

Pursuing Debt

Report of the Director of Finance

1. Purpose of Report

The purpose of this report is to provide the Audit and Risk Committee with assurance that the Council pursues debt owed to the Authority appropriately and timely.

2. Recommendations

Members of the Audit and Risk Committee are asked to note the content of the report and the Council's policy and practice on the pursuance of various type of debt and how this works in practice and within legislation.

Members are also asked to note that that at every stage of the recovery process we encourage customers who are having difficulty paying their debt to engage with us as early as possible in order to discuss their individual circumstance. Suitable repayment arrangements can then be established to avoid further recovery action which may include referral to an enforcement agency (bailiff).

3. Report

3.1 Background Information

Leicester City Council has legal duties to collect debt owed and safeguard public money. To enable this, a Debt Policy in place which sets out the responsibilities of both the customer who owes us money, the duties of the Council, as well as mutual responsibilities in order for debt to be paid in a timely manner. A copy of the debt policy is attached as **Appendix A**. Full details on the process of pursuing the various types of debt eg; Council Tax, Business Rates, Housing Benefit overpayment, parking fines, council rent arrears and sundry debt can be found on the web site at:

[http://www.cabinet.leicester.gov.uk/\(S\(4qabzrbatpcas133xdvy4v2a\)\)/ieDecisionDetails.aspx?id=733](http://www.cabinet.leicester.gov.uk/(S(4qabzrbatpcas133xdvy4v2a))/ieDecisionDetails.aspx?id=733)

- 3.1.1 The council raises approximately £412 million of debt each year and collects approximately 97% of that debt in the year that it is raised.
- 3.1.2 Attached at **Appendix B** and based on 2015/2016 data is an illustration of the variety of debt raised, collected or in extreme cases written off by the council.
- 3.1.3 If a debt is deemed uncollectable it shall not be written off until any investigative or other action has been agreed as set out in the authority's Financial Procedure Rules (FPR).

4. **Adhering to the Principles of Good Practice when pursuing debt**

When pursuing debt it is essential that the authority follows good practice. For example:

- Data Accuracy; the authority takes reasonable steps to ensure the information we supply to the customer regarding the debt is accurate and adequate in order to substantiate the goods or services were supplied by the council.
- Dealing with Debtors; the authority ensures their dealings with debtors are not deceitful and/or unfair. For example ensuring we only demand payment from the actual debtor. Not refusing to engage with a third party representative if required.
- By encouraging debtors to contact us as soon as possible if they are struggling to make payments.

5. **How is Debt pursued?**

- 5.1 The Council deals with many different types of debt and depending on the service provided have different legal requirements to aid recovery. However each service has a strict timetable for recovery action and the general principles are as follows:
 - An invoice for a service is generated and sent to the customer, by post or via email.
 - If payment is not forthcoming two further reminder letters are sent.
 - Wherever possible we try and contact the customer by phone in order to encourage payment.
 - If payment has still not been made or a payment plan agreed then a final notice, or a letter before court action is sent out.
 - The next step involves court action in order to obtain a judgement to enforce the debt. For Council Tax and NNDR (Business Rates) a liability order is applied for through the magistrates' court which is in accordance with relevant legislation
- 5.2 Once judgement or the liability order has been obtained we can pursue the recovery of the debt by various methods; for example

- Attachment to Earnings; we can instruct the customer's employer to make deductions directly from their salary and this is paid over to the Council by the employer.
- Enforcement Action (Bailiffs): We use external enforcement agents, who are on formal contracts to collect debts. There are National Standards for enforcement agencies to work to which have an established a set of common principles to cover the collection of unpaid debt and supports the underpinning legislation. This covers such areas as:
 - The conduct of the enforcement agent
 - The statutory or financial requirements for enforcement agencies
 - Training requirements for agents
 - Data protection and confidentiality
 - Removing goods from property
 - Vulnerable situations; ensuring vulnerable persons are protected

6. **Summary**

Leicester City Council's Debt Policy reflects the need to collect monies owed by individuals and companies whilst acknowledging there are circumstances where collecting full payment immediately would cause financial difficulty for some. The policy ensures we have a framework which makes sure debt is perused in a fair, appropriate and respectful manner.

7. **Finance Implications**

It is important that debt collection procedures are efficient and effective, to minimise the debt that has to be written off and which is therefore lost income to the Council

Colin Sharpe, Head of Finance, ext. 37 4081

8. **Legal Implications**

The Council, in pursuing recovery of debts, is obliged to comply both with its own policies and procedures and the appropriate court rules.

Jeremy Rainbow - Principal Lawyer (Litigation) - 371435

9. **Report Author/Officer to contact:**

Enid Grant, Head of Business Service Centre

Contact no: 4544401

Email address: Enid.grant@leicester.gov.uk



Leicester City Council Debt Policy

Leicester City Council is legally required to safeguard public money. This policy reflects the need to collect monies owed by individuals and companies whilst acknowledging there are circumstances where collecting full payment immediately would cause financial difficulty for some customers. Using this policy ensures we collect debt in a fair, proportionate and respectful manner.

Our duties to customers who owe us money:

Leicester City Council will endeavour to perform the following duties:

- 1 Meet our obligation to citizens of Leicester to maximise debt collection to protect services for Leicester's residents
- 2 Remind debtors of their obligation to pay debts on time and advise and support debtors through the collection process
- 3 Provide methods of payment that are easy to follow and suitable for all debtors
- 4 Assess debtors' ability to pay and, where appropriate, consider a payment plan where full payment cannot be made immediately
- 5 Regularly monitor payment plans to ensure compliance, where appropriate
- 6 Where a debtor fails to make payment, either full or in part, to take appropriate recovery action to obtain payment

Your duties as a customer who owes us money:

Leicester City Council expects its debtors to perform the following duties:

- 1 Pay your debts in full when they become due
- 2 If you are unable to pay your debts in full when they become due you must contact us at the earliest opportunity
- 3 Where further information is required (i.e. an income/expenditure assessment) you must provide accurate, up-to-date and honest details
- 4 If you are unable to pay your debts immediately and in full you must arrange a payment plan with us at the earliest opportunity
- 5 If you default on a payment, in full or in part, you must explain why this is the case and make arrangements with us immediately
- 6 If recovery action is taken against you, you must attempt to resolve the matter as soon as possible to avoid delay and additional costs

Mutual Duties:

- 1 To inform you/us/a third party if a mistake is made and apologise for the error
- 2 To act honestly, respectfully and courteously at all times
- 3 To effectively communicate in the most efficient way possible throughout the collection process to avoid delay, expense and inappropriate recovery actions
- 4 To find a solution that avoids legal action

Don't know who to contact about your debt?

Please visit our website for further details, at Leicester.gov.uk or call us on 0116 454 1000.

Benefits of having a debt policy:

This policy formally identifies the need for Leicester City Council to act consistently and fairly towards customers. However, the policy recognises the need for discretion at times and allows for a degree of flexibility to meet customers' needs. It also protects the interests of all parties in the debt collection process and aims to encourage early communication and realistic repayment arrangements wherever possible. This policy will enable us to save time and expense for all parties and allow us to operate fairly, openly and honestly.

Customer care

We are committed to providing excellent customer care. As part of this commitment, we will:

- 1 Aim to get things right first time**
- 2 Make it easy to access our services**
- 3 Listen to you so we can better understand your needs**
- 4 Be polite, professional and helpful**
- 5 Treat you fairly and with respect**
- 6 Keep you informed**
- 7 Protect your confidential information and privacy**
- 8 Welcome your feedback and tell you how it has made a difference**
- 9 Aim to deal with customer enquiries fully, and if this is not possible, agree on a course of action.**

If we cannot help a customer for any reason, we will always tell them why.

Customer care for vulnerable customers

A customer is vulnerable if for reasons of age, health, disability or severe financial hardship, they are unable to safeguard their personal welfare or the personal welfare of other members of their family. Each case will be looked at on an individual basis.

In regard to the use of enforcement agents, the council has clear protocols governing the approach that should be taken when a debtor has been identified as vulnerable. We, and our service level agreements with enforcement agents, adhere to the following standards:

- Enforcement agents must withdraw from domestic premises if the only person present is, or appears to be, under the age of 16 or is deemed to be vulnerable by the enforcement agent; they can ask when the debtor will be home - if appropriate.
- Enforcement agents must withdraw without making enquiries if the only persons present are children who appear to be under the age of 12.

Should a debtor be identified as vulnerable, the council is prepared to take control of the case, at any time, if necessary. Which types of debt does this policy cover?

This policy covers all debt types across Leicester City Council.

Benefits, discounts and exemptions

We will endeavour to notify debtors of any benefits, discounts or exemptions available. Only, if the benefits, discounts or exemptions cover the full amount of the money you owe us, will we stop any further debt collection action. It is therefore in your interest to find out if you are entitled to any benefits, discounts or exemptions at the earliest opportunity.

If you are awaiting the outcome of a review or appeal of your entitlement to benefits, discounts or exemptions, we will recover the money you owe us based on your ability to pay *at that time*.

Debt advice agencies

We are committed to supporting debtors through the debt collection process and, where relevant, we will refer you to debt advice agencies that can help you with impartial advice and support.

Priority Debts

This policy recognises that some debts take priority over other debts. Priority debts include:

- Mortgage repayments and loans secured on your home
- Rent
- Council tax
- Payments ordered by the courts
- Gas and electricity debts

These debts should be prioritised. There are serious consequences if you do not pay a priority debt, i.e. you could lose your home or be imprisoned.

Individual debt services

Please note that different services may have different legal requirements to recover debt. The recovery process and/or enforcement actions may vary depending on which service your debt is due to. For further information about how the different services manage debt, please see the appendices below.

Complaints

You can complete our online complaints form on the Leicester City Council [website](#).

Once a complaint has been made, we'll send an acknowledgement within 24 hours, with the name of the person to be contacted with any further questions.

Data Protection considerations

The Council collects and stores personal data for the purposes of effective billing, collection and recovery of debt. Data retained for this purpose will be processed in accordance with the Data Protection Act 1998 and will be stored securely at all times.

Data may also be shared within the Council, agents, contractors appointed by the Council or with other organisations where the law allows and in particular where it is in the interests of the debtor or where it will prevent fraud or the unlawful evasion of payment of sums due.

Equality considerations

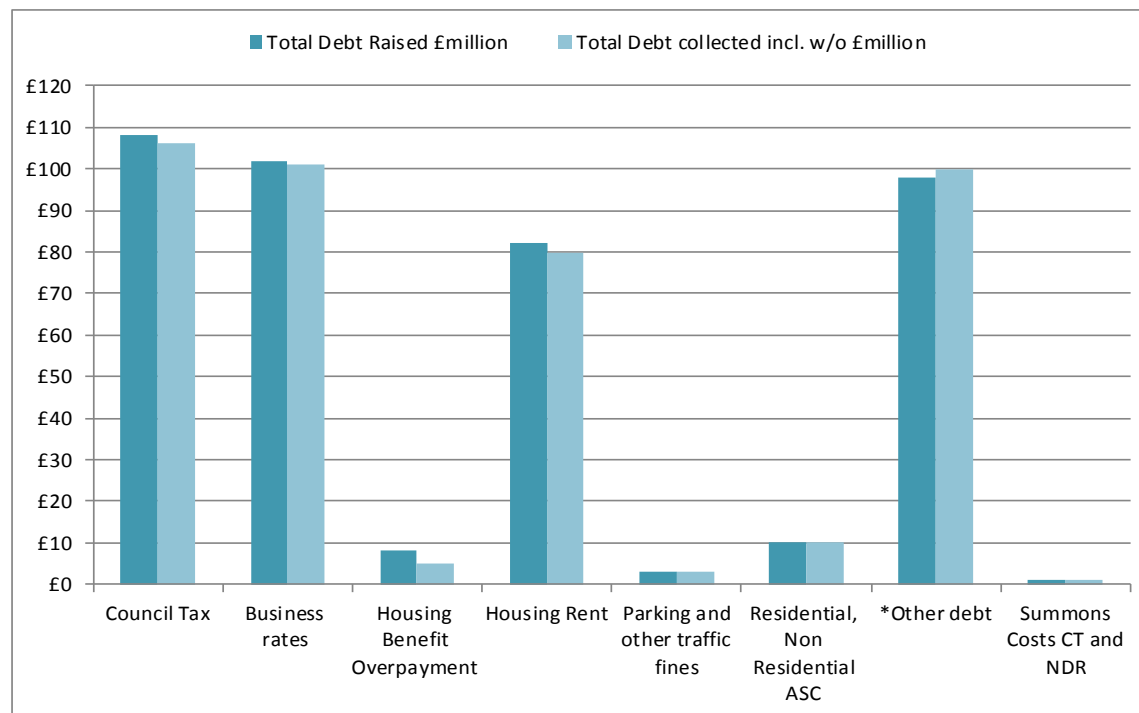
The Council has a statutory duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010.

Acting in accordance with this Policy will help to ensure that the collection of sums due is conducted in a consistent and objective manner that will reduce the risk of inadvertent discrimination against persons with protected characteristics. It will also ensure that debt collection and recovery is delivered in an equally accessible manner to all members of the community.

Policy Review

To make sure that this policy remains fair and relevant to our debtors we will review this policy annually.

The Value of Debt raised versus the value of Debt collected, Incl. written off during 2015/2016



Debt Category	Total Debt Raised £million	Total Debt collected incl. w/o £million
Council Tax	£108	£106
Business rates	£102	£101
Housing Benefit Overpayment	£8	£5
Housing Rent	£82	£80
Parking and other traffic fines	£3	£3
Residential, Non Residential ASC	£10	£10
*Other debt	£98	£100
Summons Costs CT and NDR	£1	£1
Total	£412	£406

*Other Debt relates to such debt as: Commercial rent; service charges; former tenant arrears; rechargeable works; leaseholder charges; monies due from charitable organisation, community groups, schools; other local authorities'; other government bodies; Education Welfare notices; Non- limited companies;



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

November 2016

CORPORATE COMPLAINTS (NON STATUTORY)

Report of the Director of Finance

- **Purpose of Report**

The purpose of this report is to update the Audit and Risk Committee on progress since the BSC Service Manager presented findings on the corporate non statutory complaints process in November 2015 and to report Quarter 2 2016/17 non statutory complaints figures.

- **Summary – Progress Update**

- Policy and Procedure

A new complaints procedure has been piloted which streamlines the process of handling corporate complaints from whatever source they derive and to take a much more flexible approach when handling a complaint dependent upon the nature and complexity.

It will be at a 'triage' stage that will determine the route of the complaint and who will need to be involved. This also simplifies the process and independent investigation will take place to determine whether a complaint is justified or otherwise. This also removes the need for a stage 2 complaint which previously existed.

This commenced from the new Organisational structure being implemented and the new CRM being in place from April 2016.

Evaluation of this pilot has now taken place with our citizens who have made a complaint using this process, officers and customer services.

The findings are detailed on appendix 1.

- Technology, Recording and Management Information

A new system has been procured and been in operation since April 2016, which incorporates Corporate Complaints and a portal in use by Customer services to process our citizens transactions. This is part of the Customer Services transformation project led by Sarah Moore. The new system incorporates the functionality required to streamline and record corporate

complaints. 'Self' is a system for those citizens who are able to self-serve to transact business with the council on line, this was soft launched on 4 October 2016. It is anticipated that once this has been fully evaluated that councillors, MP and Mayoral enquiries, will use a similar process. Members will be consulted whilst devising the system.

- Structures/Roles & Responsibilities- Corporate Complaints

A centralised corporate complaints function has now been in place since November 2015 with Complaints Officers who will manage a complaints case load and ensure that service improvements are identified, reported and followed through with Divisions.

The evaluation of this service is also attached in **appendix 1**.

Report on Key Quarterly Information Q2 2016/17

- Complaints - Quarter 2 the total number of complaints received was 507, compared to 699 in the Q2 2015/16. However, of these complaints received 114 were 'triaged' out (22%) of the complaints process, as another process was applicable. This meant that a total of 393 were investigated and responded to within the quarter.
- Justified Complaints - in 2015/16 Q2 21% of all complaints received were categorised as justified. The reporting of justification last year was determined by the service. This year the complaints team are independently assessing whether the complaint was justified. The numbers of justified complaints might therefore be expected to increase.
- In addition a new category of partially justified has been introduced. Complaints are rarely about 1 isolated issue and so we have introduced a partially justified category, where some elements of the complaint can be considered justified, where others were not.
- In Q2 26% of complaints investigated were wholly justified, 26% were partially justified.
- Complaints Categories – Headline categories are as follows, and now include an additional category of 'appointment issues', as this was found to be an element in many complaints when analysing previous data.
 - Appointment Issues
 - Policy Procedure & Legislation
 - Premises
 - Quality of Service
 - Speed of Service
 - Staff Attitude & Behaviour

Previous recording only captured one category for complaint. We now categorise each complaint over all applicable areas relating to the complaint, therefore raw numbers on categorisation will exceed total

number of complaints received. However, categorising them in this way gives us better analysis.

In addition each of these categories is now broken down further. These again are based on key themes emerging from analysis of 2015/16 complaints. The full detail is on the attached summary sheet (**appendix 2**). This also captures whether these complaints were justified (including part justified within the figure)

The most significant area of categorisation remains the quality of service. 46% of complaints contained an element of poor quality of service.

Top 15 service areas for complaints					
	July	August	September	Q	%
<i>Housing repairs</i>	30	31	26	87	22%
<i>Housing other</i>	23	15	17	55	14%
<i>Revenues and benefits</i>	18	19	14	51	13%
<i>Council tax</i>	9	14	18	41	10%
<i>Housing options</i>	13	5	9	27	7%
<i>Customer services</i>	9	6	4	19	5%
<i>Parks and green spaces</i>	5	10	3	18	5%
<i>Streetscene enforcement</i>	3	7	5	15	4%
<i>Licencing and pollution control</i>	3	10	2	15	4%
<i>Planning management</i>	7	4	0	11	3%
<i>Waste management</i>	3	2	3	8	2%
<i>Sports and leisure centres</i>	2	4	1	7	2%
<i>Arts and museums</i>	3	0	2	5	1%
<i>Open Uncategorised</i>	0	1	4	5	1%
<i>Right to buy</i>	0	3	0	3	1%
<i>The Top three areas account for 49% of complaints received and is in line with previous data</i>					

Legal Implications

There are no legal implications arising directly from this report – Kamal Adatia, City Barrister & Head of Standards, ext. 37 1401.

Financial Implications

There are no significant financial implications arising directly from this report – Colin Sharpe, Head of Finance, ext. 37 4081.

Report Author/Officer to contact:

Caroline Deane, BSC Service Manager
Date 27 October 2016

APPENDIX 1

EVALUATION OF PILOT ONE STAGE PROCEDURE AND CENTRALISED COMPLAINTS FUNCTION FOR CORPORATE COMPLAINTS

Methodology

In order to evaluate the new procedure we decided on key areas of performance that we needed to analyse. Some of these were based on the weaknesses of the old procedure, and others were general qualities that all service based processes should aim to provide.

These were:

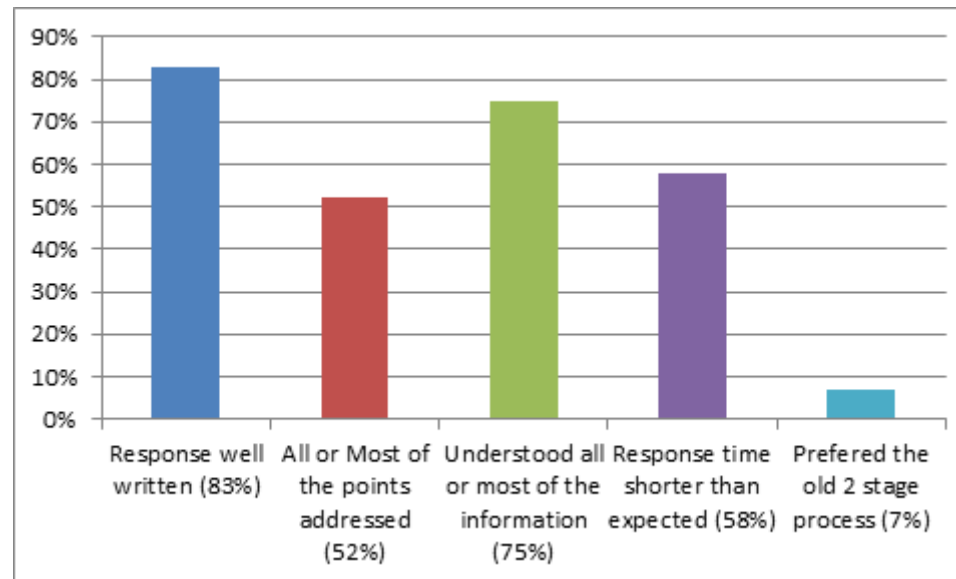
1. The complaints team should deal with fewer service requests than in the old process. The service requests are better dealt with by the specialised team for that request and it takes up time of the complaints team unnecessarily.
2. Vexatious customers should be contained more effectively than in the old process. The customers shouldn't be able to engage many areas of the council repeatedly with the same request as they used to, this encourages them to keep trying and uses up valuable officer time.
3. Ensure the categorisation regarding the 'Justification' of the complaint is accurate. This is a classification to show whether the council had received the complaint due to a genuine mistake or failing on our part. The fear was that since service areas would decide this in the old process, there was a conflict of interest with admitting fault.
4. Responses should be a consistent high quality, where high quality is defined by:
 - a. They should be well written
 - b. Complaints responses should accurately address the issues raised
 - c. The information should be given clearly
5. Timescales should be both reasonable and met. The timescale we give the customers for us to get our final response to them needs to be met as promised, but also needs to be a reasonable timescale as per the customer's expectations.
6. Reduced cost of or increased efficiency in providing the service. This is an ongoing aim of every service in the council. Based on the findings about the objectives above, we would hope to see either a reduction in costs or a maintained cost if the level of service has improved. We would need to consider both operational and efficiency costs.

To analyse our performance on these areas we used Survey Monkey for external customers who had complained using this process, and another set of surveys for internal officers who deal with the complaints process. We will also use statistics surrounding these KPI's where possible to empirically show the differences.

Key findings of the citizen survey (citizens who had made a complaint)

This was sent to citizens who had used an email address and used the new complaints process. The response rate was 11%. Citizens responded as follows:

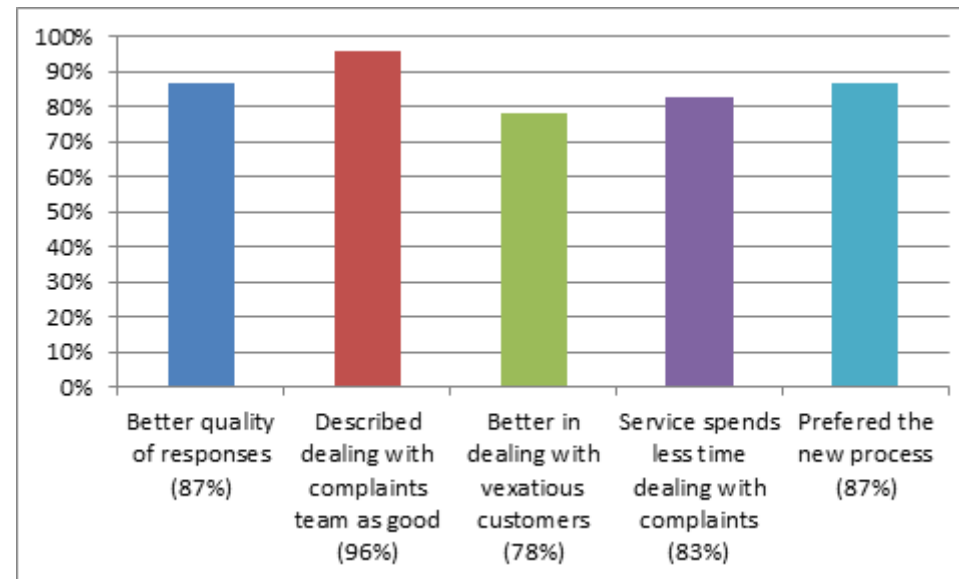
- 83% stated that the response received was well written.
- 52% stated that all or most of the points that they had raised in the complaint had been addressed, on further examination of this, comparing the complaint response to the issues recorded, 94% of the responses addressed all the points recorded by customer services regarding the complaint.
- 75% stated that they understood all or most of the information contained in the response to them
- 58% reported that the response time was either shorter or as they had expected. Of the 42% who thought it was longer than expected, none of the response times were over 10 days which was the previous blanket response time.
- Only 7% stated that they preferred the old 2 stage process.



Key findings of the Services, Managers and Heads of Service

This was sent to managers who previously undertook stage 2 investigations and also responded to complaints. There was a 58% response rate.

- 87% thought that the response that was sent out by the complaints team was of a better quality than previously sent out by services
- 96% of managers reported that their experience of dealing with the corporate complaints team was good
- 78% reported that the process for dealing with vexatious customers was better than previously, please note that 14% reported that they had not used the new process, so could not comment, and 8% felt that it was time consuming giving evidence to the complaints team to back up the vexatious process
- 83% reported that they spent less time in the new process dealing with complaints
- 87% reported that they preferred the new process



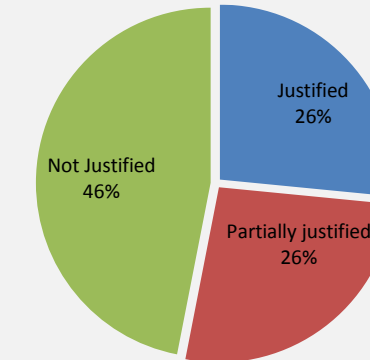
In conclusion the new pilot process of one stage, and being investigated and responded to by a specific team has had no adverse affects to our citizens and we will be recommending that this be formally adopted.

Summary sheet Quarter 2 16/17

Volume	16/17				15/16				Variance			
	July	August	September	Q	July	August	September	Q	July	August	September	Q
Total Complaints received	179	187	141	507	233	215	251	699	-30%	-15%	-78%	-38%
Total Complaints triaged out	37	49	28	114								
Percentage Triaged out from complaints	21%	26%	20%	22%								
Total investigated	142	138	113	393	233	215	251	699	-64%	-56%	-122%	-78%

Justification	16/17								Last year
	July	%	August	%	September	%	Q	%	Q
Justified	37	26%	40	29%	26	23%	103	26%	21%
Partially justified	35	25%	36	26%	32	28%	103	26%	
Not Justified	70	49%	61	44%	51	45%	182	46%	79%

There are still 5 outstanding cases from this period which have not yet had the justification categorised which is why the percentage of justified complaints does not add up to 100%. A complaint is now investigated and categorised independently by the complaints team regarding justification or otherwise. This impartial categorisation and the additional field to report partially justified complaints should now give us a more realistic view of the justification of complaints.

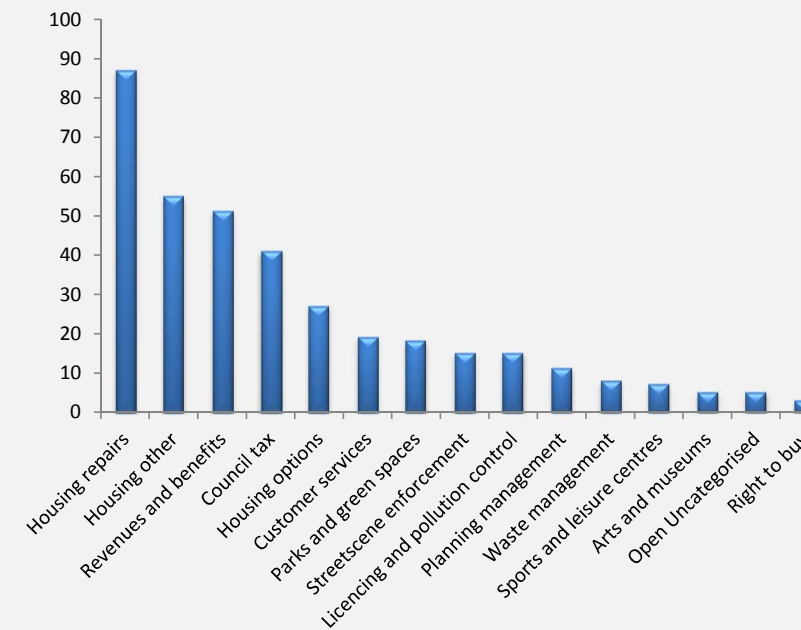


Complaints volume split by department	July	August	September	Q	%
City development and neighbourhoods	100	91	70	261	66%
Corporate resources and support	41	43	39	123	31%
Open Uncategorised	0	1	4	5	1%
Education and childrens services	0	3	0	3	1%
Adult social care and health	1	0	0	1	0%

In the new system, we can now automatically split the complaints by department. Further analysis and breakdown for both the City Development & Neighbourhoods complaints and Corporate Resources & Support complaints are on the next tabs. IT are working on the development for additional data.

Top 15 service areas for complaints	July	August	September	Q	%
Housing repairs	30	31	26	87	22%
Housing other	23	15	17	55	14%
Revenues and benefits	18	19	14	51	13%
Council tax	9	14	18	41	10%
Housing options	13	5	9	27	7%
Customer services	9	6	4	19	5%
Parks and green spaces	5	10	3	18	5%
Streetscene enforcement	3	7	5	15	4%
Licencing and pollution control	3	10	2	15	4%
Planning management	7	4	0	11	3%
Waste management	3	2	3	8	2%
Sports and leisure centres	2	4	1	7	2%
Arts and museums	3	0	2	5	1%
Open Uncategorised	0	1	4	5	1%
Right to buy	0	3	0	3	1%

The top three service areas account for almost 50% of all complaints received during the quarter

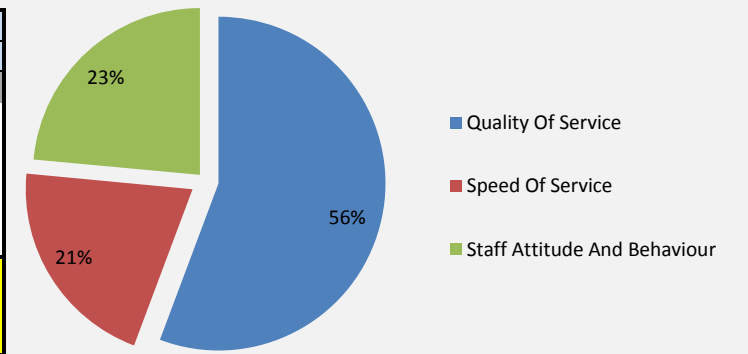


Service improvement suggestions	July	August	September	Q	%
Total service improvements identified from all investigated complaints	18	29	21	68	17%
Number of improvements identified from non justified complaints	1	0	0	1	0%
Number of improvements identified from partly justified complaints	3	14	10	27	7%
Number of improvements identified from wholly justified complaints	14	15	11	40	10%

We have introduced a measure to assess from complaints received, investigated and closed, whether there is a service improvement available. These figures illustrate the complaints which highlighted a potential service improvement. The Quarter % figure shows the percentage of the total complaints where a service improvement was found and suggested.

Category of complaint	16/17					15/16				
	July	August	September	Q	%	July	August	September	Q	%
Appointments	8	18	12	38	10%					
Policy Procedure And Legislation	39	35	36	110	28%	54	53	64	171	24%
Premises	3	3	2	8	2%	8	9	7	24	3%
Quality Of Service	61	67	52	180	46%	98	85	105	288	41%
Speed Of Service	24	26	17	67	17%	38	32	33	103	15%
Staff Attitude And Behaviour	29	22	25	76	19%	35	36	42	113	16%

A constituents complaint will typically include several elements/areas of complaint. In the previous CRM a complaint could only have one category, which did not allow several elements to be captured. This system allows us to select as many categories as is relevant to the complaint. For this reason, the number of categories affected will be larger than the total number of complaints received.



Complaint category breakdown						
Appointment issues	July	August	September	Q	# Justified	% Justified or partially justified
Officer Did Not Attend/was absent	6	11	9	26	16	62%
Other	1	5	3	9	1	11%
Changed appointment no notice or short notice	2	4	0	6	5	83%
Not in cards posted customer in (Housing Only)	1	0	0	1	0	0%
Total	10	20	12	42	22	52%
Policy, procedure & legislation	July	August	September	Q	# Justified	% Justified or partially justified
Disagreement with Policy/Procedure/Legislation	21	18	22	61	1	2%
Other	16	15	10	41	11	27%
Responsibility Dispute	2	4	4	10	2	20%
Breach of Policy/Procedure/Legislation	1	0	1	2	1	50%
Inconsistent Application of correct Policy/Procedure/Legislation	1	0	0	1	0	0%
Failed to use correct Policy/Procedure/Legislation	0	2	0	2	0	0%
Total	41	39	37	117	15	13%
Premises	July	August	September	Q	# Justified	% Justified or partially justified
Lack of Accessibility to Premises (Disabled)	0	0	2	2	1	50%
Standard of Cleanliness/Hygiene	2	0	0	2	1	50%
Other	1	3	0	4	0	0%
Total	3	3	2	8	2	25%
Quality of service	July	August	September	Q	# Justified	% Justified or partially justified
Problem not rectified (Problem still exists)	33	39	24	96	29	30%
Lack of response to customer	19	20	15	54	14	26%
Service output not to the standard required (not done correctly)	8	10	8	26	7	27%
Other	11	5	6	22	5	23%
Payment issues	2	5	4	11	1	9%
Inaccurate processing of information	2	4	3	9	4	44%
Poor quality resources available	3	5	1	9	1	11%
Inappropriate resources used	1	2	0	3	1	33%
Total	79	90	61	230	62	27%
Speed of service	July	August	September	Q	# Justified	% Justified or partially justified
Length of time to complete work	13	16	11	40	15	38%
Lack of response to customer	9	11	5	25	11	44%
Other	3	0	2	5	1	20%
Process from end to end too long	1	3	1	5	1	20%
Phone waiting times	2	3	0	5	3	60%
Appointment waiting times	1	1	0	2	1	50%
Failed to meet SLA timescale	0	1	0	1	0	0%
Cancellations caused delays	1	0	0	1	1	100%
Total	30	35	19	84	33	39%
Staff attitude and behaviour	July	August	September	Q	# Justified	% Justified or partially justified
Rude and or aggressive	3	5	8	16	6	38%
Phone or verbal manner	13	8	7	28	8	29%

Other	9	8	7	24	3	13%
Lack of technical knowledge	5	4	4	13	8	62%
Letter tone and content	2	0	2	4	0	0%
Staff unable to answer questions	2	1	0	3	2	67%
Inappropriate language used for audience	0	1	0	1	0	0%
Total	34	27	28	89	27	30%

This table tell us more specifically what issues the complainants had within each category. Again, since a single complaint is rarely about one issue, this will not add to the category total. The "% Justified" includes both partially and wholely justified complaints relative to the total.

Housing complaints following a repair	23	26%
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This shows that 26% of complaints we received about hosuing reparis were complaints following a repair

Executive Decision Report

PROCUREMENT UPDATE 2016/17

Decision to be taken by: **Asst Mayor (Jobs & Skills)**

Decision to be taken on: **17 November 2016**

Lead director: **Alison Greenhill**

Useful information

- Ward(s) affected: **All**
- Report author: **Neil Bayliss**
- Author contact details: **Tel: 0116 454 4021 Email: neil.bayliss@leicester.gov.uk**
- Report version number: **002**
- Date of report: **20 October 2016**

1. Summary

- 1.1 The Council's Contract Procedure Rules require Executive approval of a Procurement Plan – a list of forthcoming procurement activity above EU thresholds anticipated in the coming year. This requirement aligns with the government's requirements of local authorities under the Transparency agenda. There is also a requirement to provide a mid-year update on progress against the Plan and procurement strategy.
- 1.2 Inclusion of a contract in the Plan does not necessarily mean that the procurement will go ahead. As with all expenditure, anticipated contracts will be subject to ongoing challenge as to whether they are required, and whether/how they should be procured. This review process may impact on the anticipated value and/or duration of contract.
- 1.3 The purpose of this report is to inform the Executive of progress against the Plan and obtain approval for the updated 2016/17 Procurement Plan which alerts all stakeholders of the potential up and coming major procurement activity across the Council, which includes renewal of existing contracts for ongoing requirements (e.g. maintenance and service provision contracts) and one-off major capital projects.

2. Recommendations

- 2.1 The Executive is recommended to:
 - i) Approve the attached Procurement Plan and delegate the letting of contracts to Divisional Directors in consultation with the Head of Procurement and City Barrister;
 - ii) Note the summary of waiver and extension activity in the current financial year to date as required by Rule 19.2 of the Contract Procedure Rules.

3. Supporting information

Procurement Plan

3.1 The Procurement Plan serves two principal purposes:

- a) To inform potential suppliers of major future market activity, including meeting the statutory requirement to publish planned procurement over the EU thresholds; and
- b) To provide the Executive and other readers with an overview of significant procurement activity and to enable links and efficiencies to be achieved.

3.2 The Plan is based on information from Directors and from reviewing the database of existing contracts approaching expiry. Entry on the Plan does not guarantee that procurement will happen and the actual costs may vary from the estimates.

3.3 Timely processing and approval of the Plan ensures better procurement planning and allows the market to consider upcoming opportunities, in line with the transparency agenda.

3.4 The scope of the Plan can be affected by major reviews across the Council, leading to the extension of existing contracts and uncertainty for including future procurements, with less procurement activity than might usually be expected. It will also be noted that the procurement approach and timing, contract term and values are still to be determined for some procurements, whilst review work takes place.

3.5 As required by the Contract Procedure Rules, the updated Plan (attached at Appendix A) includes details of expected procurement processes for contracts valued at over (or close to) the relevant EU threshold.

- Social & Other Specific Services £589,148
- All Other Goods & Services £164,176
- Works £4,104,394

3.6 The Contract Procedure Rules provide delegated authority to Divisional Directors to award contracts over the EU threshold so long as those contracts are included in the Procurement Plan – Appendix A (even if these contracts are not awarded until after the end of the current financial year). Any other proposed contract award over the EU threshold must be added to the Procurement Plan as set out in Rule 16 of the Contract Procedure Rules (as approved by Full Council in June 2015).

3.7 Of the 104 procurement exercises included in the original Plan, the following table sets out current progress.

Progress	Number of Procurement Processes
Exercise not started	68
Exercise in progress	21
Contract awarded	9
Exercise cancelled	6
Total	104

Procurement Strategy

3.8 The Head of Procurement is working with the Director of Planning, Transport and Economic Development in conjunction with the Assistant Mayor (Jobs & Skills) and a working group initiated by the Economic Development, Transport & Tourism Scrutiny Commission to develop a Social Value/Procurement Strategy to which will be the foundation for the development of clearer performance indicators and targets and which will form the basis for future reporting.

Contract Procedure Rules

3.9 New Contract Procedure Rules were approved at Full Council on 18th June 2015. No changes have been made to them since and none are currently proposed. The Head of Procurement has commenced a review of how the new Rules have worked and whether any changes could be beneficial. It is anticipated this will lead to a report in 2017. This will include changes to help the Rules align with the recent Concession Contracts Regulations 2016 as well as any changes that may support the development of the Council’s new finance system.

3.10 In the last 12 months, the Council has signed up to the Living Wage Foundation’s Licence Agreement to become a Living Wage Employer. This means that the Council is implementing the Living Wage into its procurement contracts which meet the criteria agreed with the LWF and will ensure all contracts meeting these criteria become compliant with this commitment by 2020.

Waivers

3.11 The Contract Procedure Rules also requires the Head of Procurement to report waivers of the Rules to Executive. The tables below show an analysis of the waivers approved during the last financial year and the first part of the current financial year. This is shown by both department and a broad categorisation of the reason for the waiver.

Reason for Waiver	2015/16 (from 19 June 2015)		2016/17 (to 31 August 2016)	
	Qty	Value	Qty	Value
Continuity of Provision	21	£15,831,914	10	£716,078
Urgency	4	£154,768	7	£652,386
Limited Supply Market	6	£68,042	3	£18,000
Other	2	£900,000	3	£87,000
	33	£16,954,725	23	£1,473,464

Department	2015/16 (from 19 June 2015)		2016/17 (to 31 August 2016)	
	Qty	Value	Qty	Value
Adult Social Care (ASC)				
City Development & Neighbourhoods (CDN)	19	£771,284	17	£1,403,861
Corporate Resources & Support (CRS)	5	£176,385	2	£13,700
Education & Children's Services (ECS)	6	£102,062	4	£55,903
Public Health (PH)	3	£15,904,994		
	33	£16,954,725	23	£1,473,464

Contract Extensions

3.12 The new Contract Procedure Rules also require bi-annual reporting of contract extensions of Large and EU Contracts made where there wasn't provision for this in the original contract. The table below sets out such extensions approved since these new Rules came into force up until 31 August 2016. (Note: Contract values given below include the full contract value from the original start date to the end of the extension period.)

Department	2015/16 (from 19 June 2015)				2016/17 (to 31 August 2016)			
	Large		EU		Large		EU	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
ASC								
CDN	1	£692,000						
CRS	1	£504,616						
ECS								
PH			1	£822,275	1	£411,138	2	£4,118,121
	2	£1,196,616	1	£822,275	1	£411,138	2	£4,118,121

4. Details of Scrutiny

4.1 As required by the Contract Procedure Rules, the Procurement Plan and other contents of this report will be reported to the Audit & Risk Committee on 16 November 2016.

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 Inclusion of contracting activity on the attached Plan is a statement of intent and is subject to the necessary funding being available. The Plan provides a basis for challenge and a more strategic approach to achieving value for money through major procurement activity.

Colin Sharpe
Head of Finance
Ext 37 4081

5.2 Legal implications

5.2.1 The Contract Procedure Rules form part of the Constitution of the Council therefore this report satisfies the Constitution requirements in relation to reporting and procurement procedures.

5.2.2 Each procurement process will need to follow due process in accordance with internal and legislative requirements, with advice from Procurement Services and Legal Services.

Emma Horton
Principal Lawyer
Ext 37 1426

5.3 Climate Change and Carbon Reduction implications

5.3.1 There are no significant climate change implications arising directly from this report.

5.4 Equality Impact Assessment

5.4.1 These will be considered a part of each procurement process, as appropriate.

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

5.5.1 Procurement is used to drive wider social value, i.e. to bring about improvements in economic, social and environmental well-being.

6. Background information and other papers:

6.1 None.

7. Summary of appendices:

7.1 Appendix A – Procurement Plan 2016/17 (Updated as at September 2016).

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

8.1 No.

9. Is this a “key decision”?

9.1 No.

DRAFT

2016-2017 Procurement Plan (Update September 2016)

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Progress Status	Department	Division	Service Area
Dementia Care Advisor Service	£3,000,000	01/10/17	2+3 Years	Not started	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Deprivation of Liberty Safeguards (DoLS) - Best Interest Assessors	£840,000	01/08/16	4 Years	Contract awarded	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Domiciliary Support Services	£229,700,000	01/10/17	7 Years	Not started	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Extra Care Developments	£3,000,000	TBC	TBC	Not started	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Independent Living Support - Floating Support	£3,600,000	01/10/17	4 Years	Not started	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Independent Living Support - Supported Housing	£1,900,000	01/10/17	3+2 Years	Not started	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Recovery Hub	£780,000	01/07/17	3+2 Years	Not started	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Residential Rehabilitation Substance Misuse Framework	£2,000,000	01/07/17	4 Years	Not started	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Specialist Dementia Care Unit	£62,000,000	01/10/16	40 Years	On hold, being reviewed	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Automatic Door Servicing	£600,000	01/05/17	3+2 Years	In progress	City Development & Neighbourhoods	Estates & Building Services	Building Services
Gutter Cleaning	£180,000	01/07/17	2+1 Years	Not started	City Development & Neighbourhoods	Estates & Building Services	Building Services
Removals	£400,000	01/10/16	4 Years	In progress	City Development & Neighbourhoods	Estates & Building Services	Building Services
Servicing of Fire Extinguishers	£260,000	01/10/17	3+2 Years	Not started	City Development & Neighbourhoods	Estates & Building Services	Building Services
Biofuel Contract for Schools		TBC	TBC	Not started	City Development & Neighbourhoods	Estates & Building Services	Energy Services

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2016-2017 Procurement Plan (Update September 2016)

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Progress Status	Department	Division	Service Area
Electricity Supply Contract	£4,800,000	01/10/16	4 Years	Contract awarded	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Energy Performance Contract	£20,000,000	01/04/17	15 Years	Not started	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Home Energy Heating - Private Sector Homes	£900,000	01/04/17	3 Years	Not started	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Home Energy Insulation - Private Sector Homes	£300,000	01/04/17	3 Years	Not started	City Development & Neighbourhoods	Estates & Building Services	Energy Services
LED Lighting	£500,000	01/05/17	TBC	Not started	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Solar PV	£300,000	01/09/17	TBC	Not started	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Solid Wall Insulation	£1,240,000	01/09/17	3 Years	Not started	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Boiler Replacement Programme	£1,000,000	01/10/16	4 Years	Cancelled	City Development & Neighbourhoods	Estates & Building Services	Property
Lifts - Maintenance, Refurbishment and New Installations		01/08/17	TBC	Not started	City Development & Neighbourhoods	Estates & Building Services	Property
Property Maintenance		01/10/16	4 Years	In progress	City Development & Neighbourhoods	Estates & Building Services	Property
Washroom Services	£200,000	01/04/17	5 Years	In progress	City Development & Neighbourhoods	Estates & Building Services	Property
Adaptations Social Housing	£6,500,000	01/04/17	3+1+1 years	Not started	City Development & Neighbourhoods	Housing	Capital Investment
Asbestos Analyst (Domestic)	£1,500,000	01/11/16	3+1 Years	In progress	City Development & Neighbourhoods	Housing	Capital Investment
District Heating Heat Metering		TBC	TBC	Not started	City Development & Neighbourhoods	Housing	Capital Investment

2016-2017 Procurement Plan (Update September 2016)

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Progress Status	Department	Division	Service Area
District Heating Repairs - Maintenance & Upgrades	£4,000,000	01/09/17	2+2 Years	Not started	City Development & Neighbourhoods	Housing	Capital Investment
Fire Containment & Passive Fire Protection Works	£10,000,000	TBC	2+2 Years	Not started	City Development & Neighbourhoods	Housing	Capital Investment
Home Insulation - Energy Saving Initiatives	£10,000,000	01/02/17	2+2 Years	Not started	City Development & Neighbourhoods	Housing	Capital Investment
Kitchen & Bathroom refurbishments (Supply & Fit) and Repairs & Maintenance to Social Housing	£30,000,000	01/04/17	3+1+1+1 Years	Not started	City Development & Neighbourhoods	Housing	Capital Investment
Minor Building Works, Disabled Adaptations & Structural Repairs	£8,000,000	01/11/16	2+4 Years	In progress	City Development & Neighbourhoods	Housing	Capital Investment
Structural Repairs & Misc Building Works	£4,000,000	01/04/17	2+2 Years	Not started	City Development & Neighbourhoods	Housing	Capital Investment
Water Management, Air Conditioning & Ventilation Systems	£8,000,000	01/12/16	2+3 Years	Not started	City Development & Neighbourhoods	Housing	Capital Investment
Secure Cycle Units	£200,000	01/06/16	3 Years	Contract awarded	City Development & Neighbourhoods	Housing	Estate Management & Tenancy Support
Tenants Contents Insurance Scheme for City Council Tenants	£2,800,000	01/01/17	3+2 Years	Not started	City Development & Neighbourhoods	Housing	Estate Management & Tenancy Support
Central Vehicle Pool Replacements (Various start dates)	£1,300,000	01/02/17	3 Years	Not started	City Development & Neighbourhoods	Housing	Passenger & Fleet Services
Replacement 18T RCV (8635 & 8638)	£185,000	01/04/17		Not started	City Development & Neighbourhoods	Housing	Planning & Major Works
Public Protection Solution & Associated Services	£300,000	01/04/17	10 years	In progress	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Local Services & Enforcement
Grounds Maintenance Machinery	£800,000	10/01/17	3+1 Years	In progress	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Parks & Greenspace Fencing	£400,000	01/07/17	3+2 Years	Not started	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces

2016-2017 Procurement Plan (Update September 2016)

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Progress Status	Department	Division	Service Area
Parks Signage	£150,000	01/07/17	3+2 Years	Not started	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Security for Parks & Public Conveniences	£250,000	01/01/17	3+2 Years	Not started	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Street Furniture	£160,000	01/02/17	3+1 Years	Not started	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Street Washing	£188,800	01/07/16	3+1 Years	Contract awarded	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Water Hygiene Testing	£6,000,000	23/01/17	6 Years	In progress	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Supply & Installation of Wheel Facilities	£250,000	01/04/17	2+1 Years	Not started	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Standards & Development
Supply and Installation of Ball courts / Multi Use Games Area (MUGA)	£450,000	01/04/17	2+1 Years	Not started	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Standards & Development
Supply of Fixed Play Equipment & Spares. Provision of Wheel Facilities	£750,000	01/04/17	2+1 Years	Not started	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Standards & Development
Garden Waste Service	£500,000	01/03/17	3 Years	Not started	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Waste Management
Ashton Green Professional Services / Highways infrastructure	£1,400,000	27/09/16	3 Years	In progress	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Ashton Green
Design of Infrastructure & Services for Former John Ellis Site	£200,000	12/09/16	1.5 Years	Contract awarded	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Development Projects
Site Remediation, Installation of Infrastructure & Services for Former John Ellis Site. Creation of development platform	£4,000,000	01/03/17	2 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Development Projects
DOCK 2 Construction Contractor	£4,000,000	01/01/17	18 Months	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Economic Development
Leicester Fashion and Textiles Hub Consultants	£400,000	01/01/17	2 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Economic Development

2016-2017 Procurement Plan (Update September 2016)

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Progress Status	Department	Division	Service Area
Anti-Skid & Coloured Surfacing	£800,000	01/07/17	3+1 Years	Not started	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Disposal of Construction Waste	£1,000,000	31/10/16	2+3 Years	In progress	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Highway Maintenance, Construction and Civils Contract	£8,000,000	01/04/17	3+1 Years	Not started	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Hire of Plant (With Operator)	£2,000,000	01/07/17	2+3 Years	Not started	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Hire of Plant (Without Operator)	£2,500,000	01/04/17	1+4 Years	In progress	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Maintenance of Highway Structures	£7,000,000	03/02/17	4 Years	Not started	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Parking Services IT System	£200,000	01/04/17	5 Years	Not started	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Precast Concrete Products	£500,000	01/10/16	1+4 Years	Cancelled	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Supply of Asphalt & Aggregate	£4,500,000	31/12/16	2+3 Years	In progress	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Supply of Concrete	£400,000	01/12/16	1+4 Years	Cancelled	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Supply of Highways Materials	£550,000	01/10/16	1+4 Years	Cancelled	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Traffic Management	£500,000	01/08/16	1+4 Years	Contract awarded	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Highways
Belgrave Gate Cycle Lane Improvements Scheme	£1,500,000	01/03/17	9 Months	Not started	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Transport Strategy
Bus Shelters	£7,500,000	01/04/18	15 Years	Not started	City Development & Neighbourhoods	Planning, Transportatation & Economic Development	Transport Strategy

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2016-2017 Procurement Plan (Update September 2016)

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Progress Status	Department	Division	Service Area
Electric Car Club	£300,000	01/10/16	5 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Legible Leicester	£1,500,000	01/08/16	3 Years	Contract awarded	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Leicester North West Access Corridor Works	£12,500,000	30/06/17	17 Months	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
London Road Cycle Lane Improvements Scheme	£1,500,000	01/01/17	9 Months	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Maintenance and/or Replacement of Ticketing and Access/Exit Barriers for Surface Level Car Parks and Multi-storey Car Parks		01/07/17	4+2 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
New College Cycle Track	£550,000	01/10/16	TBC	In progress	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Project Management & Design for ESIF ULEV Refuelling Station Proposal	£150,000	01/01/17	3 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Public EV Charger Installation	£250,000	TBC	5 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Real-Time Bus Information System	£2,000,000	01/04/17	10 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Security Services for Surface Level Car Parks and Multi-storey Car Parks	£210,000	01/04/17	3 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Smart Ticketing	£450,000	01/03/18	5 Years (TBC)	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Sustainable Transport Support & Advice Services / Consultancy	£5,000,000	01/04/17	2+2 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
ULEV Fleet EV Charger Installation	£190,000		2 Years	Cancelled	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy
Ultra Low Emission Vehicle Taxis	£400,000	01/10/16	4 Years	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy

2016-2017 Procurement Plan (Update September 2016)

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Progress Status	Department	Division	Service Area
Supply of Traffic Rubber Products	£500,000	31/08/16	5 Year	Not started	City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy & Programmes
Vaughan College - Design Team Services	£400,000	01/01/17	2 Years	Not started	City Development & Neighbourhoods	Tourism, Culture & Inward investment	Economic Regeneration
Library Management System		01/01/17	10 Years	In progress	City Development & Neighbourhoods	Tourism, Culture & Inward Investment	Libraries
Print Contract	£650,000	01/04/17	2+2 Years	Not started	Corporate Resources & Support	Delivery, Communications & Political Governance	Communications and Digital Media
IER Mailing	£200,000	01/04/17	3 Years	In progress	Corporate Resources & Support	Delivery, Communications & Political Governance	Electoral Services
Graphic Design	£175,000	01/04/17	2+2 Years	Not started	Corporate Resources & Support	Delivery, Communications & Political Governance	Graphics Team
E-Learning Solution	£150,000	01/02/17	3 Years	Not started	Corporate Resources & Support	Delivery, Communications & Political Governance	HR
Active Call Directory System (ACD)	£300,000	01/03/17	3+7 Years	Not started	Corporate Resources & Support	Finance	Benefits & Customer Advice
Council Tax - Single Person's Discount Review	£180,000	01/05/17	2+1 years	Not started	Corporate Resources & Support	Finance	Benefits & Customer Advice
Property Valuation for Right to Buy Applications	£300,000	30/11/16	3+2 Years	In progress	Corporate Resources & Support	Finance	Business Service Centre
Train, Flights & Hotels	£261,000	01/02/17	2+1 Years	In progress	Corporate Resources & Support	Finance	Business Service Centre
Major Contract Review - Consultancy Support		01/07/16	2+1 Years	Contract awarded	Corporate Resources & Support	Finance	Finance
CCTV Relocation	£300,000	01/09/17	TBC	Not started	Corporate Resources & Support	Finance	Information Services
CISCO Support	£300,000	01/04/17	3 Years	In progress	Corporate Resources & Support	Finance	Information Services

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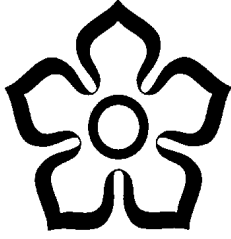
2016-2017 Procurement Plan (Update September 2016)

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Progress Status	Department	Division	Service Area
EDRMS Replacement	£510,000	01/04/18	10 Years	Not started	Corporate Resources & Support	Finance	Information Services
Lync Infrastructure	£250,000	01/04/17	4 Years	Not started	Corporate Resources & Support	Finance	Information Services
Network Equipment Replacement	£170,000	01/10/16	4 Years	In progress	Corporate Resources & Support	Finance	Information Services
PC & Laptops, Screen & Associated Items (Peripherals)	£300,000	Call off purchases	1 Year	In progress	Corporate Resources & Support	Finance	Information Services
Server Replacement	£200,000	01/10/16	4 Years	In progress	Corporate Resources & Support	Finance	Information Services
Insurance	£600,000	01/09/17	3+2 Years	Not started	Corporate Resources & Support	Finance	Internal Audit & Risk Management
Paper Supplies	£315,000	01/04/17	3+2 Years	Not started	Corporate Resources & Support	Finance	Procurement Services
Enforcement Services - NNDR Collection	£200,000	01/11/16	4+2years	In progress	Corporate Resources & Support	Finance	Revenues & Customer Service
Local Welfare Provision	£900,000	01/04/17	1+2 Years	Contract awarded	Corporate Resources & Support	Finance	Revenues & Customer Service
Social Welfare Advice	£2,500,000	01/04/17	3+2 Years	Not started	Corporate Resources & Support	Finance	Revenues & Customer Service
Support for Young Carers	£180,000	01/01/17	1+2 Years	In progress	Education & Children's Services	Children's Social Care & Early Help	Early Help Specialist Services
Children, Young People and Families Information Management System (CCIMS)	£200,000	01/04/17	5+5 Years	Not started	Education & Children's Services	Children's Social Care & Early Help	Early Help Targeted Services
Leaving Care Grant Purchases	£700,000	01/04/17	4 Year	Not started	Education & Children's Services	Children's Social Care & Early Help	Social Care and Early Years
4 Secondary schools expansion – non Privately Funded Initiative	£20,000,000	01/01/17	2 Years	Not started	Education & Children's Services	Children's Social Care & Early Help	

2016-2017 Procurement Plan (Update September 2016)

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Progress Status	Department	Division	Service Area
4 Secondary schools expansion – Privately Funded Initiative	£20,000,000	01/01/17	2 Years	Not started	Education & Children's Services	Children's Social Care & Early Help	
Additional Learning Support	£500,000	01/04/17	3+2 Years	Not started	Education & Children's Services	Learning Services	Adult Skills & Learning
Patients Know Best IT System	£150,000	01/04/17	1+2 Years	Not started	Education & Children's Services	Learning Services	SEND Services
Parenting Programmes	£124,000	01/04/17	4 Years (1+1+1+1)	In progress	Education and Children's Service	Children's Social Care and Early Help	Early Help Targeted Service
Early Help Workforce Development	£120,000	01/04/18	3 Years	In progress	Education and Children's Service	Children's Social Care and Early Help	Early Help Targeted Service
0-19 Healthy Child Programme	£51,500,000	01/07/17	2+2 Years	In progress	Public Health	Public Health	Public Health
Healthy Lifestyles Services	£3,650,000	01/04/17	2+3 Years	Not started	Public Health	Public Health	Public Health

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Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit and Risk Committee

16th November 2016

Counter-Fraud Update Report 2016-17

Joint Report of the Director of Finance and the Director of Local Services & Enforcement.

1. Purpose of the Report

- 1.1. Responsibility for the City Council's counter-fraud work is shared between the Corporate Investigations Team, the Revenues & Benefits Investigations Team both within Financial Services and the Trading Standards Team within Local Services & Enforcement.
- 1.2. The report, which is attached, provides information on counter-fraud activities between 1 April 2016 and 30 September 2016.

2. Recommendations

The Committee is recommended to:

- 2.1. Receive the report.
- 2.2. Make any recommendations or comments it sees fit either to the Executive, the Director of Finance or the Director of Local Services & Enforcement.

3. Summary

- 3.1. This report includes statistical information on fraud cases. A report on the Council's counter fraud activities was presented to Members of the Audit and Risk Committee on 27 September 2016 and therefore this report seeks only to update Members on statistical information where it is available and to inform them about progress on the teams dealing with fraud.
- 3.2. As part of its work, the Corporate Investigations Team has investigated suspected financial irregularities and made recommendations to reduce the

risk of further losses and improve performance, efficiency, effectiveness and economy in the use of resources by the Council.

- 3.3. The Trading Standards Service is responsible for fair trading, consumer credit, product safety, food standards, weights & measures and age restricted products.

4. Report

- 4.1. See the Counter-Fraud Update Report 2016-17, attached.

5. Financial, Legal and Other Implications

5.1. Financial Implications

Fraud can cause the Council significant loss and activity to prevent and detect fraud is a clear financial investment.

Colin Sharpe

Head of Finance

5.2. Legal Implications

Fraud is a criminal offence and therefore represents breach of the law. Other forms of financial irregularity, though not criminal, may be in breach of regulation. The conduct of counter-fraud work of all kinds is bound by law and regulation and the Council is careful to ensure that its activities in this area are properly discharged.

Kamal Adatia

City Barrister & Head of Standards

5.3. Climate Change Implications

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

Louise Buckley, Graduate Project Officer (Climate Change)

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	

Crime and Disorder	Yes	This report is concerned with fraud and corruption, both of which are criminal offences.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk management	Yes	Whole document

7. Background papers – Local Government Act 1972

- 7.1. Files held by Revenues and Benefits, Trading Standards and Housing
Leicester City Council's Anti-Fraud and Corruption Policy and Strategy
Leicester City Council's Finance Procedure Rules
Leicester City Council's Constitution
Leicester City Council's Code of Conduct for Behaviour at Work
Leicester City Council's Information Security Policy Statement
Leicester City Council's Prosecutions Policy
Leicester City Council's Investigators Code of Conduct
Public Bodies Corrupt Practices Act 1889
Chartered Institute of Public Finance & Accountancy (CIPFA) publication
Managing The Risk of Fraud
The Prevention of Social Housing Fraud Act 2013

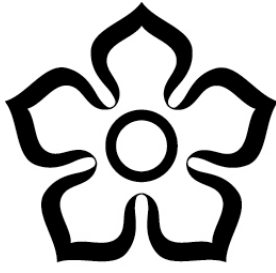
8. Consultations

Roman Leszczyszyn, Head of Regulatory Service, Environmental Services.

9. Report Author

Stuart Limb, Corporate Investigations Manager, ext 2615

Alison Greenhill
Director of Finance



Leicester
City Council

COUNTER-FRAUD UPDATE REPORT 2016-17

COUNTER-FRAUD UPDATE REPORT 2016-17

1. Introduction

- 1.1 This is a report to the Audit & Risk Committee on the work delivered by Leicester City Council's Corporate Investigations Team and Trading Standards Service during the period 1 April 2016 to 30 September 2016. It also provides the committee with an update on the work of the Leicester, Leicestershire and Rutland Intelligence Hub.
- 1.2 The Trading Standards Service is responsible for fair trading, consumer credit, product safety, weights & measures and age-restricted products. A request was made to Trading Standards manager for information for inclusion in this report but no information has been provided at the time of this report. Therefore this report is confined to the performance and activities of the Corporate Investigations Team.

2. The First Six Months in Summary

2.1 Corporate Investigations Team

- 2.2 During the period covered by this report the Corporate Investigations Team have been working hard to progress the investigations which are now developing into more criminal in nature. This is now seeing a step change in the work of the Corporate Team at the authority as in previous years it has been more civil based investigations.
- 2.3 This has resulted in the first successful prosecutions for abuse of Disabled Parking Permits by the authority. The authority has also successfully prosecuted offences of forgery and counterfeiting documents provided to LCC in respect of procurement of goods/services.
- 2.4 The team has embedded the use of the new case management system into the investigations that allows the work to fully comply with the legislation that governs the recording, retention and subsequent disclosure of evidence. Work continues with the suppliers to develop a tailored suite of management reports which will improve meaningful reporting of the team's cases and outcomes. Further work is being undertaken to add in both real and projected financial savings that are associated with preventing and detecting fraud.
- 2.4 The authority also acted on behalf of a neighboring local authority to investigate suspicious activities on council tax accounts. The work resulted in joint working with the Metropolitan Police and the individual was convicted in London courts for fraudulently processing refunds on council tax accounts. The money stolen has been recovered via the Proceeds of Crime Act.
- 2.5 Work continues in developing the region wide counter fraud intelligence hub which is on behalf of all Local Authorities across Leicester, Leicestershire and Rutland. A large amount of work has been completed in procuring the data warehouse, producing data sharing agreements and a prosecution policy. In addition to the recruitment of the staff who will be working on the project. This has been a challenging task in collating data from the other authorities to data

match for the purposes of preventing and detecting fraud. To date there is still authorities that have not signed up to the project or uploaded their data.

- 2.5 The team continues to investigate a variety of non benefit related cases and provide advice and assistance to management.

3. Review of Performance

- 3.1 Statistical information on the performance of the Corporate Investigations Team is included at Appendix 1.

4. The Year Ahead

- 4.1 The report presented to the Committee on 27th September 2016 outlined the major objectives for the Corporate Investigations Team over coming months. The completion of the organisational review of fraud services has changed the emphasis from reactive fraud investigations to proactive fraud searching and offers other partners locally the opportunity to procure fraud investigation services from the Council. Additionally there is a greater emphasis on prosecuting offenders and seeking restitution and compensation for identified losses.

5. Acknowledgment

- 5.1 The Director of Finance acknowledges the efforts of all members of the Corporate Investigations Team, and the help, co-operation and support of Members and officers of the City Council.

Stuart Limb
Corporate Investigations Manager

COPRORATE INVESTIGATIONS TEAM PERFORMANCE
1st April 2016 to 30th September 2016

Registered	129
Closed	100
Investigations In Progress	75
Investigations In Progress more than 6 months old	6
Cautions Accepted	1
Administrative Penalties Accepted	0
Prosecutions - Successful (Guilty)	3
Total files with Solicitors	7



Technical update

Incorporating the External Audit Progress Report

Leicester City Council

October 2016

Contents

**The contacts at KPMG
in connection with this
report are:**

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This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.


The report also highlights the main technical issues which are currently having an impact in local government.


If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

 High impact

 Medium impact

 Low impact

 For information



External audit progress report

External audit progress report

This document provides the Audit and Risk Committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report.

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Area of responsibility	Commentary
Financial statements	<p>Since the Audit Committee meeting on 27 September 2016 we have:</p> <ul style="list-style-type: none"> issued an unqualified opinion on your 2015/16 accounts on 29 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year; Issued our certificate on 20 October 2016 confirming that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice; produced our 2015/16 Annual Audit Letter as required by the National Audit Office's Code of Audit Practice. The purpose of preparing and issuing the Annual Audit Letters is to communicate to external stakeholders, including members of the public, the key issues arising from auditors' work. This information will be published on the PSAA website and is attached as a separate paper for the Committee's information. We encourage you to publish this information on the Authority's website; and commenced our planning work for the 2016/17 audit. We met the Director of Finance on 12 September 2016 to to understand the current issues and priorities facing the Authority.
Value for Money	<p>Also on 29 September 2016 we issued a qualified conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016. This was to recognise that the Authority is still working towards implementing all the recommendations in the March 2015 OFSTED report which concluded that childrens' services are inadequate. The Authority has made substantial progress in addressing the issues identified by OFSTED, but the latest "Dashboard of key indicators" showed that 7 out of 19 measures were still assessed as being inadequate/requiring improvement.</p>
Certification of claims and returns	<p>Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. Subject to matters arising from our certification work which is still in progress, we plan to conclude on the work by the deadline of 30 November 2016.</p>
Other work	<p>We have been asked to certify your pooling of housing capital receipts and teachers pensions returns. We expect to complete this work by 30 November 2016.</p>



KPMG resources

Publication 'Value of Audit - Perspectives for Government'

What does this report address?

This report builds on the Global Audit campaign – *Value of Audit: Shaping the future of Corporate Reporting* – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed.

Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future.

What are the key issues?

- The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements.
- The importance of trust and independence of government across different markets.
- How government audits can provide accountability thereby enhancing the government's controls and instigating decision-making.
- The importance of technology integration and the issues that need to be addressed for successful implementation
- The degree of reliance on government financial reports as a result of differing approaches to conducting government audits

The *Value of Audit: Perspectives for Government* report can be found on the KPMG website at <https://home.kpmg.com/xx/en/home/insights.html>

The *Value of Audit: Shaping the Future of Corporate Reporting* can be found on the KPMG website at www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx



Technical developments

NAO Report on Capital Expenditure and Resourcing

Level of impact: ● (Low)	KPMG perspective
<p>Committee members may wish to be aware that the National Audit Office has published its report <i>Financial Sustainability of Local Authorities: Capital Expenditure and Resourcing</i>. This report found that local authorities in England have maintained their overall capital spending levels but face pressure to meet debt servicing costs and to maintain investment levels in their existing asset bases.</p> <p>The report can be accessed via the NAO website at www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/</p>	<p><i>The Committee may wish to seek assurances that the impact for their Authority is understood.</i></p>

PSAA's Value For Money Tool

Level of impact: ● (Low)

KPMG perspective

The PSAA's Value for Money Profiles tool (VFM Profiles) was updated on 1 July 2016.

The VFM profiles have been updated with the latest available data. The adult social care section has been re-designed based on the new adult social care financial return (ASC-FR). Data is available from 2014/15 onwards with no comparable data from earlier years. The children and young people section has also been updated with 2014/15 data.

The VFM profiles have also been updated with the latest available data from the following sources:

- Adult Social Care Financial Return (new data collection) (2014/15)
- Referrals, assessments and packages of care for adults (RAP) (2014/15)
- Pupil numbers (2015)
- Provision for Children Under Five Years of Age in England (2015)
- Children in Care and Adoption Performance Tables (2014/15)
- Key Stage 2 Attainment (2014/15)
- GCSE and Equivalent Attainment by Pupil Characteristics in England (2014/15)
- Section 251 outturn data - Table A1 Children and young people services (2014/15)
- Section 251 outturn data - Table A Education budget (2014/15)
- Special Educational Needs in England (2014/15)
- Attainment by Age 19 (2014/15)
- Participation in Education, Training and Employment by 16-18 Year Olds in England (2015)
- Pupil Absence in Schools (2014/15)
- National road maintenance condition survey (2014/15)

The Committee may wish to seek further understanding for areas where their Authority appears to be an outlier.

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Technical developments

PSAA's Value For Money Tool (cont.)

Level of impact: ● (Low)

KPMG perspective

- Proportion of bus services running on time (2014/15)
- Annual Population Survey (2015)
- Finance and General Statistics (2014/15)
- Revenue Collection (2014/15)
- Claimant count (2016)
- Affordable housing supply (2014-15)
- Active people survey (2014/15)
- Public Health Outcomes Framework (2014/15)
- Conception Statistics, England and Wales (2014)
- First time entrants into the Youth Justice system (2014/15)

The Value For Money Profiles can be accessed via the PSAA website at http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing

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Discharging Older Patients From Hospitals

Level of impact: ● (For Information)

On 26 May the NAO published a report, *Discharging older patients from hospitals*, which may be of interest to Committee members. The report is available from the NAO website at www.nao.org.uk/report/discharging-older-patients-from-hospital/

The report finds that the health and social care system's management of discharging older patients from hospital does not represent value for money. It also finds that keeping older people in hospital longer than necessary is an additional and avoidable pressure on the financial sustainability of the NHS and local government.

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Government contracting

Level of impact: ● (For Information)

The NAO has recently published an overview of its work on the government's management of contracting which Committee members may wish to be aware of, particularly in relation to value for money arrangements.

The publication examines subjects including the government's commercial capability, accountability and transparency, and its management of contracted-out service delivery. It finds that government now spends about £225 billion a year with private and voluntary providers. The role of providers in the public sector has evolved from relatively simple contracts to provide goods or established services, to innovative high profile commissioning arrangements in sensitive public service areas such as health and justice

The overview is available from the NAO website at www.nao.org.uk/report/government-commercial-and-contracting-an-overview-of-the-naos-work/

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Devolution

Level of impact: ● (For Information)

In spring 2016, the NAO published its report *English devolution deals*. This report finds that devolution deals to devolve power from central government to local areas in England offer opportunities to stimulate economic growth and reform public services for local users, but the arrangements are untested and government could do more to provide confidence that these deals will achieve the benefits intended.

The report is available free of charge and the full version or a summary can be accessed at www.nao.org.uk/report/english-devolution-deals/



Appendix

Appendix 1

2015/16 audit deliverables

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2015	Done
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	March 2016	Done
Substantive procedures			
Report to those charged with governance (ISA 260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2016	Done
Completion			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2016	Done
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	October 2016	Done
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	October 2016	Done
Certification of claims and returns			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	January 2017	TBC

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Annual Audit Letter 2015/16

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Leicester City Council

27 October 2016



Appendix H

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3. Prior year outstanding recommendations 8

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This Annual Audit Letter summarises the outcomes from our audit work at Leicester City Council in relation to the 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

VFM conclusion	<p>We issued a qualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 29 September 2016. This means we are satisfied that during the year that Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties except for sustainable resource deployment in respect of children's services.</p> <p>In arriving at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>
VFM risk areas	<p>Our initial risk assessment took into account the Authority's key business risks which are relevant to our VFM conclusion. We identified the following VFM risks in our External audit plan 2015/16 issued in March 2016:</p> <ul style="list-style-type: none"> — Implementation of OFSTED's recommendations following their review of children's services; and — Financial resilience. <p>Children's services</p> <p>In March 2015, OFSTED rated the quality of children's services as inadequate. The Authority has made good progress in addressing the recommendations raised by OFSTED: out of 24 recommendations addressed to the Authority, 15 recommendations have been signed off by Leicester City Children's Improvement Board (LCCIB) as having all key actions completed. The remaining 9 recommendations are all in progress; none is delayed or stalled.</p> <p>There is also a "Dashboard of key indicators" that tracks progress against a range of measures. This presents a more mixed picture: the dashboard presented to the LCCIB for September 2016 shows 4 out of 19 measures still assessed as inadequate, with a further 3 still requiring improvement.</p> <p>OFSTED have carried out interim reviews (but only of parts of the service originally inspected). Their feedback acknowledges the progress made to date but also indicates that the effectiveness of the service is not yet at the desired level. A formal re-inspection by OFSTED is not scheduled to take place for two years from the date of the original inspection.</p> <p>There is evidence that the Authority is taking on board the comments made by OFSTED from their interim reviews, and is working closely with other 'good' local authorities, external agencies and partners to deliver children's services. Findings from OFSTED monitoring visits and external reviews will be incorporated into a refreshed Improvement plan.</p> <p>Despite the progress that has been made in responding to OFSTED recommendations and in making improvements to the service, the Authority cannot yet demonstrate that, in respect of children's services, sufficient progress has been made to allow us to conclude that it has proper arrangements in place to ensure it has deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We therefore issued a qualified VFM conclusion to this effect.</p> <p>Financial resilience</p> <p>The Authority has reviewed its level of ongoing revenue expenditure and has concluded that, by 2019/20, expenditure is expected to exceed income by £55 million per annum.</p> <p>We reviewed the Authority's spending review programme which identifies areas where savings can be achieved. We examined evidence to support savings achieved to date, and to support potential savings as broken down into individual savings schemes.</p> <p>Going forward from 2019/20, our estimate is that, at best there is an annual shortfall of £11 million yet to be addressed. The worst case is that planned savings will not be achieved which will leave a funding gap of £50 million.</p> <p>As there is still time to address the shortfall, we concluded that the Authority has arrangements in place to address the funding shortfall that will crystallise in 2018/19.</p>

Section one

Headlines (cont)

This Annual Audit Letter summarises the outcomes from our audit work at Leicester City Council in relation to the 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

Financial statements audit	<p>We identified the following key financial statements audit risks in our 2015/16 External Audit Plan presented to you in March 2016</p> <ul style="list-style-type: none"> — Change of banking arrangements from Co-op to Barclays; — Management override of controls; and — Fraudulent revenue recognition. <p>Professional standards require us to consider the latter two risks as standard risks for all organisations. There were no matters of any significance arising as a result of our audit work in these key risk areas.</p> <p>The Authority has good processes in place for the production of the accounts and good quality working papers. However the Authority has not fully implemented all of the recommendations in our ISA 260 Report 2014/15 relating to the financial statements. Details are set out in Appendix 3.</p> <p>Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales..</p>
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 29 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p>
Annual Governance Statement	<p>We reviewed the Annual Governance Statement and concluded that it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.</p>
Certificate	<p>Following completion of our work on the Authority's Whole of Government Accounts pack, we issued our certificate on 20 October 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.</p>

Section one

Headlines (cont)

This Annual Audit Letter summarises the outcomes from our audit work at Leicester City Council in relation to the 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

Audit fee

Audit services

Our scale fee for the audit is £146,603 excluding VAT. This fee is in line with that highlighted within our audit plan agreed by the Audit and Risk Committee in March 2016. Our scale fee for certification of housing benefits subsidy is £58,505 excluding VAT

Our final fee for the 2015/16 audit of the Authority was £153,391. This compares to a planned fee of £146,603. The reasons for this variance are:

- Additional work, as set out in our Audit Plan, in respect of specific VFM conclusion risks regarding Children's Services and financial resilience; and
- additional work, which was not allowed for in our initial plan, namely a review of the new housing rents system that was implemented in January 2016.

Our fees are still subject to final approval by Public Sector Appointments Ltd (PSAA).

Non-audit services

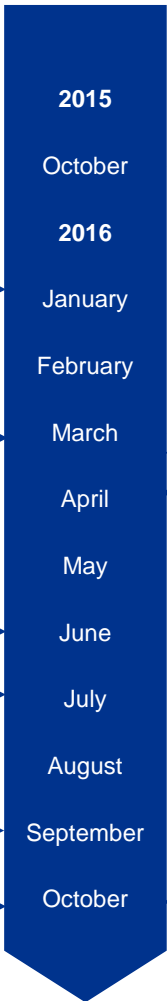
During 2015/16 we certified three returns completed by the Authority, for a total fee of £12,286 excluding VAT. We have not provided any other non-audit services in the year.

Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

- Appointing your External Auditor (January 2016)**
 Local Government bodies can appoint their own auditors from 2018/19. We provided a briefing paper setting out what Leicester City Council should be considering.
- Certification of Grants and Returns (January 2016)**
 This report summarised the outcome of our certification work on the Authority's 2014/15 grants and returns.
- Local Government Budget Survey (March 2016)**
 This report highlighted matters to consider when thinking about the budget information required to help address the financial challenges that the Authority faces.
- Progress Report to Audit and Risk Committee (June and July 2016)**
 This report summarised our progress on the audit and highlighted further KPMG communications and other publications on the main technical issues which are relevant to local government.
- Auditor's Report (September 2016)**
 The Auditor's Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.
- Annual Audit Letter (October 2016)**
 This Annual Audit Letter provides a summary of the results of our audit for 2015/16.



- Progress Report to Audit and Risk Committee (October 2015 and March 2016)**
 This report summarised our progress on the audit and highlighted some of the recent KPMG communications and other publications on the main technical issues which are relevant to local government.
- External Audit Plan (March 2016)**
 The External Audit Plan set out our approach to the audit of the Authority's financial statements and to work to support the VFM conclusion.
- Audit Fee Letter (April 2016)**
 The Audit Fee Letter set out the proposed audit work and draft fee for the 2016/17 financial year.
- Report to Those Charged with Governance (September 2016)**
 The Report to Those Charged with Governance summarised the results of our audit work for 2015/16 including key issues and recommendations raised as a result of our observations.

 We also provided the mandatory declarations required under auditing standards as part of this report.
- Certificate (October 2016)**
 We issued our certificate, closing the 2015/16 audit, in October 2016 following completion of our work on your Whole of Government Accounts consolidation pack.

Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee, and the other fees charged in the year.

External audit

Our final fee for the 2015/16 audit of the Authority was £153,391. This compares to a planned fee of £146,603. The reasons for this variance are:

- Additional work, as set out in our Audit Plan, in respect of specific VFM conclusion risks regarding Children’s Services and financial resilience; and
- additional work, which was not allowed for in our initial plan, namely a review of the new housing rents system that was implemented in January 2016.

Our fees are still subject to final approval by PSAA.

Certification of grants and returns

Under our terms of engagement with PSAA we undertake prescribed work in order to certify the Authority’s housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2017.

Other services

We charged the following fees for additional audit-related services for our Accountant’s Reports relating to 2014/15 Returns, which are outside of PSAA’s certification regime.

Return	Fee excluding VAT £
Pooling of housing capital receipts return	5,786
Teachers pensions agency return	3,500
Homes and communities compliance reporting	3,000

We have not provided any other non-audit services in the year.



Appendix 3: Prior year outstanding recommendations

The Authority has not fully implemented all of the recommendations in our ISA 260 Report 2014/15.

- This appendix summarises the progress made to implement the recommendations identified in our ISA 260 Report 2014/15 and re-iterates any recommendations still outstanding.
- We rated all the issues as having an important effect on internal controls but not needing immediate action.

Number of recommendations that were:	
Included in original report	3
Fully Implemented in year or superseded	0
Remain outstanding (re-iterated below)	3

No.	Issue and recommendation	Management response/ responsible officer in 2014/15 ISA Report	Status and management response as at September 2016
1	<p>Notes to the Financial Statements</p> <p>Non-trivial amendments were made to a number of notes in the financial statements. These were mainly of a presentational nature.</p> <p>The notes form part of the statements by giving details about entries in the primary statements. It is therefore important that the entries in the notes are fairly stated.</p> <p>Recommendation</p> <p>Ensure the 2015/16 accounts closedown timetable includes a robust quality review of the notes.</p>	<p>Principal Accountant – Corporate Accountancy (comments):</p> <p>Management accept this recommendation. A plan of work to deliver this objective is in place.</p>	<p>Partially implemented. The number of amendments to notes this year have reduced but there is scope for improvement.</p> <p>Principal Accountant – Corporate Accountancy (comments):</p> <p>Since 2014/15, we have developed a more detailed project plan for the preparation of the statement of accounts. We also introduced weekly closedown meetings for key members of staff to try and ensure that deadlines were met or managed. This timetable was successful in facilitating earlier completion of many tasks and therefore allowed more time for the content of the accounts to be reviewed and cross-checked. We are continuing to build on this process for future years.</p>

Appendix 3: Prior year outstanding recommendations (cont.)

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The Authority has not fully implemented all of the recommendations in our *ISA 260 Report 2014/15*.

No.	Issue and recommendation	Management response/ responsible officer in 2014/15 ISA Report	Status and management response as at September 2016
2	<p>Related party disclosure</p> <p>Assurance about related party transactions relates to the year of account and it is important that declarations are received from all members in position for that year.</p> <p>In 2012/13 and 2013/14 we reported that related party declarations had not been returned by three councillors and six councillors respectively, with the impact that there may be significant matters undisclosed. For 2014/15, ten councillors did not return their annual declarations.</p> <p>Recommendation</p> <p>Publish the names of members who fail to return related party declarations. The Chair of the Audit and Risk Committee may wish to consider what further actions are available</p>	<p>Principal Accountant – Corporate Accountancy (comments):</p> <p>Management feel that the response to this recommendation is a matter for the Audit & Risk Committee but is able to support any action the Committee may feel it appropriate to take.</p> <p>Minutes of the Audit and Risk Committee meeting on 29 September 2015 record “The Chair expressed support for the recommendation to publish the names of members who failed to return related party declarations.”</p>	<p>Not implemented. Two councillors have not returned their annual declaration for 2015/16, one of whom has not done so for at least two years.</p> <p>Principal Accountant – Corporate Accountancy (comments):</p> <p>We have repeatedly chased these up. This was an improvement from the previous year. We feel that further steps are a matter for the Audit & Risk Committee but we will be able to facilitate any actions required.</p>

Appendix 3: Prior year outstanding recommendations (cont.)

The Authority has not fully implemented all of the recommendations in our ISA 260 Report 2014/15.

No.	Issue and recommendation	Management response/ responsible officer in 2014/15 ISA Report	Status and management response as at September 2016
3	<p>Journal controls:</p> <p>For the last three years we reported that although only authorised finance staff can raise journals, and that there is a degree of authorisation through granting appropriate permissions when staff take up posts, there is no check that journals processed are complete or accurate.</p> <p>Our recommendation was to produce a report of non-routine journals raised by finance staff, and provide evidence that journals are authorised by a senior member of the finance team. This was agreed by officers.</p>	<p>Principal Accountant – Corporate Accountancy (comments):</p> <p>There is still no established process for authorising journals.</p> <p>The longer-term solution to this issue will be a system-based authorisation workflow process – in order to meet the recommendation, we are including this in our specification of needs from the Council's future finance system, for which a procurement exercise is currently underway. Prior to the introduction of a new system, a number of options have been identified for controlling journals, which will be presented to the Finance Management Team. Any additional controls adopted will be incorporated into the Council's processes and rules as required.</p>	<p>Not implemented. There is still no established process for authorizing journals.</p> <p>Principal Accountant – Corporate Accountancy (comments):</p> <p>We have implemented a control whereby system reports on higher-value journals are available to colleagues at any time, and collated reports are occasionally prepared and distributed. As noted last year, a workflow-based system of authorisation for journals will be a far superior solution to this issue and is being incorporated into the development of the new finance system.</p>



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Leicester
City Council

WARDS AFFECTED: ALL

**Audit and Risk Committee
Council**

**16 November 2016
24 November 2016**

**Procurement of the Council's External Audit Contract by Public Sector
Audit Appointments Ltd (PSAA)**

Report of the Director of Finance

1. Purpose of Report

To provide the Committee with an update on the process to appoint the Council's external auditors. Approval to proceed to procurement will then be sought from Council.

2. Summary

Since 1 April 2015 the Council has had its external audit provided by KPMG. KPMG was appointed through Public Sector Audit Appointments Ltd (PSAA) and had a contract up to and including the financial year 2016/17, later extended to cover the financial year 2017/18. The Council now needs to appoint its own independent external auditors for the next five year period, before 31 December 2017.

3. Recommendations

The Committee is recommended to:

- 3.1 Receive the report and note its contents.
- 3.2 Make any recommendations or comments it sees fit either to the Executive or Director of Finance.

Council is recommended to approve the procurement of the external audit contract by Public Sector Audit Appointments Ltd (PSAA) following a sector led procurement option.

4. Report

- 4.1 The Audit Commission (an independent public corporation that existed between 1 April 1983 and 31 March 2015) was replaced by Public Sector Audit Appointments Ltd (PSAA), National Audit Office, Financial Reporting Council and Cabinet Office in April 2015. A new local audit framework came into effect from 1 April 2015.
- 4.2 This framework included provision for those audit functions, previously delivered by the audit commission itself, to be moved to the private sector. This left Councils free to appoint their own independent external auditors from a more competitive and open market. This was intended to save council taxpayers' money and decentralise power.
- 4.3 The process of audit provision and delivery is overseen by the National Audit Office (NAO). The NAO is independent of government and the auditor of central government bodies. The NAO is, therefore, well placed to provide the oversight role for the audit of local government and health. Combined with its existing functions, the oversight role enables the NAO to report to Parliament on the quality of audit across the local government and health sectors, and on the economy, efficiency, effectiveness and productivity of these sectors.
- 4.4 On the 1 April 2015, contracts were already in place for local government external audit appointments that covered audits up to and including the financial year 2016/17. These contracts had an option to extend for a maximum of three years, up to and including the financial year 2019/20. Earlier this calendar year the Government decided that for local government bodies the contracts would be extended by one year, thus incorporating the financial year 2017/18.
- 4.5 Save as where the Sector Led Procurement Option is taken (as explained below) the new regulations require the Council to have an Audit Panel, which will be responsible for recommending who the external auditor should be. This Panel must include a majority of independent (i.e. not elected) members and have an independent Chair.
- 4.6 The Council, therefore, will need to appoint an external auditor to commence from the 2018/19 financial year – to comply with the regulations the new auditors need to be appointed by 31 December 2017. This means that the procurement exercise would need to start sometime between March and September 2017, with an Audit Panel being established early in 2017.

- 4.7 There are five procurement options available to the Council:
- Re-appoint the incumbent auditor for a short period. This would delay 'market testing' and avoid a 'rush to market' as large numbers of authorities undertake procurement exercises;
 - Stand Alone Tendering – we run our own procurement process.
 - Combined Procurement – we join together with one or more neighbouring authorities to undertake collective procurement.
 - Existing Frameworks – we use one of the many government or public sector frameworks; and,
 - Sector Led Procurement – our preferred and recommended option.
- 4.8 Following earlier discussion on this matter with the Audit and Risk Committee, when the 'pros and cons' of each of the options above were debated and considered, it was sector led procurement that appealed most. The new audit legislation allows for a sector-led body (referred to as a 'specified person' in the Regulations) to undertake a bulk procurement process. This option provides an administratively easy route and will, most likely, have the greatest element of specialist audit procurement expertise. It also provides good purchasing power, although with a little less autonomy than some other options, but should afford easier management of potential auditor independence issues than other combined procurement approaches. It is the most similar option to the current arrangements.
- 4.9 The Committee is requested to endorse this choice and Council will be requested to approve this.

5. Financial, Legal Implications

5.1 Financial Implications

The Council has an annual budget for audit fees of £200,000. We would want the procurement exercise to deliver some savings and will advise PSAA accordingly.

Mark Noble, Head of Finance (Financial Strategy), ext. 37 4041

5.2 Legal Implications

Present information indicates that pursuing the sector led procurement option would not require the Council to appoint an audit panel whereas the other options require the Council to appoint, consult with and follow the advice of its appointed audit panel in relation to its proposals for selecting and appointing a local auditor.

Prior to accepting the PSAA Ltd's invitation, legal services and procurement will need to review a copy of the PSAA Ltd's invitation and terms of reference and a copy of the PSAA Ltd's procurement documents.

Subject to the above, the Audit and Risk Committee should note that the Local Audit (Appointing Person) Regulations 2015 require the need for approval from full Council to accept an invitation from PSAA Ltd to appoint an external auditor on behalf of the Council.

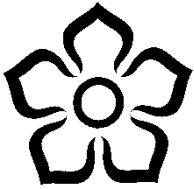
Nilesh Tanna, Solicitor Commercial, Property and Planning, ext 37 1434

6. Other Implications

7.	OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
	Equal Opportunities	No	
	Policy	No	
	Sustainable and Environmental	No	
	Climate Change	No	
	Crime and Disorder	No	
	Human Rights Act	No	
	Elderly/People on Low Income	No	
	Risk Management	Yes	All of the paper.

Report Author/Officer to contact:

Tony Edeson, Head of Internal Audit and Risk Management - 37 1621
3 November 2016



Leicester
City Council

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit and Risk Committee

16 November 2016

Internal Audit Plan – Quarter 3 2016-17

Report of the Director of Finance

1. Purpose of Report

- 1.1. The Annual Internal Audit Plan for 2016-17 was prepared on the basis of broad areas of audit coverage rather than detailed lists of specific audits. It was considered by the Corporate Management Team (CMT) and was approved by the Audit and Risk Committee on 10 February 2016.
- 1.2. This report presents to the Committee the detailed operational audit plan for the third quarter of the financial year 2016-17.

2. Recommendations

- 2.1. The Committee should note the plan for the third quarter of 2016-17, attached at Appendix 1.

3. Report

- 3.1. Rather than presenting a detailed list of specific audits, the annual audit plan is grouped into areas of audit. The intention is that, given the continuing uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining a sufficiency of audit coverage for each of the relevant areas.
- 3.2. The generic annual plan then becomes detailed quarterly plans as the year progresses, setting out Internal Audit's intended work for each forthcoming quarter. These plans take into account emerging risks and requests for audit involvement alongside seasonal or other external factors that influence the timing of audit work.
- 3.3. The plan for the third quarter of 2015-16 is attached at Appendix 1. It should be noted that four audits have slipped from Q2 into Q3 as Internal Audit lost 28 days throughout Q1 to sickness and had additional investigative work added to the Q2 schedule during the quarter. It is planned that all four of these audits, along with those listed in Appendix 1, will commence during Q3.
- 3.4. It should be borne in mind that the quarterly plans refer to audits due to be started. Inevitably, they are not all completed within the quarter so there will be residual work to complete audits started in previous quarters.

- 3.5. In identifying the audits for the each quarters plan, due regard is given to the audit areas set out in the annual plan and the need to ensure sufficient coverage of each by the end of the financial year.
- 3.6. The move to quarterly planning aligns Internal Audit’s work as closely as possible to current priorities. This allows what were previously ‘commissioned’ audits that fall within the remit of the statutory audit service to become fully part of the audit plan. The aim is then for Internal Audit to deliver the whole of this more flexible plan, subject to factors beyond Internal Audit’s direct control. Having said that, urgent requirements may still arise that cannot wait until the next quarterly plan and have to be accommodated immediately on the basis of risk to the Council.
- 3.7. The process of using a generic annual audit plan supplemented by quarterly detailed audit plans started in 2013-14 and has worked well. Future audit plans will therefore be prepared showing the specific audits that are planned to be carried out in each quarter. These will be supplemented with progress reports on the completion of the previous plans.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1. Financial Implications

There are no direct financial implications arising from this report. However, as a result of the work carried out there would be an expectation that implementing recommendations made by Internal Audit will improve the effectiveness, efficiency and economy of service delivery, with potential for consequential reductions in cost or improvements in quality.

Colin Sharpe, Head of Finance, x37 4081

4.2. Legal Implications

The provision of ‘an adequate and effective internal audit’ is a statutory requirement under regulation 6 of the Accounts & Audit (England) Regulations 2011. The whole audit process is also intended to give assurance that all the activities audited have in place satisfactory arrangements to ensure compliance with relevant law and regulation applicable within the scope of the particular audit review.

Kamal Adatia, City Barrister & Head of Standards, x37 1401

5. Other Implications

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	Yes	Whole report. Part of the purpose of Internal Audit is to give assurance on the controls in place to prevent fraud and other irregularity such as breach of data security.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Internal Audit process, a main purpose of which is to give assurance to CMT and the Audit and Risk Committee that risks are being managed appropriately by the business.

6. Consultations

- 6.1. The audit plan has been prepared in consultation with all Strategic and Operational Directors and the Finance Management Team (which includes all Heads of Finance).

7. Report Author

- 7.1. Tony Edeson, Head of Internal Audit and Risk Management – 37 1621

**Appendix 1 - Internal Audit Quarterly Plan
2016-17 Audit Plan - Quarter 3**

Quarter	Type	Title	Notes
Q3	Schools	Schools - follow-up audit	Programme of follow-ups of recommendations made in earlier IA school reports.
Q3	Schools	School financial audit	<i>Keeping Your Balance</i> financial audits will be carried out as part of a programme of schools visits.
Q3	Contract	Follow-up of Property Services contracts	Follow up of recommendations made in the earlier IA report of Property Services Contracts where little or no assurance was given.
Q3	Systems	Admissions Process	The Admissions Process has been in place for over a year; management see this as a good time for IA to provide assurance that these procedures were operating soundly
Q3	Schools	Pupil Referral Units	Review of financial management arrangements for the Pupil Referral Units (Primary & Secondary): a follow-up of recommendations made in earlier report which received little or no assurance.
Q3	Schools	School Centred Initial Teacher Training (SCITT)	This audit is done at the request of the City's lead school for the SCITT process. Grant Certification in line with funding guidance.
Q3	Grant	ERDF Programme	European funding received for 3 ERDF capital projects. Grant Certification in line with Guidance is required by 22/10/2016.
Q3	Grant	SET-UP	SET-UP is a five year project funded by INTERREG Europe to look at the use of smart energy grids to better manage energy demand and supply. Grant Certification in line with Guidance is required.
Q3	IT audit	Web services	Review of the various council websites for security vulnerabilities.
Q3	IT audit	New MFDs (print/copy/scan)	These devices are connected to the network and linked to Progeny (building entry system). An IA review of Progeny found security issues. It would be timely to ensure there are no exploitable vulnerabilities in these devices.
Q3	IT audit	Penetration testing	As and when requested in 2016/17
Q3	General	Audit Lincolnshire General audit	Scope to be agreed with the client
Q3	IT (ext)	Audit Lincolnshire IT audit	Scope to be agreed with the client
Q3	IT (ext)	Rotherham Met Bor Council IT audit	Scope to be agreed with the client



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

16 November 2016

Risk Management and Insurance Services Update Report

Report of the Director of Finance

1. Purpose of Report

To provide the Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

2. Summary

The Committee has agreed a reporting schedule to keep it informed of:-

- Risk management activity within the Council;
- Information about the work of the Council's Risk Management and Insurance Services (RMIS) team; and,
- Information about other on-going initiatives in the Council to control risks it faces in the delivery of its services.

3. Recommendations

The Committee is recommended to:

- 3.1 Receive the report and note its contents.
- 3.2 Make any recommendations or comments it sees fit either to the Executive or Director of Finance.

4. Report

4.1 The Risk Management and Insurance Services team have responsibility for three critical functions:

- Risk Management Support and Advice;
- Business Continuity Support and Advice; and
- Insurance.

- 4.2 This report provides an update, in the previously agreed format, on work carried out by the RMIS team since the last update, reporting to you progress made against their objectives. It assures you, where possible, that risks within the business continue to be managed effectively.

4.2.1 Risk Management Support and Advice

The Council maintains a Strategic Risk Register and an Operational Risk Register. These registers contain the most significant mitigated risks which the Council is managing and they are owned by Strategic and Divisional Directors respectively. Whilst there are other key risks, in the view of Directors, these are sufficiently mitigated for them not to appear in these registers.

The Risk Registers as at the 31 July 2016 were presented to the last meeting of this Committee. The registers as at the end of October are in the course of collation and will come to the meeting in February. Early indications from those submitted to date suggest that there are no changes of note from either register to bring to the Committee's attention.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors remains on track for Q3 and Q4 this financial year now the recruitment of a Risk Management Officer has successfully concluded. This work will be a 'sense check' of risks being reported to ensure that descriptions allow the 'uninitiated' to know what the risk actually is and to ensure risks are not over scored. Directors whose registers are affected will be sent those registers that require clarity or amendments.

The 2017 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, will be launched to the business in December 2016. The training sessions (an annual programme of events running since January 2011) continue to be supported by the business areas, with any falling attendances being brought to the attention of the Strategic and Divisional Directors by the Head of Internal Audit and Risk Management. The Directors have, and continue to, fully support the work of the team.

The process of review and update to produce the Council's Risk Management Strategy and Policy for 2017 has begun. As in the past the Policy and Strategy was presented to Corporate Management Team to 'agree' on 2 November; and will progress to the Executive to 'approve' on 1 December; and then will be brought here for this committee to note on 8 February 2017. The 'draft' is attached here as Appendix 1. There are very few changes to last year's documents, as would be expected as we

are now in year six of our process which is becoming quite mature.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the current financial year, 1 April 2016 to 30 September 2016 is attached as Appendix 2.

These show both successful and repudiated claims, breaking these down into business areas and type of claim i.e. slips and trips, potholes etc. Members should remember that one claim may be reported in more than one policy category – for example a Motor claim may also have a Personal Injury or Public Liability claim too, and that for new claims a value may not have been applied whilst initial investigations conclude.

The figures in brackets represent claims in the same period last year. These figures, when compared to those in the last financial year, continue to reflect a declining trend with numbers of claims down by 34% year on year, and the amount paid out significantly lower by 64%. This continues to demonstrate the benefits of handling these claims in-house with fewer are being paid and those that are paid are being settled, on the whole, at lower levels and much quicker – hence avoiding inflated Legal fees. It also reflects the improvements seen in our management of risk.

Since the last report to the Committee, the Council has had no cases go to Court. However, we have had two abuse claim files closed down by our lawyers. These were reserved at £170K which has now been returned to general reserves, less minimal solicitors costs of around £6K.

Loss Reduction Fund – For the period 1 April 2016 to 30 September 2016 RMIS received 20 bids for assistance from the fund for a total of £138,674.26. Of these bids, 12 applications were approved and the fund provided an amount of £65,349.57 to business areas. There is one bid currently held awaiting further information.

4.2.3 Business Continuity/Emergency Planning updates

Since the last update report for the Committee there have been no significant events affecting the Council that required formal intervention by the Corporate Business Continuity team.

The process of review and update to produce the Council's Business Continuity Management Strategy and Policy for 2017 has begun. As in the past the Policy and Strategy will be presented to Corporate Management Team to 'agree' on 2 November; to the Executive to 'approve' on 1 December; and

then will be brought here for this committee to note on 8 February 2017. The 'draft' is attached here as Appendix 3. There are very few changes to last year's documents, as would be expected as we are now in year five of our process which is becoming quite mature.

4.2.4 Key Risk Issues arising within the Business

The key significant risk issues arising within the business remain as reported to the last meeting of this Committee. Those surrounding the trade unions' potential for, and actual, industrial action across areas of the public sector remain although the risk of adverse weather conditions causing disruption to service delivery will begin to cause concern as we enter the autumn/winter period. As mentioned above, the impact of 'Brexit' remains a consideration too.

In addition to this, all of our areas have had to, and must continue to, reassess their risk appetites in light of the pressures on resources that 10 years of austerity have brought about. Difficult decisions are being made about future shape and sustainability of a whole range of services. These decisions all bring higher (or very different) levels of risk.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Leicestershire Multi-Agency Business Continuity Group (the Leicester and Leicestershire regional business continuity network group) where the risks for group members arising from any strike action, and the group member's response to deal with these incidents, are reviewed. He shall, again, co-ordinate the Council's response with the support of the Chief Operating Officer.

Critical areas considered most at risk of disruption remain – schools – because of the impact on LRF partners and their staff if they fail to open; highways – emergency repairs and response to adverse weather conditions; and, housing – emergency repairs and maintenance.

4.2.5 Horizon Scanning – events in other Public Sector agencies and the Private sector that may impact upon the Council.

The Committee may have been aware of a recent Supreme Court decision to allow 'collateral lies' in the course of an insurance claim. This flies in the face of the work that the insurance industry (and the team here at the Council) have been doing to crack down on the cheats which could be a real blow for honest customers.

The Financial Reporting Council's 2014 risk guidance has been , encouragingly supported by a recent AIRMIC (a leading global risk management body) when it talks about 'the ultimate

responsibility for risk' being with the Board (and in our case the Executive). It highlights areas in which there is 'board risk blindness' resulting from risk information not flowing freely up to senior management. Here we have a structured reporting process from Heads of Service through to Directors inbuilt into our strategy and policy. However, as with any strategy and policy, it is only as effective as its users. This Committee can help by reminding senior officers and the Executive that decisions should not be taken without a full understanding of the risks involved (and this should come from the risk assessment attached to any paper they are reviewing).

The RAC Foundation published a survey taken from 204 Local Authorities in England and Wales showing that in the FY2015-16 over 30,000 motor claims had been made against Councils. The average claim had been £432 with, on average, 27% being paid at an average cost of £306 per claim. The top three authorities by number of claims were all County Councils:

- Hampshire 1952,
- Surrey 1412, and
- Hertfordshire with 1369

The Head of Internal Audit and Risk Management will continue to send to and/or discuss with relevant managers and directors any issues and the potential impacts they may have on the Council.

5. Financial, Legal Implications

There are no direct financial or additional legal implications arising from this report. These implications will rest within (and be reported by) the business areas that have day-to-day responsibility for managing risk.

6. Other Implications

7.	OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
	Equal Opportunities	No	
	Policy	No	
	Sustainable and Environmental	No	
	Climate Change	No	
	Crime and Disorder	No	
	Human Rights Act	No	
	Elderly/People on Low Income	No	
	Risk Management	Yes	All of the paper.

Report Author/Officer to contact:

Tony Edson, Head of Internal Audit and Risk Management - 37 1621
2 November 2016

Appendix 1 – Risk Management Strategy and Policy Statement 2017

Risk Management Policy Statement 2017

Our approach to the management of risk

Risk management is all about managing the Council's threats and opportunities. By managing the Council's threats effectively we will be in a stronger position to deliver the Council's objectives. It is acknowledged that risk is a feature of all business activity and is a particular attribute of the more creative of its strategic developments. The Council accepts the need to take proportionate risk to achieve its strategic obligations, but expects that these are properly identified and managed. By managing these opportunities in a structured process the Council will be in a better position to provide improved services and better value for money.

The Council will undertake to:-

1. Identify, manage and act on opportunities as well as threats to enable the Council to achieve its objectives and integrate risk management into the culture and day to day working of the Council.
2. Manage risk in accordance with best practice and comply with statutory requirements.
3. Ensure that a systemic approach to risk management is adopted as part of Divisional Planning and Performance Management.
4. Anticipate and respond to changing social, environmental and legislative requirements.
5. Keep up to date and develop our processes for the identification/management of risk.
6. Have in place a defined outline of individual roles and responsibilities to manage risk.
7. Raise awareness of the need for risk management to those involved in developing the Council's policies and delivering services.
8. Demonstrate the benefits of effective risk management through:-
 - Cohesive leadership and improved management controls;
 - Improved resource management – people, time, and assets;
 - Improved efficiency and effectiveness in service and project delivery;
 - Better protection of employees, residents and others from harm;
 - Reduction in losses leading to lower insurance premiums; and,
 - Improved reputation for the Council;
9. Ensure risk assessments (identification of, and plans to manage, risk) are an integral part of all papers; plans; and, proposals to the Executive and the Corporate Management Team.
10. Recognise that it is not possible, nor desirable, to eliminate risk entirely, and so have a comprehensive insurance programme that protects the Council from significant financial loss following damage or loss of its assets.

Andy Keeling
Chief Operating Officer

Sir Peter Soulsby
City Mayor

INTRODUCTION

1. This Risk Management Strategy is a high level document that seeks to promote identification, assessment and response to key risks that may adversely impact the achievement of the Council's aims and objectives. This strategy builds on, and replaces, the 2016 Risk Management Strategy. Through the continued development of these strategies, the maturity of the Council's risk management will be reflected in a more enabled and proactive culture of embracing innovative opportunities and managing risks.

AIMS and OBJECTIVES

2. The aims and objectives of Leicester City Council's Risk Management Strategy are:-
 - To provide the Executive, Members and senior officers with regular risk management reports that give a comprehensive picture of the Council's risk profile;
 - To assist the Council and its partners to adopt a "fit for purpose" methodology towards identification, evaluation and control of risks and to help ensure those risks are reduced to an acceptable level – the 'risk appetite';
 - To ensure that transparent and robust systems are in place to track and report upon existing and emerging risks which potentially could cause damage to the Council or have an effect on the achievement of objectives;
 - To help further integrate risk management into the culture and day to day working of the Council and ensure a cross divisional/operational approach is applied;
 - To provide reliable information on which to base the annual strategic and operational risk and governance assurance statements;
 - To ensure a consistent approach in the identification, assessment and management of risk ('the risk cycle') throughout the organisation.

ROLES and RESPONSIBILITIES

3. Given the diversity of services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear. No one person or group should perform risk management. Commitment and involvement of staff at every level is needed to effectively carry out risk management. Although different staff/managers will have specific duties to assist in this process, it is important that they all know and understand their role. This staff involvement may also take in views and comments from other Divisional teams who may have experience of managing similar risks.

RISK DEFINITION AND APPETITE

4. At Leicester City Council we use the definition of risk taken from the International Risk Management Standard '*ISO31000 – Risk Management Principles and Guidelines standard and BS65000 – Guidance on Organisational Resilience*':

"Risk is the effect of uncertainty on objectives"

5. When discussing risk management it is easy to give the impression that all risks must be eliminated. However, risk is a part of everyday life and taking risks may also be a route to success, if managed properly. Elimination of all risk is neither practicable nor wanted. Risk appetite is the amount of risk an organisation is prepared to accept, tolerate or be exposed to at any point in time. Appendix 1A below attempts to demonstrate the Council's risk appetite. All of the risks that sit below the black line, the Council is prepared to tolerate. This does not mean that we do not plan for their occurrence, but that we should have considered their occurrence,

and where appropriate, given some thought to what we would do if that risk materialises. An example of this would be total loss of a building by fire. This is a typical 'high impact' but 'low likelihood' risk that cannot realistically be managed day to day, beyond normal management responsibilities; but which (should it occur) would be dealt with through the activation of an effective Business Continuity Plan and Insurance cover – both significant mitigants to that risk.

6. Risk appetite needs to be considered at all levels of the organisation – from strategic decision makers to operational deliverers. The Authority's risk appetite is the amount of risk that it is prepared to take in order to achieve its objectives. Defining the Authority's risk appetite provides the strategic guidance necessary for decision-making. The Authority's risk appetite is determined by individual circumstances. In general terms, the Authority's approach to providing services is to be innovative and to seek continuous improvement within a framework of robust corporate governance. This framework includes risk management that identifies and assesses risks appertaining to decisions being considered or proposed.
7. Decisions on whether to proceed with such proposals are part of the challenge process and are only taken after the careful assessment of the identified risks and an analysis of the risks compared to the benefits. As such, risk appetite should be considered for every proposal and risk rather than an over-arching concept for the entire Authority. There will be areas where a higher level of risk will be taken in supporting innovation in service delivery. These will be offset by areas where it maintains a lower than cautious appetite - for example, in matters of compliance with law and public confidence in the Authority. Risk appetite can therefore be varied for specific risks, provided this is approved by appropriate officers and/or Members. However, in all circumstances:
 - The Authority would wish to manage its financial affairs such that no action will be taken which would jeopardise its ability to continue as a going concern; and
 - The Authority would wish to secure the legal integrity of its actions at all times.

Despite this, at times the Authority may be forced to take risks beyond its choosing to comply with central government directives or to satisfy public expectations of improved services.

8. Local Authorities are, historically, risk averse. The aim of most local authorities is that key strategic and operational risks are well controlled, minimising the likelihood of an occurrence. However, it is recognised that there are costs involved in being too risk averse and avoiding risk, both in terms of bureaucracy and opportunity costs.
9. Leicester City Council's approach is to be risk aware rather than risk averse, and to manage risk. As set out in its Risk Management Policy Statement, it is acknowledged that risk is a feature of all business activity and is a particular attribute of the more creative of its strategic developments. Directors and Members are not opposed to risk; however, they are committed to taking risk with full awareness of the potential implications of those risks and in the knowledge that a robust plan is to be implemented to manage them. The Council's risk management process allows this 'positive risk taking' to be evidenced.
10. 'Positive risk taking' is a process of weighing up the potential benefits and impacts of exercising a choice of action over another course of action. This entails identifying the potential risks involved, and developing plans and controls that reflect the positive potentials and stated priorities of the Council. It then involves using available resources and support to achieve desired outcomes, and to minimise any potential 'harmful' impacts. It is certainly not negligent ignorance of potential risks but, usually, a carefully thought out strategy for managing a specific risk or set of circumstances.

11. However, having an effective risk management framework does not mean that mistakes and losses will not occur. Effective risk management means that unacceptable risks are highlighted, allowing appropriate action to be taken to minimise the risk of potential loss. The principle is simple, but this relies upon a number of individuals acting in unity, applying the same methodology to reach a soundly based conclusion. However, it is recognised that risk management is judgemental, and is not infallible. Incidents will still happen, but the Council will be in a better position to recover from these incidents with effective risk/business continuity management processes in place.

RISK FINANCING

12. Risk Financing is the process which determines the optimal balance between retaining and transferring risk within an organisation. It also addresses the financial management of retained risk and may best be defined as money consumed in losses, funded either from internal reserves (such as the Insurance Fund) or from the purchase of 'external' insurance (such as the catastrophe cover provided by the Council's external insurers).

13. Leicester City Council's strategy for Risk Financing is to maintain an insurance fund and only externally insure for catastrophe cover. The Council's strategy is to review the balance between external/internal cover on an annual basis in the light of market conditions and claims experience. This balance will be influenced by the effectiveness of the risk management process embedded at the Council and the process is managed by the Risk Management and Insurance Services team on behalf of the Director of Finance.

RISK MANAGEMENT PROCESS

14. This outlines the process which managers and staff should use to identify, assess, control, monitor and report their risks. Risk Management is intended to help managers and staff achieve their objectives safely and is not intended to hinder or restrict them. The process ensures that risk management is approached consistently across all of the many diverse activities of the Council.

15. There are five key steps in the risk management process. These stages are covered in greater detail in the Risk Management Toolkit – a step-by-step guide to risk management at Leicester City Council - which is available to all members, managers and staff via the RMIS Interface site. The risk management process is also explained in detail in the 'Identifying and Assessing Operational Risk' training course, which is now mandatory for staff that complete risk assessments and teaches staff to:-

- **Identify** - Management identify risks through discussion as a group, or discussion with their staff. The Risk Management and Insurance services team are available to support this process either by attending or facilitating risk 'workshops' or delivering risk identification and mitigation training to managers and their business teams in advance of their own sessions;
- **Assess/Analyse** - Management assess the likelihood of such risks occurring and the impact on the Council/their objectives using only the Council's approved risk assessment form and the 5x5 scoring methodology;
- **Manage** - Management determine the best way to manage their risks e.g. terminate, treat, transfer, tolerate or take the opportunity (see paragraph 18 below);
- **Monitor** – Management should monitor their risks and the effectiveness of their identified management controls;

- **Review** - Management ensure identified risks are regularly reviewed. This will normally be managed by means of a Risk Register (see sections 18 – 24 below for more detail).

16. The Strategic objectives of the Council and individual Divisional Operational objectives provide the starting point for the management of risk. Managers should not think about risk in the abstract, but consider events that might affect the Council's achievement of its objectives. Strategic risks are linked to Strategic objectives and Operational risks linked to Divisional service delivery objectives and day to day activities need, as a minimum, to be identified and monitored. This is best done by the effective use of Risk Assessments/Registers.
17. Risk Management is driven both top down and bottom up, to ensure risks are appropriately considered. To do this, all managers need to encourage participation in the process, through regular discussions/review with their staff. The Risk Management process seeks to work with and support the business and **not** add a layer of bureaucracy.

MANAGE THE RISKS

18. Once risks have been identified and assessed by management, those managers should determine how their identified risks are to be dealt with – a process commonly known as the five T's:-

- **Terminate** or avoid the activity or circumstance that gives rise to the risk e.g. stop doing something or find a different way of doing it;
- **Treat** the risk e.g. take actions to reduce the likelihood that the risk event will materialise or better manage the consequences if it does. This is the most common option for a local authority;
- **Transfer** the risk, e.g. pass the risk to another party through insurance or by contracting with a third party to deliver on your behalf. This reduces the impact if a risk event occurs;
- **Tolerate** the risk. By taking an informed decision to retain risks, monitor the situation and bear losses out of normal operating costs. Typically this method will be used when the cost of treating the risk is a lot more than the cost arising should the risk occur;
- **Take the Opportunity**. This option is not an alternative to the above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two considerations here:
 - Consider whether or not at the same time as mitigating a threat, an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls good enough to justify increasing the sum at stake to gain even greater advantage?;
 - Consider also, whether or not circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resource which may be able to be redeployed.

REVIEWING THE RISKS

20. It is important that those risks that have been identified as needing action are subject to periodic review, to assess whether the risk of an event or occurrence still remains acceptable and whether or not further controls are needed. If not, appropriate action(s) should be determined and noted. The frequency of reviews to be decided by management, depending on the type and value of the risks identified (see also 22 below). Currently at Leicester City Council, the significant Strategic and Operational Risks are reviewed and reported on a quarterly basis.

RISK EXPOSURE AND TRACKING

21. After evaluating the measures already in existence to mitigate and control risk, there may still be some remaining exposure to risk (residual risk). It is important to stress that such exposure is not necessarily wrong, what is important is that the Council knows what its key business risks are; what controls are in place to manage (mitigate) these risks; and, what the potential impact of any residual risk exposure is. It is also important that the Council can demonstrate that risk management actions (the mitigating controls identified by managers as being needed) in the operational and service areas are implemented, remain appropriate and are working effectively.
22. Significant operational risks should continue to be logged and monitored using the operational risk registers. It is the responsibility of each Divisional Director to ensure that operational risks are recorded and monitored via a risk register. The Risk Management and Insurance Services (RMIS) team produce a pro-forma risk assessment/register that **must** be used by all business areas. The 'scoring' of these risks **must** also be carried out using the Council's 5x5 risk matrix as this ensures compliance with both best practice and the risk management standard ISO31000. These registers and the risks identified are aligned to the Council's operating structure. The process for reviewing and reporting Operational Risks at Leicester City Council should be:
- At least quarterly (during January, April, July and October) Divisional Directors should review and agree risks during their 121 with each of their Heads of Service (HoS). Following work since mid-2014 by the Manager, Risk Management, all HoS should have a risk register for their services in place by the end of 2016 which will allow this process to function properly. The HoS should then have in place a mechanism allowing their direct reports to flag risk issues with them and will have to consider/decide whether their direct reports too should compile a risk register.
 - Divisional Directors will take the most significant of their HoS service area risks (if any) and add them to their Divisional Operational Risk Register (DORR). The complete DORR should then be agreed by their Divisional Management Team;
 - Divisional Directors should, as appropriate, review and discuss their DORRs during their 121 with their Strategic Director at least quarterly (see 24 below);
 - Once agreed, the DORRs are then submitted to Risk Management and Insurance Services (RMIS) on, or before, the first working day of February, May, August and November;
 - The RMIS staff will then review (for obvious errors) all of the Divisional Operational Risk Registers and compile the Council's Operational Risk Register with the most significant of these risks (currently those with a risk score of 15 or above);
 - The Head of Internal Audit and Risk Management will then submit the Council's Operational Risk Register to the Corporate Management Team for agreement and final approval; and to the Audit and Risk Committee for noting.
23. These most significant risks identified by the Divisional Directors feed into the Council's Operational Risk Register which is managed by the Corporate Management Team. They are accountable for ensuring that all operational risks are identified against service delivery objectives; that plans are implemented to control these exposures; and that key risks are included within individual service plans.
24. The Strategic Directors have created, manage and monitor a Strategic Risk Register for those risks which may affect achievement of the Council's strategic objectives. The most significant of these risks, those that may threaten the Council's overall strategic aims, form this register which is reviewed and updated by those Directors each quarter. Responsibility for these risks rests with named Strategic Directors. As part of the overall process of escalation, each Strategic Director should also have risk on their 121 agenda with their Divisional Directors at least

quarterly as one of the significant Strategic Risks is a serious failing of the management of Operational Risks by their Divisional Directors.

25. The RMIS team facilitate and support this process and will continue to maintain the Operational and Strategic Risk Registers, using the input from each Divisional Operational Risk Register and the Strategic Risk Register. These registers will be reported quarterly to the Corporate Management Team and the Audit and Risk Committee. As part of this process, bespoke training needs may be identified and the RMIS team will provide training and support upon request.
26. All risks identified, both operational and strategic, will need to be tracked and monitored by regular, quarterly reviews of the risk registers (at the quarterly 121's mentioned above). This will ensure that any changes in risks are identified for action; there is an effective audit trail; and, the necessary information for ongoing monitoring and reports exists.

PARTNERSHIP RISK

27. It is recognised that partnership working is a key area where associated risk needs to be identified and controlled. Best practice states that local authorities must meet two key responsibilities for each partnership they have. They must:-
 - Provide assurance that the risks associated with working in partnership with another organisation have been identified and prioritised and are appropriately managed (partnership risks);
 - Ensure that the individual partnership members have effective risk management procedures in place (individual partner risks).

RISK MANAGEMENT TRAINING

28. Since January 2010, risk management training has been delivered, and continues to be offered to all staff (and Members) to explain risk management methodology. An annual programme of training (covering risk, insurance and business continuity planning) remains available to all staff, managers and Members. However, Directors and managers should still identify those staff that need this training through the staff appraisal process (existing staff) and through the jobs specification process (new staff). Appropriate training will be provided by the Risk Management and Insurance Services team, within the resources available. As mentioned above, in October 2014, Corporate Management Team made the 'Identify and Assess Operational Risk' training mandatory for staff that have to carry out a risk assessment.

REVIEW OF RISK MANAGEMENT STRATEGY AND POLICY

29. This Risk Management Strategy and the associated Policy Statement are intended to assist in the development/integration of risk management from now until December 2017.
30. All such documents and processes will remain subject to periodic review. The next planned review to occur in Quarter 4 2017. This allows any changes in process to be aligned to the Council's financial year end.

RISK MANAGEMENT AT LEICESTER CITY COUNCIL

31. A continuing robust risk management process needs to continue to be applied to all our activities during the next 12 months and beyond. To achieve this we need to identify our priority exposures, address these, incorporate appropriate risk management strategies and risk improvements into our service delivery in line with the Council's priorities, monitoring and reviewing emerging risk to determine how it affects those priorities and to account for changes in

our operations and to enable us to make well-informed decisions. Risk must be considered as an integral part of Divisional planning, performance management, financial planning and strategic policy-making processes. The cultural perception of risk management has to continue changing from a 'have-to-do' to a 'need-to-do'.

32. The Head of Internal Audit and Risk Management (and going forwards the Manager, Risk Management) will continue to maintain a central copy of the Strategic and Operational Risk Registers, as well as the Divisional Operational Risk Registers. Internal Audit will continue to utilise these registers to produce a programme of 'process audits', which will test the maturity and embeddings of the risk strategy in the business areas – subject to resource being available. So, the Council's Risk Strategy and Policy will help Director's to report appropriately upon their risk and their risk registers will be used pro-actively to inform the Internal Audit work programme which, in turn, allows assurance to be given to both the Corporate Management Team (officers) and the Audit and Risk Committee (members) that risk is being properly identified and managed at Leicester City Council.
33. The management of risk should be included in job descriptions for all operational service area managers with responsibility and accountability for risks, and be included in every director/manager's objectives and performance appraisal discussion.
34. Directors and managers should also ensure that all stakeholders (employees, volunteers, contractors and partners) are made aware of their responsibilities for risk management and are aware of the lines of escalation for risk related issues. Risk management is most successful when it is explicitly linked to operational performance.

Appendix 1A - RISK APPETITE

Key to Table:

The numbers in the boxes indicate the overall risk score which is simply the 'Impact score' (horizontal axis) multiplied by the 'Likelihood score' (vertical axis), which is then coloured coded to reflect a 'RAG' status. The solid black line indicates what Directors consider to be the Council's 'risk appetite' (see paragraphs 4-11 above) where they are comfortable with risks that sit below and to the left of that line.

LIKELIHOOD (A)	Almost Certain 5	5	10	15	20	25
	Probable/Likely 4	4	8	12	16	20
	Possible 3	3	6	9	12	15
	Unlikely 2	2	4	6	8	10
	Very unlikely/ Rare 1	1	2	3	4	5
		<i>Insignificant/ Negligible</i> 1	<i>Minor</i> 2	<i>Moderate</i> 3	<i>Major</i> 4	<i>Critical/ Catastrophic</i> 5
IMPACT (B)						

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA	<i>CRITICAL/ CATASTROPHIC</i>	5	<ul style="list-style-type: none"> • Multiple deaths of employees or those in the Council's care • Inability to function effectively, Council-wide • Will lead to resignation of Chief Operating Officer and/or City Mayor • Corporate Manslaughter charges • Service delivery has to be taken over by Central Government • Front page news story in National Press • Financial loss over £10m
	<i>MAJOR</i>	4	<ul style="list-style-type: none"> • Suspicious death in Council's care • Major disruption to Council's critical services for more than 48hrs (e.g. major ICT failure) • Noticeable impact in achieving strategic objectives • Will lead to resignation of Strategic Director and/ or Executive Member • Adverse coverage in National Press/Front page news locally • Financial loss £5m - £10m
	<i>MODERATE</i>	3	<ul style="list-style-type: none"> • Serious Injury to employees or those in the Council's care • Disruption to one critical Council Service for more than 48hrs • Will lead to resignation of Divisional Director/ Project Director • Adverse coverage in local press • Financial loss £1m - £5m
	<i>MINOR</i>	2	<ul style="list-style-type: none"> • Minor Injury to employees or those in the Council's care • Manageable disruption to internal services • Disciplinary action against employee • Financial loss £100k to £1m
	<i>INSIGNIFICANT/ NEGLIGIBLE</i>	1	<ul style="list-style-type: none"> • Day-to-day operational problems • Financial loss less than £100k

LIKELIHOOD	SCORE	EXPECTED FREQUENCY
ALMOST CERTAIN	5	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently and is probable in the current year.
PROBABLE/LIKELY	4	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue. Will possibly happen in the current year and be likely in the longer term.
POSSIBLE	3	LITTLE LIKELIHOOD of event occurring. Not likely in the current year, but reasonably likely in the medium/long term.
UNLIKELY	2	Event NOT EXPECTED . Do not expect it to happen/recur. Extremely unlikely to happen in the current year, but possible in the longer term.
VERY UNLIKELY/RARE	1	EXCEPTIONAL event. This will probably never happen/recur. A barely feasible event.

Appendix 2 - Insurance Claims Data

LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2016 - 30 September 2016

Claims received and being dealt with

Incidents	Total Claims	Repudiated	In Progress	Paid	Amount Paid
25 (26)	250 (382)	100 (80)	116 (267)	34 (35)	£19,963 (£62,344)

Breakdown by Area and Type of Claim

Division	Responsible Director	Claim Type					Total Number	£ Value
		Employers Liability	Public Liability	Prof/Officials Indemnity	Personal Injury	Motor		
Passenger and Transport Services	Jan Dudgeon/Phil Coyne					9	9	1713
Neighbourhood and Environmental Services	John Leach	1	20		9	24	54 (71)	4500
Plan, Trsport & Economic Dev.	Andrew L Smith	1	60		33	14	108 (153)	7500
Children, Young People and Families	Caroline Tote		1				1 (4)	
Housing	Chris Burgin	2	38		15	40	95 (184)	5750
Adult Soc Care & Safeguarding	Ruth Lake						0 (2)	
Del, Comms & Pol Governance	Miranda Cannon						0 (1)	
Information & Cust Access	Alison Greenhill						0 (0)	
Estates and Building Services	Matt Wallace		1		1	1	3 (6)	
Comm and Business Dev	Sue Welford/Frances Craven						0 (0)	
Learning Services (incl Schools)	Ian Bailey	3	7		9	2	21 (12)	500
Finance	Alison Greenhill						0 (4)	
Legal Services	Kamal Adatia						0 (0)	
Tourism, Culture & Investment	Mike Dalzell						0 (5)	
City Public Health & Health Imp	Ivan Browne						0 (0)	
Care Svcs & Commissioning	Tracie Rees		1		1		2 (1)	
	Total	7	128	0	68	90	293 (443)	19963

Last 12 months rolling repudiation rate - 79%

Last 12 months year on year numbers - 34%

Last 12 months year on year values - 64%

Appendix 3 – Leicester City Council’s Business Continuity Management Strategy and Policy Statement - 2017

Policy Statement - 2017

This Policy sets the direction for Business Continuity Management at Leicester City Council. Disruptive events do occur and are usually unexpected. It might be an external event such as severe weather, utility failure or pandemic flu, or an internal incident such as ICT failure, loss of a major supplier or loss of a key building.

By planning *now* rather than waiting for it to happen, we can get back to normal business in the quickest possible time. This is essential to those who rely on the Council’s services and it helps our community retain its confidence in us. Planning ahead means there is less muddling through, more support for staff handling the situation and reduced potential for financial loss.

In a disruptive situation, it will not be possible to run all Council services in the usual way. Whilst all services are important, priority for recovery will be given to those which have been determined to be the most essential, the business-critical activities – those that the Board has agreed must be back up and running within 24 hours, and this is where resources will be directed first.

This enables us to fulfil our duties under the Civil Contingencies Act 2004. The Council has had plans in place for some time and its arrangements align (but not fully comply) with the principles of the International Standard for Business Continuity, ISO22301.

By the Council following the ISO22301 programme, it will improve understanding of our critical assets and processes. Central to the work are preparations to mitigate the impact of disruptive events and recover faster from them. This can be as valuable as a plan or document.

All services and all staff have responsibilities for making sure the Council continues to operate through any crisis. The Business Continuity Strategy outlines these within the overall framework for our approach.

Andy Keeling
Chief Operating Officer

Sir Peter Soulsby
City Mayor

Leicester City Council's Business Continuity Management Strategy 2017

1. Definition

Business Continuity Management (BCM) is not simply about writing a plan, or even a set of plans. It should be a comprehensive management process that systematically analyses the organisation, identifies threats, and builds capabilities to respond to them. It should become our 'culture'.

Although the immediate response to a disruption is a key component, business continuity is more concerned with maintenance and recovery of business functions following such a disruption.

2. Scope

Business Continuity Management (BCM) is a cross-functional, organisation-wide activity; accordingly the arrangements in this strategy apply to:

- All services within the council;
- Every staff member; and,
- All resources and business processes.
- Suppliers, service partners and outsourced services.

3. Requirements and Standards

In addition to making sound business sense for any organisation, the Civil Contingencies Act 2004 places a statutory duty upon the Council, as a Category 1 responder, to:

- Maintain plans to ensure that it can continue to exercise its functions in the event of an emergency so far as is reasonably practicable;
- Assess both internal and external risks – achieved through compliant risk assessment in line with the Risk Management Strategy and Policy;
- Have a clear procedure for invoking business continuity plans;
- Exercise plans and arrange training to those who implement them;
- Review plans and keep them up to date; and
- To advise and assist local businesses and organisations with their BCM arrangements.

Business Continuity Management arrangements are effective only if specifically built for the organisation. The Council's programme is aligned with the principles of ISO22301, the International Standard, and also to PAS200, a recent standard for Crisis Management. It is reinforced by reference to the Business Continuity Institute's Good Practice Guidelines.

4. Methodology

The ultimate aim is to embed Business Continuity Management within the Council's culture. Training and education is an ongoing task but awareness and capability is also a product of the structures put in place and the way we manage our programme. Key stages in such a programme are:

- **Understanding our organisation:** Intelligent, in-depth information-gathering. Understanding activities, dependencies (internal & external) and the impact of disruption on each service. Often this will be captured in a formal Business Impact Analysis. Threats are risk assessed at this stage;
- **Determining appropriate Business Continuity Strategy:** Making decisions based on analysis of data gathered. Setting recovery time objectives for services and determining resources required;
- **Developing and implementing a response:** The Business Continuity Plan which pulls together the organisation's response to a disruption and enables resumption of business units according to agreed corporate priorities. Provides strategies for use by response teams; and,
- **Exercising, maintaining and reviewing:** Testing plans, ensuring they keep pace with organisational change and are audited against defined standards.

5. Invoking the Business Continuity Plan

The Corporate Business Continuity Plan (CBCP) is triggered by serious situations such as:

- Serious danger to lives and/or the welfare of Council staff, Members, visitors or service users;
- Major disruption of Council services or interruption of any of its business-critical activities (listed in the CBCP);
- Serious loss or damage to key assets;
- Serious impact on the Council's financial status or political stability; or
- Emergency situations in Leicester, or the wider Local Resilience Forum area (Leicester, Leicestershire and Rutland).

The CBCP may be invoked by any member of the Council's Corporate Incident Response Team as defined within the plan itself. The CBCP is not a plan that will allow recovery of affected services, but guides the efforts of Senior Managers to allow them to be able to recover affected services using the service area's own plans. Effectively, the CBCP covers the Council's 'Strategic' (Gold) and 'Tactical' (Silver) level responses with individual service area plans covering the 'Operational' (Bronze) level.

6. Business Continuity Management (BCM) in the community

The Council will participate in appropriate practitioner groups and work with partner agencies to promote BCM in the community and will advise and assist local organisations with their BCM arrangements. In certain circumstances this may be chargeable.

7. Principles, Responsibilities and Minimum standards

Executive

- Approve the Business Continuity Strategy.

Audit and Risk Committee

- Ensure that the Business Continuity Strategy is produced, approved by the Executive and updated regularly; and,
- Monitor effectiveness of Business Continuity Management (BCM) arrangements via reports from the Head of Internal Audit and Risk Management (going forwards the Manager, Risk Management).

Strategic and Operational Directors

- Ensure the BCM policy, strategy and development plan is enforced and resourced appropriately;
- Participate as required in management teams within the Corporate Business Continuity Plan (CBCP);
- Ensure appropriate levels of staff sit on the 'Strategic' (Gold) and 'Tactical' (Silver) Recovery teams within the CBCP;
- Ensure each of their Service Areas has an effective and current BCP in place which is reviewed each year;
- Annually self-certify that effective plans exist for all their services, that these plans remain current and 'fit for purpose'; and that any testing of those plans has been carried out (with the assistance and support of RMIS, if required);
- Identify staff for training; and,
- Embed BCM culture into the ethos of operational management

Chief Operating Officer/BCM Champion

- During an incident, lead the Council's 'Strategic' (Gold) Incident response.

Head of Internal Audit and Risk Management (to be Manager, Risk Management)

- Overall responsibility for co-ordinating the BCM programme;
- During an incident, co-ordinate the Council's BCM incident response(s), supporting the COO as 'Strategic' lead;
- Following an incident, facilitate the 'lessons learned' session(s);
- Produce the Corporate BCM framework and key strategies;
- Make available best practice tools (e.g. templates);
- Identify training needs and arrange delivery;
- Support and advise service areas;
- Facilitate testing and exercising of the Council's BCPs when requested by Directors/their teams;
- Quality control – review BCM arrangements for services; and,
- Lead on the Council's statutory duty to promote BCM in the community.

All Heads of Service/Managers

- Lead business continuity arrangements within their area;
- Attend training commensurate with their role;
- Identify staff from their teams that have a role to play in any recovery for suitable training;
- Prepare a recovery plan covering all service delivery functions (priority for critical functions), update at least annually; and,
- Implement the agreed arrangements in the event of a disruption.

All staff

- Familiarisation with business continuity arrangements within their area;
- Attend training commensurate with their role;
- Engage with testing and exercising; and,
- Respond positively during a crisis situation.

8. Specific Roles in the Corporate Business Continuity Plan (CBCP)

Once the CBCP has been triggered, the Strategic (Gold) and Tactical (Silver) teams have operational control of the situation and are authorised to take all decisions necessary. The Strategic (Gold) team have overall control by overseeing, directing and authorising the work of the Tactical (Silver) team who are managing the response and deciding, and monitoring, the actions for the Operational (Bronze) team(s) to implement.

The CBCP sets out this process in more detail. The following teams are subject to change as the Business Continuity Management Programme develops, but currently are as follows:

Incident Response Team

- Comprised principally of those Directors and Senior Heads of Service who have responsibility for a defined Business Critical Activity. Manages and directs the Council's response to a serious incident affecting Council services or assets.
- Within the Group will be Strategic (Gold) and Tactical (Silver) teams. The Strategic (Gold) team will act as a 'check and challenge' function and leads on communications (internal and external), workforce-related matters and directs non critical services. The Tactical (Silver) team will manage the Operational (Bronze) Recovery teams and keeps the Strategic (Gold) team informed of developments.

Recovery Teams

- Comprised principally of Heads of Service and their senior managers. Collective responsibility for resumption of critical services within their divisions by means of their own individual BCPs. Will be directed by and report back to the CBCP 'Tactical' (Silver) team.

9. Value of Business Continuity Management (BCM)

The wider value of BCM is acknowledged as being 'no longer for high impact, low probability physical events' and is 'becoming an essential enabler of organisational resilience as part of business as usual'. (BCI Good Practice Guidelines 2013). The key benefits of embedding Business Continuity in your business are:

- Having arrangements in place to fulfil your obligations AND being more confident about the decisions you make in a crisis.
- Keeps businesses trading when they would have otherwise have probably failed due to an incident. This shows customers and suppliers you are serious about the resilience of the business, helping to significantly reduce the impact and cost of disruptions.
- Providing assurance and protection to your staff.
- Companies reputation increases, having competitive advantage.
- Insurance premium discounts, reduced excesses and doors opening to new insurance markets
- Allowing what would otherwise be unacceptable risks to be insured.

Appendix B1

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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