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BEST ACHIEVING
COUNCIL OF THE YEAR

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Date 15 September 2011

Please ask for: Katey Johns, Democratic Support Officer
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AUDIT COMMITTEE

Date: Friday 23 September 2011
Time: 10.00 am
Venue: Marlborough Committee Room, Council House

Members:
Councillor Dr. Mahony, Chair.
Councillor Stevens, Vice-Chair.
Councillors Evans, Stark and Thompson.

Independent Members:
Mr. Clarke and Mr. Stewart, plus one vacancy.

Members are invited to attend the above meeting to consider the items of business overleaf.

Members and officers are requested to sign the attendance list at the meeting.

Please note that unless the chair of the meeting agrees, mobile phones should be switched off and speech, video and photographic equipment should not be used in meetings.

Barry Keel
Chief Executive

AUDIT COMMITTEE

AGENDA

PART I – PUBLIC MEETING

1. APOLOGIES

To receive apologies for non-attendance submitted by Committee Members.

2. DECLARATIONS OF INTEREST

Members will be asked to make any declarations of interest in respect of items on this agenda.

3. MINUTES **(Pages 1 - 8)**

To confirm the minutes of the meeting held on 27 June 2011.

4. CHAIR'S URGENT BUSINESS

To receive reports on business which, in the opinion of the Chair, should be brought forward for urgent consideration.

5. EQUAL PAY/ JOB EVALUATION OUTSTANDING ISSUES **(To Follow)**

The Committee will receive for information a briefing paper on outstanding issues relating to equal pay / job evaluation.

6. DIVERTING CHILDREN FROM CARE PROJECT INITIATION DOCUMENT **(Pages 9 - 20)**

The Committee will receive for its information a copy of the Diverting Children from Care Project Initiation Document.

7. FUTURE OF LOCAL AUDIT **(To Follow)**

The Head of Finance will present an update on the Future of Local Audit.

8. STRATEGIC RISK REGISTER MONITORING REPORT **(Pages 21 - 36)**

The Committee will consider the Strategic Risk Register Monitoring Report.

9. STATEMENT OF ACCOUNTS **(Pages 37 - 58)**

The Committee will receive for consideration and formal sign-off the Statement of Accounts for 2010/2011.

10. ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260 REPORT) (Pages 59 - 84)

The Council's external auditor, Grant Thornton, will submit the Annual Report to those Charged with Governance (ISA 260 Report).

11. PROJECT MANAGEMENT REVIEW (Pages 85 - 100)

The Council's external auditor, Grant Thornton, will submit a report on Project Management Review.

12. 2010/11 AUDIT PLAN UPDATE (Pages 101 - 102)

The Council's external auditor, Grant Thornton, will submit an update on the 2010/11 Audit Plan.

13. THE BRIBERY ACT 2010

The Committee will consider a report on The Bribery Act 2010.

14. AUDIT COMMITTEE FORWARD WORK PLAN (Pages 103 - 106)

The Committee will note its work plan for the forthcoming year.

15. EXEMPT BUSINESS

To consider passing a resolution under Section 100A(4) of the Local Government Act 1972 to exclude the press and public from the meeting for the following item(s) of business on the grounds that it (they) involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

PART II (PRIVATE MEETING)

AGENDA

MEMBERS OF THE PUBLIC TO NOTE
that under the law, the Committee is entitled to consider certain items in private. Members of the public will be asked to leave the meeting when such items are discussed.

NIL

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Audit Committee

Monday 27 June 2011

PRESENT:

Councillor Dr. Mahony, in the Chair.
Councillor Stevens, Vice-Chair.
Councillors Evans, Stark and Thompson.

Independent Members: Mr. Clarke and Mr. Stewart.

Also in attendance: Councillor Ricketts, Cabinet Member for Transformation, Performance and Governance, Kate Jefferies, Grant Thornton, Neville Cannon, Assistant Director for ICT, Adam Broome, Director for Corporate Support, Mike Hocking, Head of Corporate Risk and Insurance, Julie Hosking, Risk Management and Insurance Officer, Sue Watts, Assistant Head of Devon Audit Partnership, Martin Gould, Head of Devon Audit Partnership, David Northey, Head of Finance, and Katey Johns, Democratic Support Officer.

The meeting started at 10 am and finished at 1.05 pm.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

1. **TO NOTE CHAIR AND VICE CHAIR**

Members noted the appointment of Councillor Dr. Mahony as Chair and Councillor Stevens as Vice-Chair for the Municipal Year 2011/12.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest made in accordance with the Code of Conduct.

3. **MINUTES**

Agreed the minutes of the meeting held on 25 March 2011, subject to the inclusion of the following

Name	Minute No. and Subject	Reason	Interest
Councillor Thompson	79. Internal Audit Plan	School Governor	Personal

4. **CHAIR'S URGENT BUSINESS**

Independent Member – Mr. Clarke

The Committee was advised that Mr. Clarke's four-year term of appointment as an Independent Member would expire at the end of the month.

Agreed that Mr. Clarke is appointed as an Independent Member of the Audit Committee for a further four-year term.

5. **RECRUITMENT OF INDEPENDENT MEMBER**

The Democratic Support Officer reported that there had been an initial delay in the recruitment process in order to try and co-ordinate appointments for other Independent Members on the Standards Committee, Local Access Forum and the Remuneration Panel. However, following an e-mail advertising campaign, only two expressions of interest had been received.

Agreed that, in order to ensure recruitment to the post before the next meeting –

(1) the Chair gives consideration to undertaking a radio interview to promote the vacancy;

(2) an advert is placed in the press.

6. **INTERNAL AUDIT ANNUAL REPORT 2010/11**

The Committee considered the report which summarised the work undertaken by Devon Audit Partnership during 2010/11, reviewed the performance and effectiveness of the Internal Audit Service and provided an audit opinion of the adequacy of internal controls.

In response to questions raised Members were advised that –

(a) a number of security measures had been implemented throughout the authority, including the installation of digital locks to office doors and the introduction of shredders;

(b) 94 per cent of the plan had been completed, however, due to a shortage of staff with the necessary skills, 6 per cent of the planned work remained outstanding. These areas had now been prioritised for completion within 2011/12.

Agreed that –

(1) the report is noted;

(2) the adequacy and effectiveness of Plymouth's internal audit for the year ended 31March 2011 is endorsed;

(3) written responses to the following questions are circulated to Committee Members after the meeting –

- the number of shredders installed in Council buildings
- anticipated reporting deadlines for the system reviews deferred to 2011/12, namely –
    - CareFirst – Children Independent Placements
    - Safeguarding Adults
    - Commissioning and Contracting – Adult Social Care

7. **ANNUAL GOVERNANCE STATEMENT 2010/11**

The Head of Corporate Risk and Insurance presented the Annual Governance Statement for 2010/11.

With regard to Employee Relations, concern was expressed at the fact that there had been no resolution locally to a number of outstanding pay claims, despite the job evaluation process having been undertaken four years ago.

Agreed that –

(1) the processes adopted for the production of the 2010/11 Annual Governance Statement are noted;

(2) the adequacy and effectiveness of the system of internal audit is endorsed;

(3) the Annual Governance Statement is approved prior to signature by the Leader, Chief Executive and Director for Corporate Support;

(4) a report is presented to the next meeting of the Committee explaining the issues related to resolving equal pay.

8. **OPERATIONAL RISK MANAGEMENT - UPDATE REPORT**

The Head of Corporate Risk and Insurance presented the Operational Risk Management Update Report. The report –

(a) outlined the continuing progress being made across services in delivering operational risk registers;

(b) advised that the total number of operational risks had increased from 118 to 131, comprising 2 high (red) risks, 71 medium (amber) risks and 58 low (green) risks;

(c) provided a commentary on the high risk areas together with details of the control actions/mitigation in place.

Concern was raised at the Council's failure to achieve carbon reduction targets and Members queried whether the impact of an increasing number of lorries coming to the City to deliver waste to the proposed waste to energy plant had been considered.

Agreed that –

(1) the current position with regard to operational risk management is noted;

(2) a written response is provided to Committee Members to demonstrate the implications on the Council's carbon reduction targets of an energy from waste plant along with the financial benefits.

9. **RISK MANAGEMENT - ANNUAL REPORT**

The Head of Corporate Risk and Insurance presented the Risk Management Annual Report. The report summarised the work carried out during 2010/11 to develop the Council's approach to risk management and covered –

- Corporate and Operational Risk Management Groups
- Risk Registers
- Performance Management and Business Planning
- Annual Governance Statement
- Risk Management and the Competency Framework
- Partnerships Governance
- Intranet Risk Management Guidance
- Information Governance
- ALARM Benchmarking
- Risk Management Maturity Review by Heath Lambert
- Focus for 2011/2012

With regard to Partnerships Governance, Members queried whether the broad-based, city-wide review had commenced. As the answer to this question could not be provided at the meeting, a written response was sought.

Agreed that –

(1) the Annual Report is noted;

(2) a written response to the question raised about Partnerships Governance will be circulated to Committee Members

10. **ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITIES FOR 2010/11**

The Director for Corporate Support submitted for consideration the Annual Report on Treasury Management Activities for 2010/11. In attendance to present the report was the Corporate Accountancy and Finance Manager. The report –

(a) provided information on the progress and outcomes against the Treasury Management Strategy;

(b) detailed the final position on the statutory Prudential Indicators;

(c) included a number of benchmarking indicators for investments demonstrating that the City Council's investment performance compared favourably with other unitary authorities;

(d) provided information on the Council's short and long term borrowing levels and its impact on the revenue budget.

Agreed –

(1) to note the Treasury Management Annual Report for 2010/11;

(2) to refer the report to Full Council as required by the CIPFA Treasury Management Code of Practice (TMP note 6);

(3) the changes to the Treasury Management Practices as outlined in Appendix 5 to the report.

11. STATEMENT OF ACCOUNTS 2010/2011

The Corporate Accountancy and Finance Manager reported that the accounts would be submitted, in accordance with the new International Finance Reporting Standards (IFRS) format, to the Committee Chair and Director for Corporate Support on Wednesday for sign off. Members were further advised that a training session had been arranged at 12.30 pm on 6 July 2011 in order to help them better understand the new accounting format.

12. INTERIM REPORT AND UPDATE TO FINANCIAL AUDIT PLAN 2010/2011

The City Council's external auditor, Grant Thornton, submitted an interim report and update to its Financial Audit Plan for 2010/11.

The report was noted.

13. EXTERNAL AUDIT PLAN PROGRESS REPORT

The City Council's external auditor, Grant Thornton, submitted a progress update on its Audit Plan for 2010/11.

The report was noted.

14. VFM REVIEW OF THE PROCURE TO PAY PROJECT

The City Council's external auditor, Grant Thornton, submitted its Value For Money Review of the Procure to Pay Project. The report detailed the key findings of the review and made a number of recommendations which were summarised in the form of action plan.

In response to questions raised, Members were informed that –

(a) it was the opinion of the external auditor that the Council's target of £4m procurement savings was both prudent and realistic;

(b) Procure to Pay related to expenditure on individual items whereas Category Management related to expenditure on items which could be grouped together.

The report was noted.

15. AUDIT COMMISSION

The Head of Finance updated the Committee on the latest situation regarding the future of local public audit. Members were advised that –

(a) with regard to internal audit arrangements a number of recommendations had come out of Lord Sharman's report, namely –

- the Audit Committee Chair and Vice-Chair should be independent of the local public body
- the majority of the Committee membership should be independent of the local public body
- elected members on the audit committee should be –
  - non-executive, non-cabinet members
  - at least one should have recent and relevant financial experience
  - recommended that a third of members have recent and relevant financial experience

(b) with regard to external audit –

- the Audit Commission had acted as the regulator, commissioner and provider of local audit services (appointed auditors)
- there was a lack of transparency and clarity as well as potential conflicts between the roles
- in August 2010 the Secretary of State for Communities and Local Government announced plans to disband the Audit Commission
- local authorities will still be subject to robust auditing and would appoint their own auditors subject to –
  - the decision being made by Full Council
  - advice from an independently chaired Audit Committee
  - the auditor being on the register of local public statutory auditors

Discussion took place on the proposed changes to the committee membership and the merits of retaining the public right to challenge local authority accounts. A vote was recorded in respect of each of these matters as follows –

- proposal for an Independent Chair – not supported by the Committee
- proposal for a majority Independent membership – not supported by the Committee
- proposal to retain the public right to challenge local authority accounts – supported by the Committee

<u>Agreed</u> that –

(1) the Committee's response to the Communities and Local Government consultation is delegated to the Head of Finance, in consultation with the Chair and Vice-Chair;

(2) a written summary of the update is circulated to Committee Members after the meeting.

16. POSITION STATEMENT - DIVISION OF CHILDREN FROM CARE - EFFICIENCY THEME

Further to minute 76, the Committee considered the response from Children's Services to the concerns raised regarding the reduction of children in care and the implications of failure to the budget.

Agreed that a more detailed response is sought in advance of the next meeting, with a request being made for the Assistant Director for Children's Social Care to attend should the detail remain insufficient.

17. **AUDIT COMMITTEE FORWARD WORK PLAN 2011/12**

The Committee's Forward Work Plan for 2011/12 was noted.

18. **EXEMPT BUSINESS**

There were no items of exempt business.

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DIVERTING CHILDREN FROM CARE

Project Initiation Document (PID)

Produced by	Dave Simpkins, Joy Howick, Jonathan Fry	**Version**	2 (1revised 14/9/11)
To give to	Commissioning & Finance Board	**Date**	21 Sept 2011

The aim of a project, and its PID, is to ensure that the work is delivered to time, within budget and scope and to the required quality

Purpose *(Briefly describes the overall purpose of the project and which person or body has asked for it to be undertake – sometimes called the mandate)*

This project aims to divert more children from care and thereby make significant efficiency savings and provide better outcomes for the children concerned. It is a key strand within the council's efficiency programme to reduce costs over the next three years and is central to the medium term financial strategy and Corporate Plan. Within this specific area costs are expected to be reduced by £2.4m by the end of 2013/14, including £400K in staffing costs as a result of the planned reduction of children in care. Significant initiatives to lead children away from care will, therefore, have to be successfully developed and in place over the next two years if these efficiencies are to start to kick in at the required time.

<u>Some key challenges for this PID</u>: (a) Do the actions amount to more than business as usual? (b) Are there any 'game changer' objectives/actions? (c) Given trends in children's social care, is there an efficiency plan B that may at some stage need to run alongside this project? – Audit Committee query (d) Is the project robust enough to deliver to time, budget, scope, quality and to achieve its outcomes? Is the 'localities' project, where there are strong dependency links, likely to deliver in a synchronised way with this project?

Scope *(Outlines the areas that the project will be focused on and what it will not cover – sometimes called the brief)*

The project comprises six key work streams which contain a number of time limited initiatives, as well as adjustments to business as usual practices that can be managed through existing delivery mechanisms – but which are crucial to the overall success of the project and must be captured here. The six work streams cover:

- Improving shared safeguarding intelligence - hub
- Early intervention improvement
- Child protection improvement
- Youth provision improvement
- Post 16 care service improvement
- Placement improvement

It is important that a project like this focuses on those pieces of additional work that need to be done to make a difference to the numbers of children diverted from care, rather than become submerged into mainstream delivery.

The focus is on improving shared intelligence as a trigger for early intervention; improvements in case management and partner engagement to support early intervention; provision of better support packages for adolescents and improvements in commissioning placements.

Background and business case *(Outlines any key drivers for the project and the business reasons for doing it in the way proposed – business case needs to be referred back to during project, so that we ensure it is still valid)*

Last year the average cost of residential care was £3,143 per week, equating to £163k per year for a child in care throughout the year, with total spend £4,086,246. Significant progress in reducing the use of residential care has been made over the last year, with the numbers dropping from a high of 23 in spring 2010 to 14 currently.

2010 also saw a surge of pressure on the service through the effects of Baby P and the Southwark Judgement, covering responsibility for homeless young people. This is a critical area of potentially mushrooming expenditure that must be controlled and reduced where possible.

At any one time we have around 380 children in care, which is significantly higher than the national average proportionate to our population. However, 2010/11 saw a drop of 12% of those in care, which is bringing us nearer our comparator authority average.

We are also operating from a good base having implemented a robust strategy in the city to manage the cost of providing placements for children in care, including:

- A strong resource and joint funding panel working to clear criteria
- A clear framework of quality evaluation for each placement and evaluation of placements individually on quality and price through a mini-tender process
- A Cost and Volume contract for fostering services for the last 4 years has achieved £500k savings on market rates - and has just been re-tendered and awarded to seven providers
- The Diversion of Children from Care 2010 PID targeted prevention services to divert children from care and an additional EIG resource has been identified to ensure that there is further targeted capacity
- Over that last 5 years we have seen a significant improvement in the provision of in-house fostering and our adoption service is one of the highest performing on NI 61. Therefore we can expect this service to diversify to cover a range of complimentary services such as: parent and child placements, placements for children with disabilities. The provision of these services will need to be kept under review to ensure we continue to achieve VFM against market rates for specialist provision.
- There is potential for a cost and volume contract in residential care

Benefits to be achieved *(Outlines the material difference the project is expected to make – e.g. increase in performance, reduction in costs, creation of an amenity)*

- Our targets for children in care are 345 by the end of 2011/12, 330 by 2012/13 and 320 by 2013/14.
- The efficiency targets are outlined in the table below:

Efficiency deliver plans

Area of saving	Efficiency savings						Comment
	2011/12		2012/13		2013/14		
	£000	FTE	£000	FTE	£000	FTE	
Re-commissioning Placements	400		750		1,500		Cost and volume contract re-negotiated, number of children in care reducing with a decrease in the use of the independent sector. In-house fostering recruitment assessments continuing. £0.260m market rate savings and £6k savings on existing frameworks. Performance scorecard developed to track Diversion of Children from Care strategy. Residential down to 15 and to 13 by April
Staff Reductions	0	0	100		400		Supernumery posts (over establishment) now deleted and agency staff reduced. Permanent front-line staff recruitment continuing successfully

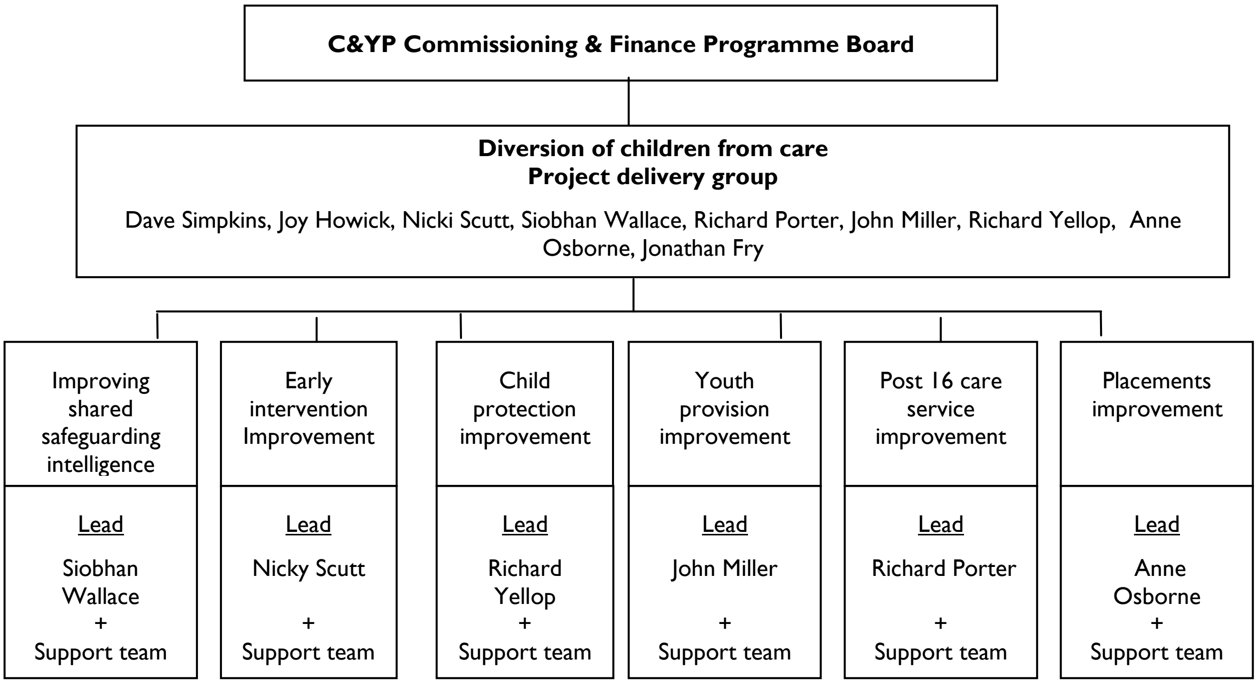
Court Ordered Placements & Transport	180	0	180	0	180	0	No secure placements used
Youth Offending Service	50	1	50		50		Achieved realigning service - integrating preventative service with youth service
Care Leavers	130	0	130	0	130	0	Achieved WEF 1/4/2011
Childcare Services Integration	0	0	70		140		Intensive support service diverting children from care

Caution - above table from original council efficiency delivery plan – RAG rating in some cases reflecting fact that outcomes not yet due to be completed and given green, rather than achieved, so can be misleading

The main tangible products that will result from this project are:

- Safeguarding hub established
- Cost and Volume contract for residential care established
- Reduction in the number of children in care
- Reduction in number of children coming to the social care system
- Increased VFM in independent placements

Project organisation *(Outlines how the project will be organised – e.g. project board, project delivery team, specific work streams either run as projects or using existing arrangements to deliver)*



Project communication (Outlines who needs to know about the project and its progress

- Determine the type and regularity of communications between the project delivery group and programme board, as well as between the work streams and the project delivery group – project delivery group to meet monthly, others to attend it as required, monthly scorecard as part of set agenda focused on progress, barriers and consequent actions – JH/DS/JF to liaise more regularly
- Determine the type and regularity of communications, if any, to staff generally, key partners, members and corporate/senior managers within the council – good communications will need to feature within work streams if actions are to be successful

Quality assurance *(States how quality will be assured during the life of the project and who will be responsible)*

- Need to quality assure safeguarding hub; identify/mitigate any unintended consequences of diversion

Risk assessment *(Identifies the major risks attached to delivering the project on a Probability 1-5 (unlikely to certain) and Impact 1-5 (insignificant to massive) Rating and the response, or mitigation, to address the risk – focus on major risks)*				
Risks and pre mitigation assessment	**P**	**I**	**R**	**Mitigation**
Rise in numbers of children presenting/being presented at gateway to Children's Social Care	3	4	12	Robust gate keep-ing/assessment
Rise in number of court ordered placements in opposition to our care planning.	2	4	8	Continued liaison with the judiciary
Possible impact for Children's Social Care if budget/service level reduced to local preventative services.	3	3	9	Smarter working; locality work
Potential rise in young people whose needs are so complex they require secure beds.	2	2	4	Manageable
Risks associated with lack of capacity in in-house Band 4 foster placements could lead to rise in use of the independent sector.	3	4	12	Recruitment of Band 4 carers
Risk of stagnation for C&YP in longer term residential placements – without continuing market development of foster placements, in-house and in independent sector, those in residential placements will be hard to move to family placements.	3	4	12	Development of local fostering market
Parent and child invest to save project – risk of not achieving savings	2	5	10	Manageable
Rise in number of children in care	4	5	20	This Project
CAF/localities not implemented effectively leading to rise in children at A&A	3	4	12	Early intervention, dev. of CAF
Risks are assessed over the lifetime of the project				

Diverting children from care – action plan

What do we want to achieve?	What are we going to do to achieve it?	How will we measure success?	When will we do it by?	What resource support do we need?	Who will be responsible?
Work stream - Improving shared safeguarding intelligence					
Creation of safeguarding hub	▪ Governance and implementation groups in place ▪ Hub initiative being run as project that will feed into diversion from care one and report accordingly ▪ Confirm business case ▪ Sort IT issues and Carefirst links ▪ Establish hub team in Midland House and a threshold manager, make new team work ▪ Develop multi-agency protocol ▪ Get everything agreed through Trust, Safeguarding Board ▪ Establish baseline, continuous evaluation ▪ Ensure, clear pathways, threshold understanding, links with CAF/localities	Multi-agency partnership dealing with all enquiries of concern, regarding children with additional needs	Work being progress with a Hub start date Jan 2012	▪ Agreement on IT solutions for receiving referrals ▪ Funding agreed ▪ Continued partner support – police led	Siobhan Wallace
Work stream - Early intervention improvement					
Improve the provision of universal and targeted services to vulnerable children and young people at an earlier stage	▪ The reorganisation of key staff into multi-disciplinary locality teams ▪ Key integrated processes to include information sharing, CAF, the role of Lead Professional and Referral systems ▪ CAF person in each team; inputs social work expectations to support CAF	Improved outcomes for vulnerable children and young people(detailed performance indicators to be developed)	Reorganisation of teams to be completed by September 2011	Appropriate links and collaboration with colleagues not currently in scope for re-organisation e.g. health, VCS	Carol Henwood
Roll out of the DASH assessment for domestic abuse in all agencies	▪ Ownership of this issue by the safer and strong corporate body. ▪ PDAP plan to roll out and train staff. Agree operational date for implementation.	DASH assessments routinely received and used by the Police	Agreement from PDAP	Training	Nicky Scutt Mark Collings
Secure multi agency funding for the delivery of “Making a Change” programme for Perpetrators of domestic abuse	▪ Funding just secured ▪ Ensure availability of treatment services for children’s social care cases	Courses are run. Perpetrators attend and their behaviour modifies	Currently being pulled together	▪ £10,000 has been secured from children’s services ▪ Need other agencies to match fund.	Mark Collings Nicky Scutt

What do we want to achieve?	What are we going to do to achieve it?	How will we measure success?	When will we do it by?	What resource support do we need?	Who will be responsible?
Where assessed needs can be met purely by family support interv-ention, close social care processes	▪ Develop processes through the HUB and the common assessment framework to transfer the case to a lead professional whilst the 12 week intervention is provided by social care	No cases are kept open to social care purely to enable family support interventions	On-going from Sept 2011	Officer time	Nicky Scutt Amanda Paddison Karen Morris
Develop FGC service to deliver in the early intervention arena	▪ Secure funding to extend the current service	% of FGC's per annum are dedicated to early intervention	Sept	Funding to develop intra structure	Nicky Scutt Mark Collings Mabel Edge
Develop family support interventions in the localities	▪ Place FSW's from the virtual team for fixed period of time in localities to provide parenting interventions and help develop this resource among other support staff ▪ Train and mentor support staff	Family support interventions are provided via the CAF plan	Sept -ongoing	Officer time	Locality managers Nicky Scutt Lesley Horrell Amanda Paddison
Strong inputs from children's centres to diversion from care	▪ Establish bespoke programmes in line with centre contracts	Less very young children entering care	Programme during autumn 2011 then on-going	Officer time	Jo Hall/Sue Smith, Nicky Scutt
Workstream – Child protection improvement					
Ensure appropriate level of support to Children in Need (CIN) cases currently open within Children's Social Care (CSC)	▪ Service Managers and CAF coordinator to carry out an audit of long term CIN cases to assess whether a case can be held by lead professional in a locality or held within CSC ▪ Build in process to ensure a CAF is considered when a child comes off a CPP and that all agencies actively follow the CAF	▪ Reduction in the number on caseloads in CitC ▪ Children receive appropriate support from agencies best suited to provide it	Sept 2011	Officer time	Richard Yellop and Amanda Paddison
To ensure that community based assessments are used where it is safe to do so, rather than Mother and Baby Residential Foster Care	▪ Ensure that all staff understand the availability of the battery of tools within the Family Support Services and that the package is considered at the earliest opportunity – ongoing training.	Increase in the number of community based assessments and a significant reduction in terms of cost of purchasing assessments from the independent sector	Immediate	Officer time	Richard Yellop and Nicky Scutt

What do we want to achieve?	What are we going to do to achieve it?	How will we measure success?	When will we do it by?	What resource support do we need?	Who will be responsible?
Effective input from other agencies including: Adult Mental Health; Drug & Alcohol Services; Adult Learning Disability Services.	▪ Commissioning appropriate services ▪ Ensure that there is a focus on the need of the child rather that the adult client and that adult parenting skills are understood appropriately by other agencies.	More adults ale to care for their children	TBA	Resource issue to be raised with Safeguarding Board with a view to addressing these issues within SGB context	Fiona Fleming and Dave Schwartz
In order to prevent drift in Child Protection cases ensure that all previous history is included in case planning.	▪ Develop and use an electronic tool for collating chronological information	All cases have high quality chronologies with analysis showing chronology used to inform assessment.	Oct 2011	Officer time and CareFirst Team support.	Richard Yellop, Karen Morris and Karen Porte
Work stream - Youth provision improvement					
Divert 11 – 17 year olds with multiple vulnerabilities from care	▪ Develop Intensive Support capacity, within locality delivery arrangements, to contribute to meeting the needs of young people with multiple vulnerabilities in the 11-17 age group ▪ Intensive Support Teams integration with locality teams ▪ Targeting those most at risk using CAF and Hub	Reduction in numbers of 11-17 year olds who enter care Increased number of young people supported at Tier 3 through CAF	Start from Sept 2011	▪ Team capacity being strengthened to 8 ▪ Appropriate family & parent support resources e.g. FGC, FIP, mediation	John Miller
Divert 16-17year olds from care (SouthwarkG)	▪ Develop capacity to deliver intensive support intervention before young people present to Advice and Assessment ▪ Realigned service in locality teams as above	Reduction in numbers of 16-17 year olds who enter care following an intensive support intervention.	As above	▪ As above	John Miller
Workstream – Post 16 care service improvement					
Robust services to provide advice and support to young people who are or may become homeless	▪ Supporting People and Housing re-procuring a homeless advice service with a revised specification focused on advice and prevention via direct work and mediation with young people and their families	Increase in numbers of CAF completed A reduction young people requiring support from IST or Children's Social Care	New contract to be in place from 1st Feb 2012	Project board in place and finance agreed	Richard Porter Sophie Slater Supporting People

What do we want to achieve?	What are we going to do to achieve it?	How will we measure success?	When will we do it by?	What resource support do we need?	Who will be responsible?
Education and awareness raising of the impact and dangers of youth homelessness – 'myth busters'	▪ Use 'off the shelve' toolkit in educational and other settings to explore the issues of youth homelessness and help young people and their families make better choices about leaving home	A reduction in the number of homeless young people	To be in place by 1st April 2012	Funding for toolkit	Richard Porter Dave Schwartz John Miller
Quality provision of accommodation and structured transitional support for young people with medium to high needs	▪ Develop pre qualified list of appropriate providers	Preferred provider list with lower costs	Still in timetabling stage	No resource requirements	Richard Porter Emma Crowther
Improve quality of supported living providers for young people with low to moderate needs	▪ Review and agree commissioning intentions for the future and re-procure the existing partnership service with Devon	We will have a supported lodgings service available for people with low to moderate need	1st April 2012	No resource requirements	Richard Porter Emma Crowther
Work streams – Placements improvement					
Reduction in use of independent sector, foster care & residential care by increase in use of in house provision	▪ Fortnightly placement review meetings will review, on a rolling programme, all children not in permanent placements, with a focus in those in the independent sector to: a) identify those who can return to b) an in house placement c) Identify those at risk of escalating to more costly place-ments, to ensure risk reduction strategies are put in place	Reduction in the independent sector population and a reduction in budget commitment to achieve this years themed savings	Ongoing	Service Managers, Team Managers and commissioning teams attendance at the fortnightly meetings	Anne Osborne, Tony Marchese
Establish more cost effective residential care placement either 'in city' or closer to Plymouth. Each to have a clear step down process to home or foster care within 6 mths	▪ Explore commissioning options for up to 4 placements initially with an agreed step down to foster care. This could be with a single provider ▪ Provide training for Social Worker's in planning for Children and Young People, to include step down provision and options	Significant savings achieved on individual placements and a reduction in the length of time young people spend in residential care	December 2011	Head of Service, Service Managers and commissioning team	Dave Simpkins, Anne Osborne, Tony Marchese and Emma Crowther

What do we want to achieve?	What are we going to do to achieve it?	How will we measure success?	When will we do it by?	What resource support do we need?	Who will be responsible?
Improved sufficiency by increasing the number of in house foster placements	▪ Allocate all assessments of prospective foster carers upon application to avoid delay – use independent assessors if required	Increase the number of fostering households who are able to actively take placement	31st December 2011	▪ Social Workers to undertake assessment work. Additional fostering panels as required	Anne Osborne
	▪ Run a monthly advertising and information evenings as required	In place booked for the year	In place	▪ Team Manager and fostering assessment team	Anne Osborne
	▪ Create a separate fostering assessment team, with named Team Manager oversight	Separate team in place	1st Aug 2011	▪ Part time Team Manager to be filled. Current team resources split	Anne Osborne
Parent and Child Placements	▪ Recruit team – manager recruited but 3 months notice ▪ Recruit foster carers ▪ Develop project and attendant systems and processes ▪ Deliver in house parent and child placements	In house parent and child placements delivered – insert figs Credibility gained from the court Delay in care proceeding reduced Good child outcomes	Team to be fully functional by April 2012	Invest to save bid.	Nicky Scutt Anne Osborne

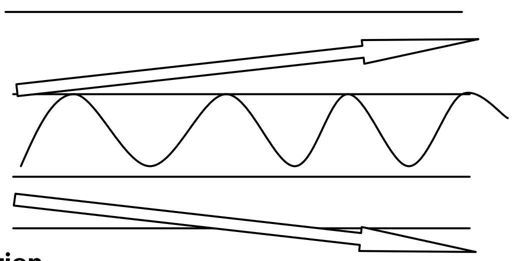
Background note - Early Intervention and Child Protection

Last year the budget saw a surge of pressure due to the effect of Baby P and Southwark Judgement. Learning from this has shown that the multi agency teams were not set up to address this surge and so the Social Care front door felt the impact. We were then able to show the impact of the volume increases in referrals to A and A by an increase in volumes of Children with a Plan and to Children coming into Care. A key strand of activity has therefore been to strengthen the diversion from care agenda and particularly the CAF. The intention for this year is to see the implementation of the MASH including the co-ordination, monitoring and tracking of the early intervention arm of this.

To ensure the Diversion of Child from Care there must be a multiagency workforce aligned to this agenda. It will also be important for the Social Care workforce to be ready to de-escalate and divert to these agencies when appropriate for the circumstances of the family. There are families however for whom the level of risk will peak and they will need to move into and out of the Social Care Service over a period of time. An example being parental mental health, where there are periods of crisis and parental capacity is therefore affected. The remaining group of families is where social care intervention will show quite quickly the need to remove the children and then the need for permanency to ensure minimal disruption for the child and less time in a care environment.

Currently all Cases where a Plan has been in place for 12 months are reviewed and Child Protection Plans do not normally exceed 18 months in duration. A new case review will be undertaken for Children in the Community where a plan has been in situ for more than 9 months. This review will establish performance against the categories below and tracking arrangements will be developed to ensure that the appropriate action can be taken without any barriers to this. A full review will also be undertaken for all children returning to a Plan. To better understand the management of risk group and if any could have moved to de-escalation and diversion.

1. Rapid resolution
2. Management of risk
3. De-escalation and diversion



Family Group Conferencing and Family Mediation

We will continue to maintain at the current high levels the use of Family Group Conferencing. The EIG has identified resources within the Complex Families allocation for the development of Family Mediation and increasing the capacity of the FGC Service. This will be through the use of the VCS Provider market.

Alcohol and Domestic Abuse

Continue to invest in specialist services which are preventative for children entering the care system. Alcohol and Domestic Abuse Services need greater investment and co-ordination. The Business Case is being developed for the EIG resources that have been identified.

Early Years

Early years provision needs to be continually aligned to achieving the priorities of this PID. This includes the re-tender of children's centres and the re-focus through that on targeted work with the most vulnerable families. The continued investment by the pct in family nurse partnership is positive and efficacy of this must be tracked to play into future business cases.

Predictors of Parental Capability

There is a need to better co-ordinate access to multi-agency skills in experts prior to the Court process. In order for the Social Care team to appropriately assess and predict parental capability where there are issues such as Mental Health and Learning Disability is important for the service to have swift access to a professional who can formally assess the adults capability and then a parental capability assessment can be undertaken. Where the concern arises from substance, alcohol, violence or criminal activity it is imperative for the Social Care Team know if the adult is capable of change.

Access to this type of expert skill can only normally be achieved once in Court proceedings. This is a more costly route. Specifically access to psychiatry and psychology input. We must also see improvements in our own performance and timely referrals form midwives for pre-birth risk assessments.

Background – Youth provision and post 16 care services

Supported Lodgings and other provision

Ongoing review of the capacity in Supported Lodgings with the need to pre-qualify the 16plus accommodation marketplace. This is an action to be taken through the Peninsula Commissioning Board as a priority for 2011/12. B and B review in line with Supporting People and housing to ensure sufficiency in the market for this provision.

Statutory payment Review

This task will be undertaken in line with a review of all provision to Care Leavers.

Intensive Support Team

The Team have been set up with three staff. EIG and youth funding has been identified to increase capacity for the team to eight staff. The management of the team is moving to the Youth Service and is a key part of the journey towards Integrated Youth Support. It will be important for a clear focus for this service continues to be the diversion of young people from becoming a Child in Need. During 2010/11 the focus was on CIN by virtue of their homelessness (Southwark G). However the service will diversify during 11/12 to consider all young people with multiple vulnerabilities aged 11-17. A targeting of services to young people most at risk of entering care will ensure a clear focus on diversion from care. The expansion of this team and effectiveness in diversion will need to be monitored through this PID.

Secure

Many of the placements for secure are young people where risk taking behaviour puts them at significant risk through offending or high harm behaviours. Our use of secure has been very low, which is a success of de-escalation services. However to ensure that our target of £180k reduction in budget is achieved this needs continued focus. Through this work stream analysis will be undertaken to better understand routes to secure placements and therefore how we can systematically prevent escalation to this level of need.

Participation

The monitoring of the EIG allocation for the provision of participation support to the Listen and Care Council to the Corporate Parenting Group will be undertaken though this work stream area. The provision of advocacy and mentoring to young people is an important part of managing complex needs, consideration will be given to the existing advocacy contract and youth provision to explore how this can be aligned.

Background notes - Placements

Residential Care

The eligibility for residential care is for those young people who are a significant risk as a result of their own behaviour. This can be due to repeated absconding, drug use, fire setting, violence and criminal activity. This results in challenging behaviour which challenges foster carers and schools to keep the children safe and to continue to achieve good outcomes for them. The Commissioning Intentions in Plymouth are to ensure that Young People do not remain in residential care for long periods of time but rather that residential care ensures that young people are safe and de-escalates the behaviours that prevent those accessing mainstream services and foster care. It is then very important that the young people are returned to a family environment as soon as is possible. One driving force for this is that young people are more able to create attachments to carers in a family environment than in an institutional environment and good attachment leads to many positive outcomes in self esteem and friendships and relationships. Then impacting on health and financial outcomes.

The profile of the children placed in residential care in Plymouth is predominantly young people with challenging behaviour with 4 children currently placed in residential settings due to their level of disability (under the CDT team).

Significant progress has been made on reducing the use of residential care in the last year. This has resulted in numbers dropping from a high of 23 in Spring 2010 to 12 currently.

This has been achieved by a full review of all of the young people placed in residential settings and plans being initiated and monitored to ensure they are moved when appropriate to fostering or alternative provision.

The average cost per week for residential care was £3,143 which is £163k per annum. The total spend last year being £4,086,246. Last year the actions taken resulted in a reduction on the Independent Sector Budget of £898,000 (This included fostering spend)

Volume of Residential Placements is now 12 and has a target of 13 for 2011/12 and 11 for 12/13 This will have to accommodate fluctuations in demand.

Placement Review

A review of all of the needs of young people accessing residential settings continues on a two weekly basis to ensure that provision continues to meet need and that the provider and the social worker are working together in a timely way to ensure de-escalation and therefore an appropriate move on plan can be achieved.

Gatekeeping

The gate keeping for placements was already robust but this has also been strengthened. Drift on placements is minimised through regular review and challenge and panel continue to review progress for each placement.

Price Negotiations

Each residential provider has been visited and discussions regarding the type of service packages and pricing structures have resulted in more tailored provision and cost and volume reductions alongside preferential prices being put in place. The next steps are to consider the market place and our demand profile when stable to set the business case for residential step down provision in fostering. A number of fostering providers have partnered with a residential provision to be able to offer a single de-escalation service. This needs to be considered alongside the success of the wrap around packages. There is a gap in the market for residential provision in the City. The provision we purchase is on the border. A number of providers are keen to consider setting up here and we will progress these discussions.

Fostering

Fostering placements dropped during last year from a high of 63 to 59 however has risen again as we move into the new financial year. The target for 2011/12 is to reduce to 56 placements. This is alongside the Children in Care population overall needing to drop from 385 to 345.

Cost and Volume

A Cost and Volume Tender for the provision of Fostering Placements was undertaken in 2010/11. This did not achieve the levels of savings we were hoping for however small savings were still made and existing rates were still achieved. Market intelligence from this has shown that ongoing work to consider the service models offered by Fostering providers is needed and that by better use of the Options Appraisal process the lower cost placements can be chosen when the match is appropriate.

Invest to Save

The Team were successful in the Invest to Save bid for the development of Parent and Child Placements. This is a high cost area with prices continuing to increase among a number of key providers. The development of in-house capacity will ensure diversion from this expense.

Placement Review and Gatekeeping

As with residential the ongoing review of the high cost fostering placements will continue to ensure that the highest quality is being achieved for that resource. In addition tight gate keeping to high cost placements will continue through resource panel. To try to avoid independent sector placements for children where care proceedings are being initiated as they can last in excess of 40 weeks. During Care proceedings children cannot be moved. Thus tying us to high cost packages.

Wrap Around Packages

Ensure that Wrap Around Packages continue to divert children and young people from care. Cascade the learning from this to ensure that the model here can influence the shape of other service design that will divert.

Adoption

Continue to invest in adoption service to ensure fast tracking of children to permanency. To track any barriers to proceedings. To make good use of the Court User Forum to achieve this. We also intend to explore Concurrency registration where a carer is registered as a foster carer and works to reunify the child and the birth family but where this is unsuccessful they will undertake to adopt the child.

CAMHS

Put in place a CAMHS protocol to ensure access to therapeutic services out of the city.

CITY OF PLYMOUTH

Subject:	Strategic Risk Register - Monitoring Report
Committee:	Audit Committee
Date:	23 September 2011
Cabinet Member:	Councillor Ricketts
CMT Member:	Director for Corporate Support
Author:	Mike Hocking, Head of Corporate Risk and Insurance
Contact:	mike.hocking@plymouth.gov.uk Tel: 01752 - 304967
Ref:	CRM/MJH
Key Decision:	No
Part:	I

Executive Summary:
This report provides a summary of the latest formal monitoring exercise completed for the Strategic Risk Register for the period March 2011 to August 2011.

The total number of strategic risks reported has reduced from 32 to 30 with the addition of 1 new risk and the deletion of 3 and the number of red risks has reduced from 6 to 3.

Appendix A to the report provides a traffic light summary showing the current status of each risk, the movement in risk scores compared with previous monitoring periods and explanatory commentary on the key issues for each risk.

Corporate Plan 2011/14:

The Strategic Risk Register includes links to the Corporate Plan objectives – monitoring of control action for strategic risks therefore contributes to the delivery of the Council's core objectives.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:
None arising specifically from this report but control measures identified in risk registers could have financial or resource implications.

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:
None arising specifically from this report but community safety and health and safety issues and risks are taken into account in the preparation of risk registers.

Recommendations & Reasons for recommended action:
The Audit Committee is recommended to:

- Note and endorse the current position with regard to the Strategic Risk Register.

Alternative options considered and reasons for recommended action:
Effective risk management processes are an essential element of internal control and as such are an important element of good corporate governance. For this reason alternative options are not applicable.

Background papers:
Plymouth City Council Risk Management Strategy and Policy Statement
Strategic Risk Register and associated working papers
Previous reports on risk management to Audit Committee

Sign off:

Fin	SW	Leg	DS	HR		Corp Prop		IT		Strat Proc	
Originating SMT Member: Tim Howes, Asst Director, Democracy & Governance											

Report of Director for Corporate Support to Audit Committee
23 September 2011

Strategic Risk Register Monitoring

1. Introduction

1.1 The position with regard to the Strategic Risk Register was last reported to this Committee on 25 March 2011 and this report now provides a summary of the latest monitoring exercise covering the position at 31 August 2011.

2. Strategic Risk Register – Monitoring Summary

2.1 In accordance with the strategy requirement for twice-yearly monitoring, the latest monitoring exercise was completed in August 2011 with the results discussed and agreed by CMT and Cabinet Planning on 6 September 2011 and 13 September 2011.

2.2 Attached to this report at Appendix A is a summary showing the current status of each risk and any movement in risk scores compared with previous monitoring periods together with explanatory commentary on the key issues for each risk.

3. Headline Issues

3.1 The number of strategic risks has reduced from 32 to 30 with the addition of 1 new risk and the deletion of 3 and there has been a reduction in red risks from 6 to 3.

New Risk

- **Amber Risk 82 – Potential legislative non-compliance within Council buildings due to fragmented ownership and responsibility – (Row No. 11)**
  - Identification of property responsibility is needed following initiatives such as stock transfer and future potential operational changes arising from the accommodation strategy. Adoption of a Corporate Landlord model is therefore planned to implement responsibility for all land and buildings and extend current agreements for legislative compliance to all property.

Deleted Risks

- **Risk 69 – Contribute and support the development of the Plymouth Life Centre at Central Park – (Row No. 31)**
  - Project on programme and on budget.

- **Risk 71 – To outsource the management of the Plymouth Life Centre and existing leisure facilities – (Row No. 32)**
  - Contract awarded and presently being mobilised for February 2012 opening.

- **Risk 44 – Financial & liability implications of Members & Officers serving on outside bodies – (Row No. 33)**
  - Issues are covered under the Indemnity Scheme for Members and Officers.

3.2 The table below shows the movement in the number of red, amber and green risks over the last two monitoring periods:

Risk Category	No. of Risks – Feb 11	No. of Risks – Aug 11	Deleted Risks Aug 11	New Risks Aug 11
Red	6	3		
Amber	17	21		1
Green	9	6	3	
TOTAL	32	30	3	1

3.3 The summary at Appendix A gives a more detailed commentary on the key issues affecting each risk as at 31 August 2011.

3.4 The headline issues are:-

3.4.1 Risk Scores Unchanged

- **Red Risk 21 – MTFS Issues – (Row No. 1)**
  - CMT & SMT held a Delivery Plan 11/12 challenge session to highlight areas of most concern. CMT & DMT continue to monitor via monthly and quarterly reporting.

- **Red Risk 49 – Future of Civic Centre & Council House– (Row No. 2)**
  - Expressions of interest have been received from developers which are being considered and further professional advice has been taken on the options available to rationalise and improve the council's office accommodation. A report on the preferred option considered by Cabinet. on 23 August 2011.

- **Red Risk 74 – Social Care – Client Management IT Systems (Carefirst) – (Row No. 3)**
  - The last few months have seen a number of significant improvements to the tool to support frontline services but work is on-going. As the new products go live considerable effort needs to be invested in the monitoring of the benefits realisation. The implementation of mobile technologies and introduction of new functionality within Adult Social Care will need careful review to ensure that the piloted way of working is successful. New work streams are being introduced in line with business pressures, which although being managed, are creating considerable additional work. Budget is on target as are approved implementation target deadlines.

- **Amber Risk 81 – Academy Schools – (Row No. 5)**
  - SLA and contracts have been drafted. The effect to-date on LA budgets has been modelled and fed into the Dedicated Schools Grant budgets both within schools and the LA. To-date only one further primary school has expressed an interest in becoming an Academy.

- **Amber Risk 72 – Significant pressure on Adult Social Care budget – (Row No. 6)**
  - The Programme Board continues to regularly monitor performance and delivery plans. Milestone of 30% of service users receiving a personal budget by end of March 10/11 was reached.

- **Amber Risk 52 – Delivery of Capital Programme – (Row No. 13)**
  - There has been a delay to the new Project Management Procedures due to a delay in approval of the new Constitution of which they form part. A further review of the delivery of capital projects in on-going.

3.4.2 <u>Risk Scores Increased</u>

- **Amber Risk 33 – Capital for Education Infrastructure – Increased from 12 to 16 (Row No. 7)**
  - Cabinet paper presented in March was approved and funding for Wave 1is in place. There is a potential shortfall in funding of Wave 2 subject to Central Government confirming available allocation. Feasibility work is underway and a further Cabinet paper will be submitted in September.

- **Amber Risk 60 – Economic downturn affecting treasury management – Increased from 9 to 15 (Row No. 17)**
  - Treasury Management Board is monitoring any potential impact from the current global economic situation. It will monitor institutions used on a weekly basis and continue to seek advice from independent advisors.

3.4.3 <u>Risk Scores Decreased</u>

- **Amber Risk 77 – Carbon Reduction Commitment (CRC) Energy Efficiency Scheme – Decreased from 20 to 15 (Row No. 8)**
  - The tax burden has been reduced by over £100k by migrating street lighting from active to passive HH metering. Energy Management system acquired to improve carbon data management capability. 65% of the Early Action Metric has been fulfilled through achieving the ISO 14064 (CEMARS) standard and installing AMRs across schools and corporate buildings. This will improve our ranking in the first Performance League Table published in October 2011. The annual and footprint reports for 2010/11 have been submitted to the Environment Agency on the 28^{th} July after the successful completion of an internal audit to provide assurance that PCC has fulfilled its obligations to the CRC EE scheme.

- **Amber Risk 73 – Employee Relations – Decreased from 20 to 15 (Row No. 19)**

- Negotiations with Unite and GMB completed and new Terms & Conditions to start on 1st September 2011.

- **Amber Risk 68 – Failure to reach recycling targets and divert waste from landfill – Decreased from 16 to 12 (Row No. 20)**
  - The total biodegradable municipal waste landfilled in 2010/11 is 6% less than in 2009/10. Subject to final confirmation of the figures, we hold a surplus of 10,700 LATS permits which can be carried forward to use in 2011/12. It has been announced that the LATS system will cease in April 2013. Currently there is uncertainty on what will be put in its place as the EU targets on minimising biodegradable waste to landfill still stands.

- **Amber Risk 55 – Failure to deliver waste PFI Procurement for SW Devon Waste Partnership (by 2014) – Decreased from 16 to 12 (Row No. 21)**
  - Contracts signed and PFI credits formally secured from Defra in March 2011. A planning application was submitted in May 2011 by the contractor which is the most significant remaining hurdle. If planning permission is granted and to current programme this should result in solution being operational during 2014.

- **Amber Risk 79 – Reduced government grant investment into new affordable homes, renewal & regeneration programmes – Decreased from 25 to12 (Row No. 22)**
  - PCC has supported our Housing Development Partners with their bids, including factoring in PCC housing sites and awaiting Ministers' decisions. For private sector housing we have changed the Assistance Policy rules to reduce grants and introduce loans to target our reduced resources where it is most effective.

- **Amber Risk 76 – Not getting government funding to build Efford Gypsy site – Decreased from 16 to 8 (Row No. 29)**
  - A plan to identify a preferred bidder to develop the site was agreed by Cabinet in August.

4. Summary and Conclusion

4.1 The Council's success in dealing with the risks that it faces can have a major impact on the achievement of key promises, objectives and ultimately, therefore, the level of service to the people of Plymouth.

4.2 The movement in risk scores and the consequent changes to the Council's overall strategic risk profile outlined in this latest review provides good evidence of the dynamic nature of the Strategic Risk Register and the maturity of the Council's approach to the identification and management of strategic risk.

4.3 The inclusion of risk management considerations is now a key feature in the Council's key corporate processes featuring in the Corporate Plan preparation, the Business Planning Framework, Budget Planning and Monitoring and Performance Management.

4.4 Managing Risk is also one of the five core management competencies in the Council's Competency Framework ensuring that the success of managers in managing risk in their area of responsibility is assessed as part of their annual performance appraisal.

4.5 This embedded approach now acts as an effective early warning system for the recording, monitoring and management of risks that threaten the delivery of the Council's strategic objectives and plans.

4.6 The next formal review of the Strategic Register will take place in February 2012.

5. Recommendation

The Audit Committee is invited to:

5.1 Note and endorse the current position with regard to the Strategic Risk Register.

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PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER THIRTEEN AUGUST 2011 - Summary by Risk Rating

Row No.	RISK REF	POTENTIAL RISKS IDENTIFIED	RESIDUAL RISK RATING Feb-10			RESIDUAL RISK RATING Aug-10			RESIDUAL RISK RATING Feb-11			CURRENT RESIDUAL RISK RATING Aug-11			CHANGE IN RISK RATING	COMMENTS	LEAD OFFICER	RISK CHAMPION
			*P	*I		*P	*I		*P	*I		*P	*I					
1	21	MTFS issues.	5	5	**25**	**5**	**5**	**25**	**5**	**5**	**25**	**5**	**5**	**25**		COMMENTS FEB 11: Robust delivery plans have been developed to underpin the 2011/12 Revenue budget and the significant change agenda. As at December 2010 we are still forecasting an end of year overspend which needs to be addressed and we need to ensure robust regular monitoring of Delivery Plan progress. **COMMENTS AUG 11: CMT & SMT have held a Delivery Plan 11/12 challenge session to highlight areas of most concern. On going CMT & DMT monitoring via monthly/quarterly reporting.**	Malcolm Coe	Angie McSweeney
2	49	Future of Civic Centre & Council House	4	5	**20**	4	5	**20**	4	5	**20**	**4**	**5**	**20**		COMMENTS FEB 11: Expressions of interest from developers have now been received following a formal marketing exercise and a number of development options are being considered in the context of the Council's overall Accommodation Strategy. **COMMENTS AUG 11: Expressions of interest in the Civic Centre have been received from developers. These have been considered and further professional advice has been taken on the options available to the Council to rationalise and improve its office accommodation. A report on the preferred option for the Civic Centre was considered by the Council's Cabinet on 23 August 2011 and approval given for a formal procurement process to be instigated.**	David Draffen	Anthony Davis
3	74	Social Care - Client Management IT Systems (Carefirst)	5	4	**20**	5	4	**20**	5	4	**20**	**5**	**4**	**20**		COMMENTS FEB 11: Significant progress has been made over the last month with the implementation of infrastructure and software to support better management reporting and client facing outputs. A governance structure has been established enabling open discussions to take place and agree what functionality is required. There are a number of technical risks at present that the teams are working to address. **COMMENTS AUG 11: The last few months have seen a number of significant deliverables and improvements to the tool to support frontline services but work is ongoing; as the new products go live considerable effort needs to be invested in the monitoring of the benefits realisation. The implementation of mobile technologies and introduction of new functionality within ASC will need careful review to ensure that the piloted way of working is in fact successful. However, new workstreams are being introduced in line with business pressures, which although being managed, are creating considerable additional work. Budget is on target as are approved implementation target deadlines.**	Ian Gallin	Lynn Clark
4	46	Information Governance (compliance with statutory requirements for information use, security, exchange, storage and to comply with Intellectual Property obligations)	4	4	**16**	4	4	**16**	4	4	**16**	**4**	**4**	**16**		COMMENTS FEB 11: Action plan arising from Information Management internal audit report will enable Information Risk Officers from each Directorate to identify risks and co-ordinate mitigating actions in order to manage the overall impact of security incidents and working practices that may compromise the Council. Information Management now included as a mandatory item on all operational risk registers and the Operational Risk Management Group is developing a common approach to identification and management of the key risks. **COMMENTS AUG 11: Information Management is now included as a mandatory item on all Operational Risk Registers, this includes Information Governance requirements. Responsibility for the assessment of all council information activity is held by the Senior Information Risk Officer (SIRO) who is seeking appointment of an Information Lead Officer from each Directorate in order to achieve a consistent approach across the council, in order to reduce the likelihood of regulatory penalities and promote citizen and intellectual property rights.**	Neville Cannon	Richard Woodfield

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PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER THIRTEEN AUGUST 2011 - Summary by Risk Rating

APPENDIX A

Row No.	RISK REF	POTENTIAL RISKS IDENTIFIED	RESIDUAL RISK RATING Feb-10			RESIDUAL RISK RATING Aug-10			RESIDUAL RISK RATING Feb-11			CURRENT RESIDUAL RISK RATING Aug-11			CHANGE IN RISK RATING	COMMENTS	LEAD OFFICER	RISK CHAMPION
			*P	*I		*P	*I		*P	*I		*P	*I					
5	81	Academy Schools				New			4	4	16	4	4	16	—	COMMENTS FEB 11: The corporate impact of the Government Academy Programme needs to be assessed to ensure there are sufficient resources to support remaining schools. Those managing services to schools are drafting Service Level Agreements and Finance staff are currently modelling the effect on Local Authority budgets. **COMMENTS AUG 11: SLA and contracts have been drafted. The effect to date on LA budgets has been modelled and fed into the Dedicated Schools Grant budgets both within schools and the LA. To date only 1 further primary school has expressed an interest in becoming Academy - no fixed date for transfer. If further schools expressed an interest then more work would need to be carried out on the future resourcing of maintained schools.**	Gareth Simmons	Andrea Langman
6	72	Significant pressure on Adult Social Care budget	4	4	16	4	4	16	4	4	16	4	4	16	—	COMMENTS FEB 11: The Programme Board continues to regularly monitor budget performance and delivery plans. CQC 09/10 judged ASC as performing well in all 7 Outcomes including Outcome 4 – Increased choice and control i.e. supporting more people to remain at home. **COMMENTS AUG 11: The Programme Board continues to regularly monitor performance and delivery plans. Milestones of 30% of service users receiving a personal budget by end of March 10/11 was reached.**	Pam Marsden	Lynn Clark
7	33	Capital for Education Infrastructure (Formerly Building schools for the future (BSF) programme (formerly Schools re-organisation.)	2	3	6	5	4	20	3	4	12	4	4	16	↗	COMMENTS FEB 11: Funding for 2 Academies has been achieved. A Cabinet paper was presented in October 2010 on the Demographic growth. Basic Need liability defined for Wave 1 schools and incorporated in to the capital programme with Cabinet papers due to be presented in March. **COMMENTS AUG 11: Cabinet paper in March was approved and phase 1 of Wave 1 is being delivered to the first five schools to achieve the Sept 2011 cohort. A further Cabinet paper detailing Wave 2 (Sept 2012 cohort) and outlining Waves 3-5 will be submitted in September. It is estimated that £6m funding will be required for this next phase and the government has indicated that additional money may be available but this has not been clarified which is why the risk score has increased. Feasibility work is underway. The Cabinet Paper to obtain approval for Waves 3-5 will be submitted in December 2012.**	Gareth Simmons	Andrea Langman
8	77	Carbon Reduction Commitment (CRC) Energy Efficiency Scheme	New			4	5	20	4	5	20	3	5	15	↘	COMMENTS FEB 11: The CRC is now a tax rather than a bonus/penalty incentive scheme. The first tax payment is due in April 2012 for carbon emissions during 2011/12. At current carbon emission levels PCC will have to pay around £450,000 in April 2012 - as a worse case scenario. The league table remains as a reputational driver. **COMMENTS AUG 11: Tax burden has been reduced by over £100k by migrating street lighting from active to passive HH metering. This loop hole will be closed in April 2014. Energy Management system acquired to improve carbon data management capability. 65% of the Early Action Metric has been fulfilled through achieving the ISO 14064 (CEMARS) standard and installing AMRs across schools and corporate buildings. This will improve our ranking in the first Performance League Table published in October 2011. The annual and footprint reports for 2010/11 have been submitted to the Environment Agency on the 28th July after the successful completion of an internal audit to 'provide assurance that PCC has fulfilled its obligations to the CRC EE scheme'.**	Chris Trevitt	Angie McSweeney
9	42	Health & Safety Management system	3	5	15	3	5	15	3	5	15	3	5	15	—	COMMENTS FEB 11: Audit plan to cover entire system in development, proposal to be complete end of March 11. **COMMENTS AUG 11: Senior managers completed IOSH Managing Safely course. Focussed audit in waste and recycling completed by Gallagher Bassett in Jan 2011 evidencing good levels of compliance but still need to address audit programme to maintain that assurance.**	Mark Grimley	Helen Cocks

PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER THIRTEEN AUGUST 2011 - Summary by Risk Rating

Row No.	RISK REF	POTENTIAL RISKS IDENTIFIED	RESIDUAL RISK RATING Feb-10			RESIDUAL RISK RATING Aug-10			RESIDUAL RISK RATING Feb-11			CURRENT RESIDUAL RISK RATING Aug-11			CHANGE IN RISK RATING	COMMENTS	LEAD OFFICER	RISK CHAMPION
			*P	*I		*P	*I		*P	*I		*P	*I					
10	28	Increase in the of number of looked after children and cost pressures on Independent Placements.	4	5	20	4	5	20	3	5	15	3	5	15	—	COMMENTS FEB 11: Team managers' management information tool in place. Reviews on all placements are undertaken on a fortnightly basis. These measures are reducing drift and throughput of work from the Advice and Assessment Service. The Project Team are prioritising modelling around future numbers coming into care and considering innovative ways of working to divert children from care and from escalating through the care system. We are now seeing numbers of children in care beginning to reduce with plans to reduce further over the coming year to bring us in line with statistical neighbour averages. **COMMENTS AUG 11: There have been minimal increases in the total number of children in care. The diversion from care project and supporting mechanisms among Children's Social Care managers are working to ensure fewer children are placed with independent sector providers. However, in terms of future risks, new fostering regulations have the potential to impact negatively on the number of children going into the independent sector. This is because foster carers can no longer go over numbers (more than 3 children) their age approval profile for more than 6 days. We are actively managing this situation by reviewing the age approval profile of all current in house foster carers.**	Mairead MacNeil	Angela Langman
11	82	Potential legislative non-compliance of PCC buildings due to fragmented ownership and responsibility							New			3	5	15		**COMMENTS AUG 11: Consideration of centralising the internal ownerhsip of Council land and buildings following initiatives like stock transfer to ensure continuing legislative compliance and provide a clear and efficient service to customers. With further future potential operational changes arising from the Council's accommodation strategy a consistent approach to management of council property is required to ensure opportunities for efficiencies are maximised and potential risks are minimised. Adoption of a Corporate Landlord model is planned to take on responsibility for all land and buildings and extend current agreements for legislative compliance to all property.**	Chris Trevitt	Angie McSweeney
12	59	Financial Risk associated with contaminated land	3	5	15	3	5	15	3	5	15	3	5	15	—	COMMENTS FEB 11: Inspections on going based on highest priority sites. **COMMENTS AUG 11: The highest priority site was investigated, found to be contaminated and the land remediated. We are currently in the process of returning it to a condition it can be used as before. The next top priority site requires intrusive investigations subject to grant funding from Government.**	Jayne Donovan / Robin Carton	Lynn Clark
13	52	Delivery of Capital Programme	4	5	20	4	5	20	3	5	15	3	5	15	—	COMMENTS FEB 11: Capital Delivery Board with Terms of Reference established with greater representation and Board chaired by a Service Director. Good proportion of reps across the board. Dedicated "Capital and Major Projects" Team within Finance structure. Additional training to be rolled out to all Project Officers on Project Management Procedures to incorporate new Governance Procedures. **COMMENTS AUG 11: There has been a delay to the new Project Management Procedures due to a delay in approval of the new Constitution of which they form part. A further review of the delivery of Captial Projects is on going.**	Malcolm Coe	Angie McSweeney
14	67	Violent extremism	3	5	15	3	5	15	3	5	15	3	5	15	—	COMMENTS FEB 11: Action plan broadly on target. Work in this area will be reviewed after the outcome of the government's review of Prevent is known. **COMMENTS AUG 11: Draft Prevent Action Plan produced. 2nd Counter Terrorism Local Profile produced and responded to.**	Peter Aley	Lynn Clark
15	36	Management of Employee Stress	3	5	15	3	5	15	3	5	15	3	5	15	—	COMMENTS FEB 11: Review individual service area action plans. **COMMENTS AUG 11: Introduction of employee assistance programme to address issues at an earlier stage and encourage colleagues to take control of their situation giving them the tools to do this. Targeted stress reduction plan. New business plan templates updated to include commitment to assessing risk in each service area.**	Mark Grimley	Helen Cocks

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PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER THIRTEEN AUGUST 2011 - Summary by Risk Rating

Row No.	RISK REF	POTENTIAL RISKS IDENTIFIED	RESIDUAL RISK RATING Feb-10			RESIDUAL RISK RATING Aug-10			RESIDUAL RISK RATING Feb-11			CURRENT RESIDUAL RISK RATING Aug-11			CHANGE IN RISK RATING	COMMENTS	LEAD OFFICER	RISK CHAMPION
			*P	*I		*P	*I		*P	*I		*P	*I					
16	24	Violence to staff/lone working.	3	5	15	3	5	15	3	5	15	3	5	15	—	COMMENTS FEB 11: PVP policy consultation concluded and ICT design being finalised. Awaiting funding decision by CMT. **COMMENTS AUG 11: Policy drafted, some funding identified and development planned. Awaiting installation of Dynamics 2011 subject to CMT financial capital approval.**	Mark Grimley	Helen Cocks
17	60	Economic downturn affecting treasury management.	3	5	15	3	5	15	3	3	9	3	5	15	↗	COMMENTS FEB 11: Significantly reduced the risk of Treasury Management activity since October 2008 through changing our strategy and borrowing and investment portfolio. Audit Committee formally oversees Treasury Management Strategy. Revised Strategy formally approved and Audit Committee updated on progress every 6 months. On track to achieve the £600K revenue savings target that was set for Treasury Management in 2010/11. **COMMENTS AUG 11: Treasury Management Board is monitoring any potential impact from the current global economic situation hence the increase in risk from green to amber. It will monitor institutions used on a weekly basis and continue to seek advice from independent advisors.**	Malcolm Coe	Angie McSweeney
18	51	Failure to deliver sustained and accelerated economic and population growth.	3	5	15	3	5	15	3	5	15	3	5	15	—	COMMENTS FEB 11: LDF programme in place and being actively implemented. Action plans for each theme being reviewed and implemented and monitored by Plymouth Growth Board. Risk of shortage of funding due to Government changes in funding policies for major schemes which could impact on infrastructure in place. **COMMENTS AUG 11: Awaiting information on agreed sub regional gov and growth fund.**	David Draffan	Maria Smith
19	73	Employee Relations	4	5	20	4	5	20	4	5	20	3	5	15	↘	COMMENTS FEB 11: Extensive and meaningful negotiations with trade unions have taken place over a package of proposed changes to staff Terms and Conditions. Trade Unions also continue to be consulted on proposed delivery plans to achieve budget reductions following Government spending cuts. **COMMENTS AUG 11: Negotiations with GMB and Unite agreed. New Terms & Conditions to start on 1st September 2011.**	Mark Grimley	Helen Cocks
20	68	Failure to reach recycling targets and divert waste from landfill (Ex Failure to implement new initiatives to increase recycling rate, due to budget pressures. Initatives agreed as part of PFI funding arrangements.)	4	4	16	4	4	16	4	4	16	3	4	12	↘	COMMENTS FEB 11: The tonnage of biodegradeable waste to landfill fell by around 5,000 tonnes in the first 3 quarters of 2010/11 compared with the same period in 2009/10 and it is estimated that PCC will remain within available allowances for 2010/11 but will need to purchase additional credits for 2011/12 onwards until the new residual waste solution is in place (expected during 2014 subject to contractor and planning). LATS (Landfill Allowance Trading Scheme) position being monitored and forward purchase strategy to be reviewed for early 2011 following Government waste policy review. The expanded garden waste collection service has diverted an additional 790 tonnes from landfill and performance has increased by 2.1% over the first 3 quarters of 2010/11compared with the same period in 2009/10. The Council remains on course to meet its OBC targets but will not meet the earlier LAA recycling targets. Financial pressures and budget constraints are slowing delivery of identified PFI recycling initiatives which may impact on achievement of future targets.	Jayne Donovan / Mark Turner	Lynn Clark

APPENDIX A

PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER THIRTEEN AUGUST 2011 - Summary by Risk Rating

Row No.	RISK REF	POTENTIAL RISKS IDENTIFIED	RESIDUAL RISK RATING			RESIDUAL RISK RATING			RESIDUAL RISK RATING			CURRENT RESIDUAL RISK RATING			CHANGE IN RISK RATING	COMMENTS	LEAD OFFICER	RISK CHAMPION
			Feb-10			Aug-10			Feb-11			Aug-11						
			*P	*I		*P	*I		*P	*I		*P	*I					
																COMMENTS AUG 11: The total biodegradable municipal waste landfilled in 2010/11 is 3,800 tonnes (or 6% less) than 2009/10. We landfilled 200 tonnes more biodegradable waste than the LATS permits allocated to us for the year but had pre-purchased sufficient additional permits to cover our needs. Subject to final confirmation of the figures, we hold a 10,700 surplus of permits which can be carried forward to use in 2011/12. It is estimated that in 2011/12 we will need 6,600 permits above our allocation, which the surplus will cover. Any surplus credits at the end of 2011/12 (Est 10,500) cannot be carried over to 2012/13 as it is a target year. Current projections estimate 14,500 credits will need to be purchased in 2012/13. It has been announced that LATS will be abolished following the next target year; the system will cease in April 2013. Currently there is uncertainty on what, if anything, will be put in its place as the EU targets on minimizing biodegradable waste to landfill still stand.		
21	55	Failure to deliver waste PFI Procurement for SW Devon Waste Partnership (by 2014)	4	4	16	4	4	16	4	4	16	3	4	12	↘	COMMENTS FEB 11: Procurement completed to programme in Dec 10. MVV have engaged early with statutory planning authorities in pre-application enquiries. SWDWP to monitor progress. **COMMENTS AUG 11: Contracts signed and PFI credits formally secured from Defra in March 2011 which has reduced this strategic risk. A planning application was submitted in May 2011 by the contractor which is the most significant remaining hurdle. If planning permission is granted and to current programme this should result in solution being operational during 2014 and risks would again be reduced.**	Mark Turner	Anthony Davis
22	79	Reduced government grant investment into new affordable homes, renewal & regeneration programmes (Ex Reduced Homes and Communities Agency (HCA) investment into new affordable housing and regeneration programmes.)	New			5	5	25	5	5	25	4	3	12	↘	COMMENTS FEB 11: Soft market testing of sites complete. Framework released by Communities & Local Government on 14th Feb to help evaluate new affordable rent proposals and agree how they could be used to continue development pipeline. **COMMENTS AUG 11: We have supported our Housing Development Partners with their bids - including factoring in PCC housing sites and await ministers decisions. For private sector housing we have changed the Assistance Policy rules to reduce grants and introduce loans to target our reduced resources where it is most effective.**	Stuart Palmer	Anthony Davis
23	47	Concessionary Fares	3	5	15	3	5	15	3	4	12	3	4	12	—	COMMENTS FEB 11: Reimbursement has been kept within the prescribed budget for 2010/11. A new reimbursement mechanism has been established for implementation April 2011 designed to meet obligations for operating company's reimbursement and meet proposed Council budgets. **COMMENTS AUG 11:The reimbursement scheme was accepted by operating companies and no challenge was made during the prescribed period to the end of May 2011. This reduces the risk of increases in costs to the Council for the current financial year. Monitoring will continue on a monthly basis to actively manage and report trends.**	Clive Perkin	Anthony Davis
24	54	Data Quality Management/Providing inaccurate information	3	4	12	3	4	12	3	4	12	3	4	12	—	COMMENTS FEB 11: There has been no further progress in addressing this risk. **COMMENTS AUG 11: There has been no further progress in addressing this risk.**	Giles Perritt	Mohamed Muganzi

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PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER THIRTEEN AUGUST 2011 - Summary by Risk Rating

Row No.	RISK REF	POTENTIAL RISKS IDENTIFIED	RESIDUAL RISK RATING Feb-10			RESIDUAL RISK RATING Aug-10			RESIDUAL RISK RATING Feb-11			CURRENT RESIDUAL RISK RATING Aug-11			CHANGE IN RISK RATING	COMMENTS	LEAD OFFICER	RISK CHAMPION
			*P	*I		*P	*I		*P	*I		*P	*I					
25	30	Unavailability of ICT	3	3	9	3	3	9	2	5	10	2	5	10	—	COMMENTS FEB 11: The likelihood is lower due to infrastructure improvements, but the impact of losing ICT services as the result of an unplanned event has increased. Disaster Recovery Plans being reviewed and mitigation proposals being developed and costed. **COMMENTS AUG 11: The likelihood is lower due to infrastructure improvements, but the impact of losing ICT services as the result of an unplanned event has now increased. However funding is now in place for network upgrade which will improve resilience. A business case has been put forward for a second data centre which will improve Disaster Recovery. Further lessons to be learnt following a recent failure.**	Neville Cannon	Richard Woodfield
26	14	Fraud	2	5	10	2	5	10	2	5	10	2	5	10	—	COMMENTS FEB 11: The National Fraud Initiative matches are back from the Audit Commission following data extracts submitted in October. Devon Audit Partnership have been in contact with departments to discuss how they are going to investigate the matches and the timescales. Where an investigation has identified control weaknesses, further work will be timetabled and monitored. **COMMENTS AUG 11: The NFI matches are now back from the Audit Commission following the data extracts submitted in October 2010. Council departments have been working with Devon Audit Partnership to investigate the matches and the results of these are being collated. Devon Audit Practice continues to monitor progress and be a point of contact for queries/further action. The Bribery Act came into force in July 2011 and a briefing paper will be issued to Audit Committee and Council staff on its implications.**	Malcolm Coe	Mike Hocking
27	08	Business continuity planning in line with Civil Contingencies Act 2004 statutory responsibilities.	2	5	10	2	5	10	2	5	10	2	5	10	—	COMMENTS FEB 11: Business Continuity embedded across organisation and all plans subject to sign off by Assistant Directors and Heads of Service. **COMMENTS AUG 11: All plans have now been signed off.**	Giles Perritt	Scott Senior
28	80	Planning Obligations - implications of new legal framework and current economic circumstances.	New			3	4	12	2	4	8	2	4	8	—	COMMENTS FEB 11: Governance arrangements established and reported to Scrutiny in Oct 10. Detailed guidelines issued to planning case officers. Planning Obligations Forum established. **COMMENTS AUG 11: Good progress being made towards Community Infrastructure Levy, with Cabinet approving timetable on 12 July 2011; ongoing liaison with PINS and CLG regarding planning inspector's interpretation of tariff approaches to mitigating development impacts.**	Paul Barnard	Maria Smith
29	76	Not getting government funding to build Efford Gypsy site	3	4	12	4	4	16	4	4	16	2	4	8	↘	COMMENTS FEB 11: Exploring options for alternative ways of funding building, discussions with stakeholders and consideration of new government policy **COMMENTS AUG 11: A plan to identify a preferred bidder to develop the site was agreed by Cabinet in August.**	Peter Aley	Lynn Clark
30	70	Delivering the transformation of Adult Social Care through Putting People First framework	2	3	6	2	3	6	2	3	6	2	3	6	—	COMMENTS FEB 11: Target 2009/10 met and current target 2010/11 also expected to be achieved. **COMMENTS AUG 11: Target of 30% of service users receiving a personal budget was achieved March 2011. New operating system currently being rolled out.**	Pam Marsden / Julia Penfound	Lynn Clark
31	69	Contribute and support the development of the Plymouth Life Centre at Central Park	2	3	6	2	3	6	2	3	6	Delete				COMMENTS FEB 11: Delay resulting from utilities works now instructed (4wks extension of time). Further delay due to inclement weather presently being evaluated. Planning permission secured for transport hub. **COMMENTS AUG 11: Project on programme and on budget.**	James Coulton / Tony Hopwood	Lynn Clark
32	71	To outsource the management of the Plymouth Life Centre and existing leisure facilities	3	5	15	2	3	6	2	3	6	Delete				COMMENTS FEB 11: ISDS and CFT stages completed with the CFT returns submitted on 28th January as per programme. Evaluation underway from 31st January with preferred bidder selected end of March. **COMMENTS AUG 11: Contract awarded and presently being mobilised for February 2012 opening.**	James Coulton / Tony Hopwood	Lynn Clark

PLYMOUTH CITY COUNCIL STRATEGIC RISK REGISTER THIRTEEN AUGUST 2011 - Summary by Risk Rating

Row No.	RISK REF	POTENTIAL RISKS IDENTIFIED	RESIDUAL RISK RATING Feb-10			RESIDUAL RISK RATING Aug-10			RESIDUAL RISK RATING Feb-11			CURRENT RESIDUAL RISK RATING Aug-11			CHANGE IN RISK RATING	COMMENTS	LEAD OFFICER	RISK CHAMPION
			*P	*I		*P	*I		*P	*I		*P	*I					
33	44	Financial & liability implications of Members & Officers serving on Outside Bodies.	3	3	9	3	3	9	3	3	9	Delete				COMMENTS FEB 11: Draft report further delayed as it did not go to Council in October 2010 as planned. **COMMENTS AUG 11: Issues are covered under the Member's Insurance Indemnity Scheme.**	Tim Howes	Rosie Clahane

*** P = Probability Rating (1 = Low, 5 = High)**
*** I = Impact Rating (1 = Low, 5 = High)**
Maximum Score 5 x 5 = 25

NB. Risks scored 12 or above will be the subject of priority monitoring

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CITY OF PLYMOUTH

Subject:	Statement of Accounts 2010/11
Committee:	Audit Committee
Date:	23 September 2011
Cabinet Member:	Councillor Bowyer
CMT Member:	Director for Corporate Support
Author:	Sandra Wilson (Corporate Finance and Accountancy Manager)
Contact:	Tel: 01752 (30)4942 e-mail: sandra.wilson@plymouth.gov.uk
Ref:	ACCT/SW
Key Decision:	No
Part:	I

Executive Summary:

The Council's draft Statutory Statement of Accounts were prepared and approved ready for audit by the Director for Corporate Support on 30 June 2011. A training and awareness session, reviewing the draft statements, was held for Audit Committee Members on 6 July 2011.

The Accounts have now been audited and are being presented to Audit Committee for approval.

The Accounts and Audit Regulations require the accounts to be formally approved and published by 30 September.

Issues raised by the auditor are outlined in the report, including a summary of the changes made to the main statements and notes since the draft accounts were produced. In particular the auditor has asked the authority to work with Cornwall Council and the respective sets of auditors to review the treatment of Tamar Bridge and Torpoint Ferry in the Authorities accounts.

The final quality review on the document is now being undertaken. The main statements, including the group account statements for 2010/11 are attached and the full document including all the notes to the accounts will follow prior to the Audit Committee meeting.

Corporate Plan 2011- 2014

The Council's expenditure forms the basis on which the Corporate Plan can be delivered.

Implications for Medium Term Financial Plan and Resource Implications: Including Finance, Human IT and Land:

The 2010/11 final accounts will have implications on the Medium Term Financial Plan. The level of Working Balance and reserves will affect the level of funding available in future years and variations in Service Expenditure will also need to be reviewed to assess the effects on future years.

Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

N/A

Recommendations & Reasons for recommended action:

1. Audit Committee note the amendments made to the Statement of Accounts for 2010/11 as agreed with the Auditor, and outlined in this report.

2. The Statement of Accounts for 2010/11 be approved.

3. The letter of representation attached at Appendix B is authorised and submitted to the Auditor.

4. Officers work with colleagues in Cornwall Council and the respective auditors to review the treatment of Tamar Bridge and Torpoint Ferry in the Authorities accounts.

Alternative options considered and reasons for recommended action:

None – Statutory requirement to produce and approve the Statement of Accounts

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Background papers:

Final Accounts Working Papers 2010/11
Budget Papers 2010/11
The Local Authority Code of Accounting Practice 2010 (The Code)
Best Value Accounting Code of Practice2010 (BVACoP)
Outturn Report to Cabinet 7 June 2011

Sign off:

Fin	DJN111 2.012	Leg	TH0023	HR	n/a	Corp Prop	n/a	IT	n/a	Strat Proc	n/a
Originating SMT Member: Malcolm Coe											

Statement of Accounts 2010/11

1. Introduction

1.1 The draft Statement of Accounts was approved by the Director for Corporate Support on 30 June 2011. The formal audit commenced on 5 July 2011 and has been ongoing until now. The External Auditor's Governance Report, including the findings on the annual accounts audit, is being presented to this meeting. The Accounts and Audit Regulations require the Statement of Accounts to be approved by the Council by 30 September 2011. For Plymouth, this responsibility has been delegated to the Audit Committee. The final quality review on the document is now being undertaken. The main statements, including the group account statements for 2010/11 are attached and the full document including all the notes to the accounts will follow prior to the Audit Committee meeting.

1.2 A number of changes have been made to the Statements following discussions with the auditor and these are outlined in the report.

1.3 The Council is also required to identify and report on any post balance sheet events that have occurred since 31 March 2011. The Statement of Accounts therefore includes all post balance sheet events up to and including the 14 September 2011.

1.4 As part of the final audit requirement, and prior to the issue of the audit certificate, the Council is required to complete and sign a formal letter of representation and submit this to the auditor. In line with last year this letter may be signed by the Director for Corporate Support and the Chair of Audit Committee and is attached at Appendix B.

1.5 The Accounts for 2010/11 have been produced on an IFRS basis for the first time and details of the main changes are outlined in section 2 of this report. The auditor has outlined in the ISA 260 report being presented to this Committee that he is satisfied that the Accounts have been complied in accordance with the Code of Practice on Local Authority Accounting 2010/11 (The Code).

1.6 Council Officers would like to express their thanks to the Audit staff for their help and assistance in producing and finalising the Council's Statement of Accounts.

2. The Code of Practice on Local Authority Accounting 2010 (The Code)

2.1 The Code of Practice on Local Authority Accounting 2010 is the first to be produced on International Financial Reporting Standards (IFRS) and is based on approved standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Committee (IFRIC) except where these are inconsistent with specific statutory requirements.

2.2 The move to an IFRS-based Code from a UK GAAP-based SORP has resulted in a number of significant changes in accounting practice. The key changes applicable to Plymouth's accounts include:

2.2.1 Main Financial Statements

The main financial statements have changed both in format and name. The Statements have generally been simplified with a greater reliance on the detail within notes to the accounts. There is a greater focus on long term and short term assets and liabilities on the Balance Sheet. Short term assets and liabilities represent those expected to be received or settled in the next 12 months after the reporting period. This has led to a number of assets and liabilities having to be split on the Balance Sheet. Examples include insurance and general provisions.

A third Balance Sheet is required in order to present the restated balances as at 1 April 2009 and to support the movement in year of the comparative figures in disclosure
notes.

The main statements are attached at Appendix A.

2.2.2 Key Accounting Changes

a. <u>Grants and Contributions</u>

- Grants and contributions for capital purposes are recognised as income immediately rather than being deferred and released to revenue to match depreciation providing there are no outstanding conditions that might result in grant repayment. Regulations do not permit capital grants and contributions to score against the Council Tax and these are required to be reversed out to Balance Sheet reserves in the Movement in Reserves Statement;
- Revenue grants with no outstanding conditions that are earmarked for expenditure but not utilised at year end are posted to an earmarked reserve rather than carried forward through an accrual;
- Revenue and capital grants with outstanding conditions that may require repayment are not released to revenue but carried on the Balance Sheet as a creditor.

b. <u>Accounting for Leases</u>

- Property leases are classified and accounted for as separate leases of land and buildings;
- The '90%' test previously applied to determine the classification of a lease between operating and finance lease has been replaced by more subjective analysis. This has resulted in the reclassification of a small number of property leases where the Authority is a lessee and resulted in many of the Council's vehicle and equipment leases being reclassified from operating to finance leases;
- There is a need to examine the substance of long term contracts to see if they meet the criteria of service concessions or contain an embedded lease. Embedded leases have been identified in the Amey and Virador contracts. The annual payments under these contracts have been analysed to separate the lease elements from the service payment where appropriate.

c. Accounting for Non-Current Assets

- Operational assets have been renamed as Property, Plant and Equipment;
- Investment properties are now recognised as a separate asset category and are measured at fair value, with gains or losses, including rental income, recognised as financing and investment income. Previously gains or losses on revaluation were recognised through the Revaluation Reserve and rental income through the relevant service line. There is a much tighter definition of an investment property resulting in a reclassification of a number of the Council's properties as Property, Plant and Equipment and attracting an annual depreciation charge;
- There is a new asset category for Assets held for Sale. This category generally only applies to those assets actively being marketed for sale. Assets that have been declared 'surplus' but are being held pending an improvement in market conditions are classified as surplus assets but continue to be held within Property Plant and Equipment;
- There is a greater emphasis on component accounting and on derecognising parts of an asset that are replaced;
- Impairment losses are now taken to the Revaluation Reserve, and only to the Comprehensive Income and Expenditure Statement when there is no balance on the reserve relating to that asset. Previously impairment losses relating to a decline in economic conditions were taken straight to the Income and Expenditure Statement.

d. Employee Benefits

- All employee benefits are accounted for as they are earned by the employee. This has resulted in accruals for items such as holiday pay where annual leave has not been taken by 31 March. Regulations allow the impact to be reversed out to a holiday pay accrual account;
- There is a requirement to account for all termination benefits, e.g. redundancies, when they are agreed rather than when they are paid. This has resulted in additional charges to the 2010/11 accounts but this has been met from the redundancy reserve.

e. Group Boundary

- There is a change to determining the group boundary and the definition of associates is based on the ability to control rather than actual control. This impacts on the related party disclosure as well as the formal consolidated group accounts.

The changes in accounting practice are required to be applied retrospectively and the accounts for 2009/10 together with the relevant disclosure notes have been restated. Note 2 to the Accounts provides more detail of the changes and the impact on the reported figures.

2.2.3 Disclosure Notes

A number of new disclosure notes have been introduced and for others the format has changed. There is a greater emphasis on looking forward rather than the traditional retrospective look at the year just passed. The most significant new notes include:

- Disclosure of future accounting standards that have been published but not yet approved outlining the impact of the accounting change on future years accounts;
- Assumptions about the future and other major sources of estimation uncertainty;
- Disclosure of judgments made by management in applying the accounting policies;
- Segmental reporting which reconciles the Council's Management Accounts to the Statutory Accounts;
- Termination Benefits.

There are also a number of extended or amended notes, the key areas being:

- Adjustments between accounting basis and funding basis;
- Property Plant and Equipment;
- Investment Properties;
- Intangible Assets;
- Assets Held for Sale;
- Impairment losses;
- Leasing;
- Pensions;
- Notes supporting the Cash Flow Statement.

3. Other issues affecting the Accounts for 2010/11 - Group Accounting Boundary

3.1 There have been changes to the Council's group boundary for consolidated group accounts as follows:

- The Theatre Royal has been removed as a subsidiary with effect from 1 October 2010 following the resignation from the Board of all Council Members. The group accounts therefore include a six month income and expenditure position for the Theatre and Pavilions and all assets and liabilities have been written out of the group Balance Sheet.
- The Council entered a Joint Venture agreement with the University to manage Tamar Science Park in March 2010. This company has now been included within the group accounts and the group Balance Sheet for 2009/10 has been restated to include the relevant assets and liabilities of the Company.

4. Key Messages 2010/11

4.1 <u>Comprehensive Income and expenditure statement (CIES)</u>

4.1.1 Pensions:

- The change of the valuation of pension liabilities from RPI to CPI- a favourable £72m,
- A transfer back of notional pension fund assets from Plymouth Community Homes of £15m

Both entries are shown in the CIES under the Non distributable costs service, resulting in a large variation when compared to the previous year.

4.1.2 Capital grants:
Capital grants of £44m have been released to revenue.

4.1.3 Net deficit for the year:
A deficit of £72.947m, a net decrease of £444.344m from 2009/10, mainly the impact of the stock transfer asset write-out in 2009/10, offset by the pensions changes outlined above and write-out and impairment of schools transferring to Academies in 2010/11.

4.2 Balance Sheet

Net increase in Balance Sheet worth of £89.138m, mainly due to a pensions liability reduction of (£230.068m), offset by asset write-out and impairment for Academy transfers of £81.859m.

4.3 Reserves and Provisions

Overall general reserves remain healthy:
- Working Balance of £11.5m, 5.7% net revenue spend
- Earmarked reserves £33.157m
- Usable capital receipts £22.491m
- Provisions £10.878m

5. Post Balance Sheet Events

5.1 Although the Statement of Accounts shows the financial outturn position for 2010/11 and Balance Sheet position as at 31 March 2011, the Council is required to take into account items occurring after 31 March 2011 if they would have a material effect on the figures. Note 7 outlines those events arising after 31 March 2011. The note has been updated to reflect the position as at 14 September 2011, being the date these accounts were authorised for release to Audit Committee. In summary the accounts have been adjusted for:

- Plymouth Community Homes post completion pension Valuation
- Academy Transfers.

The latest position on Plymouth City Airport continues to be reported as a post Balance Sheet event, but the note has been updated to reflect the acceptance by Cabinet of the notice of non-viability from the lessee. As there is a possibility that the operator may decide to sell the airport site in the future, in which case the Council would receive 75% of the sale proceeds, a contingent asset has been added to the Notes to the Accounts.

6. Audit Amendments to the Accounts

6.1 The auditor's report outlines a number of changes they are recommending be made to the Accounts. These have been discussed and agreed with Council Officers, and are reflected in the final statements being presented for approval. In summary the amendments, and the impact on the reported position, are as follows:

6.2 Non Current Assets

- The removal of £60.217m from the Balance Sheet in respect of Schools that transferred to Academy status in 2011/12. A corresponding adjustment has been made to the CIES (Children's Services service line) to reflect the removal of the assets as an impairment. This has increased the deficit on the CIES by £56.648m, and Other Comprehensive Income and Expenditure by £3.569m. However as these charges are reversed out via the Movement in Reserves Statement there is no overall impact on the reported final deficit for the year. The net worth on the Balance Sheet has been reduced by £60.217m.
- The reclassification of £4.268m of Community Assets to Infrastructure and £0.664m to Vehicle, Plant and Equipment. No impact on Balance Sheet net worth.
- The reversal of £7.970m relating to revaluation of Community Assets based on insurance value. Decrease in Balance Sheet net worth of £7.970m.
- Clarification that £2.356m of community assets had been added to the Balance Sheet as an addition, not as a result of a revaluation. No impact on net Balance Sheet worth.

6.3 Pensions

An adjustment to the value of pensions assets at year end of £2.899m to reflect Plymouth's share of the final valuation of the assets in the pension fund. The adjustment will reduce the deficit on the Balance Sheet and thus increase the Council's net worth on the Balance Sheet.

6.4 Current Assets/Liabilities

- An adjustment of £0.400m to short term debtors and creditors relating to a credit note issued after year end against a section 106 invoice
- An adjustment of £0.378m between short term debtor and cash for overpaid schools funding.

No impact on overall Balance Sheet net worth from these adjustments.

6.5 CIES

An increase in Expenditure on Cultural, Environmental, Regulatory and Planning services of £0.212m, offset by a reduction in Taxation and non specific grant income. No overall impact on net deficit for year.

6.6 Restatement 2009/10

The inclusion of Tamar Science Park in the restated single entity accounts for 2009/10. As included in long term investments with a matching long term liability representing the deferred payment of the Councils contribution, there is no overall impact on net Balance Sheet worth.

6.7 Disclosures

The inclusion of a contingent asset in respect of Plymouth airport and an update to the post Balance Sheet note.

7. Future Treatment- Joint Committee Accounts

7.1 At the start of the audit, Cornwall Council was advised by its external auditors that following legal advice, joint committees were not able to take advantage of the statutory overrides relating to depreciation, pensions etc that local authorities enjoy and whilst Cornwall's auditors have agreed a work around solution for 2010/11, Plymouth's external auditors have requested that a full review of the treatment of the Tamar Bridge and Torpoint Ferry Joint Committee's accounts by the respective authorities should be undertaken in advance of the 2011/12 Statement of Accounts.

8. Recommendations

8.1 Audit Committee note the amendments made to the Statement of Accounts for 2010/11 as agreed with the Auditor, and outlined in this report.

8.2 The Statement of Accounts for 2010/11 be approved.

8.3. The letter of representation attached at Appendix B is authorised and submitted to the Auditor.

8.4 Officers work with colleagues in Cornwall Council and the respective auditors to review the treatment of Tamar Bridge and Torpoint Ferry in the Authorities accounts.

MOVEMENT IN RESERVES STATEMENT FOR THE YEARS ENDED 31 MARCH 2010 AND 2011

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2009		**11,739**	**34,952**	**2,042**	**0**	**5,376**	**237**	**19,045**	**73,391**	**650,068**	**723,459**
Movement in Reserves during 2009/10											
Surplus or (deficit) on the provision of services		(517,292)	0	0	0	0	0	0	**(517,292)**	0	**(517,292)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	**0**	(72,422)	**(72,422)**
Total Comprehensive Income and Expenditure		**(517,292)**	**0**	**0**	**0**	**0**	**0**	**0**	**(517,292)**	**(72,422)**	**(589,714)**
Adjustments between accounting basis & funding basis under Regulations	8	510,792	0	0	0	15,982	(9,492)	1,177	**518,459**	(519,978)	**(1,519)**
Net Increase/Decrease before Transfers to Earmarked Reserves		**(6,500)**	**0**	**0**	**0**	**15,982**	**(9,492)**	**1,177**	**1,167**	**(592,400)**	**(591,233)**
Transfers to/from Earmarked Reserves	23	6,279	(6,366)	(250)	0	0	9,255	0	**8,918**	(8,921)	**(3)**
Increase/Decrease in 2009/10		**(221)**	**(6,366)**	**(250)**	**0**	**15,982**	**(237)**	**1,177**	**10,085**	**(601,321)**	**(591,236)**
Balance at 31 March 2010 carried forward		**11,518**	**28,586**	**1,792**	**0**	**21,358**	**0**	**20,222**	**83,476**	**48,747**	**132,223**
Movement in Reserves during 2010/11											
Surplus or (deficit) on provision of services		(72,947)	0	0	0	0	0	0	**(72,947)**	0	**(72,947)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	**0**	162,085	**162,085**
Total Comprehensive Income and Expenditure		**(72,947)**	**0**	**0**	**0**	**0**	**0**	**0**	**(72,947)**	**162,085**	**89,138**
Adjustments between accounting basis & funding basis under Regulations	8	75,987	0	0	0	931	0	(6,451)	**70,467**	(70,467)	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves		**3,040**	**0**	**0**	**0**	**931**	**0**	**(6,451)**	**(2,480)**	**91,618**	**89,138**
Transfers to/from Earmarked Reserves	23	(3,145)	4,571	(1,792)	0	201	0	0	**(165)**	165	**0**
Increase/(Decrease) in 2010/11		**(105)**	**4,571**	**(1,792)**	**0**	**1,132**	**0**	**(6,451)**	**(2,645)**	**91,783**	**89,138**
Balance at 31 March 2011 carried forward		**11,413**	**33,157**	**0**	**0**	**22,490**	**0**	**13,771**	**80,831**	**140,530**	**221,361**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT AT 31ST MARCH 2011

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2009/10 Gross Expenditure £000	2009/10 Gross Income £000	2009/10 Net Expenditure £000			2010/11 Gross Expenditure £000	2010/11 Gross Income £000	2010/11 Net Expenditure £000
91,782	(19,003)	72,779	Adult Social Care		93,735	(20,005)	73,730
5,401	(88)	5,313	Corporate & Democratic Core		5,425	(81)	5,344
84,355	(23,723)	60,632	Cultural, Environmental, Regulatory & Planning Services		84,985	(24,015)	60,970
26,921	(22,133)	4,788	Central Services to the Public		28,014	(23,485)	4,529
328,384	(216,349)	112,035	Childrens And Education Services		414,363	(220,293)	194,070
102,939	(97,071)	5,868	Housing Services		108,254	(94,700)	13,554
32,113	(30,139)	1,974	Housing Revenue Account		(753)	(28)	(781)
29,580	(11,373)	18,207	Highways & Transport Services		28,906	(11,455)	17,451
7,523	0	7,523	Non Distributable Costs	6	3,534	(92,112)	(88,578)
708,998	**(419,879)**	**289,119**	**(Surplus)/Deficit on Continuing Operations**		**766,463**	**(486,174)**	**280,289**
463,819	(3,134)	460,685	(Gain) or Loss on Disposal of Fixed Assets	12.7	26,265	(1,437)	24,828
757	(1,445)	(688)	Other Operating Expenditure	9	114	(2,029)	(1,915)
66,214	(45,809)	20,405	Financing and Investment Income and Expenditure	10	78,316	(47,430)	30,886
0	(252,229)	(252,229)	Taxation and Non-Specific Grant Income	11	0	(261,141)	(261,141)
		517,292	**(Surplus) or Deficit on Provision of Services**				**72,947**
		(28,782)	(Surplus) or deficit on revaluation of Fixed Assets	23.4			(7,278)
		101,204	Actuarial gains / losses on pension assets / liabilities	37			(154,807)
		72,422	**Other Comprehensive Income and Expenditure**				**(162,085)**
		589,714	**Total Comprehensive Income and Expenditure**				**(89,138)**

BALANCE SHEET AT 31ST MARCH 2011

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

1 April 2009 £000	31 March 2010 £000		Note	31 March 2011 £000
			2	
1,241,907	693,990	Property Plant and Equipment	12	570,243
88,635	87,296	Investment Property	13	78,025
1,860	1,783	Intangible Assets	14	1,583
51,342	30,588	Long Term Investments	16	11,920
969	1,335	Long Term Debtors	17.1	731
1,384,713	**814,992**	**Non current Assets**		**662,502**
149,134	46,288	Short Term Investments	16	61,122
991	429	Stock		569
39,298	47,874	Short Term Debtors	17.2	35,151
26,508	79,448	Cash and Cash Equivalents	19	92,566
502	2,510	Assets Held for Sale	20	3,057
0	0	LATS allowances	18	875
216,433	**176,549**	**Current Assets**		**193,340**
(113,250)	(76,918)	Short Term Borrowing	16	(96,952)
(67,952)	(71,835)	Short Term Creditors	21.1	(59,902)
(3,583)	(1,624)	Short Term Provisions	22	(2,907)
(184,785)	**(150,377)**	**Current Liabilities**		**(159,761)**
(17,691)	(20,661)	Long Term Creditors	21.2	(18,757)
(8,255)	(9,146)	Long Term Provisions	22	(7,879)
(263,405)	(160,348)	Long Term Borrowing	16	(193,991)
(330,530)	(449,381)	Long Term Liabilities Pensions	37	(219,313)
(73,021)	(69,405)	Long Term Liabilities Other	21.3	(34,780)
(692,902)	**(708,941)**	**Long Term Liabilities**		**(474,720)**
723,459	**132,223**	**Net Assets**		**221,361**
73,391	83,476	Usable Reserves	23.1, 23.2	80,831
650,068	48,747	Unusable Reserves	23.3	140,530
723,459	**132,223**	**Total Reserves**		**221,361**

Cash Flow Statement for year ended 31 March 2011

2009/10 £000		Note	2010/11 £000
(517,292)	Net (Surplus) or Deficit on the Provision of Services		72,947
1,950,828	Adjustment to Net (Surplus) or Deficit on the Provision of the Services for Non Cash Movement	24.1	349,962
(64,671)	Adjustment for Items included in the net (Surplus) of Deficit on the provision of services that are investing and Financing Activities	24.1	(415,395)
1,368,865	Net Cash Flow from Operating Activities		7,514
(1,266,594)	Investing Activities	24.2	(19,730)
(49,331)	Financing Activities	24.3	25,334
52,940	Net Increase or Decrease in Cash and Cash Equivalents		13,118
26,508	Cash and Cash Equivalents at the beginning of the Reporting Period	24.3	79,448
79,448	**Cash and Cash Equivalents at the end of the Reporting Period**		92,566

Group Statement of Movement in Reserves 31 March 2010 and 31 March 2011

	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's share of Reserves of subsidiaries and Joint Ventures £000	Total Reserves £000
Balance at 1 April 2009		**11,739**	**34,952**	**2,042**	**0**	**5,376**	**237**	**19,045**	**73,391**	**650,068**	**723,459**	**117,331**	**840,790**
Movement in reserves during 2009/10													
Surplus or (deficit) on the provision of services		(517,345)	0	0	0	0	0	0	**(517,345)**	0	(517,345)	**0**	**(517,345)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	**0**	(72,422)	(72,422)	**6,427**	**(65,995)**
Total Comprehensive Income and Expenditure		**(517,345)**	**0**	**0**	**0**	**0**	**0**	**0**	**(517,345)**	**(72,422)**	**(589,767)**	**6,427**	**(583,340)**
Adjustments between Group Accounts and Authority accounts		**53**	**0**	**0**	**0**	**0**	**0**	**0**	**53**	**0**	**53**	**(3,593)**	**(3,540)**
Net Increase/Decrease before Transfers		**(517,292)**	**0**	**0**	**0**	**0**	**0**	**0**	**(517,292)**	**(72,422)**	**(589,714)**	**2,834**	**(586,880)**
Adjustments between accounting basis & funding basis under regulations	8	510,792	0	0	0	15,982	(9,492)	1,177	**518,459**	(519,978)	(1,519)		**(1,519)**
Net Increase/Decrease before Transfers to Earmarked Reserves		**(6,500)**	**0**	**0**	**0**	**15,982**	**(9,492)**	**1,177**	**1,167**	**(592,400)**	**(591,233)**	**2,834**	**(588,399)**
Transfers to/from Earmarked Reserves	9	6,279	(6,366)	(250)	0	0	9,255	0	**8,918**	(8,921)	(3)	**0**	**(3)**
Increase/Decrease in 2009/10		**(221)**	**(6,366)**	**(250)**	**0**	**15,982**	**(237)**	**1,177**	**10,085**	**(601,321)**	**(591,236)**	**2,834**	**(588,402)**
Balance at 31 March 2010 carried forward		**11,518**	**28,586**	**1,792**	**0**	**21,358**	**0**	**20,222**	**83,476**	**48,747**	**132,223**	**120,165**	**252,388**
Movement in Reserves during 2010/11													
Surplus or (deficit) on provision of services		(79,259)	0	0	0	0	0	0	**(79,259)**	0	(79,259)	**0**	**(79,259)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	**0**	162,085	162,085	**1,756**	**163,841**
Total Comprehensive Income and Expenditure		**(79,259)**	**0**	**0**	**0**	**0**	**0**	**0**	**(79,259)**	**162,085**	**82,826**	**1,756**	**84,582**
accounts		6,312	0	0	0	0	0	0	**6,312**	0	6,312	**(10,012)**	**(3,700)**
Net Increase/Decrease before Transfers		**(72,947)**	**0**	**0**	**0**	**0**	**0**	**0**	**(72,947)**	**162,085**	**89,138**	**(8,256)**	**80,882**
Adjustments between accounting basis & funding basis under regulations	8	75,987	0	0	0	931	0	(6,451)	**70,467**	(70,467)	0	**0**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves		**3,040**	**0**	**0**	**0**	**931**	**0**	**(6,451)**	**(2,480)**	**91,618**	**89,138**	**(8,256)**	**80,882**
Transfers to/from Earmarked Reserves	9	(3,145)	4,571	(1,792)	0	201	0	0	**(165)**	165	0	**0**	**0**
Increase/Decrease in Year		**(105)**	**4,571**	**(1,792)**	**0**	**1,132**	**0**	**(6,451)**	**(2,645)**	**91,783**	**89,138**	**(8,256)**	**80,882**
Balance at 31 March 2011 carried forward		**11,413**	**33,157**	**0**	**0**	**22,490**	**0**	**13,771**	**80,831**	**140,530**	**221,362**	**111,909**	**333,271**

Group Comprehensive Income and Expenditure Account for year ended 31 March 2011

2009/10 Net Expenditure		Note	2010/11 Gross Expenditure	2010/11 Gross Income	2010/11 Net Expenditure
£000			£000	£000	£000
72,779	Adult Social Care		93,735	(20,005)	73,730
5,313	Corporate & Democratic Core		5,425	(81)	5,344
60,272	Cultural, Environmental, Regulatory & Planning Services	3	85,139	(24,107)	61,032
4,788	Central Services to the Public		28,014	(23,485)	4,529
112,035	Childrens And Education Services		414,363	(220,293)	194,070
5,868	Housing Services		108,254	(94,700)	13,554
1,974	Housing Revenue Account		(753)	(28)	(781)
14,433	Highways & Transport Services		28,906	(11,455)	17,451
7,523	Non Distributable Costs		3,534	(92,112)	(88,578)
284,985	**Surplus/Deficit on Continuing Operations**		**766,617**	**(486,266)**	**280,351**
460,685	Gain or Loss on Disposal of Fixed Assets		26,265	(1,437)	24,828
(692)	Other operating Expenditure		114	(2,029)	(1,915)
10,329	- other Income (Loss of Control of Subsidiary)		9,275	0	9,275
(6,232)	- other Income (Gain on consolidation of joint venture)		0	0	0
20,618	Financing and Investment Income and Expenditure		78,021	(47,430)	30,591
0	Surplus or Deficit of discontinued Operations		5,830	(7,304)	(1,474)
(252,229)	Taxation and Non-Specific Grant Income		0	(261,141)	(261,141)
517,464	**Surplus or Deficit on Provision of Services**		**886,122**	**(805,607)**	**80,515**
(80)	Share of the surplus or deficit on the provision of services by associates				(1,411)
0	Tax expenses of subsidiaries				0
(39)	Tax expenses of associates				155
517,345	**Group Surplus / Deficit**				**79,259**
(28,782)	Surplus or deficit on revaluation of fixed assets				(6,415)
0	Actuarial gains / losses on pension assets / liabilities				0
101,204	Actuarial Gains / losses on pension assets / liabilities				(156,994)
0	MRP				(432)
0	Share of other comprehensive income and expenditure of associates and joint ventures				0
72,422	**Other Comprehensive Income and Expenditure**				**(163,841)**
589,767	**Total Comprehensive Income and Expenditure**				**(84,582)**

GROUP BALANCE SHEET AT 31ST MARCH 2011

Restated 31st March 2010			31st March 2011
£000		Note	**£000**
703,680	Property Plant and Equipment	4	570,243
88,476	Investment Property		79,020
1,783	Intangible Assets		1,583
0	Assets held for sale		480
30,588	Long Term Investments		11,920
109,265	Investments in Associates & Joint Ventures		110,238
1,335	Long Term Debtors	5	731
935,127	**Long Term Assets**		**774,215**
46,288	Short Term Investments		61,122
533	Stock		569
48,651	Short Term Debtors	5	35,175
84,396	Cash and Cash Equivalents		92,750
2,510	Assets Held for Sale		3,057
0	LATS		875
182,378	**Current Assets**		**193,548**
(76,918)	Short Term Borrowing		(96,952)
(76,482)	Short Term Creditors	6	(59,913)
0	Holding Accounts to Sort		0
(2,001)	Short Term Provisions		(2,907)
(155,401)	**Current Liabilities**		**(159,772)**
(20,661)	Long Term Creditors	7	(18,757)
(9,921)	Long Term Provisions		(7,879)
(160,348)	Long Term Borrowing		(193,991)
(69,405)	Other Long Term Liabilities		(34,780)
(449,381)	Long Term Liabilities Pensions		(219,313)
(709,716)	**Long Term Liabilities**		**(474,720)**
252,388	**Net Assets**		**333,271**
83,476	Total Usable Reserves		80,831
168,912	Total Unusable Reserves		252,440
252,388	**Total Reserves**		**333,271**

Group Cash Flow Statement for the Year Ended 31 March 2011

2009/10		2010/11
£000		£000
(517,464)	Net (surplus) or deficit on the provision of services	(79,259)
1,951,511	Adjustment to net surplus or deficit on the provision of services for non-cash movements	497,249
(65,518)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(415,395)
0	Income tax paid	155
1,368,529	**Net cash flows from operating activities**	**2,750**
(1,266,451)	Investing Activities	(19,730)
(48,627)	Financing Activities	25,334
53,451	**Net increase or decrease in cash and cash equivalents**	**8,354**
30,945	Cash and cash equivalents at the beginning of the reporting period	84,396
84,396	**Cash and cash equivalents at the end of the reporting period**	**92,750**

BEST ACHIEVING
COUNCIL OF THE YEAR

Grant Thornton UK LLP
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Bristol BS1 6FT

Finance, Assets and Efficiencies
Department for Corporate Support
Plymouth City Council
Civic Centre
Plymouth PL1 2AA

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E adam.broome@plymouth.gov.uk
www.plymouth.gov.uk

Please ask for: Adam Broome

Date 23 September 2011 My Ref ACCT/SW Your Ref

Dear Sirs

Plymouth City Council
Financial statements for the year ended 31 March 2011

This representation letter is provided in connection with the audit of the financial statements of Plymouth City Council and the group for the year ended 31 March 2011 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards.

We confirm to the best of our knowledge and belief that the following representations are made on the basis of appropriate enquiries of other officers and members with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you in respect of your audit of the above financial statements.

Financial statements

i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code") as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.

ii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.

iii We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.

iv Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

v We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.

vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

vii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.

viii All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.

ix There are no unadjusted misstatements that were brought to our attention through the course of the audit, and the financial statements are free of material misstatements, including omissions.

x Except as stated in the financial statements:

a. there are no unrecorded liabilities, actual or contingent;
b. none of the assets of the Council or group have been assigned, pledged or mortgaged; and
c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

xi We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xii We believe that the Council and group's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council and group's needs. We believe that no further disclosures relating to the Council and group's ability to continue as a going concern need to be made in the financial statements.

Information provided

xiii We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
b. additional information that you have requested from us for the purpose of your audit; and
c. unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.

xiv We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xv We have communicated to you all deficiencies in internal control of which management is aware.

xvi All transactions have been recorded in the accounting records and are reflected in the financial statements.

xvii We have disclosed to you our knowledge of fraud or suspected fraud affecting the entity involving:
   a. management;
   b. employees who have significant roles in internal control; or
   c. others where the fraud could have a material effect on the financial statements.

xviii We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

xix We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xx We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Other statements

xxi We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council and group's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Approval

The approval of this letter was minuted by the Council at its Audit Committee meeting on 23 September 2011.

Signed on behalf of the Council

Adam Broome
Director of Corporate Support
Date 23 September 2011

Cllr Dr J Mahoney
Chair of Audit Committee
Date 23 September 2011

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Grant Thornton

Plymouth City Council

Annual report to those charged with governance (ISA 260)

September 2011

Content

CONTENTS

1 Executive summary

Purpose of this report

This report has been prepared for discussion between Grant Thornton UK LLP and the Audit Committee of Plymouth City Council (the Council). The purpose of this report is to highlight the key issues arising from the Council's financial statements for the year ending 31 March 2011.

This report meets the mandatory requirements of International Standard on Auditing 260 (ISA 260) to report the outcome of the audit to 'those charged with governance', designated as the Audit Committee. The requirements of ISA 260, and how we have discharged them, are set out in more detail at Appendix A.

The Council is responsible for the preparation of financial statements which record its financial position as at 31 March 2011, and its income and expenditure for the year then ended. We are responsible for undertaking an audit and reporting whether, in our opinion, the Council's financial statements present a true and fair view of the financial position.

Under the Audit Commission's Code of Audit Practice we are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Audit conclusions

Financial statements opinion

We were presented with draft financial statements and accompanying working papers on 30 June 2011, the statutory deadline. The working papers were of an adequate standard and the financial statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010-11 (the Code), based on International Financial Reporting Standards (IFRS).

Based on our work to date, there are a small number of adjustments required to the financial statements, the most significant being:

- a reduction of £60.2 million in the value of the Council's school assets as a result of the approval of their transfer to Academy status before 1 April 2011, resulting in an increase in the deficit on the provision of services and reduction in the revaluation reserve, although there is no impact on the General Fund balance
- the reclassification of £5.0 million of assets incorrectly included as community assets in the draft accounts to infrastructure and vehicles, plant, furniture and fittings and
- an increase in the value of the Council's share of assets in the Devon Pension Fund of £2.9 million, resulting in an increase in total comprehensive income, this also has no impact on the General Fund balance.

The key recommendations arising from our audit of the Council's financial statements are:

- the Council's asset register needs to be updated to support the accounts as soon as possible, and should be periodically reconciled to the general ledger;
- £4.7 million of historic Council tax debtor balances raised before 2000 should be written off, a recommendation we also made in 2009-10. We recognise that the Council should continue to pursue cost efective means of recovering amounts whilst this remains economically viable; and
- the Council should re-assess its accounting treatment for the Tamar Bridge and Torpoint Ferry Joint Committee in 2011-12.

Subject to the required audit adjustments being made, we anticipate providing an unqualified opinion on the Council's financial statements, following approval by the Audit Committee on 23 September 2011.

Further details of the outcome of the financial statements audit are given in section 2.

Value for money conclusion

In providing the opinion on the financial statements we are required to reach a conclusion on the adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

We are pleased to report that we propose to give an unqualified value for money conclusion on the Council's arrangements to ensure economy, efficiency and effectiveness in its use of resources.

Further details of the outcome of our value for money review are given in section 3.

The way forward

Matters arising from the financial statements audit have been discussed with the Director for Corporate Support. We have made a small number of recommendations, which are set out in the action plan at Appendix C. These have been discussed and agreed with the Director for Corporate Support and his senior finance team.

Use of this report

This report has been prepared solely for use by the Council to discharge our responsibilities under ISA 260, and should not be used for any other purpose. We assume no responsibility to any other person. This report should be read in conjunction with the Statement of Responsibilities and the Council's Letter of Representation.

Acknowledgements

We would like recognise the significant task that the Council's officers have faced in preparing these accounts under International Financial Reporting Standards for the first time this year within the challenging financial background faced by the Council. We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP

September 2011

2 Key audit issues

Matters identified at the planning stage

We report our findings in line with our planned approach to the audit which was communicated to you in our update to the Financial Audit Plan dated June 2011.

Our response to the matters identified at the planning stage are detailed below.

Issue	Audit areas affected	Work completed	Assurances gained
The 2010-11 financial statements may not be prepared in accordance with IFRS	All areas of the financial statements	• We have reviewed the Council's accounting policies and material balances and transactions impacted by the transition to ensure that the accounts reflect the requirements of IFRS.	• The 2010-11 financial statements comply with the requirements of IFRS. • Our audit has identified a small number of IFRS related amendments required to the accounts. • The impact of the transition to IFRS has been appropriately disclosed and the 2009-10 accounts restated accordingly.

Issue	Audit areas affected	Work completed	Assurances gained
There may be insufficient finance resource to deliver statutory requirements by 30 June 2011	All areas of the financial statements	• We have continued to meet regularly with the Council's finance staff to respond to technical queries and to provide timely review of the proposed accounting of emerging issues.	• The financial statements were prepared and published on the Council's website by the statutory deadline of 30 June 2011.
Pressure over financial performance may affect the Council's ability to deliver its budget	All areas of the financial statements	• We have kept the Council's financial performance under continuous review throughout the year through discussions with key officers of the Council and consideration of the financial performance reports presented to members. • We have reviewed the budget setting process and achievement of savings in delivery plans through our VFM work.	• The sound financial and budgetary control arrangements enabled the Council to deliver a deficit of only £105,000 for the year. • Our VFM work has not identified any significant weaknesses in the arrangements to secure financial resilience.
Revaluation of fixed assets are not correctly accounted for	Property, plant and equipment	• We have reviewed the valuation report prepared by the Council's valuers to confirm that the valuation basis used for each asset class is in accordance with the requirements of the Code and IFRS. • We have reviewed a sample of the valuations undertaken to ensure that these comply with the requirements of IFRS, particularly in relation to the valuation of schools.	• The valuation bases adopted are consistent with the requirements of the Code and IFRS. • Our audit testing has confirmed property, plant and equipment balances are not materially misstated. • The classification of a small number of assets needs to be revisited to ensure that these are appropriate.

Status of the audit

We carried out our audit in accordance with the proposed timetable and deadlines communicated to you in January 2011 in our Audit Plan. Our audit is substantially complete although we are finalising our procedures in the following areas:

- receipt and review of information for some outstanding queries in relation to analytical review of income and expenditure
- completing the audit of the Council's Group Accounts following receipt of the Tamar Bridge and Torpoint Ferry Joint Committee audit report from the Audit Commission
- receipt and review of the final version of the financial statements
- obtaining and reviewing the Council's letter of representation
- reviewing post balance sheet events, up to the signing of the accounts.

We anticipate providing an unqualified opinion on the Council's financial statements, following approval by the Audit Committee on 23 September 2011.

A small number of issues arose during the course of the audit, which should be considered by the Audit Committee. These are set out in the following paragraphs. Where appropriate we have made recommendations for improvement these are set out in the agreed action plan at Appendix C.

Matters arising from the financial statements audit

Following certification by the Council's Director for Corporate Support we were presented with draft financial statements for audit on 30 June 2011. We are pleased to report that the financial statements were accompanied by adequate working papers, and that finance staff dealt with our audit queries efficiently and provided timely responses to requests for additional information.

Investments in Icelandic banks

Plymouth City Council is one of a large number of public bodies seeking recovery of funds invested in Icelandic banks prior to the collapse of Iceland's banking industry in 2008. The Chartered Institute of Public Finance and Accountancy (CIPFA) have periodically issued guidance on the valuation of these investments based on administrators' reports, the most recent of which was issued in May 2011.

This guidance indicates that the impairment charged to the Council's comprehensive income and expenditure account in 2009-10 should be reduced by £4.6 million, reflecting the latest forecast recovery. The Council has chosen not to reflect this change in guidance in the 2010-11 financial statements because the recoverable amount recommended by CIPFA remains subject to legal challenge in the Icelandic courts.

This amount is not material to the financial statements and we accept the approach adopted by the Council. We consider that the impact of this decision has been appropriately set out and disclosed in the financial statements.

Adjusted misstatements

During the course of our audit of the financial statements, we have identified the following misstatements that have been subsequently adjusted.

Valuation of academies

During 2010-11 two of the Council's schools became Academies and seven further schools received approval to transfer to Academy status on 1 April 2011 and one on 1 August 2011.

At the point of becoming an Academy the buildings and equipment relating to each school are transferred to the school for nil consideration, and the Council recognises a loss on disposal. As the formal approval for transfer of each of these eight schools was before 1 April 2011 the relevant assets will have no on-going value to the Council and the Council will receive no sale proceeds. The value of the schools needs to be impaired in 2010-11, as a result the value of the assets relating to the schools was overstated by £60.2 million and an impairment has been recognised under Childrens' and Education Services in the comprehensive income and expenditure account of £56.6 million with the balance of £3.6 million reducing the revaluation reserve.

Classification of assets

The Code requires that 'Community assets' are held at cost, and are not subject to depreciation. These assets are defined as those "that the authority intends to hold in perpetuity and that have no determinable useful life".

The Council's balance sheet includes community assets with a net book value of £22.6 million, with a gross cost of £26.3 million and accumulated depreciation of £3.7 million. These assets were depreciated by £0.6 million in 2010-11, which is not consistent with the requirement to hold community assets at cost with no depreciation.

We requested that the Council review a sample of the assets included within this category, with an individual value of above £142,000, and a net book value of £5.3 million. These assets were being depreciated and did not meet the criteria of a community asset. The Council concluded that £5.0 million net book value of the assets reviewed should be reclassified, £4.3 million should be infrastructure assets and £0.7 million should be vehicles, plant furniture and fittings. We have agreed with the amendment the Council has made. These classes of assets are correctly held at cost and are depreciated, so the reclassification has had no impact on the Council's comprehensive income and expenditure account.

Our audit has identified that the value of community assets has been increased by £10.3 million during 2010-11. Of this total, £2.4 million relates to assets that the Council had not previously accounted for. These assets have been identified as part of the Councils preparations for separately accounting for 'Heritage assets', as required under IFRS. This classification is required to be implemented in 2011-12. For 2010-11, the Council has amended the financial statements to identify these assets as additions rather than a revaluation.

The remaining £7.9 million shown as a revaluation of community assets in the draft accounts has been included to reflect the change in insurance valuation identified by the Council during the year. The Code does not permit these assets to be revalued. The accounts have been amended to reverse this revaluation and the property, plant and equipment and reserves disclosures in the accounts adjusted accordingly.

The Council should also continue to review all of the other assets currently classified as community assets to confirm that they are classified correctly. The Council should ensure that this review considers the classification and basis of valuation for each asset within this class. It should be completed prior to the preparation of the 2011-12 financial statements.

Pensions valuation

In line with standard practice across local government bodies the Council's actuary estimated the value of assets at 31 March 2011 from a forecast at 28 February 2011. This was used to calculate the net deficit on the pension scheme.

Following the Audit Commission's audit of the Devon Pension Fund the value of the scheme assets was found to be understated. This is a common issue and identified each year, after the year end, when the actual asset value at 31 March is known. In 2010-11 Plymouth City Council's share of this understatement is £2.9 million, reducing the deficit shown on the balance sheet and increasing the actuarial gain for the year. As the size of this understatement is significant for the current year the Council has agreed the amendment to its financial statements.

Section 106 contributions

The Council entered into a new Section 106 planning agreement for a development at Southway Drive in 2010-11. The funding had not been received from the developer at the year end so the balance due was included as a debtor.

A credit note was issued after the year end for £0.4 million because this amount was not legally due at 31 March 2011. Therefore both the debtor and the corresponding creditor (reflecting the capital contribution received in advance) are overstated by this amount.

School cash balances

The Devonport High School for Boys became an Academy during 2010-11 and as a result the Council no longer holds cash on behalf of the school. At the end of the financial year a balance of £0.4 million which related to this school was included in the Council's own cash balance.

This amount actually relates to an overpayment of funding to the school and is due to be repaid to the Council. Consequently this has been reclassified as a short-term debtor.

Grant expenditure

The Council has identified £0.2 million of grant expenditure incorrectly shown against 'Taxation and non-Specific Grant Income' on the face of the Comprehensive Income and Expenditure Account. This relates to expenditure on cultural, environmental, regulatory and planning services and has been reclassified accordingly.

Investment in Tamar Science Park

The Council has restated its group accounts for 2009-10 to reflect the agreement reached with Tamar Science Park in March 2010 for the Council to jointly provide a £3.0 million investment in partnership with Plymouth University.

The Council's single entity accounts were not restated to reflect this change. As a result both long-term investments and long-term liabilities were understated by £1.5 million in the 2009-10 comparative figures. As this adjustment related to the prior year, it has been shown in Appendix B as a disclosure adjustment.

Plymouth Airport

In the draft accounts the Council included a disclosure on events after the balance sheet date in relation to the airport. The airport was let on a 125 year lease to an external company, Sutton Harbour Holdings. The disclosure stated that the lessee had served notice of its intention to close the airport in December 2011 due to trading difficulties and that the Council was undertaking an economic study of the airport's operations.

On 23 August 2011 the Council's Cabinet accepted the notice of non-viability from the lessee following receipt of three reviews on the airports financial viability. This means that the operator may decide to sell the airport site, in which case the Council will received 75% of the sale proceeds. In accordance with IAS37 relating to contingent assets, as there is now a possibility that sale proceeds may be received, although there remains a level of uncertainty, we have agreed that the Council should disclose a contingent asset in respect of this event within the accounts.

The events after the balance sheet disclosure has also been brought up to date to reflect the current position, as at the date of signing the accounts.

Group accounts

The Council has updated the group accounts to reflect amendments to the Council's own accounts and changes between the draft and final accounts for the group entities.

Unadjusted misstatements

Our audit has not identified any amendments to the financial statements that have not been processed by management. However we have set out in the following pages other issues arising from our work which may have resulted in amendments if the Council had actioned the recommendations we have made in 2010-11. We have concluded that these issues would not materially impact on the 2010-11 financial statements.

Other issues arising

During the course of our audit we have identified a number of issues that do not have a financial impact on the 2010-11 financial statements but we recommend that these are addressed by management prior to the preparation of the 2011-12 financial statements.

Fixed asset register

During 2010-11 the Council introduced new asset management software, supplied by Technology Forge, which includes a fixed asset register. The Council produced an opening fixed asset register as at 1 April 2010 on the new software and work on the closing position at 31 March 2011 is on-going.

The Council should ensure that this is completed as soon as possible and that a periodic reconciliation is carried out to the Council's general ledger.

Historic Council tax debtors

Following our audit of the 2009-10 financial statements we recommended that the Council's debtor balance of £4.7 million relating to transactions before 2000 should be written off. These balances relate to the previous computer system and balances after this date are routinely written off. The Council has recognised that these balances are unlikely to be collected and has a doubtful debt provision for them in full.

The balances were not written off in 2010-11 and so we have repeated our recommendation this year. We recognise that the Council should continue any recovery action in respect of these debts as long as it remains economically viable to do so.

Provision for doubtful debts

Accounting standards require an allowance to be made for debtors that are considered to be uncollectable, firstly through a review of individual debtor accounts and secondly by applying a percentage based on previous experience of collecting similar debt.

The Council has several types of debt, each of which has its own provision. While some of these are based on a review of individual debtor accounts others, for example the provision for National Non-Domestic Rate debtors, are based on the Council's assumptions as to the balance that is likely to be collected, rather than historic collection rates.

The Council should review its bad debt provisions to ensure that these are based on a review of individual debtors and then on historic collection rates.

Accounting for Tamar Bridge and Torpoint Ferry Joint Committee

As in previous years the Council has accounted for its 50% share in the Tamar Bridge and Torpoint Ferry Joint Committee (TBTFJC) as a 'jointly controlled entity' in the group accounts and not within the single entity accounts of Plymouth City Council. This is the accounting treatment that was adopted by both Plymouth City Council and Cornwall Council in 2005-06, following discussion with the Audit Commission who were the external auditors at that time.

In 2010-11 we have revisited the accounting treatments of all of the Council's group activities, both in response to the change in nature of some of those relationships, such as the Theatre Royal, and because of the clarification of arrangements introduced under IFRS. We have also reviewed arrangements against the Audit Commission's technical guidance for auditors.

Our review has indicated that the current accounting treatment for TBTFJC as a jointly controlled entity, does not appear to be consistent with the definition included within the Code. Specifically, one of the factors that determines whether an organisation is accounted for as a jointly controlled entity is its ability to enter into contracts in its own name or raise finance for the purposes of the joint activity. In the case of TBTFJC it needs to do this through the parent authorities, which recently has been through Cornwall Council.

In addition, our review of the technical guidance provided by the Audit Commission for auditors sets out that joint committees are unlikely to meet the definition of an entity set out in the Code. It states that joint committees should be accounted for as 'jointly controlled operations' which are incorporated in the single entity accounts, i.e. Plymouth City Council and Cornwall Council accounts, and not their respective group accounts.

From our discussions with the Council and the former auditors, this inconsistency has arisen due to the fact that there is specific legislation around the Tamer Bridge which has been interpreted as establishing the organisation as separate legal entity. It is our view that this position is not certain and needs to be clarified.

We understand that Cornwall Council's external auditors maintain their original accounting view.

If Plymouth City Council accounted for its share of the Joint Committee within its single entity accounts in 2010-11 it would have increased the surplus on the comprehensive income and expenditure statement at 31 March 2011 by £0.6 million and increased the net assets and reserves in the balance sheet by £104.6 million.

There would be no overall impact on the Council's group accounts because these amounts are already included within them.

We have discussed this with management at Plymouth City Council and agree that it would not be appropriate to have a different accounting treatment between the two Councils. Consequently we have agreed that the accounting treatment of the Joint Committee should be re-assessed by both Councils in 2011-12. Any change in accounting treatment would be processed through a prior period adjustment because it would be material.

Evaluation of key controls

Internal controls

We have undertaken sufficient work on key financial controls for the purpose of designing our programme of work for the financial statements audit. The findings from our evaluation of the Council's key financial control systems to the date of our interim report were presented to the Audit Committee in June 2011.

Review of IT

We performed a high level review of the general IT control environment as part of the overall review of the internal control system and concluded that there were no material weaknesses within the IT arrangements that could adversely impact on our audit of the accounts.

One recommendation for improvement was included in our interim report and we have also identified a number of minor IT control issues which have been communicated to management. These do not present a material risk to the accuracy of the financial statements and have not been repeated in this report.

Review of internal audit

We periodically review the Internal Audit function for compliance with requirements of the 2006 CIPFA Internal Audit Standards. Our most recent review in February 2011 concluded that the Council met these requirements and identified two recommendations for further improvement, as detailed in our interim report.

We consider that the Council has put in place sufficient resource to deliver an internal audit plan and has an appropriate risk based methodology. We also considered whether the Council had sufficient flexibility in its resource to respond adequately to unplanned risks arising in the year. We are satisfied that the existing arrangements are sufficient to achieve this.

We draw on this work in forming our overall Value for Money (VfM) conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. This work also supports our review of the Annual Governance Statement (AGS) which in turn informs our VfM conclusion and our audit of the financial statements.

Where internal audit has identified control issues, or where there has been no internal audit coverage we have not placed reliance on internal controls and have taken a more substantive based audit approach. This means that we place more reliance on analytical procedures and detailed transaction testing. Where issues arising from our audit work have been identified these are reported as part of our key findings from the audit. Where we have identified additional internal control issues, not previously reported by internal audit or other sources, we have made recommendations for improvement in Appendix C.

Head of internal audit opinion

The Council's Chief Internal Auditor stated in her opinion that she provided reasonable assurance on the adequacy and effectiveness of the internal control environment for 2010-11.

However, Internal Audit's annual report identified one area where there were 'fundamental weaknesses' in the Council's arrangements, which was in respect of corporate information management. We have discussed the progress made to date by management against the agreed action plan with the Devon Audit Partnership and are satisfied that appropriate actions have been taken to address the concerns raised and that there is no impact on our audit opinion.

Management of the risk of fraud

We have sought assurances from the Director for Corporate Support and the Chair of the Audit Committee in respect of processes in place to identify and respond to the risk of fraud at the Council. We have also considered the work of the Council's internal audit service. From these enquiries we have established that those charged with governance have sufficient oversight over these processes to give them the assurances they require in regard to fraud.

In the course of our accounts audit work, we did not uncover any evidence of fraud or previously undisclosed control weaknesses which might undermine the Council's process for mitigating the risk of fraud.

Annual Governance Statement (AGS)

We have examined the Council's arrangements and processes for compiling the AGS. In addition, we have read the AGS and considered whether the statement is in accordance with our knowledge of the Council.

We reviewed the draft AGS and considered the document to be satisfactory in terms of content, is a fair representation of Council's operations during the year and is in line with the Code. We concluded that the overall arrangements were appropriate to ensure that management actions are reviewed effectively.

Public questions and objections

We did not receive any questions or objections from the public or other interested parties in respect of the financial statements for the year ended 31 March 2011.

Next steps

The Audit Committee is required to approve the financial statements for the year ended 31 March 2011. In forming its conclusions the Committee's attention is drawn to the adjustments to the financial statements and the required Letter of Representation.

3 Value for money

Value for money conclusion

The Audit Commission Code of Audit Practice 2010 describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

For 2010-11 we are required to give our conclusion based on the following two criteria specified by the Audit Commission:

- the Council has proper arrangements for securing financial resilience
- the Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

In order for us to provide an unqualified conclusion, the Council needs to demonstrate proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources.

We expect to present an unqualified Value for Money Conclusion in regard to the Council's arrangements to ensure economy, efficiency and effectiveness in its use of resources.

Programme of work - review of proper arrangements

Our work has encompassed a review against proper corporate performance and financial management arrangements as defined by the Code. The findings from our review against these arrangements are detailed below.

Code criteria	Work completed	Conclusion
Planning finances effectively to deliver strategic priorities and secure sound financial health	Reviewed as part of financial resilience work and from our overall review of Council performance against its strategic targets	Proper arrangements considered to be in place

Code criteria	Work completed	Conclusion
Having a sound understanding of costs and performance and achieving efficiencies in activities	Considered in our review of the Council's financial resilience	Proper arrangements considered to be in place
Reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people	Reviewed as part of financial resilience work and our audit of the financial statements	Proper arrangements considered to be in place
Commissioning and procuring services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money	Considered as part of our review of the Councils procure to pay project	Proper arrangements considered to be in place
Producing relevant and reliable data and information to support decision making and manage performance priorities	Considered as part of our risk assessment of the Council's arrangements to prioritise resources and improve efficiency and productivity and our review of the Council's project management arrangements	Proper arrangements considered to be in place

Code criteria	Work completed	Conclusion
Promoting and demonstrating the principles and values of good governance	Considered in our reviews of financial resilience and project management and our review of the AGS	Proper arrangements considered to be in place
Managing risks and maintaining a sound system of internal control	Considered as part of our financial resilience review and also within our reviews of the procure to pay project and arrangements for project management	Proper arrangements considered to be in place
Making effective use of natural resources	Considered as part of our risk assessment of the Council's arrangements to make effective use of natural resources	Proper arrangements considered to be in place
Managing assets effectively to help deliver strategic priorities and service needs	Considered as part of our risk assessment of the Council's arrangements to prioritise resources and improve efficiency and productivity	Proper arrangements considered to be in place
Planning, organising and developing the workforce effectively to support the achievement of strategic priorities	Considered as part of our risk assessment of the Council's arrangements to prioritise resources and improve efficiency and productivity	Proper arrangements considered to be in place

Matters arising from the review of value for money

In addition to our work on the specified criteria we undertook detailed work to support our VFM conclusion. We have prepared separate reports in respect of this work and these are presented individually to the Audit Committee. The three local reports were:

- review of procure to pay project reported in June 2011
- project management review reported in September 2011 and
- financial resilience review to be reported in December 2011.

We identified these areas in our audit plan which was presented to you in December 2010. We have agreed the scope of each project with management prior to commencing the work. The purpose of each piece of work was to provide assurance on the arrangements in place and identify any areas for improvement.

These reports included detailed findings and recommendations, we have only included a short summary of our key findings from this work within this report.

Review of procure to pay (P2P) project

We reviewed the Council's arrangements to deliver procurement savings through its P2P project. We reported that the Council's project was clearly aligned to its corporate priorities and there was clarity at a corporate level in relation to the purpose of the project.

The P2P project initiation document was developed in April 2010 in advance of the planned start date for the delivery of savings over a three year period from 1 April 2011. We identified that whilst the project was developing, across 2010-11, there was a lack of clarity in the governance arrangements.

During the development of the project, the phasing of the planned £4 million savings to be delivered needed to change because the Council's budget was being revised to reflect a reduction in funding. The final position was agreed as part of the corporate support delivery plan in March 2011, with £1.2 million needing to be delivered in 2011-12. The Council believes that this target is prudent and should able to be achieved and probably exceeded.

At the time of our work the Council did not have a communications plan for P2P. We reported that this was likely to have had a detrimental impact on the engagement with stakeholders across the Council, making it less effective. Since our work the Category Management Project Board approved a combined communications plan for P2P and category management in July 2011.

At the time of our review we identified that the Council did not have a benefits realisation strategy for the project and we recommended that the performance management arrangements for the project needed to be developed as a matter of priority, including how financial and non-financial benefits would be measured and monitored. The Council has now taken action to address this. A benefits realisation process was adopted by the Corporate Management Team in August 2011 and this is being communicated to Departmental Management Teams during September 2011.

Project management review

We reviewed the Council's arrangements to manage projects and considered two projects to assess whether these arrangements were effective in practice. The projects reviewed related to:

- Compton Primary School enhancements, which was one of the first projects to apply the new procedures and
- Corporate accommodation strategy, because this is a significant project, phase one of which was due to be complete and phase two had been brought forward.

The draft procedures, which were developed in November 2010, mean that the Council now has a framework to manage capital and large revenue projects. The procedures were due to be approved as part of the Constitution by full Council in June 2011, but this was deferred until October 2011. As a result, the procedures have not yet been rolled out across the Council and the associated training programme has not been delivered.

Our review identified that the procedures include areas of good practice but that there were also a number of areas where they could be enhanced and made easier to use in practice. We recommended that the Council would benefit from reviewing the success of their application after a period of time and informing a subsequent review with feedback from those staff who have used them.

We found that Compton Primary School project followed the procedures effectively and that the project was delivered on time and within budget. The school opened in September 2011, as planned, and the key outcomes to expand the school in response to rising demand were met. Our review indicated that the project was led and managed well and a post implementation review is due to be undertaken in the near future.

The accommodation strategy is a council-wide change programme that incorporates new and different ways of working as well as rationalisation of the office accommodation. We found that the Council has made good progress, to date, in making improvements to office accommodation and rationalising the number of offices. However, we identified that there is scope for the overall arrangements to be strengthened to ensure that there is sufficient capacity and resilience to deliver the ambitious programme objectives effectively.

Financial resilience review

Our work in relation to financial resilience is currently being completed. We have performed sufficient work in order to conclude on the adequacy of the Council's arrangements and are finalising this in order to provide more detailed feedback to the Council in relation to those arrangements.

Based on the work we have undertaken, we have identified that there are strong arrangements in place with a small number of areas where further improvements could be sought. Consequently, we have concluded that the Council has adequate arrangements in place to secure VFM and is financially resilient for the future. We will report our detailed findings to the Audit Committee in December 2011.

A The reporting requirements of ISA 260

Purpose of report
The purpose of this report is to highlight the key issues affecting the results of the Council and the preparation of the Council's financial statements for the year ended 31 March 2011.

The document is also used to report to management to meet the mandatory requirements of International Standard on Auditing (UK and Ireland) 260.

We would like to point out that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements of the Council.

This report is strictly confidential, and although it has been made available to management to facilitate discussions, it may not be taken as altering our responsibilities to the Council arising under the terms of our audit engagement.

The contents of this report should not be disclosed with third parties without our prior written consent.

Responsibilities of the directors and auditors
The directors are responsible for the preparation of the financial statements and for making available to us all of the information and explanations we consider necessary. Therefore, it is essential that the directors confirm that our understanding of all the matters in this report is appropriate, having regard to their knowledge of the particular circumstances.

Clarification of the roles and responsibilities with respect to internal controls
The Council's management is responsible for the identification, assessment, management and monitoring of risk, for developing, operating and monitoring the system of internal control and for providing assurance to the Audit Committee that it has done so.

The Audit Committee is required to review the Council's internal financial controls. In addition, the Audit Committee is required to review all other internal controls and approve the statements included in the annual report in relation to internal control and the management of risk.

The Audit Committee should receive reports from management as to the effectiveness of the systems they have established as well as the conclusions of any testing conducted by internal audit or ourselves.

We have applied our audit approach to document, evaluate and assess your internal controls over the financial reporting process in line with the requirements of auditing standards.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of testing, we identify any control weaknesses, we will report these to you.

In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We would be pleased to discuss any further work in this regard with the Audit Committee.

ISAUK 260 requires communication of:

- relationships that have a bearing on the independence of the audit firm and the integrity and objectivity of the engagement team
- nature and scope of the audit work
- significant findings from the audit

Independence and robustness

Ethical standards require us to give you full and fair disclosure of the matters relating to our independence. In this context we ensure that:

- the appointed audit partner and audit manager are subject to rotation every seven years;
- Grant Thornton, its partners and the audit team have no family, financial, employment, investment or business relationship with the Council;
- our fees paid by the Council do not represent an inappropriate proportion of total fee income for either the firm, office or individual partner; and
- at all times during the audit, we will maintain a robustly independent position in respect of key judgement areas

Audit and non-audit services

Services supplied to the Council for the year ended 31 March 2011 are as follows:

	£
Audit services	
Statutory audit	335,978
Rebate from Audit Commission	(34,046)
Net audit fee	**301,932**
Other services	
Employer solutions review	3,500

Audit quality assurance

Grant Thornton's audit practice is currently monitored by the Audit Inspection Unit, an arm of the Financial Reporting Council which has responsibility for monitoring the firm's public interest audit engagements.

The audit practice is also monitored by the Quality Assurance Directorate of the ICAEW.
Grant Thornton also conducts internal quality reviews of engagements.

Furthermore, audits of public interest bodies are subject to the Audit Commission's quality review process.

We would be happy to discuss further the firm's approach to quality assurance.

B Audit adjustments

Adjustment type

Misstatement - A change in the value of a balance presented in the financial statements
Classification - The movement of a balance from one location in the accounts to another
Disclosure - A change in the way in which a balance is disclosed or presented in an explanatory note

Adjustments to the Council's financial statements

Adjustment type	£000	Account balance	Impact on financial statements
Misstatement	60,217	Property plant and equipment Gross expenditure on childrens' and education services Revaluation reserve	Other land and buildings on the balance sheet was overstated by £59,246,000 Vehicles, plant, furniture and fittings on the balance sheet was overstated by £908,000 Intangible assets on the balance sheet was overstated by £63,000 Deficit on continuing operations in the comprehensive income and expenditure statement was understated by £56,647,000 Revaluation reserve was overstated by £3,570,000
Misstatement	4,932	Property plant and equipment	Community assets in property plant and equipment was overstated by £4,932,000 Vehicles, plant furniture and fittings was understated by £664,000 Infrastructure was understated by £4,268,000

Adjustment type	£000	Account balance	Impact on financial statements
Misstatement	10,326	Property, plant and equipment Revaluation reserve	Community assets on the balance sheet was overstated by £7,970,000 Revaluation reserve was overstated by £7,970,000 Revaluation of community assets was overstated by £2,356,000 Additions to community assets was understated by £2,356,000
Misstatement	2,899	Pension deficit Actuarial gain on pensions	Pension deficit on the balance sheet was overstated by £2,899,000 Actuarial gain in the comprehensive income and expenditure statement was understated by £2,899,000
Misstatement	400	Debtors Creditors	Short-term debtors on the balance sheet was overstated by £400,000 Capital contributions received in advance (creditor balance) was overstated by £400,000
Classification	378	Debtors Cash	Cash and cash equivalents balance on the balance sheet was overstated by £378,000 Short-term debtors on the balance sheet was understated by £378,000
Classification	212	Gross Expenditure on cultural, environmental, regulatory and planning services Taxation and non-Specific Grant Income	Taxation and non-specific grant expenditure was overstated by £212,000 Gross expenditure on cultural, environmental, regulatory and planning services was understated by £212,000
Disclosure	1,500	Long-term investments Long-term liabilities	Long-term investments at 31 March 2010 was understated by £1,500,000 Long-term liabilities at 31 March 2010 was understated by £1,500,000
Disclosure	n/a	Contingent assets Events after the balance sheet date	Contingent assets disclosure has been added to reflect the possibility of a receipt if the land at Plymouth Airport is sold Events after the balance sheet date disclosure has been brought up to date to reflect the current position

Adjustments to the group financial statements

The Council has updated the group accounts to reflect amendments to the Council's own accounts and changes between the draft and final accounts for the group entities.

Unprocessed adjustments to the Council's and group financial statements

There are no proposed adjustments to the Council's or group accounts which the Council has not made.

C Action plan

Rec No	Recommendation	Priority	Management comments	Responsibility and implementation date
1	**Fixed asset register** The new fixed asset register should be populated as soon as possible and a clear description of each asset should be included. A periodic reconciliation should be carried between the asset register and the Council's general ledger.	High	Agreed Implementation of the new data base is continuing, and the property element of the data base has recently gone live. The final reconciliations with the finance modules will now be undertaken including a review of the asset description.	Group Accountant Corporate Technical 31 October 2011
2	**Historic council tax debtors** Council tax debtors relating to pre-2000 should be written off and the bad debt provision reduced accordingly.	Medium	Agreed The write off of these debts will be completed and managed within the framework of our current financial regulations, and the associated bad debt provision reduced as appropriate.	Head of Value for Money 31 December 2011

Rec No	Recommendation	Priority	Management comments	Responsibility and implementation date
3	**Bad debt provision** The bad debt provision should be reviewed to ensure that it is based on a review of individual debtors and then on historic collection rates.	Medium	Agreed The Council has a number of bad debt provision accounts for various types of debt. For the majority of these debts, a full review of debtors is undertaken and the bad debt calculated accordingly. Problems with obtaining the information in the required format from the NNDR academy computer system meant the provision was based on an estimated percentage collection rate due to time constraints to produce the accounts. Work with the relevant suppliers has been undertaken to ensure the information will be available when required for future years, and this will enable a more detailed analysis of the individual debtor debts to be undertaken. However, due to differences in the operation of the collection fund which is based on estimated future collection rates and pro-rata'd across preceptors any impact on the final bad debt provision value is likely to be minimal.	Group Accountant Corporate Technical 31 March 2012
4	**Community assets** All assets currently classified as 'Community Assets' should be reviewed to ensure that they are classified correctly and accounted on the correct basis.	Medium	Agreed During 2010-11, Officers concentrated on the reclassification of Property Plant and Equipment assets, and leases, to deliver the accounts on an IFRS basis. Work has already commenced on the review of Community Assets in preparation for implementation of the new category of Heritage Assets from 1 April 2011, and some reclassifications have been made to the 2010-11 accounts in agreement with the auditor.	Corporate Accountancy and Finance Manager 31 March 2012
5	**Tamar Bridge and Torpoint Ferry Joint Committee** The Council, in partnership with Cornwall Council, should re-assess its accounting treatment of the Joint Committee to determine whether it should be incorporated within the single entity accounts of each council.	High	Agreed This will be re-assessed with Cornwall Council and the external auditors in 2011-12.	Corporate Accountancy and Finance Manager 31 March 2012

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Grant Thornton

Plymouth City Council

Project Management Review

September 2011

Contents

1 Executive summary

Project management arrangements

The Council has improved its project management arrangements. It has developed comprehensive procedures and planned training to accompany the roll out of the procedures. However, as the procedures have not yet been approved the training programme has been delayed until approval has been given. Our review indicates that there are a number of areas where the procedures could be streamlined or simplified. The Council would benefit from reviewing the success of their application after a period of time and informing this review with feedback from those staff that have used them.

Compton Primary School

Compton Primary School followed the procedures and their project was delivered on time and is expected to be on budget. The School opened in September 2011. Key outcomes included an integrated pre-school, the replacement of temporary classrooms and an expansion of facilities to meet the rising demand as a result of the popularity of the school. Our review indicates that the project was led and managed well and a post project review is due to be undertaken in the near future.

Corporate accommodation strategy

The accommodation strategy is a council-wide change programme that incorporates new and different ways of working as well as changes in office accommodation. The Council has made good progress in making improvements to office accommodation and rationalising the number of offices. However, there is scope for it to further strengthen the strategic overview of the programme to ensure that there is sufficient capacity and resilience to deliver the ambitious objectives.

2 Introduction and background

Introduction and background

Our 2010-11 audit plan for Plymouth City Council (the Council) identified that we would assess the arrangements that the Council has in place to ensure strong project management arrangements with effective post implementation reviews of projects.

The purpose of the review is to assess the Council's project management arrangements to:

- provide assurance that robust project management arrangements are in place to ensure that projects are managed and delivered effectively within budget and timescales; and
- identify areas for improvement.

Scope of audit work

Our review considered the Council's current arrangements for project management and whether they are in line with best practice. We reviewed two projects to determine whether they had been managed in accordance with the Council's project management procedures. We discussed a number of potential projects with management before agreeing that we would focus on:

- Compton Primary School - one of the first projects to apply the project management procedures; and
- Corporate Accommodation Strategy - a programme in two phases where Phase 1 was intended to be completed and Phase 2 was due to start in the near future.

Following discussions, we agreed with management that we would undertake a more detailed post project review of the Life Centre, once it had been completed.

For Compton Primary School we considered:

- whether Compton Primary School was delivered in accordance with the Council's draft project management procedures;
- how well the Council defined project objectives to measure achievement against; and
- what post implementation review has been performed on the project, being the first project where the draft project management procedures were applied.

For the accommodation strategy we considered:

- whether the accommodation strategy was delivered in accordance with the Council's draft project management procedures;
- if not, whether the project objectives were achieved effectively through a different approach;
- how well the Council defined the project objectives to measure improvement against; and
- what post implementation review was performed on phase 1 of the project and how any learning points are being applied to phase 2.

The review included the following:

- review of documentation relating to the overall project management arrangements;
- interviews with relevant officers in relation to overall arrangements; and
- further document review and interviews relating to the two specific projects.

Code of Audit Practice

Under the Code of Audit Practice, we are responsible for issuing a conclusion on whether we are satisfied the audited body has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Our VfM conclusion for 2010-11 at the Council will be informed, in part, by this review.

Use of this report

This report has been prepared to advise the Council of the matters arising from our work and should not be used for any other purpose or be given to third parties without our prior written consent.

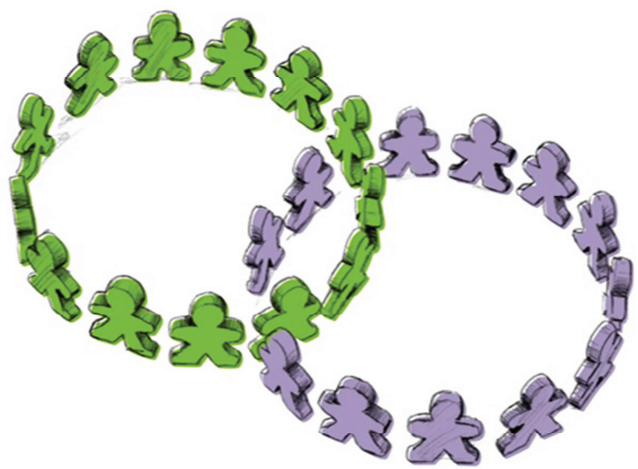
Our report is part of a continuing dialogue between the Council and ourselves and should not be relied upon to detect all opportunities for improvements in management arrangements that might exist. The Council should assess the wider implications of our conclusions and recommendations before deciding whether to accept or implement them, seeking its own specialist advice as appropriate.

We accept no responsibility in the event that any third party incurs claims, or liabilities, or sustains loss, or damage, as a result of their having relied on anything contained within this report.

Acknowledgements

We would like to record our appreciation for the assistance and co-operation provided to us during our work by the Council's officers.

Grant Thornton UK LLP
September 2011



3 Detailed findings

Overall project management arrangements

Status of project management procedures

The Council developed its project management arrangements in 2010, which are now underpinned within comprehensive project management procedures. This represents good progress in moving from a position where there was no formal approach to a common set of guidelines for all projects to follow. The Council also developed a capital programme governance policy in January 2011.

These procedures were presented for approval to full Council as part of the Constitution in June 2011. However, at this time, members decided to defer the adoption of the new Constitution until October 2011. As a result, the new project management procedures were not adopted. Whilst we recognise that the Council want the procedures to be authorised as part of standing orders, we believe that it is important to retain flexibility so that the procedures can be updated as and when required and authorised independently of the full standing orders. As a result of this delay , projects are not consistently following the revised procedures.

The Council has developed a training programme to accompany the new procedures but this is not going to be rolled out until the procedures have been approved. Consequently, there are a number of project managers who are not yet aware of, or trained to apply, the procedures.

Recommendation 1

Approve the project management and capital programme procedures and ensure that the training programme to support them is rolled out in a timely way to maximise their impact and benefit.

Content of procedures

The project management procedures are comprehensive and clearly set out the respective roles and responsibilities, stages of projects, documentation required and the expected performance management arrangements. They follow good practice in setting out that post implementation reviews and benefits realisation are essential. In addition, they provide guidance on how to determine whether a project is major or minor and recognise they will need to be applied differently for each individual project. They also state that a communications plan is required for all major projects at the outset. The procedures apply to all capital projects as well as larger revenue projects, both of which are scrutinised by the capital delivery board.

Although the procedures apply to both capital and revenue projects, they were originally written for capital projects. Consequently the language is geared towards construction and capital works. For example, Section 3 is titled 'Project Design Development (e.g. in construction RIBA Stages D-E or equivalent). The first sentence reads 'The Design Development Stage (D) enables the development of the concept to operational, structural/engineering and building services systems, updated outline specifications and cost plan'. This language is capital focused and makes it more difficult to apply to revenue projects. In our view, the procedures that apply to revenue projects need to be clearer so that all project managers can easily apply the guidance.

Recommendation 2

Ensure that guidance, language and terminology used in the procedures is clear for revenue projects.

Language and structure of procedures

Our review of the project management procedures concluded that they are comprehensive and cover all key requirements but that the language and structure could be improved. For example the flowcharts in the appendices applying to major and minor projects are long and complex. Also, the must-do elements of the procedures, such as the project brief, are combined with background information, such as 'what is project management'. The procedures could be made clearer if there was a summary sheet at the front, explaining in plain English, what must be done to manage a project, followed by the more detailed explanatory procedures.

The project management procedures are 29 pages long and contain a large number of technical and professional phrases that are not easy to understand. Our view is that the Council could use more plain language that would present the information and requirements more clearly and concisely, which would make them easier to read and apply. In addition, we believe that wider use of the active rather than the passive case, would make sentences shorter and using plain English would help to both clarify the procedures and reduce their size.

If the procedures are not clearly written, there is a risk that project managers will not follow essential elements of them or choose not to use the procedures at all because they are perceived to be too cumbersome.

Overall, we consider that the procedures are sufficiently comprehensive and fit for purpose that their approval and roll out is not delayed to make further amendments. We suggest that the Council approves the procedures, rolls out the training programme and applies them to all projects. The Council should then set a timeframe to 'road-test' the procedures and seek feedback from the project managers who use them. Once they have been is use for this timeframe, for example a year, the Council should review all of the feedback obtained and update the procedures based on the range of views obtained.

Recommendation 3

Review project management procedures when they have been in place for an agreed period of time. Use feedback from project managers to make them clearer and more concise, removing technical language and using plain English.

Involvement of support services

The Council recognises in its procedures the importance of consultation with stakeholders and that successful delivery of projects depends on good communication. The Communication Plan should define the means and frequency of communication between interested parties.

The participation of ICT and other corporate support services are not specifically mentioned in the procedures. It is important that ICT implications are taken into account at an early stage within a project. If ICT are not involved at the outset, there is a risk that late requests for support or equipment may be made that the service is not able to meet within the expected timescale or budget. This might result in the whole project not being delivered on time, to the right quality, or within the overall budget.

For some smaller projects, the ICT implications may be relatively minor. However, a lack of involvement could still lead to delays in delivering the project.

New project management software is now used by some departments of the Council. It enables these projects to monitored more effectively. Currently it is difficult for the Council to review progress on all projects using the monthly dashboard reports because the new software is not widely used. The Council's project management arrangements will be more effective when the new software has been rolled out.

The impact of not involving other support services, such as HR, should also be considered as this may give rise to a range of unexpected consequences, such as low morale or dissatisfaction with changes. The procedures should be strengthened to specify the involvement of key corporate support services in projects at the outset.

Recommendation 4

Project management procedures should require the early involvement of key corporate support services, such as ICT and HR, wherever relevant.

Role of project managers

Many officers in the Council carry out project management tasks. A number of officers are required to assist in the delivery of one-off projects, whilst others have project management as a small part of their overall role. Others have the title of Project Manager, but do not routinely undertake project management responsibilities as part of their day to day role.

Project managers are currently dispersed across the Council in different departments and services. Bringing project managers together in one location may help the Council to ensure that all projects are planned and managed in a consistent way and meet the required standards set out in its project management procedures.

The lack of clarity over the role of project management within posts gives rise to a risk that some officers that are expected to fulfil this role are not adequately skilled because they are only responsible for a limited number or single projects or undertake them on an ad hoc basis. We believe that the Council would benefit from more clearly defining which posts it expects its project managers to be in in order to target and prioritise project management training effectively. Otherwise the Council risks inefficiencies in carrying out project management training and in the management of projects.

The project delivery team has recently improved its capacity to manage and deliver projects. All members of the team have undertaken comprehensive project management training and are well equipped to manage project delivery. The successful delivery of projects has been recognised by the team receiving a number of local and national awards.

Recommendation 5

Review the role of project managers. Ensure training is targeted to officers who will manage projects in the future. Consider the benefits of bringing together project managers in one location.

Post implementation reviews

The procedures correctly emphasise the need for a robust post implementation review of projects to determine whether the planned benefits, as set out in the business case, have been achieved. This is recognised as good practice. Reviews have started to be carried out when projects have been completed and reviews are planned to be performed consistently when all project managers have been trained.

Recommendation 6

Ensure that robust post project implementation reviews are undertaken as set out in the project management procedures.

Identifying and replicating best practice and avoiding pitfalls

The Council logs the lessons it learns from carrying out projects. These lessons are fed back to the capital delivery board so that the key issues learnt can be carried forward into future projects. The capital delivery board recognises the need to prevent any mistakes being repeated in future projects and to learn from successful experiences. We believe that the Council would benefit from disseminating this information more widely, for example by including key lessons (such as 'Hints and Tips and Areas to Avoid') in any future project management training programmes.

Recommendation 7

Ensure that the outcomes and key lessons from previous projects are disseminated appropriately.

Compton Primary School

The aim of this project was to improve the facilities at Compton Primary School by replacing three temporary classrooms with seven additional classrooms as well as an integrated nursery. The original budget increased from £900,000 to £1,304,000 following the feasibility study.

The project was one of the first to apply the draft project management procedures. We have concluded it was both led effectively and managed well. The procedures were used as guidance rather than a checklist of items to be followed. The experience of the project manager meant he was able to influence and persuade interested parties at an early stage to ensure all parties were committed to the project at the outset. These leadership skills combined with good guidance combined to produce a successful project. The School opened September 2011 and was on target against its budget.

The project was closely monitored with a monthly dashboard identifying the overall progress against the planned programme. It also set out the risks which could impact upon the project and mitigating actions as well as strong financial management through forecasting cumulative actual spend against budget. This ensured that issues could be identified early and enable appropriate actions to be taken.

As a result of following the procedures and clear leadership, the project has achieved the intended outcomes, including an integrated pre-school, the replacement of temporary classrooms and an expansion of facilities to meet the rising demand as a result of the popularity of the school It was delivered on time and on budget. The next stage is to implement the post project review to share the key learning points from this development.

Recommendation 8

Implement the post project review for Compton School and share the learning points with other project managers.

Publicising success

This project is a good example of successful project management delivery. It has achieved positive outcomes for the residents of Plymouth and contributed to delivery of the Council's priorities. This is a good news story that the Council could share widely as an example of good project management. Reflecting this within the planned project management training would be an effective way to provide context and practical experience of the new procedures.

Applying the procedures and having an experienced project manager have been key factors in achieving planned outcomes for this project.

Recommendation 9

Publicise successful projects to generate pride and so that others can learn lessons from the success.

Corporate Accommodation Strategy

The accommodation strategy is a major change programme involving the introduction of new and different ways of working as well as rationalising the number of offices. There are two phases - phase one covers rationalising or refurbishing the four main large buildings owned by the Council plus some smaller buildings. The four main offices are the Civic Centre, Midland House, Windsor House and Ballard House.

Phase Two covers the refurbishment or disposal of a range of smaller buildings. Phase one is not yet complete due to the uncertainties over the future of the Civic Centre. The original intention to dispose of this property was frustrated when it was awarded Grade II listing status and the Council is currently considering a range of possible alternative options.

The aims of the accommodation strategy are clearly set out in the business plan. They are to:

- reduce the number of properties the Council is using;

- reduce revenue costs, the Council's carbon footprint and backlog maintenance; and
- achieve capital receipts and increased rental income.

Although phase one has not been able to be completed, due to the listing of the Civic Centre, we commend the Council for adopting a pragmatic approach to deal with the unexpected challenges that situation presented and for bringing forward the delivery of Phase Two, in order to achieve the planned savings.

Corporate support services

The Council is looking to introduce a range of new ways of working. One of these is the introduction of hot-desking, where there are 8 desks for every 10 members of staff. To ensure that this initiative is successful, it is vital that the Council has effective staff engagement arrangements in place so that there is a sound and full understanding of the change in working practices and the impact, and benefits, it will have for individuals and for the Council as a whole. The Council has recognised that this ambitious project will not be achieved without HR, ICT and property services working closely together.

HR involvement ensures staff understand how they are affected by the changes in working environment and that any concerns they have are heard. This helps to ensure morale is maintained. The HR service is delivering change workshops and monitoring the perceptions of staff before, during and after the move. This has shown that perceptions of the changes are usually improving after the workshops, although they occasionally drop back slightly after the move, which is an area that the Council may wish to investigate further to establish if there are any other mechanisms they could deploy to maintain staff morale.

As mentioned earlier in this report, ICT is not always involved at the outset of a project. However the Accommodation Strategy is a good example where the Council recognises that ICT is an essential part of the successful delivery of the intended outcomes. This means that ICT equipment can be in the right place at the right time and office moves are able to occur on the dates planned.

Planned outcomes

To date the Council has delivered a number of the planned outcomes from this programme. These include:

- the disposal of properties such as Fairbairn and Chaucer House; and
- refurbishment and a more effective utilisation of working space in the Civic Centre.

These changes have resulted in an improved working environment and capital receipts from the sale of surplus properties. In the Civic Centre more efficient use of space has resulted in a more spacious working environment with less paper, improved workstations and better meeting spaces.

The expenditure and expected benefits are being tracked through regular reports and there are regular detailed delivery board reports showing progress and actions taken. Whilst this is very positive, our review has identified that it is not straightforward to compile these reports, especially where a project has deviated from the initial plan. A simple 'dashboard' report including time and costs (expenditure and savings) could more clearly set out, at the strategic level, whether the overall programme is meeting its objectives. Information about individual workstream is evident and the way the Council is tracking benefits is good practice, but the Council cannot currently easily assess progress of the strategy as a whole.

Recommendation 10

Develop a high level programme reporting system for the accommodation strategy which tracks progress against financial and non-financial objectives.

Swift progress in the accommodation strategy has been achieved largely because of dedicated key individuals. A number of offices are being disposed of or refurbished simultaneously and the interdependencies need to be understood and communicated. There are risks in attaching the responsibilities for such a large programme to any one individual. While HR has a full time secondee to the strategy, there is no overall full time responsibility for delivery of the programme below the level of Senior Responsible Officer. To mitigate the risks associated with the concentration of demands upon too few staff and ensure that there is sufficient resilience in the delivery team, the Council should enhance capacity and develop contingency plans to ensure the continued successful delivery of this major change programme.

Recommendation 11

Strengthen arrangements for the team responsible for delivering the accommodation strategy to ensure they remain resilient and there are contingency arrangements if required.

A Action plan

Rec No	Recommendation	Priority	Management comments	Responsibility & implementation date
1	**Procedures - approval and training** Approve the project management and capital programme procedures and ensure that the training programme to support them is rolled out in a timely way to maximise their impact and benefit.	High	Agreed If the revised constitution, including the project management procedures, is not approved in October 2011, the procedures will be reviewed as per Item 3 and training implemented.	Capital Programme and Projects Manager January 2012
2	**Procedures - revenue projects** Ensure that guidance, language and terminology used in the procedures is clear for revenue projects.	Medium	Agreed	Capital Programme and Projects Manager January 2012
3	**Procedures - review** Review project management procedures when they have been in place for an agreed period of time. Use feedback from project managers to make them clearer and more concise, removing technical language and using plain English.	Medium	Agreed Procedures have been in use for enough time now to enable feedback to be incorporated now.	Capital Programme and Projects Manager January 2012
4	**Procedures - corporate services** Project management procedures should require the early involvement of key corporate support services, such as ICT and HR, wherever relevant.	Medium	Agreed This can be incorporated in the revision as per Item 3.	Capital Programme and Projects Manager January 2012

Rec No	Recommendation	Priority	Management comments	Responsibility & implementation date
5	**Project managers and team** Review the role of project managers. Ensure training is targeted to officers who will manage projects in the future. Consider the benefits of bringing together project managers in one location.	Medium	Agreed	Capital Programme and Projects Manager April 2012
6	**Post implementation reviews** Ensure that robust post project implementation reviews are undertaken as set out in the project management procedures.	High	Agreed	Head of Capital and Assets March 2012
7	**Outcomes and key lessons** Ensure that the outcomes and key lessons from previous projects are disseminated appropriately.	Medium	Agreed This can be done alongside the consolidation of Project Management functions across the council.	Head of Capital and Assets March 2012
8	**Compton School** Implement the post project review for Compton School and share the key learning points with other project managers.	High	Agreed	Cost Manager (Project Services Team) March 2012
9	**Publicise success** Publicise successful projects to generate pride and so that others can learn lessons from the success.	Medium	Agreed	Head of Capital and Assets On-going
10	**Accommodation strategy reporting** Develop a high level programme reporting system for the accommodation strategy which tracks progress against financial and non-financial objectives.	High	Agreed	Head of Capital and Assets January 2012

Rec No	Recommendation	Priority	Management comments	Responsibility & implementation date
11	**Accommodation strategy team** Strengthen arrangements for the team responsible for delivering the accommodation strategy to ensure they remain resilient and there are contingency arrangements if required.	High	Agreed	Assistant Director of Finance, Assets & Efficiencies January 2012

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2010-11 Audit Plan update - September 2011

Work area	Reason performed	Work objective	Draft to lead officer	PCC lead officer	Progress to date
Financial statements					
Interim Report & Update to Financial Audit Plan	Code of Audit Practice	To gain assurance from systems of financial control for opinion	June 2011	Malcolm Coe	Completed. Final report presented to Audit Committee on 27 June 2011
Annual Report to Those Charged with Governance (ISA260 report)	Statutory requirement	To summarise the findings from our final accounts and other Code work that impacts on our opinion and discuss with those charged with governance	September 2011	Adam Broome	Completed. Final report presented to Audit Committee on 23 September 2011
Accounts opinion	Code of Audit Practice	To provide an opinion on the accounts	September 2011	Adam Broome	Audit of the financial statements complete. Opinion expected to be issued on 23 September 2011
Value for Money (VfM) conclusion					
VfM risk assessment	Code of Audit Practice	To identify areas of risk to the VfM conclusion and where more detailed work is required	September 2011	Adam Broome	Risk assessment complete
Procure to pay (P2P)	Code of Audit Practice	Local risk based work	March 2011	Malcolm Coe	Completed. Final report presented to Audit Committee on 27 June 2011
Financial resilience	Code of Audit Practice	Local risk based work, will consider key assumptions and budget pressures in the MTFS	September 2011	Malcolm Coe	Fieldwork complete, concluded adequate arrangements in place to support VfM conclusion. Draft report to be issued by end of September 2011
Project management	Code of Audit Practice	Local risk based work, agreed tracers were Compton Primary School and the accommodation strategy	September 2011	Malcolm Coe	Completed. Final report presented to Audit Committee on 23 September 2011
VfM conclusion	Code of Audit Practice	To provide conclusion on the Council's arrangements for achieving VfM	September 2011	Adam Broome	VfM assessment complete. Conclusion expected to be issued on 23 September 2011
Other reports					
Annual Audit Letter	Code of Audit Practice	To summarise key findings and conclusions from the work performed under our audit plan	November 2011	Barry Keel	To be drafted following issue of accounts opinion and VfM conclusion
Certification Work Report	Agents for the Audit Commission	To certify claims and returns required by the Audit Commission	December 2011	Adam Broome	Work started in August and is due to be completed by the end of November 2011

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Audit Committee Work Plan 2011/12

		2011							2012		
Item	Cabinet Member / Lead Officer	J	J	A	S	O	N	D	J	F	M
Internal Audit Annual Report	Cllr Bowyer / DfCS (Sue Watts)	27									
Statement of Accounts 2010/11	Cllr Bowyer / DfCS (Sandra Wilson)	27									
Operational Risk Management - Update Report	Cllr Bowyer / DfCS (Mike Hocking)	27						16			
Risk Management Annual Report	Cllr Bowyer / DfCS (Mike Hocking)	27									
Annual Governance Statement	Cllr Bowyer / DfCS (Mike Hocking)	27									
Strategic Risk Register Monitoring Report	Cllr Bowyer / DfCS (Mike Hocking)				23						16

Audit Committee Work Plan 2011/12

		2011							2012		
Item	Cabinet Member / Lead Officer	J	J	A	S	O	N	D	J	F	M
Six Month Internal Audit Progress Report	Cllr Bowyer / DfCS (Sue Watts)							16			
Internal Audit Annual Plan	Cllr Bowyer / DfCS (Sue Watts)										16
Interim Report and Update to Financial Audit Plan 2010/2011	External Auditor Grant Thornton	27									
Review of Procure to Pay Project	External Auditor Grant Thornton	27									
Annual Report to Those Charged with Governance (ISA260 Report) 2010/2011	External Auditor Grant Thornton				23						
Financial Resilience Review	External Auditor Grant Thornton							16			

Audit Committee Work Plan 2011/12											
		2011							2012		
Item	Cabinet Member / Lead Officer	J	J	A	S	O	N	D	J	F	M
Project Management Review	External Auditor Grant Thornton				23						
Annual Audit Letter 2010/2011	External Auditor Grant Thornton							16			
Certification Work Report 2010/2011	External Auditor Grant Thornton							16			
Audit Plan 2011/2012	External Auditor Grant Thornton										16
Audit Fee Letter 2012/2013	External Auditor Grant Thornton										16

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