



Business Efficiency Board

**Wednesday, 26 November 2014 at 6.30
p.m.
Civic Suite, Town Hall, Runcorn**

A handwritten signature in black ink, appearing to read 'David W R', is positioned above a rectangular stamp.

Chief Executive

BOARD MEMBERSHIP

Councillor Joe Roberts (Chair)	Labour
Councillor Martha Lloyd Jones (Vice-Chairman)	Labour
Councillor John Bradshaw	Conservative
Councillor Arthur Cole	Labour
Councillor Mike Fry	Labour
Councillor Darren Lea	Labour
Councillor Alan Lowe	Labour
Councillor Tony McDermott	Labour
Councillor Andrew MacManus	Labour
Councillor Norman Plumpton Walsh	Labour
Councillor John Stockton	Labour

*Please contact Lynn Derbyshire on 0151 511 7975 or e-mail
lynn.derbyshire@halton.gov.uk for further information.*

The next meeting of the Board is on Wednesday, 25 February 2015

**ITEMS TO BE DEALT WITH
IN THE PRESENCE OF THE PRESS AND PUBLIC**

Part I

Item No.	Page No.
1. MINUTES	
2. DECLARATION OF INTEREST	
Members are reminded of their responsibility to declare any Disclosable Pecuniary Interest or Other Disclosable Interest which they have in any item of business on the agenda, no later than when that item is reached or as soon as the interest becomes apparent and, with Disclosable Pecuniary interests, to leave the meeting during any discussion or voting on the item.	
3. EFFICIENCY PROGRAMME UPDATE	1 - 5
4. 2013-16 PROCUREMENT STRATEGY UPDATE	6 - 20
5. CORPORATE RISK MANAGEMENT POLICY AND RISK REGISTER - PROGRESS COMMENTARY	21 - 46
6. FRAUD AND CORRUPTION - ANNUAL UPDATE	47 - 57
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8. SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	

PART II

In this case the Board has a discretion to exclude the press and public and, in view of the nature of the business to be transacted, it is **RECOMMENDED** that under Section 100A(4) of the Local Government Act 1972, having been satisfied that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A to the Act.

9. INTERNAL AUDIT PROGRESS REPORT	71 - 168
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In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.

REPORT TO: Business Efficiency Board

DATE: 26 November 2014

REPORTING OFFICER: Strategic Director, Policy & Resources

PORTFOLIO: Resources

SUBJECT: Efficiency Programme Update

WARDS: All

1.0 PURPOSE OF THE REPORT:

To inform the Board of progress made to date with the Efficiency Programme (refer to Appendix 1).

2.0 RECOMMENDATION: The Board is asked to note the contents of the report.

3.0 SUPPORTING INFORMATION

Up to date workstream information is available via the Efficiency Programme Office's team site at: <http://hbc/Teams/EFFIC/Pages/Home.aspx>

4.0 POLICY IMPLICATIONS

None identified at this stage. Activity within the Efficiency Programme may result in recommendations to change policies as individual workstreams progress.

5.0 OTHER IMPLICATIONS

It should be noted that since commencing in 2009, the Efficiency Programme, and activity associated with it, has identified savings in the region of nearly £12m. This has assisted the Council in the difficult task of dealing with the budget gap.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

The Efficiency Programme is designed to improve the effectiveness of services across the authority and reduce costs associated with service delivery. This affects all of the Council's priorities.

7.0 RISK ANALYSIS

Given the financial constraints facing the Council in the immediate and medium terms, failure to continue to progress Efficiency Programme workstreams into future stages may result in the Efficiency Programme not achieving its objectives – primarily cost reduction. This could result in services being underfunded, with departments unable to meet the costs of staff and other resources required to deliver to the community of Halton.

As resources become ever more restricted, the organisation should remain aware of the possibility of ‘double counting’ of savings. The Efficiency Programme Office and Financial Management Division have worked together, and continue to do so to manage this risk.

8.0 EQUALITY AND DIVERSITY ISSUES

N/A

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

N/A

Halton Council Efficiency Programme

Progress update – November 2014

Progress to date against each of the current workstreams is given below.

Review of Adult Social Care (Intermediate Care) (Wave 4)

The findings of the review indicated that the service delivers quality care in a flexible way. Potential for savings was found to be low. Accordingly activity on this workstream has been de-prioritised.

The review remains in the programme on the basis that there is scope for improvement in some business processes.

Review of Library Services (Wave 5)

This review is now in the 'To-Be' phase. Following a period of consultation with the public, Executive Board agreed a new opening hours' model to be implemented in April 2015.

A revised structure has been drawn up and staff were formally consulted on this between 13th October and 12th November 2014. The consultation responses are being analysed and a final structure will be developed and communicated to staff in early January.

The Mobile Library service has been subject to a further, specific, consultation which ended 31st October 2014. Executive Board will take a decision on future provision during December, and that decision will feed into the review.

It is anticipated that the new structure will be implemented mid-April 2015. Savings in the region of £450,000 are sought from this review.

Review of Learning & Achievement (Wave 5)

This review has focussed on the aspects of the 0-19 Division; which provides school improvement services and support, and the Portage service.

Some structural revisions have been developed, and are now being implemented to generate additional capacity within the service, but within existing budget provision. Some nominal savings will be achieved as a result (circa £20,000 per annum for 2015/16)

Review of Halton Supported Housing Network (Wave 5)

A range of To-Be options for this service were considered by Efficiency Programme Board in early November.

Further work has been directed on a revised staff structure, designed to generate savings and optimise capacity within the service. This work will be completed through December 2014 / January 2015. A revised service model will be taken forward as the 'To-Be' model following that work.

Supplier Relationship Review (Wave 5)

As part of the review, a number of the Council's external contracts have been selected on a pilot basis to be examined in order to establish the potential for efficiencies within existing contracts.

This links to Procurement activity and the workstream is being delivered jointly by the Efficiency and Procurement functions.

As a result of this review, the Council's Childcare Voucher scheme for staff has been re-procured. Savings of circa £5,000 per annum have been secured.

The Council's security contracts have been reviewed. The findings of the review have informed the process procurement process which is now underway to seek a new contracts from the market place when the current contracts end in May 2015. There is also scope to generate some incidental savings within the current contracts prior to them ending. These are currently being considered.

The review is now focussed on the Council's Mechanical, Electrical and Building Maintenance contracts.

Review of Highways Services (Wave 5)

Service areas to be in scope are Bridge & Highway Maintenance Division, Highway Development Division, and Traffic.

Due to the profiling and prioritisation of activity within the Programme, this review remains at Outline Business Case stage.

An assessment of potential savings is to be taken by the Efficiency Programme Board. This will inform any future activity and priority for this review.

Reviews of Premium Pay, use of Agency Workers and use of Casual Staff (Wave 6)

These three reviews have passed Outline Business Case stage, and are now in progress.

They will be delivered separately, but are interdependent in their nature as they focus upon additional payments made to staff for a range of duties associated with a variety of roles, the payment of overtime in a range of services, and the use of peripheral staff to augment the Council's regular workforce where peaks and troughs occur in workloads.

Initial As-Is reporting is due back to the Efficiency Programme Board in early 2015.

REPORT TO: Business Efficiency Board

DATE: 26 November 2014

REPORTING OFFICER: Strategic Director, Policy and Resources

SUBJECT: 2013-16 Procurement Strategy Update

PORTFOLIO: Resources

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Board with an update regarding progress with the Council's Procurement Strategy 2013-16 targets and performance measures.

2.0 RECOMMENDATION: That the report and position statement be noted.

3.0 SUPPORTING INFORMATION

- 3.1 The Council's Procurement Strategy provides a structured approach to procurement, in order to ensure efficient processes are followed which will deliver reduced costs whilst maintaining or improving service delivery. The Procurement Strategy was implemented from June 2013. This is the third strategy update report.

Progress against key measures within the strategy is detailed in Appendix 1.

Progress to Date

- 3.2 In line with the aims of the strategy, the Council continues to deliver savings from procurement. The centralised model, working across all spend areas of the Council and utilising the Risk Based Sourcing (RBS) approach for spend below EU financial threshold, is serving the Council well.
- 3.3 Previous strategy updates have highlighted the Council's achievements in the procurement arena in 2013; namely the '*Good Council to do business with*' award from the Cabinet Office, the '*Outstanding achievement in procurement award*' from the Society of Procurement Officers (SOPO), and the presentation of evidence to the House of Commons Select Committee in October 2013 to inform the inquiry into local government procurement.

- 3.4 The key areas identified by the Select Committee Inquiry confirmed that the Council's approach has been, and remains appropriate, and is delivering savings as well as wider social value gains.
- 3.5 The Procurement Division remains engaged with the Cabinet Office and is in a strong position to adopt Lord Young's Procurement Reforms in early 2015. These are largely in line with the model that Halton implemented and that formed the basis of the Procurement Strategy.
- 3.6 The Procurement Division has developed a Social Value Procurement Framework, and has worked closely with the Council's policy team to ensure that this is aligned to the Council's Social Value Strategy. This has been designed to be proportionate in a complex market place, rather than adopt a blanket approach.
- 3.7 The Procurement Division has continued the delivery of three support service commissions, delivering consultancy support in two other Councils; Sefton MBC and Cheshire East Council; as well as delivering a procurement support service to Halton Clinical Commissioning Group. This has served to strengthen regional relationships with partner organisations; build resilience and efficiency within the wider public sector, whilst at the same time deliver much needed income into the Council.

Looking Forward

- 3.8 For the remaining duration of the strategy, the established commercial approach to procurement will continue, underpinned by six key Building Blocks outlined in the strategy;
- Organisation
 - Governance and Process
 - Demand Management
 - Market Engagement/Supplier Relationship Management (SRM)
 - Category Management
 - Purchase to Pay/ e Procurement
- 3.9 The Procurement Division will continue to respond to opportunities to work collaboratively with other organisations to promote and embed the principles of efficient commercial procurement.
- 3.10 The Division will remain engaged with the Cabinet Office, effectively adopting the upcoming procurement reforms, and revised Public Contract Regulations 2015, into the prevailing business model.

4.0 POLICY IMPLICATIONS

- 4.1 None.

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 The Procurement Strategy is designed to improve procurement practice across the Council, in order to reduce costs associated with procurement processes and to realise budget savings from more robust procurement activity. This supports the achievement of all of the Council's priorities.

7.0 RISK ANALYSIS

7.1 Given the financial constraints facing the Council, failure to identify and realise savings from more robust procurement practice may result in the Council not achieving budget savings targets. The Procurement Strategy and procedures surrounding it are designed to ensure that efficient procurement practices are operated across the Council.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

9.1 There are no background papers under the meaning of the Act.

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
<p>1. Organisation: The Council continues to recognise that procurement is a strategic function and is committed to placing it at the centre of its activities</p>	<p>a. Support from Elected Members, Business Efficiency Board and Management Team</p>	<p>The Council continues to fully support the Procurement Strategy and this strategic function remains at the centre of our activities. Our commercial concept continues to be recognised Nationally.</p> <p>Lord Young has made a number of recommendations primarily aimed at encouraging SME participation in public procurement processes. Part 1 of the Young Reforms is the abolition of the pre-qualification process for below EU Value Thresholds for goods and services. This reflects the Procurement Division's Risk Based Sourcing (RBS) approach.</p>
	<p>b. Implementation of Public Service (Social Value) Act, 2012</p>	<p>Halton has developed a Social Value Procurement Framework which has been approved by both Management Team and Executive Board, during September 2014.</p> <p>The Framework compliments both Halton's Sustainable Community Strategy Priorities, and Health and Wellbeing Marmot Priorities, with the overarching Social Value themes of Social, Environment and Economic principles underpinning these.</p> <p>Social Value outcomes identified will be relevant, transparent and proportionate for each procurement opportunity.</p> <p>We have successfully used our framework to achieve outstanding outputs from an SME within Liverpool City Region, which include a commitment to:</p>

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
		<ul style="list-style-type: none"> • Employing Local People and utilising Local Supplier/Sub-Contractors • Supporting Local Training and Employment Initiatives • Becoming involved with local businesses and professional forums • Supporting Local Schools, Charities and Events • Supporting clients in respect of their own Corporate Social Responsibility (CSR) <p>Additionally this provider has pledged to reinvest up to 7.5 pence for every £1 of the contract value traded with the Council.</p> <p>The Procurement Division will track all contracts where Social Value has been included either voluntarily, or within the Terms and Conditions of the contract.</p>
<p>2. Governance and Process The Council will improve further its governance and processes to deliver greater efficiencies and streamlined procurement practices</p>	<p>a. Annual review of Procurement Standing Orders</p>	<p>The Council continues to review its Constitution annually. The Procurement Division are represented on the working group, alongside Legal Services, Audit and Efficiency.</p> <p>The Procurement Division will be forwarding a recommendation for consideration in the 2015/16 Constitution review, that approval is sought from senior management for any contract extensions prior to agreement with incumbent suppliers. This will improve controls and visibility before auto extensions are agreed, without conducting a pre-extension meeting, to ensure that we continue to achieve value for money.</p>
	<p>b. Continue to ensure procurement practices are efficient and remove any</p>	<p>The Councils Procurement Division continues to ensure practices are efficient and the removal of financial thresholds below EU threshold level has resulted in efficiencies for the period April to Oct 2014:</p> <ul style="list-style-type: none"> • 13 procurement exercises undertaken as Requests for Quote rather than full tenders. This demonstrates a significant reduction of officer time as

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
	unnecessary activity for spend below EU value Thresholds	<p>we are not bound by Public Contract Rules (PCR) 2006</p> <ul style="list-style-type: none"> • 6% of tender value saved per exercise has resulted in process efficiency savings (officer time) in excess of £106,000 to date. • This streamlined process allows a faster route to market and simplified processes for the business community to benefit from. <p>With effect from April 2014, all EU member states have 2 years to implement into a new European Union Procurement Directive into legislation. The UK Government indicated earlier in 2014 that they intend to aim for early adoption.</p> <p>These changes will link to Lord Young's reforms, and will come forward in the Public Contract Regulations 2015.</p> <p>Upon examination, the new directive, combined with Lord Young's reforms so not pose a particular challenge to the innovative procurement processes that Halton has deployed. There will however be a need to ensure that existing and potential suppliers are appraised of the new rules, in order that the overall procurement process can remain as efficient as possible.</p>
	c. Maintain risk based sourcing (RBS) approach for all spend from £1,000 up to EU value thresholds.	<p>The Procurement Division are continuing to drive compliance with Procurement Standing Orders to push all spend above £1K via the Chest in order to drive transparency and fair and equal opportunity to the business community. This concept is now being aligned into a couple of neighbouring Councils, as well as and Halton Clinical Commissioning Group, with a number of other local public sector partners considering this award winning concept also.</p> <p>The Procurement Division have supported Sefton Council with procurement transformation, which included the adoption of:</p> <ul style="list-style-type: none"> • Procurement standing Order Principles aligned with Halton,

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
		<ul style="list-style-type: none"> • A similar Procurement Strategy to Halton, • Halton's RBS approach for spend below EU Value Thresholds. • Halton's Business Engagement approach.
	<p>d. Ensure we strive to push all spend above £1,000 via The Chest (25% represents £5M of spend via the Chest (low value spend) – this delivers approximately £500K of cost reduction)</p>	<p>Category Management has improved visibility of the following:</p> <ul style="list-style-type: none"> • Council spend by category • Nature of the Goods, Works and Services purchased from the supply community • Council Contracts • Work planning and future Procurement support • Aggregation of spend to comply with EU Legislation • New Procurement opportunities • Collaboration opportunities with internal and external stakeholders
	<p>e. Deploy a Best and Final Offer (BAFO) approach where possible, to ensure we take every opportunity to drive the price down whilst maintaining quality in a controlled and fully auditable</p>	<p>We continue to deploy BAFO as part of our procurement practice as and when appropriate.</p> <p>A notable example of success during 14/15 is the ICT Hardware contract – BAFO achieved 15% saving.</p>

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
	environment	
	f. Continue with the scrutiny role by Business Efficiency Board (BEB) and report biannually against this strategy	This report evidences the bi-annual reporting of the strategy for scrutiny by Business Efficiency Board.
3. Demand Management The Council will continue to secure improvement in procurement in engagement by securing full compliance with Standing Orders	a. Continuous review of spend analysis which will aid procurement planning across the organisation and with public sector partners to identify opportunities, prioritisation and to secure savings	The Procurement Division continues to invest time in maintaining an accurate profile of our spend with the council's finance system, this is influenced by: <ul style="list-style-type: none"> • Accurate Categorisation and Coding • New Supplier Set Up Forms • Contract Register • Category Management • SME Profile – Includes Micro – below 10 employees and local postcode. This allows us to report accurately on our data in terms of SME engagement and spend.
	b. Continued development of the capacity and capability of the	Qualified - October 2014: CIPS Level 6 – 1 qualified CIPS Level 5 – 2 qualified CIPS Level 4 – 3 qualified

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
	<p>Procurement Division through training and study Chartered Institute of Purchase and Supply (CIPS) subject to available resources. This will ensure the division is educated and skilled to manage procurement demand</p>	<p>Studying – October 2014: CIPS Level 6 - 5 working towards CIPS Level 5 - 1 working towards (1 has now left the council – Oct 2014) CIPS Level 4 - 1 working towards</p>
	<p>c. Continuation of a communication and education strategy internally to up-skill and educate the wider workforce</p>	<p>In addition to ongoing support to service departments, the Procurement Division will be delivering a number of procurement workshops in the last quarter of this financial year.</p>
<p>4. Market Engagement/Supplier Relationship Review (SRR) Halton will commence a review through a structured approach to developing supplier relationships in order to review overall business relationships,</p>	<p>a. Development of a work stream to undertake a structured review of SRM across the organisation and</p>	<p>This is a workstream being delivered jointly by the Efficiency and Procurement functions. As part of the review, a number of the Council’s external contracts have been selected on a pilot basis to be examined in order to establish the potential for efficiencies within existing contracts.</p>

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
<p>contractual arrangements, specifications, rates and expected outputs in order to mutually agree benefits which will result in savings for the Council as the customer. This will deliver greater value, meet strategic objectives and add Social Value. This will have greater leverage if we work with public sector partners.</p>	<p>where possible with public sector partners</p>	<p>As a result of this review, the Council's Childcare Voucher scheme for staff has been re-procured. Savings of circa £5,000 per annum have been secured.</p> <p>The Council's security contracts have been reviewed. The findings of the review have informed the process procurement process which is now underway to seek a new contracts form the market place when the current contracts end in May 2015. There is also scope to generate some incidental savings within the current contracts prior to them ending. These are currently being considered.</p> <p>The review is now focussed on the Council's Mechanical, Electrical and Building Maintenance contracts.</p>
	<p>b. Continuing with SME and Community and Voluntary Sector (CVS) engagement both locally and regionally in order to train, support and develop a 2-way approach where we learn together and to underpin SRM</p>	<p>Our relationship with Halton and St Helens VCA continues to grow and we have implemented the 'Star Standard', a pre-qualification process for the sector, applicable to opportunities below the EU Value Threshold. This is designed to eliminate the duplication of resubmitting essential organisational information during the procurement process.</p> <p>The Procurement Division delivered a joint workshop with Halton and St. Helens VCA on the new process in May. 13 VCSE Organisations attended this session.</p> <p>A further VCSE workshop has been arranged for 26th November 2014, to educate and support the sector on Halton's Procurement Practice, the law, use of the Chest, and how to work with the Star Standard.</p> <p>Further supplier engagement workshops are to be arranged for the first quarter of 2015 for the wider supplier community. These workshops will provide an opportunity for potential suppliers to engage with the Council and learn about our process. The Procurement Division aims to encourage enhanced quality and</p>

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
		<p>cost competitiveness within our category supply chains.</p> <p>Statistical information:</p> <ol style="list-style-type: none"> 1. Chest Registration: <ul style="list-style-type: none"> July 2010: 279 May 2013: 650 Oct 2013: 749 Oct 2014: 867 (311% improvement since July 2010) 2. Request For Quote (RFQ) activity: <ul style="list-style-type: none"> May 2013: 50 Oct 2013: 119 Mar 2014: 243 Oct 2014: 87 3. RFQ awards: <ul style="list-style-type: none"> May 2013: 22 Oct 2013: 46 Mar 2014: 101 Oct 2014: 47 <p>The above statistics demonstrate the increase in activity and improved process efficiency of incorporating extension options after the initial contract term.</p> <ol style="list-style-type: none"> 4. Local SME Registration – Oct 2014 (stats only recorded since Sept 2014) <ul style="list-style-type: none"> Micro – (0 - 10 employees) 74 Small – (10 – 50 employees) 55 Medium – (50 – 250 employees) 65 Large – (above 250 employees) 63

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)								
		<p>5. Spend with SMEs (report run annually) 12/13 - 89% of our influential spend of £74M. 13/14 – 88% of our influential spend of £90M (indicates constant)</p> <p>6. Breakdown of SME spend:</p> <table border="0"> <tr> <td>Micro (0- 10 employees) -</td> <td>29 (2%)*</td> </tr> <tr> <td>Small (10 to 50 employees) –</td> <td>1670 (67%)</td> </tr> <tr> <td>Medium (50 to 250 employees) –</td> <td>482 (20%)</td> </tr> <tr> <td>Large – (above 250 employees) –</td> <td>298 (12%)</td> </tr> </table>	Micro (0- 10 employees) -	29 (2%)*	Small (10 to 50 employees) –	1670 (67%)	Medium (50 to 250 employees) –	482 (20%)	Large – (above 250 employees) –	298 (12%)
Micro (0- 10 employees) -	29 (2%)*									
Small (10 to 50 employees) –	1670 (67%)									
Medium (50 to 250 employees) –	482 (20%)									
Large – (above 250 employees) –	298 (12%)									
	<p>c. Support the Liverpool City Region (LCR) Charter for Employment and Skills through Procurement</p>	<p>The key aims of the charter are to;</p> <ol style="list-style-type: none"> Make contracts more accessible to local suppliers, especially SME's Encourage local Businesses to make quality submissions, Promote use by contractors of local supply chains, Promote apprenticeships, jobs for unemployed-training by prime contractors and their supply chain. <p>Progress across the region is at different paces. Halton continues with more Risk Based Sourcing, considers the measurement of supply chains, seeks Social Value gains and employment, learning and skills that can be gained through procurement. (a, b, c, d within the Charter).</p> <p>This work is being developed with Employment, Learning and Skills colleagues in Halton, as well as sharing ideas and concepts with Sefton MBC's Procurement Unit and Halton People into Jobs / Economic Regeneration colleagues.</p>								

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
		Halton continues to use the LCR Charter for Employment, Learning and Skills through Procurement in opportunities, wherever possible or appropriate
<p>5. Category Management The Council will continue with a Category Management approach to procurement by aligning business requirements across the organisation. It will continue to work with wider public sector partners in order to gain greater leverage, add value and maximise savings as we are too small to do this alone.</p>	<p>a. Review our relationship with the Merseyside Procurement Partnership (MPP) – Members: Halton; Sefton; Liverpool; St Helens; Knowsley; Wirral; CW&C; Mersey Travel and Mersey Fire & Rescue. Re-establish with partners the commitment, purpose, accountability of this regional work stream in order to progress a category management approach based around geography</p>	<p>We are continuing to review our regional relationship, particularly now that other organisations are aligning their processes and practices with Halton’s.</p> <p>The Division has commenced a whole team approach to category management by using our cleansed spend data. It has identified 936 suppliers with a contract and we are auditing this to proactively seek to create procurement exercises and to establish more contractual arrangements where they don’t exist across the Council. (This refers to 2.d).</p> <p>Collaboration with the Merseyside Procurement Partnership has been undertaken for the following contracts:</p> <ul style="list-style-type: none"> • Agency Workers • Stationery • Furniture • PPE • Uniform • Cleaning • Print

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
	rather than organisation.	
	b. Further strengthen our relationship with Clinical Commissioning Groups to secure future trading relationships	<p>We continue to provide procurement support to Halton Clinical Commissioning Group (HCCG), which has proved successful. In one opportunity our procurement expertise achieved savings of 70% on the CCG's previous provision.</p> <p>We have developed and embedded a Provider Assessment Process (PAP) for HCCG, which has led to the successful provision of Ear Nose and Throat; and other services across the Borough.</p> <p>The Division successfully bid to provide procurement support for St Helens CCG, for the provision of a Minor Eye Conditions service across the footprint of St Helens, Knowsley and Halton.</p>
<p>6. Purchase to Pay/ e Procurement Halton will continue with the development of P2P and e procurement solutions to control compliance within the organisation, improve payment terms to secure a seamless end-to-end process.</p>	a. Review P2P processes to secure full compliance across the organisation	<p>We work closely with the P2P team to ensure our processes support each other and drive compliance.</p> <p>Halton are a member of the regional steering group, currently leading on the new contract opportunity for the Regions Electronic Tendering Portal – The Chest (currently provided by Due North). The current contract will expire in July 2015.</p>
	b. Support business process	The Council's Audit and Operational Finance Division administers an Early Payment Discount scheme. This meets the requirements of this element of the

Building Block	The What	Progress Update November 2014 (Year 2: mid-year)
	improvement to enable early payments to SME's	Procurement Strategy.

REPORT TO:	Business Efficiency Board
DATE:	26 November 2014
REPORTING OFFICER:	Strategic Director – Policy & Resources
PORTFOLIO:	Resources
SUBJECT:	Corporate Risk Management Policy and Risk Register – Progress Commentary
WARDS:	Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To report on the progress of actions in the Corporate Risk Register for 2014/15.

2.0 RECOMMENDATION: That

- (1) The progress of actions are noted;
- (2) To review the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements; and
- (3) To make such recommendations to the Executive Board as is necessary and appropriate.

3.0 SUPPORTING INFORMATION

- 3.1 The Council recognises that it has a responsibility to manage both internal and external risks as a key component of good corporate governance
- 3.2 Risk is defined as being the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk Management is defined as the process by which risks are identified, evaluated and controlled
- 3.3 The attached Risk Management Policy has been reviewed and updated in line with the revised arrangements for Directorate Business Plans requiring annual reviews of the plans at Directorate level to take place in conjunction with Directorate Risk Registers
- 3.4 The implementation of high-risk mitigation measures on the Directorate Risk Registers are reviewed at mid-year and progress on these are reported to Management Team and Policy and Performance Boards

3.5 This serves to inform the Corporate Risk Register that ensures that the council maximises its opportunities whilst minimising and controlling the associated risks in delivering the council's vision and services for Halton

3.6 The Corporate Register has been reviewed and updated in consultation with internal stakeholders.

3.7 The risks have been grouped in order of priority; in the first instance pertaining to 'Unmitigated Risk Scores' and then 'Mitigated Risk Scores'. The headings in order of priority are:

- i. Budget Reductions
- ii. Capacity and Resilience
- iii. Safeguarding Children and Adults
- iv. Mersey Gateway
- v. Community Expectations
- vi. Architectural Landscapes
- vii. Partnerships
- viii. Funding and Income Generation and
- ix. Fraud

4.0 POLICY IMPLICATIONS

4.1 To provide a framework through which effectively manages the actual and potential opportunities and threats that may affect the achievement of the Council's strategic priorities and operational objectives.

4.2 As part of the annual Business Planning process, each Directorate will be refreshing their own Risk Registers and this will be the basis of an annual progress report to members.

5.0 OTHER IMPLICATIONS

5.1. Failure to manage corporate risks could lead to a loss of reputation for the Authority.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1. Council Priorities - Corporate effectiveness and business efficiency

7.0 RISK ANALYSIS

7.1 Failure to review and monitor the performance of the Corporate Risk Register could result in service development opportunities being lost and existing service delivery being compromised.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 Within the risk register there are a number of implications for Equality and Diversity issues, e.g. Budget Reductions and Capacity and Resilience

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

There are no relevant background documents under the meaning of the Act.

Corporate Risk Register

Lead Strategic Director: **Ian Leivesley**

Risk Management Coordinator: **Tony Dean**

Initial Register Completion Date: **November 2011**

Register Review Date: **March 2015**

Progress update: **As at 15th September**

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BUDGET REDUCTIONS

Item	Identified risk	Impact ¹ (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
1	Failure to effectively align resources to corporate objectives and strategic requirements leads to a lack of focus on priorities resulting in failure to deliver objectives and the possibility of varying degrees of challenge	4	4	16	Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented	Timescale / Review frequency	Lead Officer/s

¹ For scoring mechanism see Appendix 'A'

	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Financial Planning is undertaken to compare available financial resources with spending requirements over the medium term (3 years), resulting in preparation of the Medium Term Financial Strategy which allows overall budget gaps to be identified at an early stage and appropriate plans put in place to tackle them Effective Business Planning to ensure that resources are directed towards the Councils key strategic priorities Budget setting is aligned to the annual Business Planning Cycle in order to ensure that the value of financial resources are maximised Budget Risk Register works in conjunction with the Budget Setting Cycle to ensure that emerging budget risks are identified together with relevant mitigating measures Explore the potential for collaboration with neighbouring Local Authorities Develop iterative processes to ensure that opportunities for partnership working are explored and, where appropriate, embraced 	3	3	9	6 monthly	Strategic Director Policy & Resources (Ian Leivesley)

Progress Commentary as at 15th September 2014

1. Budget Reductions

- The Directorate Business Plans are aligned with the annual budget process
- Key service objectives and performance targets follow the determination of annual Directorate Budgets and take account of available resources
- The development of the plans take account of existing statutory responsibilities and the Corporate Priorities of the Council
- Budget Working Group now considering the 1st tranche of budget savings proposals for each Directorate that are to be agreed later in the year

- A Members seminar took place at which consideration was given to the assumptions included in the financial forecast and to determine a measured risk approach in reducing the scale of budget gaps for the next two years
- Examples of shared services include Strategic Directors and Procurement team supporting neighbouring Authorities and Cheshire West providing School Governor support
- The Sustainable Community Strategy has been reviewed. Work is commencing on refreshing the Corporate Plan which will ensure that the Councils strategic plan remains aligned with Council resources and priorities

CAPACITY AND RESILIENCE

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
2	Inability of the Council to sustain the delivery of services in line with Council Priorities as a result of the impact of budget cuts	3	4	12	Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Maintain a supportive working environment through shared service organisational ethos, pride and value across Members, staff, management, Unions and partners • Focus delivery of performance on the council's corporate vision and key strategic priorities leading to a clearly understood and shared set of 	3	3	9	6 monthly	All Strategic Directors

<p>priorities</p> <ul style="list-style-type: none"> • Emphasis on management and leadership standards with recognition of the challenges faced by the Authority leading to managers who are able to direct, inform, develop and support staff • Maintain a workforce that are skilled, informed, flexible and competent in order to ensure that they deliver efficient and effective services 					
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Progress Commentary as at 15th September 2014

2. Capacity & Resilience

- The priorities of the Council are cascaded down into the action plans of Directorates, Departments, Teams and individual members of staff thereby realising the alignment of day to day activities and strategic priorities of the Council
- Quarterly Performance report which identifies key developments on emerging issues and progress on performance of the Councils Strategic Plan
- Efficiency reviews take account of critical front-line services. As a result some reviews have recommended the redeployment of resources to front-line services and have made greater savings from non front-line services
- New Learning and Development team established to meet both corporate and Directorate training needs. Several courses offered for both managers and staff around leadership, resilience and skills
- Stress Risk Assessment system is currently being upgraded and to go 'live' later in the year
- Staff Survey undertaken with 38% of staff responding. Feedback currently being analysed with a view to drawing up an action plan. Full report to be taken to the Organisational Development Group and Management Team in October
- In the first 6 months of the financial year significant reduction in the number of reported health and safety accidents and violent incidents leading to a decrease in 'days lost'

SAFEGUARDING CHILDREN AND ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
3	Inability to support and protect children and adults to ensure that they are healthy, safe and have the opportunity to reach their potential	4	3	12	A Healthy Halton / Employment, learning and skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Halton's Children's and Adult's Safeguarding Boards fully operational with appropriate resources and are operating within statutory guidance and towards identified priorities Representatives from the Children's and Adult's Safeguarding Boards to work in partnership through attending corresponding boards 	4	2	8	6 monthly	Strategic Directors – Communities (Dwayne Johnson) & Children and

<ul style="list-style-type: none"> Children's and Adult's Safeguarding Board's to work with strategic groups within the Borough to ensure accountability and effectiveness of safeguarding 					Enterprise (Gerald Meehan)
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Progress Commentary as at 15th September 2014

3. Safeguarding Children and Adults

- Halton's Integrated Children's and Adult's Safeguarding Boards are fully operational, they operate with statutory guidance and its resources provided as agreed
- Representatives from the Children's and Adult's Safeguarding Boards work in partnership and attend at corresponding boards
- The Adults Board has revised its terms of reference and membership and has set its priorities for the forthcoming year
- An integrated Adult Safeguarding Unit has been established
- The Care Act 2014 introduces new legislation to protect vulnerable adults and a working group has been established to consider the implications. The Health PPB are monitoring the progress been made with regular reports and presentations
- Children's Board continue to work with strategic groups within the borough to ensure accountability and effectiveness of safeguarding
- Children's Board produces an annual report containing priorities and including measurement on the effectiveness of arrangements. Progress tracked via the HSCB Business Plan
- Child Sexual Exploitation in Rotherham report (Children Services Network - Alexis Jay) publicised. The Children's Safeguarding Unit has initiated a multi-agency group consisting of Health and Social Care and Police representatives to evaluate the implications for local practice and complete an interim report by the end of October

MERSEY GATEWAY

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
4	Lack of effective project management and adherence to governance arrangements / contractual requirements could lead to either delays or increased project costs. In addition there are also operational risks associated safety and environmental issues and without effective project management these could lead to adverse publicity and reputational risks	3	4	12	Halton's Urban Renewal

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Dedicated project team established under the leadership of an 	3	2	6	6 monthly	Chief Executive (David Parr)

<p>experienced Project Director supported by class leading professional advisers</p> <ul style="list-style-type: none"> • Project Structure based on PRINCE2 control procedure under the governance of the Mersey Gateway Executive Board, chaired by the Leader, providing authority and policy direction to the Chief Executive as Senior Responsible Owner (Chair of the MG Officer Project Board) • Routine project assurance monitored through external bodies including specialist non-executive directors on the OPB, external Gateway Reviews(4Ps) and HM Treasury scrutiny at specific project milestones • Delivery within the Funding Framework agreed with Government that is reviewed at regular intervals and managed through the Mersey Gateway Risk Register, which is reviewed every 6 weeks by the Project Board • Maintenance of effective relationships with Government Departments (as co funders for MG) maintained by both Department for Transport and HM Treasury being represented on the Officer Project Board 					
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Progress Commentary as at 15th September 2014
4. Mersey Gateway

- The Mersey Gateway Crossings Board Ltd has been established as a special purpose vehicle and is fully staffed
- Procurement of Technical Advisor completed and to be appointed shortly
- The Mersey Gateway Crossings Board has established its own Audit Committee which is responsible for reviewing the Board’s internal financial controls and the Board’s internal control and risk management systems
- Monthly meetings take place between Board and Project Company on progression of project

- Board of Directors includes non-Executive Directors, who are able to observe progression of project
- Mersey Gateway Risk Register identifies contractual risks within project agreement and underlines that the balance of risks will be passed back to project team if the project remains 'as is'

COMMUNITY EXPECTATIONS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
5	Failure to effectively realise community expectations could lead to damage to the Authorities reputation and credibility resulting in negative views towards the transparency of the decision making process	4	3	12	Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Community engagement promoting joint communications from partners and the public is identified in the Statement of Community Engagement Commitment and is embedded in the constitution 	3	2	6	6 monthly	All Strategic Directors

<ul style="list-style-type: none"> • Utilise recognised mediums to identify, communicate and coordinate community expectations and priorities. These include: <ul style="list-style-type: none"> Surveys; Area Forums; Local and social media; Target consultation exercises for specific projects; Engagement through local Strategic Partnerships; Elected member surgeries; and Other meetings • Any decisions to cease or amend service provision that has a significant impact on communities; early warning of intended actions through direct engagement with relevant communities to invite views 					
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Progress Commentary as at 15th September 2014

5. Community Expectations

- Customer Intelligence Unit (CIU) is now established and is directed by services to carry out consultations to assess customer feedback about a particular service or activity
- CIU has the ability to increase public consultation, thereby assisting to facilitate public involvement in decision making
- The CIU is utilising social media to collate information from over 22,603 followers and is producing monthly reports. This also assists to expedite communications and also identify trends of community concerns, which are subsequently forwarded to relevant managers for their attention
- Examples of use of recognised mediums:
 - Surveys
 - Widnes & Runcorn Town Centres,
 - Halton2000 – the annual citizen panel survey around service specific consultations – this has been distributed to around 1,700 residents in Halton

- Area Forums
 - Ongoing including budget consultation
- Local & Social Media
 - Ongoing including publicising roadwork's on highways and the bridge
- Target consultation exercises for specific projects
 - Library review (over 1,000 responses), Children Centres

ARCHITECTURAL LANDSCAPES

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
6	Changes to the Architectural Landscape of other public sector organisations that could potentially lead to the deterioration of services, in particular for the most vulnerable groups	3	4	12	A Healthy Halton / Employment, learning and skills / Children and Young People / A Safer Halton / Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Maintain an overview of external influences involving political, economic, social, technological, legislative and environmental factors 	3	2	6	6 monthly	All Strategic Directors

<ul style="list-style-type: none"> • Maintain an overview of and evaluate changes in legislation that affect Architectural Landscapes at a strategic level to ensure that they are communicated, implemented and ultimately there is coordination and collaboration of services • Protect interests by being part of the processes leading to the delivery of new arrangements 					
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Progress Commentary as at 15th September 2014
6. Architectural Landscapes

- Both the Corporate Plan and the Sustainable Community Strategy are subject to periodic review in order to ensure that the priorities of the Council remain aligned to community needs and take account of emerging local and national circumstances
- Part of the development of the Directorate Business Plans involves annual external scans of the operating environment in order to ensure that future activity takes account of what will or could have an impact in the delivery of services
- Changes around Architectural Landscapes within last two years have been identified, managed and, as a result, have become embedded. These include Health and Wellbeing Board and Police and Crime Commissioner. There are unlikely to be further changes until after the General Election

PARTNERSHIPS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
7	Ineffective and poorly controlled partnerships with statutory and non-statutory organisations will lead to a lack of accountability and ineffective use of resources resulting in a failure to meet the needs of and improve outcomes for local communities. In particular partnership work could be at risk where funding streams have discontinued	3	4	12	A Healthy Halton / Employment learning and skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Halton Strategic Partnership Board (HSPB) that facilitates interagency 	2	2	4	6 monthly	Chief Executive (David Parr)

<p>collaboration and cooperation to maximise available resources in the pursuit of agreed strategic goals</p> <ul style="list-style-type: none"> • Service efficiency by strengthening partnership working arrangements with the voluntary and community sectors through a shared Community Strategy Performance Framework and also enabling and influencing them to deliver at local levels • Maintain financial probity with the 'pool' budgets with partners through effective governance arrangements • Through engagement with communities and partners on service priorities; to identify alternative forms of delivery 					
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Progress Commentary as at 15th September 2014

7. Partnerships

- Performance reports provide information concerning activities being undertaken to progress individual performance measures are received and reviewed by both SSP's and the HSPB
- Partnerships predominantly operate through the HSPB and continue to provide a coordinated approach to services
- The HSPB continues to monitor the external influences and coordinates the different responses with its partners
- The results of the Peer Review have been discussed at the HSPB including the need to influence and enable partners to deliver their own services
- Example of collaboration and coordination within partnerships includes closer working (multi-disciplinary teams) with the Clinical Commissioning Group, Domestic Violence Unit
- Example of 'pooling budgets' includes a government initiative, 'Better Care Fund', that integrates services with the objective of reducing the amount of non-elective admissions to hospitals
- Asset Management Working Group exploring the potential for efficiency savings and improved services through the coordination and sharing of assets with partner organisations. This includes co-locating services with CCG, Health Visitors at Children Centres, Red Cross & Food Bank at Oakmeadow

FUNDING AND INCOME GENERATION

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
8	Failure to maximise and identify funding opportunities in light of government cuts resulting in a potential challenge of the Councils capacity to delivery its priorities	3	3	9	A Healthy Halton / Employment, learning and skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Continue to identify funding streams and income generating options through horizon scanning alternative untapped funding opportunities and shared partnerships with 3rd sector, private sector, and other public sector bodies 	2	2	4	6 monthly	All Strategic Directors

<ul style="list-style-type: none"> • During the budget setting process Directorates to annually identify and prioritise requirements for funding and ensure that there are systems capture and report when funding comes to an end • Commercially focussed through establishing trading and income generation possibilities in order to protect and effectively use funds • Intelligent procurement processes for spending of goods and services that leads to annual savings targets 					
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Progress Commentary as at 15th September 2014

8. Funding and Income Generation

- The use of the Chest within Procurement is now established for all spending by services for over £1K
- The Chest assists to reassure that there are competitive processes and drive market prices down. This is delivering an annual savings target for the Council year on year and for every £5M that passes via the Chest, there is at least £500K of cost reduction
- A comprehensive review of the Council’s commercial estate was completed and recommendations concerning asset disposal have been approved by Executive Board
- External Funding provides information on specific funding streams to both internal and external officers. This is promulgated through a monthly funding bulletin, giving the latest information on funding sources, and a Policy Briefing that provides funding update relevant to local authority bids
- An annual Impact Assessment Report is completed that summarises the funding support provided year on year and gauges the impact of the funding received on the projects supported
- As part of income generation, internal Departments are providing services to external organisations, e.g. ICT to North West Employees and Sefton Council
- The total funding secured by External Funding over the last three years is:

- 2011-12 = £8,707,688
- 2012-13 = £8,796,171
- 2013-14 = £2,746,332

(Note: The first two years included large amounts of funding for projects such as Sci-Tech Daresbury from Regional Growth, Growing Places Funds, etc.)

FRAUD

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
9	Inadequate control systems lead to an increase in fraud and financial loss	3	3	9	Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		

<p><u>External</u></p> <ul style="list-style-type: none"> • Dedicated Housing Benefit / Council Tax Reduction Scheme anti-fraud section to investigate and, where necessary, prosecute fraud and corruption • Joint working with other agencies including the Department for Work and Pensions to assist to investigate and detect Housing Benefit and Council Tax Benefit fraud <p><u>Internal</u></p> <ul style="list-style-type: none"> • Employment of rigorous internal processes including: <ul style="list-style-type: none"> Relevant policies and systems, e.g. Procurement policy, Standing Orders, etc.; Pre-employment checks of new employees; Whistleblowing arrangements; Fraud and bribery awareness through Elearning; and Continuous internal audit programme of the Council's systems and services 	3	2	6	6 monthly	Strategic Director Policy & Resources (Ian Leivesley)
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Progress Commentary as at 15th September 2014

9. Fraud

External

- During 2013/14 the fraud section achieved 3 formal cautions, 38 Administrative Penalties and 45 successful prosecutions
- For the period 1st April 2014 – 31st August 2014 - 16 Administrative Penalties have been issued and also 17 successful prosecutions
- It is proposed that Council's HB Fraud staff will transfer to a Single Fraud Investigation Service

Internal

- No employee fraud identified in 2013/14
- E-learning module on fraud awareness circulated to all staff
- Council's Whistleblowing Policy approved and plans for roll-out and training to be approved by Business Efficient Board on the 24th September

Version Control Record

Version	Date Created	Date of Amendment:	Nature of Amendment	Date of Next Review:
1.0	13.10.11			
1.1		28.8.12	Progress Commentary	28.3.13
2.0		13.3.13	Reviewed and updated	13.10.13
2.1		20.9.13	Progress Commentary	28.3.14
3.0		31.3.14	Reviewed and updated in line with the Corporate Peer Challenge and the revised Business Planning Process and associated guidance notes	13.10.14
3.1		15.9.14	Progress Commentary	27.3.15

Scoring Mechanism

Once the business risks are identified and analysed they are scored by multiplying the impact and likelihood. They will then establish a final score (or significance rating) for that risk:

Risk Score	Overall Rating
11-16	High
5-10	Medium
1-4	Low

Those that have been placed in the red boxes are the primary or **Top Risks** followed by the **medium** and **low** risks.

Measures to control the risks are identified from the following options;

1. Reducing the likelihood; or
2. Reducing the impact; or
3. Changing the consequences of the risks by,
 - Avoidance
 - Reduction
 - Retention
 - Transference; or
4. Devising Contingencies, i.e. Business Continuity Planning

The risks are scored again to establish the effects the measures have once implemented on reducing the risks and identify a score rating for residual risks.

REPORT TO: Business Efficiency Board

DATE: 26 November 2014

REPORTING OFFICER: Strategic Director – Policy & Resources

SUBJECT: Fraud & Corruption – Annual Update

PORTFOLIO: Resources

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

The Business Efficiency Board is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud and corruption arrangements. The purpose of this report is to update the Board with details of developments in regard to those arrangements.

2.0 RECOMMENDATION: That the Business Efficiency Board is asked to note the report and endorse the actions being taken to counter fraud and corruption.

3.0 REPORTED FRAUD AND CORRUPTION – 2013/14

3.1 Each year the Council submits a return to the Audit Commission providing details of fraud and corruption identified against the authority. A summary of the 2013/14 return is provided below:

Housing Benefit & Council Tax Support Fraud

137 cases

Total value - £366,602

45 successful prosecutions

Social Care Fraud

One case relating to Direct Payments - value £9,534

Payroll and Employee Fraud

Three cases:

- Falsification of timesheets – Written warning issued
- Unauthorised breaks and deviation from routes – Employee dismissed
- Unauthorised absence from work – Written warning issued

None of these cases were prosecuted as frauds but were investigated under the Council's disciplinary procedure.

Disabled Parking Concessions (Blue Badge)

One case relating to misuse.

Whistleblowing

Three referrals were received in the year.

- 3.2 Overall levels of fraud and corruption against the Council remain low and the vast majority of identified fraud continues to be in respect of Housing Benefit / Council Tax Support.

4.0 SINGLE FRAUD INVESTIGATION SERVICE (SFIS)

- 4.1 The Coalition Government's strategy for tackling welfare fraud and error set out a commitment to create the Single Fraud Investigation Service (SFIS) to investigate and prosecute Social Security welfare benefits and Tax Credit fraud.
- 4.2 SFIS has initially been a partnership between DWP Fraud Investigation Service, HMRC and local authorities working closely together to deliver a service where a single investigation covers all welfare benefit fraud and tax credit fraud allowing SFIS to make more efficient use of the resources at its disposal.
- 4.3 On 1 May 2014 the DWP informed the Council that its benefits fraud staff will transfer to SFIS on 1 September 2015. The SFIS Project Implementation team will contact the Council four to six months prior to this date to discuss arrangements for the transfer of the benefits investigation function and staff.
- 4.4 The DWP has informed local authorities that the TUPE regulations do not apply to staff being transferred from a local authority to the DWP as it relates to the transfer of administrative functions between public administrative bodies. However, the DWP has made it clear that local authority employees transferring will have their current terms and conditions of employment protected. Further details should be available from April 2015 when the DWP will be directly liaising with the Council.

5.0 DCLG - COUNTER FRAUD FUND

- 5.1 The DCLG recently invited proposals from local authorities for a share of £16M funding to be used in support of counter fraud initiatives that will deliver financial savings. One of the reasons for the introduction of the scheme was the acknowledgement that the transfer of benefit fraud investigators from local authorities to the SFIS may reduce the capacity to investigate fraud in some authorities.
- 5.2 The DCLG was keen to receive proposals that seek to achieve efficiencies and service transformation through partnership working between local authorities and other public or private sector organisations. Proposals were required to demonstrate an innovative and holistic approach to tackling fraud that includes detection, prevention and deterrence.
- 5.3 In an attempt to maximize the potential for funding the Council signed up to a range of funding bids:
- Cheshire region bid
A bid involving the four Cheshire local authorities was submitted to obtain funding to develop a resource to fund proactive forensic analysis and investigation of areas identified with a high risk of fraud. Initial areas for review will include procurement, contracting and insurance. As well as identifying and investigating potential frauds

the project will look to 'design out' fraud risks in systems and to provide training and information-sharing.

- Merseyside region bid

A Merseyside region bid led by Wirral Borough Council was submitted seeking funding to establish a 'Fraud Hub' in the region. This would be a collaboration between participating local authorities to coordinate a joined up approach to counter fraud activity. In addition to a regional fraud awareness campaign the bid would involve proactive fraud detection work in regard to blue badges and personal budgets.

- North West Region Bid

A North West region bid led by Salford City Council was submitted that related to the development of a Regional Counter Fraud Strategy. A key part of the bid is the provision of accredited training to ensure that local authorities have access to suitably qualified officers who can develop an inter-authority approach to the prevention, detection and investigation of corporate fraud.

- Counter Fraud App bid

This bid was led by the Royal Borough of Greenwich and its objective is to provide every local authority that participated in the bid with a 'Counter Fraud App' for smart phones and tablets. The app would then be distributed to customers enabling local authorities to:

- Provide updates on fraud threats and advice on how to spot fraudsters;
- Publicise successful prosecution stories;
- Provide a means for customers to report suspected fraud;
- Share important service information such as office locations and opening times.

- Halton bid

The Council also submitted its own bid for funding to resource a post to investigate Single Person Discount fraud.

5.4 The deadline for bids was 5 September 2014. It is anticipated that the DCLG will announce which bids were successful by the end of November.

6.0 DEVELOPMENT OF THE COUNCIL'S COUNTER FRAUD ARRANGEMENTS

6.1 The Government estimates that the cost of fraud to local government is estimated at over £2 billion a year. Better prevention, detection and recovery of fraud is seen by Government as being one of the ways to help reduce the financial pressure on councils.

6.2 Since the last update to the Board the Council has continued to strengthen its arrangements to counter fraud and corruption. Recent developments include:

- Policy review

The Council's Whistleblowing Policy has been reviewed, updated and re-launched.

- Training

Employee awareness of fraud and corruption risks and The Bribery Act has been raised by extending the roll out of e-learning training.

- Maintaining awareness of emerging fraud risks

The Council maintains awareness of emerging fraud risks and has reviewed and strengthened controls in response to identified risks. This approach helped to prevent a £0.5M loss when vigilant staff identified and prevented two fraudulent attempts to change supplier bank details and divert payments to bogus bank accounts. Details of the attempted frauds were passed to the police to investigate.

- Action against fraudsters

The Council recently sought permission from the High Court to begin committal proceedings for contempt of court against an insurance claimant who discontinued a £50,000 personal injury claim against the Council. Permission was granted on the basis that the claimant had verified a statement of truth on Court documents that contained facts that were untrue. This case now provides an excellent opportunity for the Council to demonstrate publically that it does not tolerate fraud or corruption and will take strong action against any person who tries to commit fraud.

- Self-assessment of counter fraud arrangements

The Audit Commission publication 'Protecting the Public Purse 2013' provides guidance as to how local government bodies can fight fraud more effectively. The publication includes a checklist to be used by local authorities to review their counter fraud arrangements.

Internal Audit has completed a self-assessment against this checklist and an action plan has been developed to address those areas where the Council can further strengthen its arrangements (see Appendix 1). The key areas for action are summarised below:

- Further development of joint working arrangements with other local authorities to improve the sharing of information, development of best practice and the delivery of joint fraud initiatives.
- Review and updating of the Council's counter fraud strategies, policies and plans following the development of joint strategies and policies across the North West region.
- Resourcing the investigation of Council Tax Support / Single Person Discount fraud after the Council's benefits investigators transfer to the DWP.
- Developing a database to record all instances of non-benefits related fraud.
- Raising awareness of the Council's Whistleblowing Policy and monitoring and reporting on its effectiveness.

7.0 NATIONAL FRAUD INITIATIVE

7.1 Since 1996 the Audit Commission has run the National Fraud Initiative (NFI), a sophisticated data matching exercise which matches electronic data within and between participating bodies to prevent and detect fraud.

7.2 NFI 2012/13 helped trace almost £203 million in fraud, error and overpayment in England, bringing the UK total since its launch in 1996 to £1.17 billion.

7.3 The Council's results from NFI 2012/13 are summarised below:

- Total matches received – 7,753
- Actual matches processed / investigated – 4,094
- Total frauds identified – 3
 - HB to Student Loan (£1,344)
 - HB to Student Loan (£5,287)
 - HB to Pensions (£2,396)
- Total errors identified – 312
- Value of fraud / errors being recovered - £18,378
- Council tax to Electoral Register:
 - Total discount incorrectly awarded - £44,380
 - Cancelled single person discount - 223 cases
- Blue Badge to DWP Deceased Records:
 - 11 persons recorded as still alive on Blue Badge database
- Concessionary Travel Pass to DWP Deceased Records:
 - 299 persons recorded as still alive on the Concessionary travel database

7.4 The Council is required under section 6 of the Audit Commission Act 1998 and its crime prevention and detection duties under section 17 Crime and Disorder Act 1998 to participate in the 2014/15 National Fraud Initiative (NFI) data matching exercise. To comply with this requirement the Council has submitted a range of required data sets to the Audit Commission, which will be used for cross-system and cross-authority comparison for the prevention and detection of fraud.

7.5 The data sets submitted for the 2014/15 exercise are listed below:

- Payroll
- Housing Benefits (Submitted by the DWP)
- Insurance
- Blue Badges
- Concessionary Travel

- Market Traders
- Alcohol Licences
- Taxi Licences
- Private Supported Care Home Patients
- Personal Budgets (Direct Payments)
- Creditors
- Electoral Roll
- Council Tax

7.6 Data matches from the exercise will be made available to the Council on 29 January 2015 via the Audit Commission's website. The matches will then be investigated over the following 12 months. Summary results from the exercise will be reported back to the Board for information purposes.

7.7 Following the closure of the Audit Commission in 2015 responsibility for NFI will transfer to the Cabinet Office.

8.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

8.1 There are no specific policy implications arising from this report.

8.2 There are no direct financial implications arising from this report. However, the outcomes of the Counter Fraud Fund bids may result in additional funding becoming available to help develop the Council's counter fraud arrangements

9.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

The maintenance of an effective framework to minimise the risk of fraud and corruption contributes to the achievement of all the Council's priorities.

10.0 RISK ANALYSIS

This report highlights specific actions that the Council has already taken, and continues to take, to minimise the risk of fraud. Failure to maintain effective counter fraud measures would result in the Council being susceptible to an increased risk of financial loss.

11.0 EQUALITY AND DIVERSITY ISSUES

None identified

12.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.

Appendix 1

Protecting The Public Purse – Action Plan

Ref.	Standard	Status	Comments	Action
1	Do we have a zero tolerance policy towards fraud?	Substantially compliant	<p>The Council has documented its intent to have a zero tolerance policy towards fraud in the following documents:</p> <ul style="list-style-type: none"> • Employees and Elected Members codes of conducts • Whistleblowing policy • Anti-fraud and corruption strategy • Fraud Response Plan. <p>The Council's Whistleblowing policy has recently been updated and approved by the Business Efficiency Board on the 24 September 2014. The Business Efficiency Board also approved Internal Audit and the Corporate Policy Team to implement the wider dissemination of this policy.</p> <p>The Council's benefit fraud investigators investigate all benefit related fraud. This includes joint investigations and prosecutions with the DWP. All other non-benefit related frauds are reported to Internal Audit.</p> <p>The Council reported five detected frauds that were non-benefits related in the 2013/14 Audit Commission's annual fraud survey. This detection level appears to be relatively low when compared with DCLG's estimation of the levels of fraud to which councils are exposed. However, the Council maintains a</p>	<p>The Anti-fraud and corruption strategy and supporting documents will be reviewed, updated and re-launched with an emphasis on encouraging staff and the public to report any suspicions and concerns.</p> <p>The DCLG has invited local authorities to bid for a share of a £16 million fund to tackle unnecessary losses from non-benefit related fraud, such as Council Tax fraud, blue badge fraud or theft of grants. The Council is currently involved in four joint bids with other local authorities to secure a share of this funding. Should the bids be successful the additional funding will be used to increase anti-fraud activities including :</p> <ul style="list-style-type: none"> • Developing joint strategies and policies • Promoting a joint anti-fraud culture • Delivering specialist investigatory training • Conducting joint proactive anti-fraud operations • Sharing of skills and best practice across authorities. <p>Responsible: Internal Audit</p> <p>Timescale: April 2015</p>

Ref.	Standard	Status	Comments	Action
			strong control environment, which may account for the apparent low level of fraud.	

Ref.	Standard	Status	Comments	Action
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Ref.	Standard	Status	Comments	Action
2	<p>Do we have the right approach, and effective counter-fraud strategies, policies and plans?</p> <p>Have we aligned our strategy with Fighting Fraud Locally?</p>	Substantially complaint	<p>The Council has developed an effective approach to counter-fraud activities including the production of appropriate policies and plans.</p> <p>The Council's arrangements to combat fraud are complemented with the provision that Internal Audit has built into the Audit Plan to undertake proactive fraud work. The Council also participates in the National Fraud Initiative to proactively identify fraud.</p>	<p>The Council's counter fraud strategies, policies and plans will be updated following the development of joint strategies and policies across the North West region (see actions in ref 1).</p> <p>Responsible: Internal Audit</p> <p>Timescale: April 2015</p>
3	Do we have dedicated counter-fraud staff?	Partially complaint	<p>The Council currently has a team of dedicated benefit fraud investigators, to investigate any benefit related fraud referrals. However, all the staff within this team are due to join the Single Fraud Investigation Service (SFIS) within the DWP in 2015.</p> <p>This will then leave the Council with no dedicated counter fraud staff. Internal Audit does however investigate any non-benefit related fraud referrals received.</p>	<p>The delivery of specialist investigatory training and sharing of skills and best practice across authorities will help to address any potential skill loss that is likely to occur.</p> <p>The Council has also submitted a bid for funding to enable investigation of Council Tax Support / Single Person Discount after the Benefits investigators transfer to DWP (see actions in ref 1).</p> <p>If the bid is unsuccessful consideration will need to be given to how this area of fraud investigation will be resourced.</p> <p>Responsible: Internal Audit / Revenues & Benefits</p> <p>Timescale: April 2015</p>

Ref.	Standard	Status	Comments	Action
10	Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	Partially compliant	<p>The Benefit Investigation Unit works effectively with the DWP and other agencies such as the police and Border Control Agency and undertakes joint investigations and prosecutions.</p> <p>Internal Audit works with the North West Fraud group to identify fraud risks and share knowledge regarding fraud investigations. There may however be opportunity to further develop the ways in which the Council works with other organisations in regard to non-benefit related fraud.</p>	<p>Joint proactive anti-fraud operations with other local authorities across the region are planned (see actions in ref 1).</p> <p>Responsible: Internal Audit</p> <p>Timescale: April 2015</p>
14	Do we have effective arrangements for reporting fraud and recording fraud?	Substantially compliant	<p>The Council provides an online reporting system through which members of the public may report suspicions of fraud or other concerns. The system is well used and the majority of referrals received relate to benefit fraud.</p> <p>The Benefit Investigation Unit has a system to record benefit-related fraud.</p> <p>However, no formal system is in place to record non-benefit related fraud.</p>	<p>The re-launch and promotion of the anti-fraud strategy should help to raise awareness of fraud and encourage staff and the public to report any suspicions and concerns.</p> <p>Similarly, the re-launch and promotion of the Whistleblowing Policy should also help to encourage employees to report concern (see actions in ref 1 and ref 15.).</p> <p>The funding bid for the 'Fraud App' if successful will provide an additional mechanism by which individuals can report suspected frauds to the Council.</p> <p>A work request is to be submitted to ICT Services to develop a database to record all reports of non-benefit related frauds.</p> <p>Responsible: Internal Audit</p> <p>Timescale: April 2015</p>

Ref.	Standard	Status	Comments	Action
15	<p>Do we have effective whistle-blowing arrangements? In particular are staff:</p> <ul style="list-style-type: none"> • aware of our whistle-blowing arrangements? • have confidence in the confidentiality of those arrangements? • confident that any concerns raised will be addressed? 	Substantially compliant	<p>The Council has a Whistleblowing Policy, which has recently been updated. On 24 September 2014 the Business Efficiency Board endorsed plans for the policy to be re-launched to further raise awareness amongst staff.</p>	<p>The re-launched Whistleblowing Policy has recently been promoted through an article in 'In Touch' the staff magazine. An article on the updated policy has also recently been included in the Team Brief.</p> <p>Further awareness raising activity includes:</p> <ul style="list-style-type: none"> • Promotion on the Intranet • Providing information with pay slips etc. • Development of appropriate training <p>These actions will help to improve awareness and confidence in the policy.</p> <p>Internal Audit will report on all incidents of whistleblowing (whether leading to formal investigation or not) to the Business Efficiency Board as part of the annual report on Fraud and Corruption.</p> <p>Responsible: Internal Audit</p> <p>Timescale: April 2015</p>

REPORT TO: Business Efficiency Board

DATE: 26 November 2014

REPORTING OFFICER: Operational Director – Finance

SUBJECT: External Audit - Update Report

PORTFOLIO: Resources

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The purpose of this item is for Grant Thornton to:

- Update the Board on the progress made in delivering their responsibilities as the Council's external auditors;
- Provide a summary of emerging national issues and developments that may be relevant to the work of the Board.

2.0 RECOMMENDATION: That the Board notes the report.

3.0 SUPPORTING INFORMATION

3.1 Please see attached report.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

4.1 There are no direct implications.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 There are no direct implications.

6.0 RISK ANALYSIS

6.1 This report is for information only. There are no risks arising from it.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None

8.0 BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.

Business Efficiency Board Update

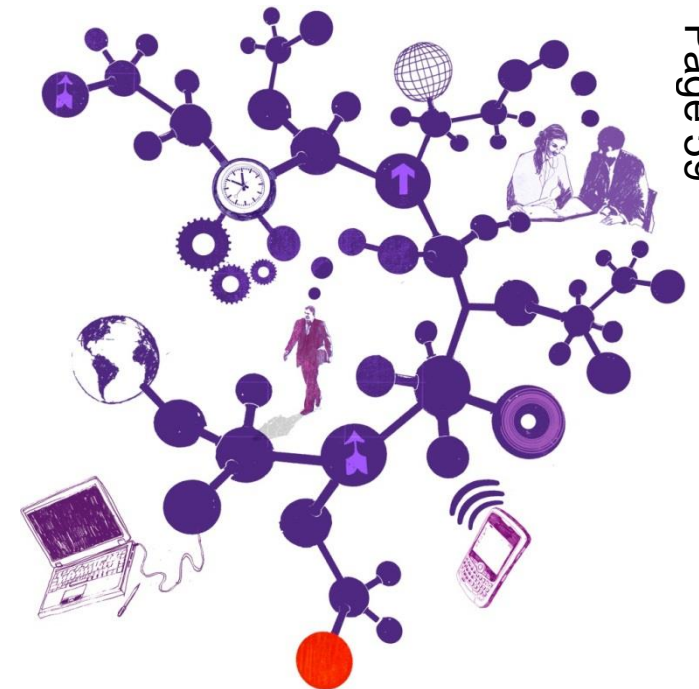
Year ended 31 March 2015

November 2014

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

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Introduction

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

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

- Working in tandem, local government governance review 2014, our third annual review, assessing local authority governance, highlighting areas for improvement and posing questions to help assess the strength of current arrangements
- 2016 tipping point? Challenging the current, summary findings from our third year of financial health checks of English local authorities
- Local Government Pension Schemes Governance Review, a review of current practice, best case examples and useful questions to assess governance strengths
- Responding to the challenge – Alternative Delivery Models in Local Government

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

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Progress at 17 November 2014

Progress against plan

on track

Opinion and VfM conclusion

all planned to be met

Outputs delivered

Fee letter and Progress Reports delivered to plan

Work	Planned date	Complete?	Comments
<p>2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	March 2015	Not yet started	We sent the 'Planned fee letter for 2014/15' to the Council on 24 April 2014 and presented it to the Board on 11 June 2014. This included notification of the scale fee of £139,322 set by the Audit Commission, the scope of the audit and an outline audit timetable.
<p>Interim accounts audit Our interim fieldwork visit including:</p> <ul style="list-style-type: none"> • updated review of the Council control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	December 2014 to arch 2015	Just starting	We will build on our knowledge of the Council following the audit last year. We are currently planning our interim work and have arranged some preliminary discussions with key officers.
<p>2014-15 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2014-15 financial statements and Whole of Government Accounts (WGA) • proposed opinion on the Council's accounts and WGA • proposed Value for Money conclusion. 	June to September 2015	Not yet started	

Progress at 17 November 2014

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2014/15 VfM conclusion comprises the two criteria specified by the Audit Commission:</p> <ul style="list-style-type: none"> The organisation has proper arrangements in place for securing financial resilience. The focus will be on whether the Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future. The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The focus will be on how the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity. 	January to September 2015	Just starting	<p>The detailed guidance from the Audit Commission has now been published on its website for the benefit of auditors and audited bodies. This includes the key areas for consideration that will be reviewed under both the criteria.</p> <p>We are starting to carry out an initial risk assessment to determine our approach and report this in our audit plan</p>
<p>Other areas of work – certification work under the Audit Commission Regime</p> <ul style="list-style-type: none"> Housing Benefit (HB) 2013/14 Two transport (TRA) 2013/14 - Mersey Gateway and Silver Jubilee Bridge Grant Certification 2014/15 – Housing Benefit; transport claims 	<p>HB 28 November 2014</p> <p>TRA 31 December 2014</p>	<p>2013/14 In progress</p> <p>2014/15 not yet started</p>	<ul style="list-style-type: none"> The Housing Benefit and Mersey Gateway claims are in progress. The Silver Jubilee Bridge transport claim has been certified with no amendment or qualification letter.
<p>Other activity undertaken – claims and returns</p> <p>You asked us to provide a report on a number of claims that do not fall under the Audit Commission regime:</p> <ul style="list-style-type: none"> independent report on Teachers' Pensions return (PEN) independent report on Regional Growth Fund claim (RGF) 	<p>PEN 28 November 2014.</p> <p>RGF February 2015</p>	Ongoing	
<p>Other activity undertaken - tax</p> <p>Other service lines within Grant Thornton UK LLP have undertaken VAT advice and Employee Solutions work for the Council.</p>	VAT & tax ongoing.	Ongoing	

Fundamental changes to local government are inevitable

Grant Thornton

2020 Vision

Our national report '2020 Vision' is available at: <http://www.grant-thornton.co.uk/en/Publications/2014/2020-Vision-Exploring-finance-and-policy-futures-for-English-local-government-as-a-starting-point-for-discussion/>

In a time of unprecedented challenge for English local government, how can the sector develop towards 2020 if it is to have a sustainable future? Our latest report provides a thorough analysis of the current political and economic context, explores a range of potential policies and outcomes, and suggests several scenarios to facilitate an open debate on the future for the sector. Produced in collaboration with the University of Birmingham's Institute for Local Government Studies (INLOGOV), our report suggests that fundamental changes to local government are both operationally necessary and constitutionally inevitable, for the sector to remain relevant by 2020. The report offers a thorough analysis of the current political and economic context and explores a range of potential future policies and outcomes that English local government will need to adopt and strive towards as they seek to adapt and overcome these challenges.

Placed in the context of enhanced devolution, following the Scottish independence referendum, 2020 Vision maintains a wary eye fixed on the 2015/16 Spending Round and looks ahead to the life time of the next government. It highlights that the economic and financial situation remains increasingly untenable, with an expanding North/South divide arising from the pattern of funding reductions and economic growth.

English local authorities continue to face unprecedented challenges, relating to the pressures of austerity and central government funding reductions, and demographic and technological change. Our report highlights the vital role of a successful local government sector and encourages it to think hard about how it will cope in the future.

Informed by the views of a broad range of local authority leaders, chief executives and other sector stakeholders, the report offers a set of six forward-looking scenarios* in which councils could be operating within by 2020. Though not mutually exclusive, we suggest that key stakeholders need to take urgent action to avoid a potential slow and painful demise for some councils by 2020.

Hard copies of our report are available from your Engagement Lead or Engagement Manager.



Delivering improvements through integrated health and social care

Grant Thornton

Pulling together the Better Care Fund (BCF) Delivering improvements through integrated health and social care

The Better Care Fund is now moving into a new phase with revised guidance. In June 2014, we asked the question, do local authorities and clinical commissioning groups (CCGs) have effective arrangements in place to develop joint BCF plans for agreement by the health and wellbeing boards and how ready are they for the pooled fund in April 2015? Our national report 'Pulling together the Better Care Fund' is available at: <http://www.grant-thornton.co.uk/en/Publications/2014/Pulling-together-the-Better-Care-Fund/>

Our report, 'Pulling together the Better Care Fund', delivers a snapshot of progress as at 30 June 2014 and provides:

- an understanding of how your approach compares to others across the country
- assistance in identifying the key issues to delivering Better Care Fund plans effectively
- insight into current best practice
- practical areas for consideration for improving arrangements in the future.

We found that the majority of BCF plans lack:

- clear operational detail with realistic and deliverable targets which will deliver the high-level strategic visions
- detailed CCG and NHS provider scenario and financial planning
- the full engagement of many NHS providers
- Confidence from all partners that there is sufficient time to make these changes and that the intended outcomes will commence by April 2015.

The report includes a checklist of issues for consideration by:

- health and well being boards
- local authorities
- clinical commissioning groups and
- NHS trusts and foundation trusts.



CIPFA LAAP updates

Accounting and audit issues

CIPFA has issued the following LAAP Bulletins:

- [LAAP bulletin 99](#) Local Authority Reserves and Balances – provides guidance on the establishment and maintenance of local authority reserves and balances.
- [LAAP bulletin 100](#) Project Plan for Implementation of the Measurement Requirements for Transport Infrastructure Assets by 2016/17 – provides an outline project plan to help authorities looking to develop their own project plans for the implementation of the 2016/17 Code requirements for accounting for infrastructure assets.

Fewer cases of fraud in 2013/14 but value is up by 6%

Local government guidance

Protecting the Public Purse

On 23 October 2014 the Audit Commission released its national report, *Protecting the Public Purse 2014, Fighting Fraud against Local Government*.

'Protecting the Public Purse', the final one being issued before the Commission closes at the end of March 2015, looks at the landscape of fraud against councils and how this has changed since 1990, when the Audit Commission first turned the spotlight on to local government fraud with its 'Protecting the Public Purse' reports. The report highlights that:

- In total, local government bodies detected fewer cases of fraud in 2013/14 compared with the previous year, continuing the decline noted in *PPP 2013*. However, their value increased by 6 per cent.
- In the past 5 years, councils have shifted their focus from benefit fraud to non-benefit fraud. From 2016, they will no longer deal with benefit fraud.
- Councils will need to focus on the non-benefit frauds that present the highest risk of losses, including those that arise from the unintended consequences of national policies.
- Overall, councils are detecting more non-benefit frauds, but detection rates for some types of frauds have fallen.
- Councils are detecting more housing tenancy fraud and more fraud in schools.

The report includes a number of recommendations for all Local Government bodies and a self assessment checklist to review the counter fraud arrangements in place.

The future for audit fees and the Audit Commission

Audit Commission

The future for external audit fees

The Audit Commission is reducing audit fees for local public bodies by £30 million from 2015 to 2017. This is currently included in its final consultation on work programme and scales of audit fees for the 2015/16 financial year. The fees will reduce by 25 per cent, following the Commission's successful retendering in March 2014 of the work done under its older contracts. The latest reduction is in addition to the 40 per cent drop in fees made by the Commission in 2012.

If the government chooses to extend both the 2012 and 2014 contracts to 2020, to lock in these low fees, the saving to audited bodies from 2012 would be £440 million.

Audit Commission responsibilities post March 2015

From 1 April 2015 a transitional body, Public Sector Audit Appointments Limited (PSAA), an independent company set up by the Local Government Association, will oversee the Commission's audit contracts until they end in 2017 (or 2020 if extended by the Department for Communities and Local Government). PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for housing benefit subsidy certification and for publishing the Commission's Value for Money Profiles tool will also transfer to the PSAA.

Responsibilities for publishing the statutory Code of Audit Practice, guidance for auditors and local value for money studies will transfer to the National Audit Office. Responsibility for the National Fraud Initiative and for the Commission's counter-fraud function will transfer to, respectively, the Cabinet Office and the Chartered Institute of Public Finance and Accountancy.



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