



Oversight and Governance

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Published 15 July 2019

AUDIT AND GOVERNANCE COMMITTEE

Monday 22 July 2019
3.00 pm
Warspite - Council House

Members:

Councillor Parker-Delaz-Ajete, Chair
Councillors Carson, Kelly, Peter Smith and Stevens.

Independent Members:

Mr Clarke and Mr Stewart

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

For further information on attending Council meetings and how to engage in the democratic process please follow this link - [Get Involved](#). These papers will be available to view in hardcopy on Saturday 20 July 2019 at our 1st Stop Shop at 71 New George Street, Plymouth PL1 1RJ.

Tracey Lee

Chief Executive

Audit and Governance Committee

Agenda

1. To Note the Appointment of the Chair and to appoint a Vice Chair

The Committee will be asked to note the appointment of the Chair and to appoint a Vice Chair for the forthcoming municipal year 2019/2020.

2. Apologies

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

3. Declarations of Interest

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

4. Minutes (Pages 1 - 8)

To confirm the minutes of the meeting held on 11 March 2019.

5. Chair's Urgent Business

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

6. Audit Findings Report - To Follow

7. Statement of Accounts 2018/19 - To Follow

8. Annual Governance Statement (Pages 9 - 28)

9. Operational Risk & Opportunity Management Update Report (Pages 29 - 52)

10. Annual Report on Treasury Management Activities for 2018/19 (Pages 53 - 72)

11. 2018/19 Internal Audit Annual Report (Pages 73 - 110)

12. 2018/19 Counter Fraud Annual Report (Pages 111 - 122)

13. Planning Committee Terms of Reference and Code of Good Practice (Pages 123 - 164)

- 14. Independent Members Recruitment Update (Verbal)**
- 15. Awarding of contracts** (Pages 165 - 170)
- 16. Member Development Annual Report** (Pages 171 - 178)
- 17. Work Programme** (Pages 179 - 182)

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Audit and Governance Committee**Monday 11 March 2019****PRESENT:**

Councillor Dr Mahony, Chair

Councillors Carson (substituting for Councillor Mrs Pengelly), Morris (substituting for Councillor Kate Taylor) P Smith, Stevens.

Co-opted Representatives: Mr Stewart and Mr Clarke

Apologies for absence: Councillor Mrs Pengelly (Councillor Carson Substituting) and Councillor Kate Taylor (Councillor Morris Substituting)

Also in attendance: Siân Millard (Oversight and Governance Manager), Andrew Hardingham (Service Director for Finance), Brenda Davis (Audit Manager), Julie Hosking (Corporate Risk Advisor), Linda Torney (Assistant Head of Legal Services), Paul Looby (Head of Financial Planning and Reporting), Geri Daly (Grant Thornton), Alex Fry (Trading Standards Manager) Councillor Coker, Richard Grant (Strategic Planning Manager) Emmanuelle Marshall (Project Manager) and Jamie Sheldon (Democratic Advisor).

The meeting started at 3.00 pm and finished at 4.50 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. Declarations of Interest

Following declaration of interest was made in accordance with the code of conduct –

Name	Item	Reason	Interest
Councillor Stevens	13	Close relative is employed by Delt Shared Services Ltd	Personal Interest

2. Minutes

The Committee agreed the minutes of the meeting held on 10 December 2018.

3. Chair's Urgent Business

There were no items of Chair's urgent business.

4. **Treasury Management Practices, Principles and Schedules 2019/20**

Paul Looby (Head of Financial Planning and Reporting) presented the Treasury Management Practices, Principles and Schedules 2019/20 report to the Committee –

- (a) the current volatility and uncertainty within the global financial markets has had a substantial effect on Treasury Management activities. The risk to the Council's investments and loans would be constantly monitored and acted upon in accordance with the principles and procedures set out in the Council's Treasury Management Practices, Principles and Schedules.

Members raised a questions on –

- (b) why do the council not record broker conversations?

The Audit and Governance Committee approved the Treasury Management Practices, Principles and Schedules for 2018/19 as set out in this report to ensure compliance with the CIPFA Code of Practice for Treasury Management.

[Would be forwarded onto Full Council for consideration in September as per the Constitution]

5. **Strategic Risk and Opportunity Register – Risk Monitoring Report**

Julie Hosking (Corporate Risk Advisor) presented the Strategic Risk and Opportunity Register – Risk Monitoring Report to the committee -

The report provided a summary of the latest formal monitoring exercise completed for the Strategic Risk and Opportunity Register for the period September 2018 to February 2019. Appendix A to the report provided the revised Strategic Risk and Opportunity Register showing the current status of each risk and the movement in risk score compared with the previous monitoring period. Overall, as a result of the review, the total number of risks now reported on the Register had increased from 14 to 16.

The Audit and Governance Committee noted the report.

6. **Internal Audit Charter & Strategy 2019/20**

Brenda Davis (Audit Manager) presented the Internal Audit Charter & Strategy 2019/20 to the Committee -

- (a) the only minor amendments from the Charter and Strategy documents approved by the Audit Committee in March 2018 was to update the titles in both documents to read Audit and Governance Committee and Service Director for Finance and Section 6 – Resources and Skills in the Audit Strategy had been updated following the transfer of the Counter Fraud Team to Devon Audit Partnership.

- (b) one of the requirements of the Public Sector Internal Audit Standards (PSIAS) was that the purpose, authority and responsibility of the internal audit activity are formally defined in an internal audit charter and strategy, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.
- (c) the Audit Strategy was a high-level statement of how the internal audit service would be delivered and developed in accordance with the Charter and how it linked to the organisational objectives and priorities. It would communicate the contribution that Internal Audit makes to the organisation and would include:

Internal audit objectives and outcomes;

- (d) how the Head of Devon Audit Partnership would form and evidence his opinion on the governance, risk and control framework to support the Annual Governance Statement;
- (e) how Internal Audit's work would identify and address significant local and national issues and risks;
- (f) how the service would be provided, and the resources and skills required to deliver the Strategy;

The Audit and Governance Committee agreed the Internal Audit Charter & Strategy for the year 2019/20.

7. **Internal Audit Plan 2019/20**

Brenda Davis (Audit Manager) presented the Internal Audit Plan 2019/20 to the committee -

- (a) standards for Internal Audit in local government were set out in the Public Sector Internal Audit Standards (PSIAS). The PSIAS confirmed that the Council should periodically prepare a risk-based plan of Internal Audit activity that is designed to support an annual opinion on the effectiveness of the systems of governance, risk management and internal control and is informed by the audit strategy, consultation with stakeholders and a dynamic assessment of risks;
- (b) the PSIAS stated that 'the chief audit executive' must communicate the internal audit activity's plans and resource requirements to senior management and the board (Audit & Governance Committee) for review and approval.

The Audit and Governance Committee approved the Internal Audit Plan 2019/20.

8. **External Audit Plan 2018 - 19**

Geri Daly (Grant Thornton) presented the External Audit Plan 2018 – 19 to the Committee -

- (a) the Committee was asked to consider the Audit Plan and the Progress Report from the external auditors. This was to ensure that the Audit Committee are aware of the external audit scope and objectives, overall audit strategy, key audit risks and the proposed audit fees for 2018/19;

- (b) this report formed part of the independent external audit review process. The Audit Committee's role required it to receive regular reports from the external auditors on the progress of their work at PCC. Members were also asked to discuss the Audit Plan to identify whether there were any other matters that they wish to be considered as part of the audit.

The Audit and Governance Committee noted the contents of the Letter to Management and the deadline for a coordinated response from the Chair of the Audit and Governance Committee and management which was to be provided by the 30th April 2019.

9. **Final Internal Audit Report: Plymouth Integrated Commissioning Fund – Section 75 Framework Agreement and Financial Framework High Level Review**

Andrew Hardingham (Service Director for Finance) presented the Final Internal Audit Report: Plymouth Integrated Commissioning Fund – Section 75 Framework Agreement and Financial Framework High Level Review to the Committee -

- (a) in accordance with the 2018/19 Aligned Audit and Assurance Plan of NEW Devon Clinical Commissioning Group ('the CCG'), as approved by the CCG Audit Committee in Common, a high level review of the CCG's Plymouth Integrated Commissioning Fund arrangements had been undertaken;
- (b) although this work was commissioned by the CCG and undertaken by Audit South West, the recommendations and conclusions give assurance to both organisations (CCG and Plymouth City Council);
- (c) the objective of this review was to assess the current s75 Agreement and the supporting Financial Framework to ensure that the documents had been fully completed, are up to date and had been approved and signed as required;
- (d) the overall conclusion of Audit South West was that the governance arrangements in place surrounding the s75 Agreement and the Financial Framework are clearly defined in the corresponding documents and are appropriately structured.

The Audit and Governance Committee noted the report.

10. **Integrated Commissioning Finance and Assurance Review Group Annual Report 2017/18**

Andrew Hardingham (Service Director for Finance) presented the Integrated Commissioning Finance and Assurance Review Group Annual Report 2017/18 to the Committee -

- (a) under the terms of reference for the Integrated Commissioning Finance and Assurance Review Group (FARG), the Chair will prepare an Annual Report and an Effectiveness Review on the activities of the FARG to be completed each year. This report detailed the work undertaken during the financial year, the successes and risks plus a look into the coming year to highlight key tasks.

- (b) this formal report was presented to FARG for approval and onward distribution to Plymouth City Council's Audit and Governance Committee and the CCG Western Locality Board.

The Audit and Governance Committee noted the report

11. **Surveillance, Covert Activities and the Regulation of Investigatory Powers Act 2000 (RIPA)**

Alex Fry (Trading Standards Manager) presented the Surveillance, Covert Activities and the Regulation of Investigatory Powers Act 2000 (RIPA) report to the Committee -

- (a) surveillance was a tool that may be required for the Council to fulfil its obligations to investigate crime, prevent disorder, recover debt, protect the public and establish the facts about situations for which the Council had responsibility;
- (b) staff may consider that it was appropriate to undertake covert activities that result in the subject of enquires being unaware that their actions are being monitored, or enquires are being undertaken without their knowledge;
- (c) covert activities compromise an individual's 'right to privacy', so the use of a covert activity must be lawful, necessary and proportionate in order to comply with the Human Rights Act. Examples of the Council's use of covert surveillance were listed in Appendix A;
- (d) the report informed Members about the steps being taken to ensure that the Council is compliant in respect of covert activities.

The Audit and Governance Committee approved the report.

12. **Governance Arrangements for the Delivery of the Plymouth and South West Devon Joint Local Plan**

Richard Grant (Strategic Planning Manager) presented the Governance Arrangements for the Delivery of the Plymouth and South West Devon Joint Local Plan report to the Committee -

- (a) the report was to gain approval of the governance arrangements for the delivery of the Plymouth and South West Devon Joint Local Plan, as set out in the accompanying Paper "Plymouth and South West Devon Joint Local Plan – Delivery and Governance", and in particular the establishment of a member led Joint Local Plan Partnership Board;
- (b) the Plymouth and South West Devon Joint Local Plan had been prepared in collaboration with South Devon Joint Local Plan and had been prepared in collaboration with South Hams District Council and West Devon Borough Council. It was nearing the end of the Examination in Public of the plan, undertaken by the Planning Inspectorate on behalf of the Secretary of State, and was hoped that the plan would be adopted in Spring 2019;
- (c) collaboration with South Hams District Council and West Devon Borough Council on production of the plan had taken place through the terms of a Collaboration Agreement, which was agreed at the same time as the decision to collaborate on the JLP was taken, and

had been overseen by the Plymouth and South West Devon Joint Local Plan Joint Member Steering Group;

- (d) inspectors raised questions about how the Councils would ensure delivery of the JLP through ongoing collaboration and joint working. The Councils therefore produced a Governance Topic Paper, which was agreed by the Steering Group, which was submitted to the Inspectors during the Examination;
- (e) the JLP was nearing adoption, it was necessary to ensure that the updated governance arrangements are formally endorsed by the JLP Councils, in order that the Councils can immediately and efficiently proceed to deliver the plan along the lines presented to the Inspectors.

The Audit and Governance Committee approved the establishment of a Joint Local Plan Partnership Board in accordance with the Joint Local Plan governance arrangements set out in the Plymouth and South West Devon Joint Local Plan – Delivery and Governance Paper.

13. **Systems Outage Lessons Learned**

Andrew Hardingham (Service Director for Finance) presented the System Outage Lessons Learned report to the Committee –

- (a) the power fault at Windsor House was repaired on Thursday 24 January 2019. Prior to the repair all PCC core services had been switched over to the second site (STEM) to mitigate the risk of a power loss in Windsor House impacting services. As STEM had been running perfectly well with sufficient spare capacity, a decision was made to leave core services running at STEM over the weekend (26 and 27 Jan 2019) to ensure there were no further issues with the repaired power fault at Windsor House. Given the poor weather that was forecast over that weekend, as part of the Delt lessons learnt review it was agreed there was a need to review and update the risk assessment process within Delt to cater for this type of unusual scenario;
- (b) there was a single call from a PCC customer late on Friday 25 January 2019 which indicated an issue with the mobile phone service. This was treated as a normal single customer incident and the normal Delt service levels applied to it. This meant the call was not reviewed from a deeper technical perspective until the following Monday. The lessons learnt review recommended that Delt need to assess all incidents, regardless of volume (single or multiple) to determine whether the issue was indeed related to the customer or a wider service related issue. This has been communicated to the Delt Service Desk Leadership team for further education with the appropriate Delt staff;
- (c) Delt were aware of the service issue on Saturday night, but did not communicate to PCC customers until Monday morning. There were communications over the weekend with PCC intelligent client, however it is recognised that there should have been communications with PCC customers on a more proactive basis given the size of the impact.

The Audit and Governance Committee noted the report.

14. **Award of Contracts**

Linda Torney (Assistant Head of Legal Services) presented the Award of Contracts report to the Committee -

- (a) members discussed whether to adopt a general policy about dealing with announcements about the award of tenders as practice had varied in the past;
- (b) the Audit and Governance Committee were advised that there was still more work to be done and a report would come back to a future meeting.

The Audit and Governance Committee noted the report.

15. **Polling District and polling station review - recommendations**

Glenda Favor-Ankersen (Head of Legal Services) presented the Polling District and polling station review – recommendations report to the Committee -

- (a) the report presented the final recommendations for the Polling Districts, Polling Places and Polling Stations Review for 2019/2020;
- (b) local authorities must comply with legislation about the location and accessibility of polling districts and polling places;
- (c) the mandatory review process was set out in the Representation of the People Act 1983, and includes a public consultation;
- (d) Plymouth City Council are required to review every five years, and this review must be completed by 31 January 2020;
- (e) in compliance with the legislation, the current review of polling places and polling districts began in October 2018, and an initial recommendations report was published for consultation on Monday 5 November 2018;
- (f) the consultation phase ended on Friday 14 December 2018, and included views from local residents and stakeholders in the city, including any issues with access to premises or facilities for people with disabilities;
- (g) the review also took into account the impact of the next four years' worth of planned residential developments on existing electoral arrangements;
- (h) it was the Returning Officer's role to select the polling stations;

- (i) City Council would make decisions on any proposed changes to polling districts or polling places;
- (j) the final scheme for polling arrangements would be adopted by the Chief Executive in accordance with the Council's constitution;
- (k) the polling districts, polling places and polling stations finally decided on would be used for the May 2020 Local and Police and Crime Commissioner elections.

The Audit and Governance Committee agreed to recommend that Council approves the proposed changes to polling stations as set out in the Polling Districts, Places and Stations Review Recommendations Report.

16. **Tracking Resolutions**

The Audit and Governance Committee noted the report.

17. **Work Programme**

The Audit and Governance Committee were invited to send Work Programme items to the Chair or Democratic Support for inclusion at future meetings.

Audit and Governance Committee



Date of meeting:	22 July 2019
Title of Report:	Annual Governance Statement 2018/19
Lead Member:	Councillor Peter Smith (Deputy Leader)
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Julie Hosking
Contact Email:	Julie.hosking@plymouth.gov.uk
Your Reference:	SM/JH
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

Regulation 6(1) of the Local Government, England and Wales Accounts and Audit Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement (AGS).

The purpose of the AGS is to provide evidence of a continuous review of the Council's internal control and risk management processes, to provide assurance as to their effectiveness and to identify action being taken or planned to address any key weaknesses identified.

The Accounts and Audit (Amendment) (England) Regulations 2006 also introduced a requirement to include an annual review of the effectiveness of the internal audit system.

This report outlines the process followed in order to produce the AGS for 2018/19 and recommends approval of the Statement prior to signature by the Leader, the Chief Executive and the Service Director for Finance (S.151 Officer).

The report also provides an opinion on the effectiveness of the internal audit system for the same period.

The proposed Statement for 2018/19 is attached to the report.

Recommendations and Reasons

The Audit and Governance Committee is recommended to:

- a) Note the processes adopted for the production of the 2018/19 Annual Governance Statement.
- b) Endorse the adequacy and effectiveness of the system of internal audit.
- c) Approve the Annual Governance Statement, alongside the Statement of Accounts, prior to signature by the Leader, Chief Executive and Service Director for Finance (S.151 Officer).

Alternative options considered and rejected

Not applicable.

Relevance to the Corporate Plan and/or the Plymouth Plan

Maintaining sound systems of internal control and risk management enables the council to monitor and review the key risks that may prevent it from achieving its corporate and service objectives.

Implications for the Medium Term Financial Plan and Resource Implications:

None arising specifically from this report.

Carbon Footprint (Environmental) Implications:

None arising specifically from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

The Risk and Opportunity Management [Strategy](#) specifically supports the processes which underpin the production of the Annual Governance Statement.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Annual Governance Statement							
B	Equalities Impact Assessment (if applicable)							

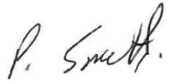
Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7
Strategic Risk and Opportunity Register							

Sign off:

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Originating Senior Leadership Team member: Assistant Chief Executive											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 12/06/2019											
Cabinet Member approval: <i>[electronic signature (or typed name and statement of 'approved by email/verbally')]</i> Approved by Councillor Smith on 28/06/19  Date approved: 28/06/2019											

1.0 Introduction

- 1.1 This report outlines the background to the statutory requirement to produce an Annual Governance Statement (AGS) and describes the process followed in producing the AGS for 2018/19 for publication alongside the Annual Statement of Accounts.

2.0 The Council's Statutory Responsibility

- 2.1 Plymouth City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Regulation 6(1) of the Local Government, England and Wales Accounts and Audit Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement.
- 2.2 There is also a requirement under regulation 5(1) that relevant authorities must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.
- 2.3 The purpose of the AGS process is to provide a continuous review of the effectiveness of an organisation's internal control and risk management, in order to give assurance as to their effectiveness and/or to produce a management action plan to address identified weaknesses in either process.
- 2.4 The AGS is required to be approved at a committee of the Council and this sits most comfortably with Audit and Governance Committee, as its terms of reference include both internal control and risk management.
- 2.5 The proposed Annual Governance Statement for 2018/19 is attached to this report.

3.0 Scope of the AGS

- 3.1** The AGS spans the whole range of local authority activities and includes those controls designed to ensure:
- The authority's policies are put into practice
 - The organisation's values are met
 - Laws and regulations are complied with
 - Required processes are adhered to
 - Effective risk management processes are in place
 - Financial statements and other published information are accurate and reliable
 - Governance arrangements are in place for significant partnerships
 - Human resources and other resources are managed efficiently and effectively
- 3.2** In establishing and defining the system of internal control the AGS provides a mechanism by which the authority can maintain, review and keep up to date its control environment. It links internal audit findings, external audit and inspection reports and the risk management process and provides an effective review of the Council's risk management and control mechanisms.
- 3.3** The Council's control environment is managed through a number of core processes and procedures which are defined within the body of the AGS.
- 3.4** The AGS has been compiled by carrying out an annual review of the control environment which has involved researching and formally recognising and recording the processes already in place across the Authority.
- 3.5** Recognising that preparation of the AGS is a wide-ranging and corporate issue, a Working Group of key officers was established to oversee the process. This Group comprised:
- Oversight and Governance Manager
 - Acting Head of Legal Services
 - Audit Manager, Devon Audit Partnership
 - Head of Integrated Finance
 - Head of Financial Planning & Reporting
 - Senior Performance Advisor
 - Policy and Intelligence Advisor
 - Corporate Risk Advisor
- 3.6** The Working Group is responsible for producing the AGS which is then approved by the Corporate Management Team and the Deputy Leader of the Council prior to ratification by the Audit and Governance Committee.
- 3.7** Risk Champions from each department and members of the Performance and Risk Team were also involved in the process to support the corporate wide approach.
- 3.8** The Council's external auditors will consider the arrangements in place to enable preparation of the AGS, including the degree to which the Council recognises and can demonstrate corporate ownership of its governance arrangements.
- 4.0 The Assurance Gathering Process**
- 4.1** Those with responsibility for signing the AGS need to feel confident that the information used to review the control environment is complete and accurate. The AGS is therefore required to be signed by the most senior member and the most senior officer (i.e. the Council Leader and

the Chief Executive). It is also signed by the Service Director for Finance in his capacity as S.151 Officer.

- 4.2** Although the production of the AGS is required by the Accounts and Audit Regulations, the responsibility for securing effective internal control does not rest solely with Finance staff.
- 4.3** Preparation of the AGS has therefore involved a variety of people charged with delivering corporate governance:
- Directors, Heads of Service and managers assigned with the ownership of risk and the delivery of services
 - The Chief Financial Officer who is responsible for the accounting control systems and records and the preparation of the statement of accounts
 - The Monitoring Officer in meeting her statutory responsibilities
 - Elected Members (e.g. through Audit or Scrutiny Committees)
 - Others responsible for providing assurance (e.g. Internal Audit and Risk Management)
- 4.4** The primary source of information which informs the content of the AGS comes from Assurance Questionnaires completed by Directors, Head of Service and other senior managers covering key questions around the internal control and governance framework.
- 4.5** When completing these questionnaires respondents are asked to review a number of sources where internal control/governance weaknesses may be identified:
- Risks identified in Strategic and Operational Risk Registers
 - Issues arising from Internal Audit Reviews completed in 2018/19
 - Issues arising from external inspections
- 5.0 Code of Corporate Governance Self-Assessment/Annual Review**
- 5.1** The Council's Code of Corporate Governance Framework was reviewed and updated last year and approved by this [Committee](#) on 31 May 2018. The Code is consistent with the principles of the CIPFA/SOLACE 2016 Framework Delivering Good Governance in Local Government.
- 5.2** The framework recommends that the Council carries out annually a self-assessment of the extent to which it complies with seven core principles of good governance.
- 5.3** Examples of the framework the Council adopts to comply with the Codes key principles are included in the AGS, as well as key delivery and improvement areas arising from the review and an accompanying assurance statement.
- 6.0 Review of Internal Audit System**
- 6.1** Continuous review of the effectiveness of the Council's internal audit system is conducted by the Audit and Governance Committee whose terms of reference include:
- To agree the annual Internal Audit Plan
 - To monitor the progress and performance of Internal Audit
 - To consider the Chief Auditor's annual report, and comment annually on the adequacy and effectiveness of internal control systems within the Council

- 6.2** The Chief Auditor's annual report is being considered at the same time as this report and invites Members to endorse the adequacy and effectiveness of the system of internal audit for the year ending 31 March 2019.
- 6.3** It is recommended that this endorsement forms part of the Annual Governance Statement for 2018/19.
- 7.0 Identifying control weaknesses significant for the purpose of the AGS**
- 7.1** Whilst there is no absolute definition of the term, the following indicators (provided by CIPFA) have been used to help in considering whether or not an issue is significant enough to be reported on in the AGS:
- The issue has the potential to seriously prejudice or prevent achievement of a principal objective;
 - The issue may result in a need to seek additional funding to allow it to be resolved;
 - The issue has the potential to result in significant diversion of resources from another aspect of the business;
 - The issue may lead to a material impact on the accounts;
 - The issue, or its impact, may attract significant interest or seriously damage the reputation of the Council;
 - The issue may result in formal action being taken by the Section 151 Officer and/or the Monitoring Officer;
 - The Audit and Governance Committee, or equivalent, has advised that it should be considered significant for this purpose, or
 - The Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.

8.0 Conclusion

- 8.1** The attached AGS identifies the outcome of the review of the effectiveness of Plymouth City Council's governance arrangements, covering internal audit, internal control and risk management systems and also identified key delivery and improvement areas together with details of action being taken to address governance issues related to those areas.

Scope of Responsibility and Purpose of the Governance Framework

Scope

Plymouth City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 2000 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Plymouth City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of the Council's functions which includes arrangements for the management of risk.

This Annual Governance Statement explains how the Council has complied with the [Code](#) of Corporate Governance and also how it meets the requirements of Regulation 6(1) of the Local Government, England and Wales Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

Purpose

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place at Plymouth City Council for the year ending 31 March 2019 and up to the date of the approval of the Annual Report and Statement of Accounts.

Certification

We propose over the coming year to take steps to address the matters described at page nine onwards, to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Councillor Tudor Evans (OBE)
Leader of Plymouth City Council

Dated:

Tracey Lee
Chief Executive

Dated:

Andrew Hardingham
Service Director for Finance (Section 151 Officer)

Dated:

The Corporate Plan

The Plymouth City Council Corporate Plan 2018-2022 sets out our mission of 'making Plymouth a fairer city, where everyone does their bit'. It was approved by Council in June 2018.

The Corporate Plan priorities are delivered through specific programmes and projects which are coordinated and resourced through the Plymouth Plan, capital investment, directorate business and delivery plans.

The Corporate Plan Performance Report is updated on a quarterly basis and presented to [Cabinet](#)

OUR PLAN A CITY TO BE PROUD OF



CITYVISION Britain's Ocean City

One of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone.

OUR MISSION

Making Plymouth a fairer city, where everyone does their bit.

OUR PRIORITIES

OUR VALUES

WE ARE DEMOCRATIC

We will provide strong community leadership and work together to deliver our common ambition.

WE ARE RESPONSIBLE

We take responsibility for our actions, care about our impact on others and expect others will do the same.

WE ARE FAIR

We are honest and open in how we act, treat everyone with respect, champion fairness and create opportunities.

WE ARE CO-OPERATIVE

We will work together with partners to serve the best interests of our city and its communities.

A GROWING CITY

- A clean and tidy city
- An efficient transport network
- A broad range of homes
- Economic growth that benefits as many people as possible
- Quality jobs and valuable skills
- A vibrant cultural offer
- A green, sustainable city that cares about the environment.

A CARING COUNCIL

- Improved schools where pupils achieve better outcomes
- Keep children, young people and adults protected
- Focus on prevention and early intervention
- People feel safe in Plymouth
- Reduced health inequalities
- A welcoming city.

HOW WE WILL DELIVER

Listening to our customers and communities.

Providing quality public services.

Motivated, skilled and engaged staff.

Spending money wisely.

A strong voice for Plymouth regionally and nationally.



www.plymouth.gov.uk/ourplan

The Assurance Framework - The Three Lines of Defence

The Three Lines of Defence Assurance Model is used as the primary means to demonstrate and structure roles, responsibilities and accountabilities for decision making, risk and control to achieve effective governance and assurance. The diagram below shows the relationship between these functions:-

First Line of Defence – Management Controls and Internal Control Measures

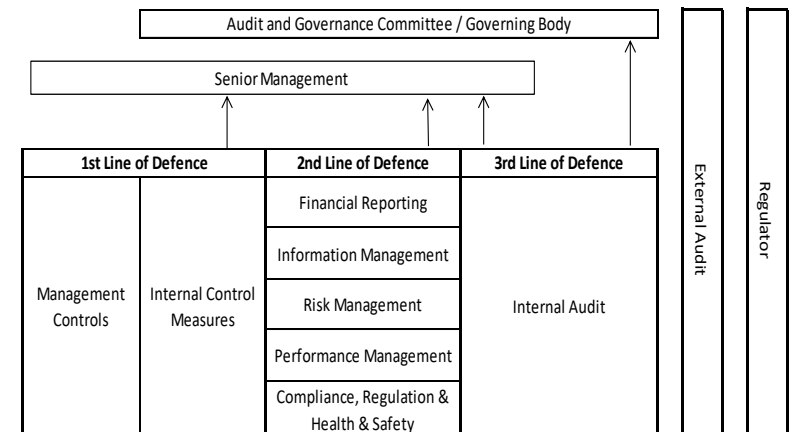
Line management are responsible for ensuring that a risk and control environment is established as part of day to day operations. Line management should be adequately skilled to create risk definitions and make risk assessments. The risk profile needs to be proactively reviewed, updated and modified for changes to the business environment and emerging risk changes. Active risk management and periodic reporting on risk is crucial to quick identification and response. The first line of defence provides management assurance by identifying risks and business improvement actions, implementing controls and reporting on progress.

Second Line of Defence – Oversight Functions

The second line of defence consists of activities covered by several components of internal governance. This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation. These are usually management functions that may have some degree of objectivity, but are not entirely independent from the first line.

Third Line of Defence

Internal audit forms the third line of defence. An independent internal audit function will, through a risk-based approach to its work, provide assurance to the organisation’s senior management. This assurance will cover how effectively the organisation assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defence. It encompasses all elements of the Council’s risk management framework (from risk identification, risk assessment and response, to communication of risk related information) and all categories of organisational objectives.



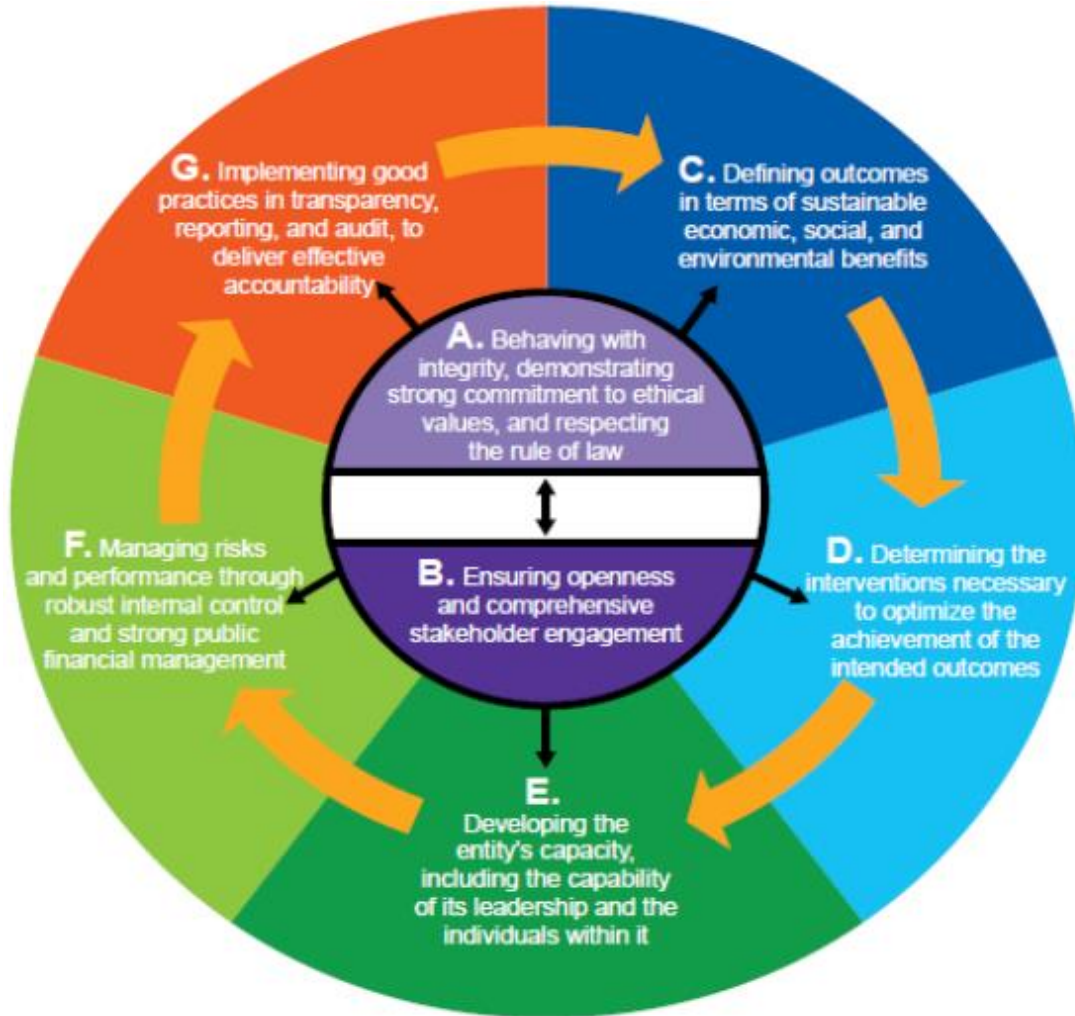
External Auditors and Regulators

External auditors and regulators reside outside the council structure but have an important role in the overall governance and control structure by providing an independent and objective function to assess the whole, or some part of the first, second or third line of defence.

Audit and Governance Committee’s Role

All three lines of defence have specific tasks in the internal control governance framework. It is the Audit and Governance Committee’s role to maintain oversight and to monitor the effectiveness of internal controls and risk management processes, as well as internal audit activities.

The Governance Framework

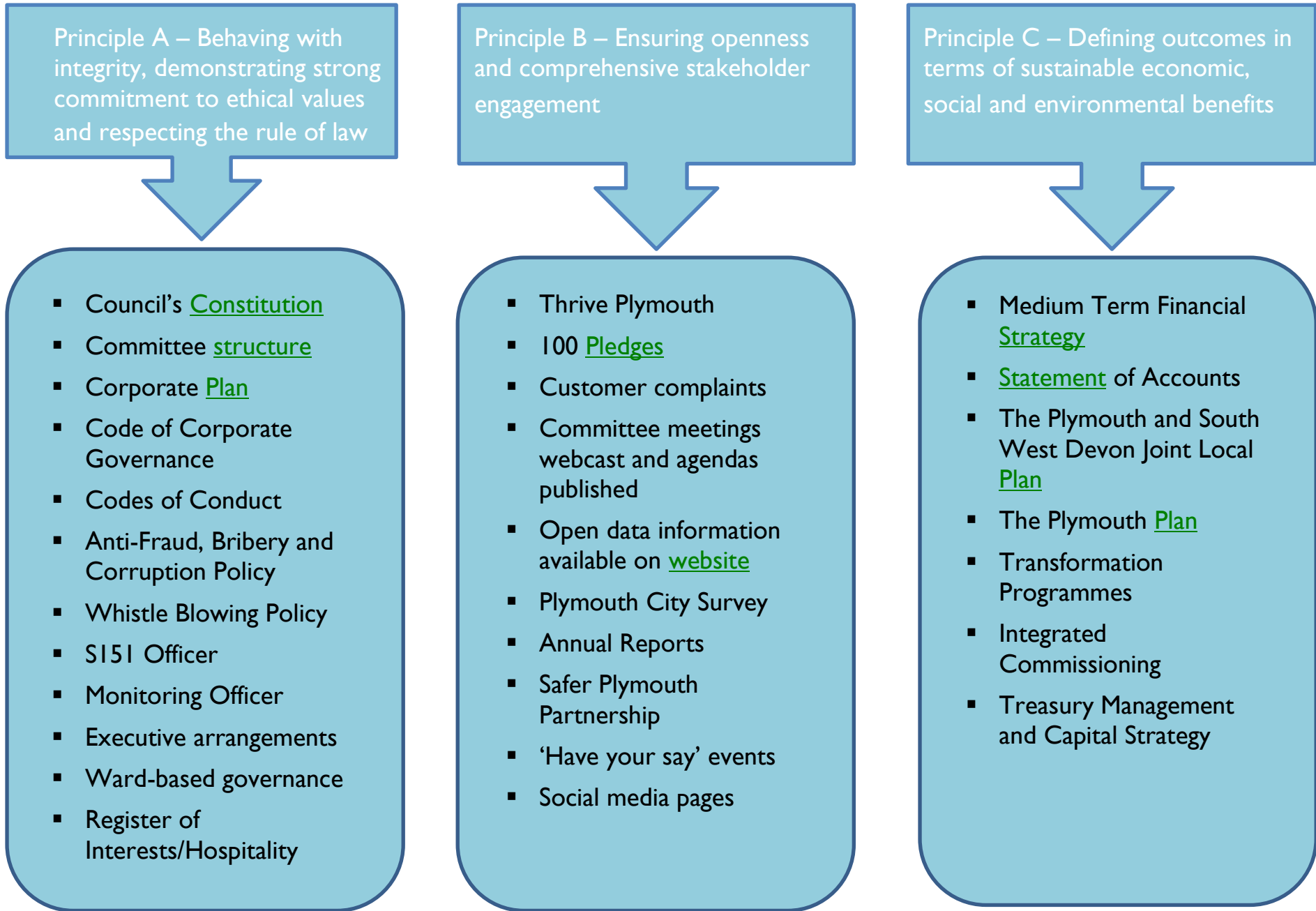


The Council’s [Code](#) of Corporate Governance is consistent with the principles of the CIPFA/SOLACE 2016 Framework Delivering Good Governance in Local Government.

This diagram illustrates how the various principles for good governance in the public sector relate to each other. To achieve good governance the Council should achieve their intended outcomes while acting in the public interest at all times.

As overarching requirements for acting in the public interest, principles A and B apply across all other principles (C - G).

A high-level summary of local arrangements in place for 2018/19 to comply with each of the principles is set out on the following three pages.



Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

- Council’s [Constitution](#)
- Committee [structure](#)
- Corporate [Plan](#)
- Code of Corporate Governance
- Codes of Conduct
- Anti-Fraud, Bribery and Corruption Policy
- Whistle Blowing Policy
- S151 Officer
- Monitoring Officer
- Executive arrangements
- Ward-based governance
- Register of Interests/Hospitality

Principle B – Ensuring openness and comprehensive stakeholder engagement

- Thrive Plymouth
- 100 [Pledges](#)
- Customer complaints
- Committee meetings webcast and agendas published
- Open data information available on [website](#)
- Plymouth City Survey
- Annual Reports
- Safer Plymouth Partnership
- ‘Have your say’ events
- Social media pages

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

- Medium Term Financial [Strategy](#)
- [Statement](#) of Accounts
- The Plymouth and South West Devon Joint Local [Plan](#)
- The Plymouth [Plan](#)
- Transformation Programmes
- Integrated Commissioning
- Treasury Management and Capital Strategy

Principle D – Determining the interventions necessary to optimize the achievement of the intended outcomes



- Business Planning
- Overview and Scrutiny Committees
- Corporate Plan Performance Reports
- Key Performance Indicators
- Service Standards
- Portfolio Holder meetings
- Complaints procedure
- Audit reports

Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it



- Organisational Design
- Smart working
- People Strategy
- Annual staff survey
- Annual Staff ‘Star Awards’
- eLearning
- Councillor Development Programme
- Apprenticeship Programme
- Management Driving Licence eLearning Package
- Staff performance discussions
- Staff Wellbeing and Resilience Survey

Principle F – Managing risks and performance through robust internal control and strong public financial management



Risk Governance

<p>Aligning risk to Council Strategy, Business Planning and Performance</p> <p>Monitor performance against:</p> <ul style="list-style-type: none"> >Council priorities >Internal Control arrangements >Audit Recommendations 	
<p>Identification and Prioritisation</p> <ul style="list-style-type: none"> >Identify risks to delivery of outcomes >Evaluate potential likelihood and impact of risk 	<p>Monitoring</p> <p>Identification of risks and mitigation activity considered by Corporate Management Team quarterly and presented to Audit and Governance Committee</p>
<p>Mitigation</p> <ul style="list-style-type: none"> >Identify mitigation already in place >Agree additional mitigation actions 	
<p>Risk based Internal Audit planning</p>	

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

- The Devon Audit Partnership Internal Audit Plan is based on the high risks reported within risk registers
- Arrangements for providing economy, efficiency and effectiveness are reviewed by external auditors on an annual basis. They also review the Annual Governance Statement
- The Audit and Governance Committee provide independent assurance of the adequacy of the internal control environment and oversee the financial reporting process

Review of Effectiveness

- Plymouth City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and also by comments made by the external auditors and other review agencies and inspectorates.
- The Council is subject to a number of audits and inspections. These help to inform the development of a strong control environment and to develop risk management processes.
- The Anti-Fraud, Bribery and Corruption [Policy](#) and Whistle blowing [Policy](#) were both endorsed by the Audit and Governance Committee in December 2018.
- The Council has an established Risk and Opportunity Management [Strategy](#) which is reviewed annually and endorsed by the Audit and Governance Committee. Risks to the achievement of Council objectives are recorded in strategic and operational risk registers and reported to the Audit and Governance Committee on a quarterly basis – agendas can be viewed [here](#).
- The Operational Risk Management Group has been aligned to the Three Lines of Defence Assurance Model (shown on page four). Membership consists of risk champions from each department and representatives from internal governance functions who make up the second line of defence.
- In reviewing the current control environment, reports issued by external bodies (audit and inspection) and reports produced by internal audit (Devon Audit Partnership) have been reviewed to ensure that a comprehensive assessment of the current control issues has been made and that all potential areas of significant risk are being addressed within the internal control environment.
- Strategic Directors completed an assurance questionnaire reviewing the control environment within their directorates and the results of the questionnaires have been used to inform the assessment of significant governance issues for the Council.

Key Delivery and Improvement Areas

Overall we can confirm that the Council has the appropriate systems and processes in place to ensure good governance is maintained. Whilst we are satisfied that these work generally well our review has identified the following key delivery areas. An update is also provided on page 13 on a key improvement area carried over from last year's Annual Governance Statement:-

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
<p>1. The Plymouth and South West Devon Joint Local Plan</p> <p>Governance arrangements to monitor delivery of the Plymouth and South West Devon Joint Local Plan (JLP) and Plymouth Plan.</p> <p>The Plymouth and South West Devon Joint Local Plan is a joint plan between Plymouth City Council, South Hams District Council and West Devon Borough Council. The three councils have joined up to create this plan which looks at every aspect of how we want our cities, towns and villages to look and feel over the next 20 years. The JLP will replace all previous development plans in each local authority and in Plymouth, the existing policies in the Plymouth Plan will also be combined with the Plymouth-specific policies in the new Joint Local Plan to create one document.</p>	Strategic Director for Place	<p>The Plymouth and South West Devon Joint Local Plan (JLP) was adopted in March 2019 by the Joint Local Plan Councils following three years of drafting, consultation and examination.</p> <p>As part of the examination process, the independent inspectors appointed by the Secretary of State raised questions about how the councils would ensure delivery of the JLP through ongoing collaboration and joint working. The councils therefore produced a Governance Topic Paper, agreed by the Steering Group, which was submitted to the inspectors during the examination. The governance arrangements set out in that paper were accepted by the inspectors and no further questions or concerns were raised. Approval was given to the establishment of the Joint Local Plan Partnership Board in accordance with the Joint Local Plan governance arrangements set out in the Plymouth and South West Devon Joint Local Plan – Delivery and Governance Paper at Plymouth City Council's Audit and Governance Committee on 11 March 2019.</p>	Joint Local Plan Partnership Board
<p>2. Financial Resources</p> <p>Inability to meet the longer term target budgets given the size of the resource reductions and increasing cost</p>	Service Director for Finance /	Children young people and families have an annual budget of £35 million for Children's Social Care, of which £21 million is spent on placements. Savings targets for 2018/19 Children's Social Care were	Corporate Management Team;

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
<p>pressures as detailed in our Medium Term Financial Plan (MTFP).</p> <p>The MTFP is being updated and has identified the requirement to save a further estimated £25m in the three years from 2020/21.</p> <p>The government is undertaking a Fair Funding Review where it consults on the system for local government finance. This is a complex review and will have significant implications for Plymouth's future funding.</p> <p>The Council's ambition to achieve zero (net) carbon by 2030 and the potential for allowing for low/zero carbon technologies to be addressed and/or incorporated in all significant projects and refurbishments will also have a significant cost implication.</p>	<p>Head of Financial Planning and Reporting</p>	<p>£4.6million. A small number of high cost packages of tailored care for children with incredibly complex needs added £1.3m to 18/19 budget pressures. Plymouth is experiencing a large increase in the number of vulnerable children needing care and this cost pressure reflects the escalating costs for specialist residential care and the cost of care packages.</p> <p>The Council has declared an over-spend in 2018/19 after the use of alternative funding sources, some of which will not be available in 2019/20.</p> <p>Each Strategic Director has confirmed they will put in place financial plans to deliver a balanced budget in 2019/20. This takes account of any pressures carried forward from 2018/19.</p> <p>The Council continues to implement its ambitious capital investment plan through the city. This will be funded from a variety of funding streams and the impact of increased borrowing reviewed before being built into the revised MTFP.</p>	<p>Senior Leadership Team;</p> <p>Scrutiny Panels and Cabinet</p>
<p>3. Health-related Partnerships</p> <p>Achievement of public health outcomes and provision of public health commissioned services are part of the wider health and social care system with a range of partner services from Police, NHS England and Clinical Commissioning Groups (CCGs). All partners are facing financial constraints and Plymouth is part of "challenged health economy". These financial constraints risk services being fragmented and destabilised affecting health outcomes. Increasing numbers of older people with complex needs could also result in a rise in demand for services.</p>	<p>Director of Public Health</p>	<p>The Office of the Director of Public Health is fully engaged at all levels with:-</p> <ul style="list-style-type: none"> ▪ Integrated health and wellbeing and the integrated commissioning strategies with pooled funds between Plymouth City Council and the Western Locality of the CCG ▪ Devon CCG to protect and promote health and care services for patients in challenged health and care systems ▪ Devon (geographic footprint) Sustainability and Transformation Plan (STP) to strengthen relationships and create a shared plan for 	<p>Health and Wellbeing Board;</p> <p>Devon CCG (Western Locality Board);</p> <p>Plymouth System Improvement Board</p>

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
		accelerating the implementation of the NHS Five Year Forward View to meet the increasing health and care needs of the population – while ensuring services are sustainable and affordable.	
<p>4. Improving Outcomes for Children</p> <p>i) Torbay contractual arrangement:- Plymouth City Council entered into a formal contractual arrangement to manage Torbay Council's Children's Services on 1 April 2018.</p> <p>ii) Reduction in the quality of education provision negatively affecting level of pupil attainment:- The educational landscape has undergone considerable change in the last nine years. The school system is now described frequently as fragmented and one in which the creation of diversity and choice have at times overtaken excellence or equity. The city hosts a range of different types of settings and schools catering for the needs of children aged three – nineteen. Seventy five percent of these schools are academies and are not therefore directly accountable to the council for standards. This leaves us with the duty to promote better outcomes for children and young people and the role of 'champion for children' irrespective of the school they attend, but few of the powers to tackle underperformance.</p>	Director of Children's Services	<p>The Children and Young People's Plan (CYPP) is a strategic framework and describes the joint agency approach in the local authority area for services to children and young people. It sets out the vision and key priorities agreed by those agencies in helping children and young people to achieve the best outcome.</p> <p>Every council has to set up a Safeguarding Children <u>Board</u> responsible for improving the wellbeing of children in the area. The boards are multi-agency and include representatives from partner organisations.</p> <p>Contractual agreement with Torbay is in place with comprehensive risk management arrangements and governance structure involving both councils at officer and political levels.</p> <p>The Plymouth Board of Education is a partnership designed to ensure that clear lines of accountability exist for all educational providers as well as being a catalyst for educational improvement that is strategic in nature, coherent and carefully planned to meet the needs of all learners.</p>	Plymouth Safeguarding Children Board; Plymouth Education Board
<p>5. Leaving the European Union</p> <p>Failing to, or inability to understand impacts of Brexit in light of current uncertainty and lack of government guidance adversely affects the Council's ability and capacity to manage changes and deliver its objectives.</p>	Assistant Chief Executive	Active scenario planning has been undertaken by members of the Brexit Officers Working Group. The Group is informed by a Brexit specific risk register which also links to department operational risk registers.	Brexit, Infrastructure and Legislative Change Overview and

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
			Scrutiny Committee
<p>6. Information Governance</p> <p>The Council not meeting its obligations to keep citizen data secure in line with Data Protection Act 2018 Regulations (GDPR).</p> <p>The volume of Data Protection requests has increased by 55% in the last year, with changes in the data protection act resulting in a reduction in time to complete these requests.</p>	Strategic Director of Customer and Corporate Services	<p>The protection of sensitive information is a continuing process. An Information Lead Officer working group comprising of Information Lead Officers from each directorate is responsible for delivery of actions. The group report to the Senior Information Risk Owner who is a member of the senior management team. An annual report is also presented to the Audit and Governance Committee.</p> <p>A review of all processes within the Information Governance Team is being undertaken with a view to implementing efficiency improvements to help manage the increase in Data Protection requests.</p>	Audit and Governance Committee
<p>7. The Regional Partnerships Agenda and Plymouth Family Company Arrangements</p> <p>The regional partnerships agenda is highlighted as one of the priorities to continue to progress in 2019/20 in terms of the Council's regional influence.</p>	Chief Executive / Corporate Management Team	<p>The Partnership agenda is actively managed by the Chief Executive and Corporate Management Team directly related to the ambitions of the Plymouth Plan 2019-2034.</p> <p>Progress by the key partnerships against objectives and targets is monitored by scrutiny, via corporate performance monitoring arrangements. Progress by the Health and Wellbeing Board is monitored by that board at its regular meetings. Safeguarding Board issues are reported to the Safeguarding Assurance Board.</p> <p>Each of the family of companies is responsible for reviewing its own internal control arrangements, as separate legal entities.</p> <p>The Chief Executive Office will be supporting the Service Director for Finance in establishing a Company Oversight Group to improve elected-member oversight</p>	Corporate Management Team; Scrutiny; Health and Wellbeing Board; Safeguarding Assurance Board

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
		of the family of companies, specifically those which the council controls as a shareholder/owner.	

Key Improvement Area	Lead Officer	Assurance Statement	Reporting Through
<p>8. Use of Vibration Tools</p> <p>Ensuring the Council meets its legal and regulatory health and safety duties under the Control of Vibration at Work Regulations 2005 and the Health and Safety at Work Act 1974 Section 2, following an Improvement Notice served by the Health and Safety Executive (HSE).</p> <p>The Control of Vibration at Work Regulations 2005 requires that employers must assess and identify measures to eliminate or reduce risks from exposure to hand-arm vibration with the aim to protect employees from risks to their health.</p>	Service Director for Street Services	<p>Ongoing review of risk assessments and actions takes place. The Head of Health, Safety and Wellbeing Assurance is a Business Partner on the Street Services Working Group.</p> <p>The HSE Improvement Notice was lifted in April 2019 following a visit to several sites by the HSE inspector. The investigation into the material breach is ongoing and until this is completed the Council will not know if a criminal prosecution will follow.</p>	<p>Health, Safety and Wellbeing Steering Group;</p> <p>Health, Safety and Wellbeing and Street Services Working Groups</p>

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Audit and Governance Committee



Date of meeting:	22 July 2019
Title of Report:	Operational Risk & Opportunity Management Update Report
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Julie Hosking
Contact Email:	Julie.hosking@plymouth.gov.uk
Your Reference:	SM/JKH
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

To support the delivery of the City's vision and to enable the provision of high quality services to the citizens and communities of Plymouth it is imperative that effective risk management arrangements are in place. A fundamental element of Corporate Governance, a risk managed approach to decision making will enable the council to achieve its objectives and deliver services more efficiently and cost effectively.

The management of risk principles and processes equally apply at operational level, supporting improved performance, integration with corporate planning, projects, change programmes and partnerships.

This report now outlines the continuing progress being made across Services in delivering Operational Risk and Opportunity Registers in line with the Council's shared vision and priorities.

The total number of operational risks now reported has decreased from 114 to 111, comprising of three high (red) risks, 64 medium (amber) risks and 44 low (green) risks.

Recommendations and Reasons

The Audit and Governance Committee is recommended to:
Note and endorse the current position with regard to operational risk and opportunity management.

Alternative options considered and rejected

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.

Relevance to the Corporate Plan and/or the Plymouth Plan

Operational Risk and Opportunity Registers are aligned to Corporate Plan Performance Framework Outcomes. This ensures that appropriate links are identified with individual risks where control action contributes to delivery of a key corporate objective.

Implications for the Medium Term Financial Plan and Resource Implications:

None arising specifically from this report but control measures identified in risk and opportunity registers could have financial or resource implications.

Carbon Footprint (Environmental) Implications:

None arising specifically from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

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 and opportunity registers.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Internal Audit Report Risk Management follow-up 2018/19							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

Fin	akh.19. 20.47	Leg	lt/3286 3/0507	Mon Off	Click here to enter text.	HR	Click here to enter text.	Asset s	Click here to enter text.	Strat Proc	Click here to enter text.
Originating Senior Leadership Team member: Assistant Chief Executive											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 26/06/2019											
Cabinet Member approval: <i>[electronic signature (or typed name and statement of 'approved by email/verbally')]</i> Councillor Lowry approved via email Date approved: 03/07/2019											

1.0 Introduction

- 1.1 The position with regard to Operational Risk Register monitoring was last reported to this Committee on [10 December 2018](#) and this report now provides a summary of the latest monitoring exercise covering the position as at 30 June 2019.

2.0 Background

- 2.1 Plymouth City Council's Risk and Opportunity Management Strategy is continuously reviewed each year and updated to ensure it remains fit for purpose.
- 2.2 To comply with the Risk and Opportunity Management Strategy each Directorate must implement a robust process of managing risks to corporate, service, project and partnership objectives for which they have responsibility.
- 2.3 To support the promotion and co-ordination of risk management each Directorate/Service has a dedicated Risk Champion. Risk Champions represent their Directorate/Service at the Operational Risk Management Group chaired by the Oversight and Governance Manager.
- 2.4 The good progress made towards achievement of this outlined in this report should provide Members with assurance that operational risks are being identified effectively, mitigation actions put in place and Operational Risk and Opportunity Registers monitored routinely alongside the delivery of objectives.

3.0 Operational Risk and Opportunity Registers and Analysis of Risks Identified

- 3.1 The corporate risk management process to enable service level Operational Risk and Opportunity Registers to be linked to the Corporate Plan is now embedded across the Council.

- 3.2** Service Directors and Heads of Service are identifying risks that may prevent them from delivering on their key service objectives and, by monitoring these risks on a regular basis, will be tracking the effectiveness of mitigation controls.
- 3.3** Risk identification has been further enhanced by the business planning process implemented across the organisation in March 2018. Service Directors reviewed their business plans during February and March 2019.
- 3.4** As the risk identification process includes quantification through a probability/impact assessment, services should also be able to identify key risks and prioritise their use of scarce resources more effectively.

4.0 Red Risks

- 4.1** Detail on the red risks reported is shown below:-

<p>Delivering Council services within the envelope of the resources provided in 2019/20-2021/22 Medium Term Financial Plan</p> <p>- Risk to Services of not delivering within reduced budgets</p>	<p>The Medium Term Financial Plan (MTFP) was approved by Council on the 19 November 2018. The Plan addresses the funding gap as of that date, (with particular focus on 2019/20) for the following three financial years. 2019/20 is the last year of the four year Settlement. At this stage there is uncertainty about future funding levels until the Government make further announcements. This is not expected until the autumn of 2019 which makes medium term financial planning extremely difficult.</p>
<p>Comments/Mitigation: The Council has launched a "Fresh Look" programme to review all departments within all directorates, examining current budget and actual spend; contracts; income opportunities and any synergies and efficiencies across the whole council.</p>	
<p>Projected overspend in children's social care caused by unprecedented demand and level of support needed to keep young people safe, such as specialist residential care placements with high levels of staffing.</p>	<p>There has been a significant increase in young people's placement cost. We are experiencing a big rise in the number of vulnerable children needing care, the cost of the care is particularly high due to the level of support needed to keep young people safe, such as specialist residential care placements with high levels of staffing. Our position reflects a national problem and similar rises in demand and costs are being experienced by many other authorities around the county.</p>
<p>Comments/Mitigation: Service redesign implemented including invest to save case for increase in number of social workers. Implementation of the Fostering Project Delivery Plan – end-to-end project for recruitment of carers. Ongoing rigour in decision making to manage demand.</p>	
<p>Reduced ability to meet performance and delivery expectations in relation to statutory duties, deliver critical services in an emergency or provide emergency response due to:-</p>	<p>This risk relates to the Office of the Director of Public Health and has been increased from an amber rating to red due to issues arising from proposals to move the service to a new location combined with existing</p>

1. **Growing complexity of demand across services;**
2. **Reduced staff and staffing resilience in a time of significant and rapid change to the design and delivery of services;**
3. **Resource implications of Brexit;**
4. **Proposed accommodation changes.**

service pressures. These issues are being addressed as a matter of urgency by senior management.

Comments/Mitigation: Discussions regarding accommodation are ongoing and issues have been escalated to senior managers. All areas of work have been assessed and prioritised to attempt to focus attention on those areas of highest need.

5.0 Internal Audit Report

- 5.1 Devon Audit Partnership undertook a risk management follow-up review in April 2019 and a copy of their report is attached.
- 5.2 The audit opinion has improved from 'Working' to 'Embedded and Integrated' to reflect the work implemented in 2017/18 to embed risk management arrangements within formal business planning processes and the closer alignment of risk and performance processes.

6.0 Risk and Opportunity Register Information

- 6.1 Operational Risk and Opportunity Registers record mitigation actions and controls for all risks identified together with a named risk owner in each case.
- 6.2 More detailed information on individual services' risk and opportunity registers can be obtained from the Corporate Risk Advisor, departmental risk champions or Heads of Service.

7.0 Conclusion

- 7.1 The Council's success in dealing with the risks it faces can have a major impact on the achievement of key promises and objectives and ultimately, therefore, on the level of service to the community.
- 7.2 The Council recognises that it is operating in a climate of unprecedented financial pressure and that it needs to substantially reduce operating costs and ensure maximum possible investment in achieving its objectives and therefore needs to be innovative, resourceful, customer focused and provide greater value for money. The achievement of delivery plan actions to deliver budget savings continues to be closely monitored by Services with regular reporting on a risk rated basis to the Corporate Management Team.



- 7.3** One of the responsibilities of the Audit and Governance Committee is to seek and receive assurances that the Council has an effective internal control framework in place which includes arrangements for the management of risk at both strategic and operational level.
- 7.4** The Risk and Opportunity Management Strategy will provide staff with a process for identifying threats or risks that includes becoming more outcome focussed.
- 7.5** The Operational Risk Management Group is continuing to work with departmental Risk Champions to further develop consistent application of risk management considerations across all operations of the Council.
- 7.6** The next operational risk report will be presented to Audit and Governance Committee in December 2019.

Internal Audit Report

Risk Management Follow Up 2018/19

Plymouth City Council

April 2019

Audit Opinion 2017/18	Direction of travel	Updated Audit Opinion 2018/19	Direction of travel
<p>Working – Senior managers take the lead to apply risk management thoroughly across the organisation. They own and manage a register of key risks and set the risk appetite. A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and responsibilities. Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources in place to manage risk. Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services supported through continuity plans.</p>		<p>Embedded and Integrated – Risk management is championed by the Director. The Board and senior managers challenge the risks to the organisation and understand their risk appetite. Management leads risk management by example. People are encouraged and supported to take managed risks through innovation. Regular training and clear communication of risk is in place. Sound governance arrangements are established. Partners support one another’s risk management capability and capacity. A framework of risk management processes in place and used to support service delivery. Robust business continuity management system in place.</p>	 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 35</p>

Introduction

This audit was undertaken in accordance with the 2018/19 agreed annual audit plan. A follow up review was undertaken to provide assurance to management and those charged with governance, on the progress being made to further improve Plymouth City Councils risk maturity level.

Our approach has been to meet with the Senior Performance Advisor and Corporate Risk Advisor to obtain an update on progress being made against audit identified opportunities. Testing has also been undertaken where appropriate.

Executive Summary

Work that commenced in 2017/18 has been implemented and this has meant that risk management arrangements are now embedded and integrated within formal business planning processes and closer aligned with risk and performance management processes. The results of which are being realised within service management teams through the provision of optimised management information tools that have strengthened Corporate Governance and enabled effective decision making. Opportunities to develop a shared repository will further strengthen current processes enabling real time communication and collaboration.

With Corporate Risk now a part of the Chief Executive Office this has enabled better synergies with business planning and performance management. Working closely with policy and performance officers has enabled the transfer of knowledge and skills regarding risk management building further resilience into the system of internal control.

Updates on the progress made against each agreed recommendation is described in the Appendix A below. Definitions of the assurance opinion ratings are also given in the Appendix A to this report.

Issues for the Annual Governance Statement

The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Annual Governance Statement. In terms of this review we are able to report that there are no issues arising that warrant inclusion in the Annual Governance Statement.

Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit. Written responses should be returned to Louise Clapton (louise.clapton@devon.gov.uk). Alternatively a meeting to discuss the report and agree the action plan should be arranged with the named auditors.

**Robert Hutchins
Head of Partnership**

Detailed Audit Observations and Action Plan

Original Opinion Statement as at October 2016	Level of Assurance
<p>Overall risk management arrangements operating within Plymouth City Council are considered to be “Working”. The Council have a robust Risk and Opportunity management strategy that continues to be updated to ensure it remains fit for purpose, however the consistency of which Risk Management is Embedded and Integrated into the day to day business across the Council has reduced since our last review in 2012.</p> <p>It is acknowledged that the Corporate and Senior Management Teams are risk focused and consider risks to objectives as part of day to day corporate and service management with risk registers maintained and subject to routine monitoring and reporting. However visibility and understanding has diminished following a sustained period of significant change, opportunities should now be taken to raise the profile and understanding of risk and opportunity management and strengthen existing arrangements including:</p> <ul style="list-style-type: none"> • Identification of risk and opportunity through consistent business planning processes, and setting of risk appetites to provide focus, • Capturing proportionate timely risk and opportunity information within established management processes, • Provision of real-time risk and opportunity information that is integrated with finance and performance information and utilised in decision making, • Further develop horizon scanning for both risk and opportunity at all levels of management and understanding of the cost vs benefit of risk mitigation, • Removal of tension between culture and process strengthening common purpose, value and ethics. This will encourage universal adoption, application of key policies and procedures, and encourage timely, transparent and honest communication. <p>The effectiveness of risk and opportunity management arrangements vary across the Council, lessons could therefore be learned through the sharing of best practice and development of case studies to enable a culture that protects the reputation, improves resilience, reduces unexpected losses, demonstrates good governance, increases the effectiveness of change programmes and better positions the Council to meet its strategic objectives and priorities.</p>	Working

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1	Original Audit Observations, Findings and Opportunities as at October 2016
	<p>Corporate, Service and Financial Planning</p> <p>Although the corporate plan states that the Councils objectives will be delivered through the Medium Term Financial Strategy and Service plans there has been an inconsistent approach to service planning across the Council with a focus primarily on Transformation and Improvement Plans. Risk Management as a management tool and a key part of the governance system is therefore not optimised and the golden thread of Corporate Planning, Service Planning, Risk and Performance Management is therefore weakened. The translation of the corporate plan through service business plans to team and individual action plans is recognised best practice. It is the corporate and service objectives to which strategic and operational risk and opportunity management should be aligned.</p> <p>To embed risk management, it is important that risk management is woven into business processes otherwise it will continue to be a parallel activity. A consistent approach to identifying risks and opportunities to service priorities and objectives as part of the planning process will strengthen risk management arrangements.</p> <p>As part of annual financial and business planning, management should consider undertaking a risk and opportunity review. This would ensure that all risks and opportunities can be evaluated and registers updated to align with current strategic, operational, financial and project plans. Senior Management should consider utilising the skills and experience of Risk Officers to facilitate risk and opportunity workshops as part of their business and financial planning activities.</p>

Audit Observation and Management Update as at March 2018

A new business planning process has been agreed (March 2018) and instructions were issued to SLT to prepare and submit a draft business plan by the 30th March. The instructions issued clearly demonstrate the need to align business planning, performance, finance and risk information with an annual focus and two year operational horizon. Work is underway within the Chief Executive Performance and Policy Team to align KPI and risk information with Corporate and Service objectives through the business planning cycle for discussions at monthly DMTs.

Business plans have now been developed for the start of the 2018/19 and discussions held to determine gaps in risk and performance information. This will now require a refresh to reflect new priorities following the recent change in the political administration.

Once implemented and embedded this will strengthen Corporate Governance arrangements across the Council, enable continuous improvement and support delivery of Council objectives.

Audit Observation and Management Update as at March 2019

Implemented

Business plans were drafted at the beginning of 2018 and have been subject to review following change in Council Leadership and revision of corporate priorities, a subsequent review was also undertaken in January 2019. The business planning process is embedded across the whole of Plymouth City Council and risk and opportunities are considered as part of this process. Further analysis of risk, in addition to the standard cycle of review, was also undertaken in November 2018 in light of the additional budget saving proposals identified by departments. There is clear evidence that risk management is an intrinsic part of business and financial planning activities.

2 Original Audit Observations, Findings and Opportunities as at October 2016

Risk and opportunity information

Corporate and Departmental Management Teams are managing risks all the time but don't formally capture all risk management activity. As the current process encourages the recording of information only at that particular moment in time risk registers may not provide a true and fair view of the risks and opportunities currently facing the Council.

The current process of recording, monitoring and reporting risk and opportunity information is overly resource intensive and inefficient. Although adequate risk information is being captured through the six monthly risk monitoring cycle, which is held in a variety of spread sheets and word templates, there is no demonstrable evidence that this information is utilised day to day by management. The risk templates have recently been updated and improved but the process is considered to be "a bit clunky".

Risks are managed as part of the business as usual and are considered as part of the day to day service management however current risk management processes are completed in addition to day to day decision making.

Management should consider the effectiveness of the use of spread sheets to record, monitor and report risk and opportunities, and the possibility of it preventing effective management and exploitation of risk and opportunities. Confidence in the current process needs to be developed if it is to continue to be used as the key source of risk management information. The process of recording, monitoring and reporting should be proportionate and not overly bureaucratic but allow for sufficient information to be captured to support management and aid real-time decision making.

Consider the development and implementation of a real time risk management system that will provide an interactive, live management tool that can be utilised on a day to day basis. This will provide a complete history and audit trail of updates as well as negating the need to undertake a separate monitoring exercise if information is updated on an on-going basis.

To ensure that each Directorate is fully aware of all risks to corporate and service objectives for which they have responsibility, Directorate risk registers should include all strategic, operational, project/programme and partnerships risks. Risk management is not an isolated activity so to further embed, integrate and in order for management to utilise risk and opportunity information in everything it does a live, interactive reporting tool should be implemented. This would enable strategic, operational, project and partnership risk records to be drawn into different reports so that one risk can be a component of the Strategic Risk Register as well as in any other appropriate risk register ensuring that all see exactly the same position on the risk. DMT's and Risk Owners could access this information as and when required to add to, update or remove risks as things happen. This would provide:

- Accountability, risk owners would be clearly recorded.
- Standardisation, standard fields would encourage consistent and complete record keeping of mitigating controls, action plans, risk reviews.
- Email alerts to risk owners reminding of impending or overdue risk reviews.
- Audit trail, all changes to risk ratings, action plans, mitigating controls etc. would be recorded.
- Reporting could be aligned to suit all requirements for, strategic, operational, project and partnership risk registers. Enabling the reporting of risks due to the significance of their rating as and when required.
- One version of the truth, held securely and accessible to those who need it.

It is recognised that whilst Senior Management see the merit in a real-time risk management system they felt that there were other higher priorities to focus on and could not commit limited Officer time to learning a new system. It may therefore be an opportunity to develop the current project server for recording and managing risk. Council staff are already familiar with this system and could be developed with limited cost. HR have already utilised this system to better manage its BAU risk.

The cost benefit of implementing a risk management system should be evaluated. Any consideration of a new system should include the potential to integrate with performance and finance information.

Audit Observation and Management Update as at March 2018

Risk and opportunity information continues to be recorded on numerous spreadsheets with central compilation for reporting to Audit Committee bi-annually for both strategic and operational risks.

Implementation of risk and performance discussions at monthly DMT's will ensure the accuracy and completeness of risk information and promote consistent consideration when taking decisions. Review of risk registers will be undertaken quarterly in line with corporate planning timelines.

Opportunities continue to be explored to enable the provision of real time risk management information, such as the use of SharePoint as a repository for risk and opportunity information alongside business plans, performance and finance information. This will be important to enable better collaboration/sharing of risk and opportunity information across SLT to help moderate business plans and identify synergies. However, it is understood that the development of SharePoint as a repository for Corporate Governance Management Information has been put on hold at the time of the audit.

Audit Observation and Management Update as at March 2019**Implemented and ongoing**

Risk and performance discussions at monthly DMT's ensure the accuracy and completeness of risk information and promote consistent consideration when taking decisions. Place consider performance at its monthly DMT where all information relating to Risk, KPI's, Budget and HR is reviewed, this has been recognised as good practice and is being promoted as an exemplar for other departments/ directorates. Risk registers are reviewed quarterly in line with corporate planning timelines.

SharePoint / Office 365 has not yet been implemented, however once this has been completed the use of SharePoint as a repository for risk and opportunity information alongside business plans, performance and finance information will be developed. In the meantime, risk and opportunity information continues to be recorded on numerous spreadsheets with central compilation for reporting to Audit Committee bi-annually for both strategic and operational risks.

3 Original Audit Observations, Findings and Opportunities as at October 2016**Reporting, Scrutiny and Communication**

Risk management reporting is in line with the risk management strategy; however, there is insufficient evidence to determine the effectiveness of scrutiny and challenge of strategic and operational risk and opportunities.

This evaluation has found that Council Leadership and Senior Management respond to risk as part of day to day management, with the Corporate Management Team and Audit Committee routinely considering high level risks, however to be effective the process is reliant on the flow of complete, accurate and timely risk information. This review has found that the true benefit of Risk Management is not currently being realised due to a lack of real time risk and opportunity information that is preventing the flow and utilisation of risk information which may put the council at risk of the glass ceiling effect.

As an organisation changes, its risk, control and compliance activities often become fragmented, siloed, independent and misaligned. This has an impact on both the governance oversight and the business itself. Often, there are multiple communications to management and the board that overlap and cause confusion. And, a lack of coordination among functions can increase costs and fatigue on the business.

Although overall Senior Management do not consider the Council to be risk adverse this evaluation has revealed that the business areas can feel they are hindered by risk averse compliance functions, whilst Corporate functions indicated that there is the potential for risk aversion at service or organisational level. It is also considered that other procedures and policies can create a culture that is too risk averse, e.g. HR policies, legal and financial advice. The reward of risk taking is not always recognised.

Management should consider the importance of minute taking which supports good governance, demonstrates integrity, transparency and accountability.

Implementation of real-time risk and opportunity management information will support the accuracy and timeliness of information used in decision making.

To prevent silo working senior management would welcome visibility of all corporate risk registers. This would further develop the identification of risk commonality across the organisation and enable risk clustering.

Departmental Management Teams would welcome peer challenge across departments and more effective and creative challenge and discussion of risks and opportunities by CMT when taking decisions.

More clarity would be welcomed regarding the reporting of more complex and sensitive risk and opportunities, particularly regarding commercial sensitivities.

It may be, to promote understanding, scrutiny and challenge that the risks to service area objectives are discussed at least annually at full team meetings. The development of service performance dashboards and performance reporting may also be an effective mechanism to communicate risk alongside other service performance information.

There appears to be confusion regarding what constitutes a strategic or operational risk, how risks escalate between the various risk registers and the difference between a risk and an issue. It is important that clarity is given to ensure trust and confidence in the framework. The Corporate Risk Team should ensure that guidance and training is clear and comprehensive and use case studies to increase understanding. Determining risk appetite will also provide clarity and support Management when taking decisions on risk and opportunity.

Use of case studies and lessons learned to understand the benefit and results of well managed risk taking will increase confidence and drive business change.

Audit Observation and Management Update as at March 2018

With the implementation of the new business planning process and the alignment with Risk, Performance and Finance scorecards that will form a part of monthly DMT meetings it is envisaged that real time information will be captured and used in decision making.

Better use of risk appetite is evident with service/contract specific risk appetites being defined for Integrated Health and Social Care and Plymouth Highways.

Clarity around escalation of risk has been completed through published risk management strategy guidance and better informed through the development of service specific risk appetite statements.

Audit Observation and Management Update as at March 2019

Implemented

Risk information is included in the Corporate Plan Performance Report and Budget Scrutiny. Business plans, including their associated risks are subject to member scrutiny. Risk, Performance and Finance scorecards have been developed to inform monthly DMT meetings, these support the capture of real time information and used in decision making.

Risk appetite continues to be defined for specific services/contract to add focus to management information and aid decision making.

Clarity around escalation of risk has been completed through published risk management strategy guidance and better informed through the development of service specific risk appetite statements.

4 Original Audit Observations, Findings and Opportunities as at October 2016

Risk Management Knowledge and Understanding

Staff at all levels are understood to be aware of the risks to our business although they may not necessarily know the language of risk management and may be more risk adverse than is necessary, possibly lacking confidence to take risk.

Escalation of risk and opportunity takes place in accordance with procedures however reporting to all staff due to capacity and time pressures is not considered as effective.

Value was recognised in the training and risk workshops provided by the Corporate Risk Team, initially in 2006 and ad hoc over more recent years however there has been a lot of change and some knowledge and understanding has been lost along the way.

E-learning has recently been rolled out to develop the knowledge and understanding of implementing risk management, however there has been limited completion at this time. Senior Management should encourage their staff to complete the training to raise confidence in utilising risk and opportunity management to drive the business.

Changes to the individual performance competencies has meant that the responsibility of risk and opportunity management is no longer evaluated, it is therefore important that Management ensure the culture of risk/opportunity awareness and management is maintained.

A consistent approach to ensuring all staff are involved in the understanding, identification and management of risks to council objectives would further strengthen risk management arrangements. Some of the best vehicles for doing this may be leadership team blogs, intranet articles, cascading meetings or email bulletins/newsletters.

Audit Observation and Management Update as at March 2018

The new business planning process identifies the need to link risk and opportunity through service and individual objectives, this should encourage visibility of risk and opportunities at all levels of the organisation.

At the end of February 2018 only 11% of managers and 7 % of the Councils employees have undertaken the eLearning.

There has been limited use of leadership team blogs, intranet articles, social media channels or email bulletins/newsletters. There is an opportunity to utilise these channels to better communicate and engage all employees. As part of the new business planning process and alignment of risk, performance and management information opportunities to communicate with employees and customers through various digital channels could be explored. Development of SharePoint would also help to realise better sharing of information, knowledge and experiences.

Audit Observation and Management Update as at March 2019

Implemented

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Risk Management e-learning forms part of the Management Driving Licence, this ensures that appropriate training is undertaken as part of a range of management competencies. As at end of 2018/19, 70% of managers have completed this training.

Risk management best practice continues to be shared at the regional risk group.

Managers are responsible for ensuring effective risk and opportunity management, although limited use of leadership team blogs, intranet articles, social media channels or email bulletins/newsletters has been made business planning processes and alignment of risk, performance and management information has improved communication with employees.

5 Original Audit Observations, Findings and Opportunities as at October 2016

Risk Champions

Risk Champions have ensured that the monitoring of operational and strategic risk registers have been undertaken in line with the risk management timetable and strategy and have been a key driver to promoting and delivering the risk management strategy. However the appointment and utilisation of this role is inconsistent across the Council. Whilst each service within Transformation and Change have their own Risk Champion, People and Place services rely on a couple of business support officers whose capacity to deliver this role is becoming increasingly difficult. Plymouth City Council has undergone significant change over the last few years. With less resources to support risk management processes it is critical that risk management is carried out within established management processes allowing risk information to flow from the business as usual.

Management should consider the role of their Risk Champion's and how to make best use of their knowledge and expertise. Their role in promoting, facilitating and supporting risk management is of value and opportunities to better utilise these skills to support the business should

be explored. However only using Risk Champions to deliver the resource intensive monitoring of risk registers is not efficient. Implementing a real-time Risk and Opportunity Management information would provide a more efficient and effective process allowing officers at all levels of the organisation to manage, monitor and report on risk and opportunity as part of their day to day business activity.

Audit Observation and Management Update as at March 2018

Risk Champions continue to provide support and co-ordination for risk management arrangements, with an identified Risk Champion assigned to each DMT. Where there is not an identified Risk Champion the Corporate Risk Advisor is seeking individuals to fulfil this role. Risk Champions will support the joint monitoring process for performance and risk.

Audit Observation and Management Update as at March 2019

Implemented

The Operational Risk Management Group is aligned to the three lines of defence model with membership made up of Risk Champions along with oversight functions that make up the second line of defence. This enables development of the risk strategy and ensures communication across the whole Council. Risk Champions have changed overtime but there is evidence that they continue to raise the profile of risk management.

6 Original Audit Observations, Findings and Opportunities as at October 2016

Integration with Finance and Performance Information

Planning, Performance, Finance and Risk Management are part of a cycle for ensuring improvement to deliver priorities, which involves reviewing past performance, learning lessons and analysing what can be done to improve efficiency and value for money. However risk and opportunity management is not consistently well integrated with all key business processes and not necessarily seen as a key driver for change, alignment of risk and opportunity with performance and finance information is considered disjointed.

Greater integration with financial and performance management and reporting at strategic and operational level will strengthen current arrangements, providing Members, Leadership and Management with complete information on which effective decisions can be made.

Linking finance, performance and risk information into established reporting mechanisms such as the dashboard reports at a strategic and operational level will provide complete, open and transparent information on which effective decisions can be made. Integrating this key information will support the drive to make savings and seek opportunities.

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Audit Observation and Management Update as at March 2018

The MTFS delivery plan had an appendix to the Budget Report 2018/19 that was submitted to cabinet in February 2018 and included an assessment of risk.

The risk narrative in the Corporate Performance reports has also been improved. Informed through DMT, this narrative will add value to the quality of risk and performance information provided.

Audit Observation and Management Update as at March 2018

Implemented and ongoing

Risk Management information is included in Business and Financial Planning activities and monthly performance reporting. Budget setting reports include risk information. Place DMT now have a monthly performance briefing paper that includes risk, performance and finance information, this is recognised good practice and is being promoted to other departments.

7	Original Audit Observations, Findings and Opportunities as at October 2016	
	<p>Programmes and Projects Transformation programmes and associated projects are conducted in accordance with project management principles, this includes the identification, management and review of risks by individual project boards/managers.</p> <p>Each project is assessed and the overall rating of the programme or project (High, Medium or Low) will determine the governance arrangements. Programmes or projects with a 'high' level rating are more likely to receive greater scrutiny and be reported as a strategic risk to project, programme and Corporate Management Teams, who will oversee critical milestones, high risks and issues and overall progress towards achievement of benefits. The remaining 'medium' and 'low' rated projects will be managed through project and programme boards via their defined governance. This is to be commended and recognised as best practice.</p> <p>There does remain a risk that through transition from project to BAU that risks and opportunities may be missed. Strengthening risk and opportunity management within the business as usual will ensure promised objectives continue to be delivered and improved upon.</p>	
	Audit Observation and Management Update as at March 2018	
	<p>Key projects and partnerships have developed risk and opportunity registers.</p> <p>Evidence has been obtained that demonstrates new key projects such as the Childrens Social Care joint management arrangement with Torbay Council and Plymouth Highways, have registers in place with overall risks recognised in Plymouth City Councils strategic and/or operational registers.</p> <p>With the dissolution of the Portfolio Office and the move of transformation work back to the business areas it is important that guidance is updated to reflect how project and partnership risk and opportunities are captured and escalated through the appropriate reporting lines.</p>	
	Audit Observation and Management Update as at March 2019	Implemented and ongoing
	Project risk are managed via project management software. Where projects move to business as usual remaining risks will transfer to the relevant operational or strategic risk register.	
8	Original Audit Observations, Findings and Opportunities as at October 2016	
	<p>Partnerships More public services are being delivered by, or in partnership with, charities, communities, private and public sector organisations. This shift in the structure of service provision will create significant risks, but also present valuable opportunities. The planned and systematic approach to the identification, analysis and economic control of those risks which threaten the employees, assets, or earning capacity of an organisation will help plan for the right balance between innovation and change and the avoidance of shocks and crises. Although Senior Management are clear about the Partnerships in which they are involved there is no demonstrable evidence that the risks to PCC of working in each partnership have been evaluated.</p> <p>All the risks need to be evaluated and there should be a common understanding of risk appetite of each partner organisation at the outset. Details of the risks and opportunities relating to partnerships should be included on the relevant service operational risk register or strategic risk register.</p>	
	Audit Observation and Management Update as at March 2018	
	Work has been undertaken to embed the Integrated Risk Management Framework for the Partnership between Devon CCG and Plymouth City Council. This has been successful and recognised a good practice.	

A risk management framework is in the process of being developed in relation to Plymouth Highways, the Partnership between PCC and South West Highways.

Development of risk management arrangements around shared services is also underway.

The Council's vision for the City includes facilitating partnerships at all levels and connecting communities. It is therefore important the Council have a complete and accurate understanding of the Partnership in which they are involved. A centralise record should be developed that can be shared by management to understand the Councils complete Partnership landscape and the risks and opportunities of those partnerships.

Audit Observation and Management Update as at March 2019

Implemented and ongoing

Strategic partnerships continue to develop robust risk management arrangements. The Finance and Risk Group continue to oversee the joint risk management framework between PCC and CCG. Plymouth Highways are now part of Place and the risks have transferred to the Place risk register. Whilst a joint risk register is held with South West Highways on their shared Hub. Delt have their own risk register which is reviewed at Delt Board, on which PCC Officers sit.

9 Original Audit Observations, Findings and Opportunities as at October 2016

Business Opportunity

Although risks are identified and considered routinely, opportunities are not as mechanisms to capture opportunity risk are not sufficiently evolved. If only threat risks are managed then the best outcome that can be expected is to meet the promised objectives but never improve upon them.

Further work should be undertaken to develop the identification, prioritisation and response to start proactively managing opportunity risks.

Use of SWOT analysis is a good way to identify true opportunities. Prioritisation will be about maximising likelihood and impact scores and responses to be considered could include exploitation and sharing.

The corporate risk function could support the development and understanding of opportunity management through the delivery of opportunity workshops and development of case studies.

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Audit Observation and Management Update as at March 2018

It is hoped that further development of business planning, performance and risk information will help managers identify opportunities.

Opportunities should be taken to ensure Risk Champions and Policy and Performance Officers fully understand opportunity management so that they can support the identification of opportunities as part of monthly management meetings.

Consideration should be given as to how opportunity information can be captured and utilised in management decision making. This should be a simple process that aligns with embedded planning, risk and performance information recording processes and enable the sharing of information once systems have been developed.

Audit Observation and Management Update as at March 2019

Implemented

Formal business planning processes have supported the identification of risk and opportunities. Gap analysis has been undertaken to identify areas of risk and opportunity. Scrutiny challenge has also supported identification of risk and opportunities.

10	Original Audit Observations, Findings and Opportunities as at October 2016
	<p>Risk Appetite Risk appetite is the level of risk we are prepared to tolerate or accept in the pursuit of our strategic objectives. It is almost impossible to encapsulate risk profiles and appetites for the whole council due to the diversity of services, previously audit recommended that risk management arrangements could be further strengthened through adapting the Risk and Opportunity Management Framework locally at Directorate/Service level. Although some Senior Management have indicated that risk appetite is considered it has not been possible to demonstrate this and so overall it is considered that the setting and understanding of risk appetite is not yet working effectively.</p> <p>Corporate Risk have recently revised the risk appetite statement that sets out the level of management oversight required depending on the category of risk and residual score. The Integrated Assurance Strategy developed within Transformation further supports this and should be recognised Council wide. This will enable risk and opportunity management to be aligned with governance arrangements, providing appropriate visibility and management at the most appropriate level of the organisation.</p> <p>The Council needs to revisit their risk profiles and set effective risk appetites at strategic and operational levels. It would be appropriate to consider defining risk appetites for different service areas to make risk management more effective. In deciding this the Council can:</p> <ul style="list-style-type: none"> • More effectively prioritise risks for mitigation. • Better allocate resources. <p>Considering and setting a risk appetite enables an organisation to increase its achievements by optimising risk taking and accepting calculated risks within an appropriate level of authority.</p> <p>Communicating this and setting appropriate risk appetites across the organisation should drive reporting and ensure scrutiny is targeted appropriately. Risk appetites should be regularly reviewed and approved at the appropriate level.</p>

Audit Observation and Management Update as at March 2018

	<p>Risk appetite guidance is comprehensive and will enable the development of service specific risk profiles. These have been used successfully to develop specific risk profiles for the new Plymouth Highways service.</p> <p>Risk category scoring provides an indication of the level of risk individual service areas are prepared to tolerate/accept in pursuit of its objectives.</p> <p>As part of the implementation of business planning process opportunities should be taken to further develop service specific risk appetite statements.</p>
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Audit Observation and Management Update as at March 2019	Implemented
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	<p>Evaluation of risk against risk appetite continues to be used as a useful management tool. A new process of evaluating key controls and their effectiveness is currently being trialled, this is aligned to the council's risk appetite to ensure resource are only committed to the level of assurance required.</p>
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11	Original Audit Observations, Findings and Opportunities as at October 2016
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	<p>Horizon Scanning Horizon Scanning is undertaken at CMT level but it does not take place enough at DMT level.</p>
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Horizon scanning should take place as part of business and financial planning and be further developed as part of finance, performance and risk monitoring routines. Developing a corporate approach through promotion of best practice through the use of case studies will support management to become effective.

Including risk as a standard agenda item at management meetings will prompt the identification of new and emerging risks, records should be maintained of discussions to ensure that these risks can be revisited and will not be forgotten or lost.

New and emerging risks and opportunities should be highlighted on risk registers, however these risks should be identified as such and may not have any mitigating controls or action plans due to a lack of initial information. Capturing these risks would allow for monitoring until full details have been received and considered. Once enough information is received a decision can be taken as to whether it transfers to the risk register or can be removed as there is no risk arising. When the risk is confirmed as a risk to service delivery it should then form part of the formal risk register and be managed in accordance with current processes.

Audit Observation and Management Update as at March 2018

Senior Management and Departmental Management Teams performance and risk discussions will feed into the new business planning process. The new business planning process promotes horizon scanning as part of routine cycle of review and update. This has been evident by an increase in the number of changes to risk registers.

Monthly management meetings will include the review of key performance indicators and risks this will include the scoping of future risks as well as provide a gap analysis.

It is important the identification and evaluation of future opportunities is also embedded into routine management review processes.

Audit Observation and Management Update as at March 2019

Implemented

Business and financial planning processes continues to encourage horizon scanning. Centrally the corporate Risk Advisor will be working closer with Policy Officer to undertake horizon scanning. Policy briefings and performance scorecard activity also provides greater insight into potential future risk and opportunities. Review of Committee Agendas to identify potential areas of risk and opportunity will be undertaken and performance team briefed on a weekly basis. Updates from external bodies such as Local Government Association and HSE will also be reviewed and where appropriate shared with relevant Officers. Attendance and regional risk management meetings also enable the identification of future risks and opportunities that can be highlighted.

12 Original Audit Observations, Findings and Opportunities as at October 2016

Cost / Benefit of Risk Management Activity

Senior Management stated that the cost/benefit of controls and action plans to mitigating risk is considered however demonstrable evidence has not been obtained to determine the effectiveness of this.

Risk information could be further strengthened with the inclusion of action plan for additional controls and an evaluation of the cost/benefit of mitigating controls. There are also opportunities to further drive the risk management process by developing tools that will support the consideration of cost effective mitigation of each risk and determine the realisation of benefits achieved through risk management.

Audit Observation and Management Update as at March 2018

The risk register template has been revised in line with the 'Three Line Defence ' model to allow for consideration of the level of assurance in place - this should help to determine if there are unnecessary controls in place for an activity.

The alignment and streamlining of business planning, financial, performance and risk monitoring processes will enable the consideration of the cost/benefit of mitigation as well as collaboration to identify resulting pressures across the council.

The development and roll out of Civica Financials e-budgeting should further support this.

Audit Observation and Management Update as at March 2018

Implemented and ongoing

A framework for evaluating key controls and their effectiveness, aligned to risk appetite, is currently being trialled. Although not specific on cost, it works to ensure that the controls in place to mitigate a compliance related risk is working or gives an early warning indication to a problem before it escalates, whilst ensuring resources are only committed to the level of assurance required. If this successfully provides useful management information, it will be rolled out to other health surveillance risks.

Scope and Objectives

As part of the formal audit planning process it was agreed that this review would follow up on the action taken since the last Internal Audit report in October 2016 and provide Plymouth City Council's Management with assurance on the progress taken to strengthen risk management arrangements

Inherent Limitations

The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

Definitions of Audit Assurance Opinion Levels

Assurance	Definition
Driving	Senior management uses consideration of risk to drive excellence through the business, with strong support and reward for well managed risk-taking. All staff are empowered to be responsible for risk management. The organisation has a good record of innovation and well-managed risk-taking. Absence of a blame culture. Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed. Management of risk and uncertainty is well-integrated with all key business processes and shown to be a key driver in business success.
Embedded and Integrated	Risk management is championed by the Director. The Board and senior managers challenge the risks to the organisation and understand their risk appetite. Management leads risk management by example. People are encouraged and supported to take managed risks through innovation. Regular training and clear communication of risk is in place. Sound governance arrangements are established. Partners support one another's risk management capability and capacity. A framework of risk management processes in place and used to support service delivery. Robust business continuity management system in place.
Working	Senior managers take the lead to apply risk management thoroughly across the organisation. They own and manage a register of key risks and set the risk appetite. A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and responsibilities. Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources in place to manage risk. Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services supported through continuity plans.
Happening	Board/ Councillors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented. Suitable guidance is available and a training programme has been implemented to develop risk capability. Approaches for addressing risk with partners are being developed and implemented. Appropriate tools are developed and resources for risk identified. Risk management processes are being implemented and reported upon in key areas. Service continuity arrangements are being developed in key service Areas.
Awareness	Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve. Key people are aware of the need to understand risk principles and increase capacity and competency in risk management techniques through appropriate training. Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk. Some stand-alone risk processes have been identified and are being developed. The need for service continuity arrangements has been identified.

<p>Devon Audit Partnership</p>	<p>Confidentiality and Disclosure Clause</p>
<p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</p> <p>The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk .</p>	<p>This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation’s disclosure policies.</p> <p>This report is prepared for the organisation’s use. We can take no responsibility to any third party for any reliance they might place upon it.</p>

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Audit and Governance Committee



Date of meeting:	22 July 2019
Title of Report:	Annual Report on Treasury Management Activities for 2018/19
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	Andrew Hardingham (Service Director for Finance)
Author:	Chris Flower, Finance Business Partner (Capital and Treasury Management)
Contact Email:	chris.flower@plymouth.gov.uk
Your Reference:	Fin/CF
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

In order to comply with the Code of Practice for Treasury Management, the Council is required to formally report on its treasury management activities for the year, providing information on the progress and outcomes against the Treasury Management Strategy. This report covers the treasury management activities for financial year 2018/19 including the final position on the statutory Prudential Indicators.

This report:

- is prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code;
- confirms capital financing, borrowing, debt rescheduling and investment transactions for the year 2018/19;
- provides an update on the risk inherent in the portfolio and outlines actions taken by the Council during the year to minimise risk;
- gives details of the outturn position on Treasury Management transactions in 2018/19;
- confirms compliance with treasury limits and Prudential Indicators (PIs) and the outlines the final position on the PI's for the year.

In line with the recommendations in the Code of Practice, this report is submitted to Audit and Governance Committee as the committee responsible for scrutiny of the treasury management function.

In accordance with Treasury Management Practices note 6, this report is required to be submitted to Full Council.

Recommendations and Reasons

- To **note** the Treasury Management Annual Report 2018/19
- Per the Constitution (Part H, Financial Regulations, Section 19.1), to **refer** the Treasury Management Annual Report 2018/19 to Full Council for noting.

Reason: This is to comply with the CIPFA Code of Practice and discharge our statutory requirement.

Alternative options considered and rejected

None - it is requirement to report to Council on the treasury management activities for the year.

Relevance to the Corporate Plan and/or the Plymouth Plan

Effective financial management is fundamental to the delivery of corporate improvement priorities. Treasury Management activity has a significant impact on the Council's activity both in revenue budget terms and capital investment and is a key factor in facilitating the delivery against a number of corporate priorities.

Implications for the Medium Term Financial Plan and Resource Implications:

Into the medium and longer term the Council is facing significant pressures due to the national economic situation, which has led to a reduction in resources for local authorities over the Government's latest spending period. Effective Treasury Management will be essential in ensuring the Council's cash flows are used to effectively support the challenges ahead.

Carbon Footprint (Environmental) Implications:

None directly arising from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

There is an inherent risk to any Treasury Management activity. The Council continues to manage this risk by ensuring all investments are undertaken in accordance with the approved investment strategy, and keeping the counterparty list under constant review.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Annual Report on Treasury Management Activities 2018/19							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	<i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

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Originating Senior Leadership Team member: Andrew Hardingham, Director for Finance
Please confirm the Strategic Director has agreed the report? Yes Date agreed: 10/07/2019
Cabinet Member approval: Councillor Mark Lowry (via email) Date approved: 12/07/2019

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Annual Report on Treasury Management Activities for 2018/19

Introduction

The Chartered Institute of Public Finance and Accountancy's Treasury Management (the CIPFA Code) requires the Council to report on the performance of the treasury management function after the financial year end).

The Council's Treasury Management Strategy for 2018/19 was approved by Council on 26 February 2018. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

External Context

Economic background (as at April 2019): After spiking at over \$85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over \$50 in late December before steadily climbing toward \$70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.

After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.

The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.

With the 29th March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including shooting down Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to force the prime minister to ask for an extension to the Brexit process beyond 12th April in order to avoid a no-deal scenario. Recent talks between the Conservative and Labour parties to try to reach common ground on a deal which may pass a vote by MPs have yet to yield any positive results. The EU must grant any extension and its leaders have been clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.

While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

Financial markets: December was a month to forget in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.

Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. During March the US yield curve inverted (10-year Treasury yields were lower than US 3 month money market rates) and German 10-year Bund yields turned negative. The drivers are a significant shift in global economic growth prospects and subsequent official interest rate expectations given its impact on inflation expectations. Further to this is world trade growth which collapsed at the end of 2018 falling by 1.8% year-on-year. A large proportion of this downturn in trade can be ascribed to the ongoing trade tensions between the US and China which despite some moderation in January does suggest that the International Monetary Fund's (IMF) and Organisation for Economic Co-Operation & Development's (OECD) forecasts for global growth in 2019 of 3.5% might need to be revised downwards.

Credit background: Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ringfenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ringfenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 33 and 79bps at

the end of the period.

The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc) transferred their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities.

In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities.

There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the its senior unsecured debt and deposits.

Local Authority Regulatory Changes: Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council in February 2019.

Local Context

On 31st March 2019, the Council had net borrowing of £350m arising from its revenue and capital income and expenditure, an increase on 2018 of £101m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31.3.18 Actual £m	2018/19 Movement £m	31.3.19 Actual £m
General Fund CFR	460	100	560
Less: Other debt liabilities *	-121	0	-121
Borrowing CFR	339	100	439
Less: Usable reserves	-60	3	-57
Less: Working capital	-30	-2	-32
Net borrowing	249	101	350

* *finance leases, PFI liabilities and transferred debt that form part of the Council's total debt*

Net borrowing has increased due to a rise in the CFR as new capital expenditure was higher than the financing applied including minimum revenue provision; together with a small decrease in usable reserves and a fall in working capital due to the timing of receipts and payments.

Borrowing Activity

At 31st March 2019, the Council held £461m of loans, (an increase of £103m on 31/03/2018) as part of its strategy for funding previous years' capital programmes. See table 2 below.

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

Affordability and the "cost of carry" remained important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have started to rise with the likelihood of further rises over the next 12 months.

The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term

borrowing rates are forecast to rise. Arlingclose assists the Council with this 'cost of carry' and breakeven analysis. Temporary and short-dated loans borrowed from the markets, predominantly from other local authorities, also remained affordable and attractive.

The Council's Treasury Management Board has determined it was more cost effective in the short-term to borrow short-term loans instead of fixing in at higher long term rates. The Council reviews the situation on a regular basis and also takes advice from its Treasury Management advisors.

Table 2: Borrowing Activity

	Balance on 01/04/2018 £m	Movement £m	Balance on 31/03/2019 £m	Avg Rate %
Public Works Loan Board	44	0	44	5.76%
Banks - LOBOs	82	(18)	64	4.34%
Other Loans	18	12	30	
Short Term Borrowing	214	109	323	1.04%
TOTAL BORROWING	358	103	461	
Other Long Term Liabilities	121	0	121	-
TOTAL EXTERNAL DEBT	479	103	582	-
Increase/ (Decrease) in Borrowing £m			103	

LOBO (Lender's Option Borrower's Option)

During the year the Council refinance £18m LOBOs and now holds £64m (£82m in 2017) of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates. The Council then has the option to either accept the new rate or to repay the loan at no additional cost. During the year £15m of our LOBOs had options, none of which were exercised by the lender.

LGA Bond Agency

UK Municipal Bonds Agency (MBA) plc. was established in 2014 by the Local Government Association as an alternative to the PWLB with plans to issue bonds on the capital markets and lend the proceeds to local authorities. In early 2016 the Agency declared itself open for business, initially only to English local authorities. The Council has analysed the potential rewards and risks of borrowing from the MBA and has approved and signed the Municipal Bond Agencies framework agreement which sets out the terms upon which local authorities will borrow, including details of the joint and several guarantee.

As at 31st March 2019 no bonds have been issued by the Municipal Bonds Agency.

Debt Rescheduling

The PWLB continued to operate a spread of approximately 1% between “premature repayment rate” and “new loan” rates so the premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council’s portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

Other Long Term Liabilities

Although not classified as borrowing, the Council has other capital finance from Private Finance Initiatives and Finance Leases etc. and as at 31st March 2018 this amounted to £125m.

The liability for the PFI scheme has increased our requirement for finance and therefore we increased our Operational Boundary and Authorised limit to allow for this.

Minimum Revenue Provision (MRP)

MRP is a charge to the revenue budget that is made each year for monies to repay the Council’s borrowing.

Under regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 SI 2003/146, as amended, local authorities are required to charge to their revenue account, for each financial year, MRP for the cost of their unfinanced capital expenditure.

Following changes in advice from CIPFA the Council changed its MRP calculations method in 2015/16 to use the annuity method. Prior years involved detailed calculations which were very prescriptive but these were replaced with a requirement that local authorities calculate an amount or MRP which they consider to be prudent.

The Council matches the economic benefits from its assets with the life of those assets. Therefore the Council changed its calculation method to the annuity method which not only spreads the cost of the borrowing over the life of the assets but it also takes into account the time value of money.

The Council’s previous method of calculating MRP was to spread the cost of borrowing in a straight line over a maximum of 25 years. The current council tax payers would therefore pay a relative higher charge than council tax payers in the future. For example if an asset cost of £20m to build and has a life of 20 years then there would have been a £1m charged each year on the straight line basis. The annuity method takes into account the time of value because £1m today has a higher value (NPV) than £1m in 20 years’ time.

Investment Activity

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2018/19, the Council's investment and cash balances ranged between £70 and £100 million due to timing differences between income and expenditure. The year-end investment position and the year-on-year change in show in table 3 below.

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Table 3: Investment Activity in 2017/18

Investments	Balance on 01/04/2018 £m	Movement £m	Balance on 30/03/2019 £m	Avg Rate/Yield (%)
Short term Investments (call accounts etc.)	18	3	21	0.91%
Covered Bonds and Loans	11	(8)	3	1.08%
Money Market Funds	26	0	26	0.68%
Other Pooled Funds	25	10	35	3.34%
TOTAL INVESTMENTS	80	5	85	
Increase/ (Decrease) in Investments £m			5	

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

During the year the Council invested £10m into the Schroder Income Maximiser Fund which offers higher rates of returns than the Council other short term investments.

The Council has £35m invested in externally managed pooled Funds with the CCLA and Schroder and this has generated a total return for the year of £1.479m (4.2%). Investment income return used to support services in year. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives is regularly reviewed.

Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy.

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating is A across rating agencies Fitch, S&P and Moody's); for financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

Given the increasing risk and falling returns from short-term unsecured bank investments, the Council wants to diversify into higher yielding long term asset classes.

Other Non-Treasury Holdings and Activity

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Council held £164m of direct property investment under its Asset Investment Fund

These non-treasury investments generated £2.794m of investment income for the Council after taking account of direct costs, representing a net revenue return of 2.4% after allowing for payment to a void reserve and payment to a lifecycle maintenance reserve. The gross return is higher than the return earned on treasury investments but reflects the additional risks to the Council of holding such investments.

Treasury Management Outturn 2018/19**Budget Income and Expenditure**

Treasury Management Outturn Position 2018/19

	2018/19 Budget	2018/19 Outturn	Year End Variance
	£m	£m	£m
Interest Payable	6.787		
LOBO and other long term loans		3.770	
PWLB (Public Works Loan Board)		2.550	
Temporary loans		1.378	
Other Interest and charges		(0.181)	
Recharge to Departments for Unsupported Borrowing (in accordance with business cases)	(7.979)	(7.855)	
Total Interest Payable	(1.192)	(0.338)	0.854
Interest Receivable	(1.730)		
CCLA Pool Funds		(1.479)	
Money Market Fund		(0.148)	
Other Interest		(1.167)	
Total Interest Receivable	(1.730)	(2.794)	(1.064)
Other Payments	0.130	0.116	
Debt Management	0.080	0.486	
Amortised Premiums	0.497	0.537	
Total Other Charges	0.707	1.139	0.433
Minimum Revenue Provision	7.079	5.999	(1.080)
TOTAL	4.864	4.006	(0.858)

The Council's Treasury Management Outturn for the year was an underspend of £0.858m. The Council has, however, continued to increase its borrowing to fund the capital programme which means it will pay increased loan interest and loan repayments (MRP) in the coming years while the investment returns remain very low.

The Treasury Management Outturn does not include the returns from the Council's investments in the purchasing of capital assets as this is included in the Place revenue outturn.

The Bank of England increased the Bank Rate by 0.50% to 0.75% in November 2018 and the Bank of England have indicated that there will be a further two rises in the next twelve months.

The Treasury Management budget is held as a separate budget under the Finance Department of the Council's General Fund. Whilst interest costs are slightly less than the budget there are a number of factors that contribute to the final position. Whilst the Council not only borrows to finance capital expenditure, it also has to maintain a daily net cash surplus position. The costs of borrowing to finance investment to save capital schemes is charged to departments. The figures above include the borrowing implications of decisions to utilise the Asset Investment Fund to acquire assets to earn a revenue return which is accounted for in directorate's budgets.

Externally Managed Funds

The Council also has investments in cash plus bond and property funds which allow the Council to diversify into asset classes other than cash with the need to own and manage the underlying investments. The funds which are operated on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short-term. All of the Council's pooled fund investments are in the respective fund's distributing share class which pay out the income generated.

Compliance with Prudential Indicators

The Council confirms compliance with its Prudential Indicators for 2017/18, which were set in February 2017.

The Following indicators are set and monitored each year:

- Estimates of Capital Expenditure;
- Estimates of Capital Financing Requirement;
- Gross Debt and the Capital Financing Requirement;
- Operation Boundary for External Debt;
- Authorised Limit for External Debt;
- Ratio of Financing Costs to Net Revenue Stream ;
- Incremental Impact of Capital Investment Decisions.

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2018/19 Limit	2018/19 Actual	Complied
Upper limit on fixed interest rate exposure	100%	28%	✓
Upper limit on variable interest rate exposure	100%	72%	✓

Fixed rate borrowings are those where the rate of interest is fixed for the whole financial year or more. Instruments that mature during the financial year are classed as variable rate.

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper Limit	Lower Limit	31.03.2019 Actual	Complied
Under 12 months	90%	0%	61%	✓
12 months and within 24 months	40%	0%	11%	✓
24 months and within 5 years	40%	0%	0%	✓
5 years and within 10 years	25%	0%	1%	✓
10 years and above	95%	0%	27%	✓

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 365 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2018/19	2019/20	2020/21
Limit on principal invested beyond year	£45m	£50m	£50m
Actual	£0m	£0m	£0m
Complied	✓	✓	✓

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

	Target	Actual	Complied
Portfolio average credit rating	A	AA-	✓

Liquidity: The Council does not keep large amounts of cash in call accounts so that it reduces the cost of carrying excess cash. To mitigate the liquidity risk of not having cash available to meet unexpected payments the Council has access to borrow additional, same day, cash from other local authorities.

Investment Training

Officers have undergone the following training during the year:

Arlingclose – Changes to IFRS 9 Impairment of Financial Instruments.

Arlingclose – Principles of Treasury Management Workshop.

CIPFA – Implementing new Treasury Management Regulatory Framework

Arlingclose – Investments workshop 2018.

Arlingclose - Accounts closedown workshop 2018/19.

Grant Thornton - Accounts Closedown Workshops for Local Authority Accountants

Prudential Indicators 2018/19

The Local Government Act 2003 requires the Council to have regard to CIPFA's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

This report compares the approved indicators with the outturn position for 2018/19. Actual figures have been taken from or prepared on a basis consistent with, the Council's statement of accounts.

Capital Expenditure: The Council's capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2018/19 Actual £m
General Fund	134.005
Total Expenditure	134.005
Capital Receipts	2.325
Grants & Contributions	32.077
Reserves	0.712
Revenue	0.174
Borrowing	98.717
Total Financing	134.005

Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.19 Actual £m
General Fund	559.870
Total CFR	559.870

The CFR rose by £100m in the year to £560m (2018 £460m) from capital expenditure financed by debt outweighs resources put aside for debt repayment.

The increase in CFR shows that the Council is increasing its borrowing to pay for capital expenditure in the city.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Actual Debt: The Council's actual debt at 31 March 2019 was as follows:

Debt	31.03.19 Estimate £m	31.03.19 Actual £m	Difference £m
Borrowing	517	461	56
PFI liabilities & other Finance leases	125	121	4
Total Debt	642	582	60

The actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt below.

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent, but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	31.03.19 Boundary £m	31.03.19 Actual Debt £m	Complied
Borrowing	540	461	✓
Other long-term liabilities	140	121	✓
Total Debt	680	582	✓

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003

It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	31.03.19 Boundary £m	31.03.19 Actual Debt £m	Complied
Borrowing	675	461	✓
Other long-term liabilities	160	121	✓
Total Debt	835	582	✓

Recommendations

1. To note the Treasury Management Annual Report 2018/19.
2. To refer the Treasury Management Annual Report 2018/19 to Council for approval.

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Audit and Governance Committee



Date of meeting:	22 July 2019
Title of Report:	Internal Audit Annual Report
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	Andrew Hardingham (Service Director for Finance)
Author:	Brenda Davis, Audit Manager
Contact Email:	brenda.davis@plymouth.gov.uk
Your Reference:	AUD/BD
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report summarises the work undertaken by Devon Audit Partnership during 2018/19, reviews the performance and effectiveness of the Internal Audit service, and provides an audit opinion on the adequacy of the Authority's internal control environment. Our work delivers objective and relevant assurance and contributes to the effectiveness and efficiency of the governance, risk management and internal control processes.

A key element of the Council's governance arrangements is the Annual Governance Statement (AGS), signed by the Leader, Chief Executive and Services Director for Finance (S.151 Officer). The assurance opinions derived from the work by Internal Audit are used to help inform the AGS.

Recommendations and Reasons

The Audit and Governance Committee note that:

- Based on work performed during 2018/19 and previous years' audit, the Head of Internal Audit's opinion is of "Substantial Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

Alternative options considered and rejected

None, as failure to maintain an adequate and effective system of internal audit would contravene the Accounts and Audit Regulations 2015.

Relevance to the Corporate Plan and/or the Plymouth Plan

The internal audit service assists the Council in delivering robust standards of public accountability and probity in the use of public funds and has a role in promoting high standards of service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations.

Our work supports delivery of the values and priorities set out in Corporate Plan by ensuring that resources are used wisely, and service areas understand and deliver quality public services which meet customer and community needs and keep people safe.

Implications for the Medium Term Financial Plan and Resource Implications:

Delivery of the audit plan will assist the council in delivering value for money services.

Carbon Footprint (Environmental) Implications:

None

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	2018/19 Internal Audit Annual Report							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

Fin	pl.19. 20.53	Leg	It/328 66/05 07	Mon Off	Click here to enter text.	HR	Click here to enter text.	Assets	Click here to enter text.	Strat Proc	Click here to enter text.
Originating Senior Leadership Team member: Andrew Hardingham											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 05/07/2019											
Cabinet Member approval: Councillor Mark Lowry, approved by email Date approved: 09/07/2019											

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Internal Audit

Annual Audit Report 2018-19

Plymouth City Council Audit & Governance Committee

July 2019



Robert Hutchins
Head of Audit Partnership



Auditing for achievement

Introduction

The Audit and Governance Committee, under its Terms of Reference contained in Plymouth City Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2018/19 was presented and approved by the Audit Committee in March 2018. The following report and appendices set out the background to audit service provision; a review of work undertaken in 2018/19 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

Expectations of the Audit Committee from this annual report

Audit Committee members are requested to consider:

- the assurance statement within this report;
- the basis of our opinion and the completion of audit work against the plan;
- the scope and ability of audit to complete the audit work;
- audit coverage and findings provided;
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit and Governance Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see appendix 1) and satisfy themselves from this assurance for signing the Annual Governance Statement.

Robert Hutchins
Head of Devon Audit Partnership

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Opinion Statement

This statement of opinion is underpinned by :

Overall, based on work performed during 2018/19 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Substantial Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

This opinion statement will support Members in their consideration for signing the Annual Governance Statement see appendix 1.

Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews, and an opinion on the adequacy of controls is provided to management as part of the audit report.

All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans is the responsibility of management yet may be reviewed during subsequent audits or as part of a specific follow-up process.

Directors have been provided with details of Internal Audit's opinion on each audit review to assist them with compilation of their individual annual governance assurance statements. If significant weaknesses have been identified in specific areas, these have been considered by the Authority in preparing its Annual Governance Statement which will be accompany the published Statement of Accounts for 2018/19.

The Summary Assurance Opinions chart on page 3 provides a high level "Themed" and RAG rated overview of audit coverage for 2018/19.

Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. debtors, creditors, payroll & Main Accounting) or generally in the reviews undertaken in respect of directorate systems. The Council's overall internal control framework operated effectively during the year. Where internal audit work has highlighted instances of none or part compliance, none are understood to have had a material impact on the Authority's affairs.

Risk Management

Risk management is now embedded and integrated within business planning processes and more closely aligned with performance management. Benefits are being realised within service management teams through the provision of optimised management information tools that have strengthened Corporate Governance and enabled effective decision making.

Governance Arrangements

Governance arrangements are considered in key areas such as the Integrated Fund (Livewell and PCC) to ensure that the Council's interests are protected. Management also make very specific requests such as the review of the governance arrangements / relationships, both financial and legal for the Plymouth Energy Community (PEC).

Performance Management

The strategy is key to the successful delivery of services and is established for 'business as usual' and change programmes. Regular reporting to management, leadership team and the Council should ensure effective performance management. This is of particular importance as the Council continues to develop new ways of working.

Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.	Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
Substantial Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.	No Assurance	Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

Summary Assurance Opinions

Service Area Overview of Audit Coverage													
Customer & Corporate and Finance		People & Children's Services		Place		ODPH		Executive Office		Cross Cutting			
Summary of key audit reviews	Business Rates Pool		Integrated Fund		Highways Works Ordering		Bereavement Service		Risk Management		Contract Management		
	Purchasing Cards Follow-Up		Care Leavers (Payments)		Concessionary Fares		Licensing		Community Grants		Finance & Assurance Review Group		
	Schools Financial Value Standards		Fostering (Payments)		Building Control		Public Protection Service				Travel & Subsistence		
	e-Budgeting		Pre-Paid Cards – Direct Payments		Trade Waste Follow-Up		Plymouth Energy Community				Client Financial Assessments (End to End Process)		
Core Assurance	Business Processes & Governance		Corporate Information Management				Grant Certification			Annual Governance Statement			
	Key Financial Systems		Main Accounting		Treasury Management		Payroll	Debtors	Creditors	Council Tax		Business Rates	Housing Benefits
	ICT		IT Material Systems										

Note: Assurance opinions are 'RAG' rated to support the overall assurance opinion for the year (Red = fundamental weaknesses, Amber = improvements required, Green= good and high standard). The ratings are relevant at the time of the audit review and assurance may have improved since that time. Areas shaded blue denote opportunity or value added work.

Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can and we believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance;
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

We trust that officers have found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

Detailed below is some of the feedback received from those audited during 2018/19.

Customer & Corporate (inc Exec Office & Finance)

"This year's Payroll Audit needed to closely reflect the change in operating model, responsibilities and roles between the former in-house Payroll Service now delivered through Delt and the Council as the client. The Auditors were keenly aware of this new supplier / customer relationship and the methods used were cognisant of this shift. The independent input from DAP allowed relevant changes to be introduced which formalised the retained Client and Performance reporting mechanisms allowing both parties to gain clarity on a suitable methodology to monitor and report."

Other feedback comments include:

"The provisions of suggestions that will help shape the service in the future" is particularly helpful and that the audit process added value by "highlighting areas that may need attention".

"Clarification we are working to a good standard".

"The audit team always on hand to provide advice and support".

"The auditor was particularly helpful and supportive, and I was able to be honest about the situation with a partner and we can now move forward confidently".

Place

Building Control – "I think this is an excellent report that captures a lot of the issues being experienced in the team and will really help clarify how we move things forward".

Continued support, advice and challenge on the contract management arrangements relating to the South West Devon Waste Partnership, to ensure that the City Council's interests are protected.

People (inc Children's Services)

"The audit was carried out in a professional, sensitive and inclusive manner listening to all views and comments and acted independently with no pre-judgements to provide a well-balanced report."

"Report and recommendations were very helpful, always good to have feedback on the job you are undertaking and positive outcomes. Very good experience - thank you."

"Thank you for this Xxxxx. It is a really comprehensive report and I will be tracking actions."

"The audit provides a good foundation for an improvement action plan."

A school found the "review of financial propriety always helpful to have pointers in improving practice. As always, the audit process is a dialogue."

Nursery – "conversations during the audit process and the de-brief afterwards gave an opportunity to ask questions and to gain further understanding. Very well organised, professional and really useful."

Office of the Director of Public Health (ODPH)

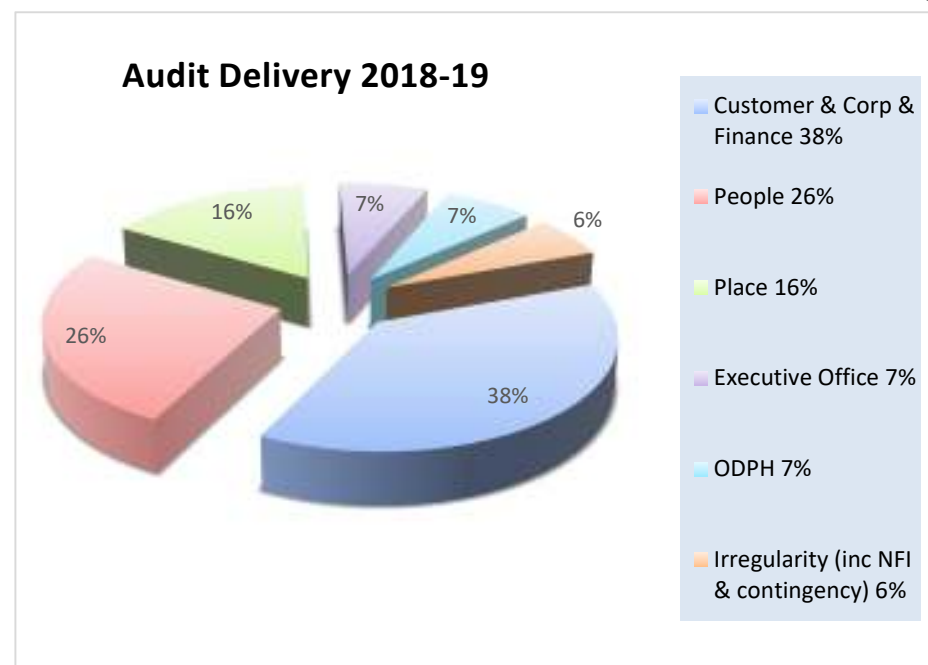
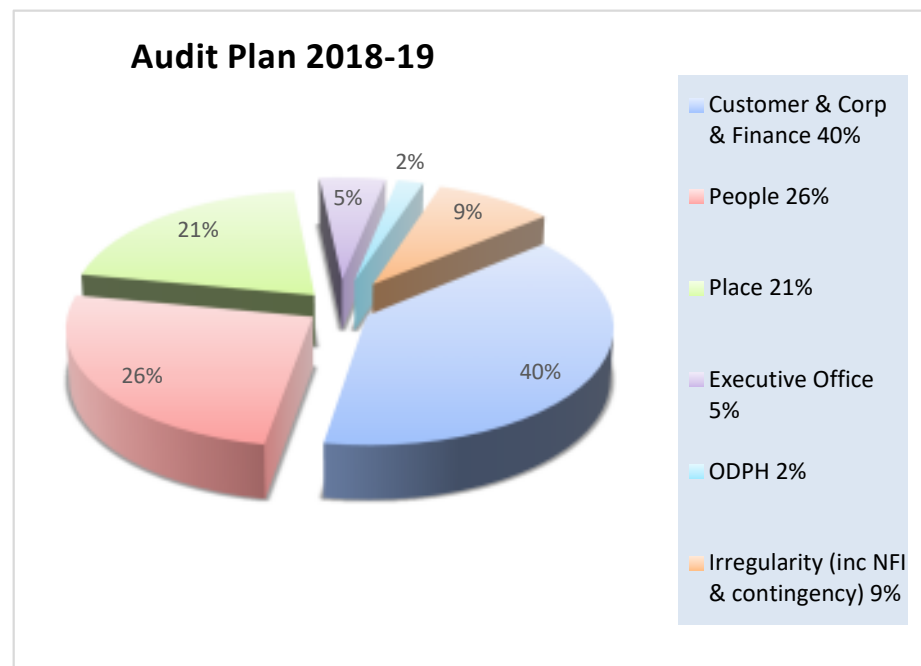
We have been advised that our work within the Public Protection Service has supported and added further weight to the service's aspiration to further develop its commercial offering and maximise potential income streams. The Service is currently working with Commercial Finance on a detailed business case with which to assess the benefits that further investment could provide.

Audit Coverage and Performance Against Plan

The pie charts on the right shows the breakdown of audit days planned by service area / type of audit support provided. The balance of work has varied during the year as can be seen from comparison with the second chart. Variations have been with the agreement of the client.

Appendix 4 to this report provides a summary of the audits undertaken during 2018/19, along with our assurance opinion. Where a “high” or “good” standard of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of “improvement required” has been provided then issues were identified during the audit process that required attention. We have provided a summary of some of the key issues reported that are being addressed by management. It should be pointed out that we are content that management are appropriately addressing these issues.

Appendix 5 shows the performance indicators for audit delivery in 2018/19 against the revised audit plan. It will be noticed that there was a small variation in the total number of audit days provided during the year. When we prepare our audit plans, we make an educated assessment of the number of days that an audit is likely to take. When the fieldwork is completed there is inevitably a variance from the planned days. In addition, we provide an allowance for work on areas such as fraud and corruption; in some years the requirement will exceed the planned budget and in others the need for our resource will be less than planned. It should also be noted that some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review.



Fraud Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Cabinet Office runs a national data matching exercise, The National Fraud Initiative (NFI), every two years. For the 2018/19 exercise, DAP have co-ordinated the extract of relevant Council datasets, as defined by the Cabinet Office. Departments have supplied their datasets (listed below) and these were uploaded onto the NFI secure website in October in accordance with the NFI timetable. The subsequent matching reports were received back in February 2019 and are currently being reviewed by departments across the Council. It is anticipated that the work being undertaken will be completed by the end of September 2019.

NFI datasets:

- Council Tax;
- Creditor Payments;
- Housing Benefits;
- Payroll / Pensions;
- Housing Waiting Lists;
- Payment to Residential Care Homes;
- Personal Budgets – Direct Payments;
- Licencing (including taxi licences and personal alcohol licences);
- Market Traders; and
- Transport Passes (including blue badges and concessionary bus passes).

Irregularities – DAP have provided management with a range of advice and support on courses of action or improvements to controls including assisting with an investigation into employee conduct (which concluded that there was no cause for concern) and reviewing security and storage arrangements following the loss of a high-spec laptop.

Active Counter Fraud Investigation - On 01/05/2018 the Plymouth City Council Corporate Fraud Team was transferred to the Devon Audit Partnership (DAP) and is now known as the Counter Fraud Services Team within DAP. The team continue to offer a full and comprehensive investigation service to Plymouth, whilst offering a commercialised service to other DAP partners in an attempt to give Plymouth City Council a return on its investment.

The Counter Fraud Team Manager has prepared a separate report summarising work undertaken during 2018/19.

Appendix 1– Assurance Opinion and extract Executive Summaries for 2018/19

Risk Assessment Key

SRR /ORR – Local Authority Strategic or Operational Risk Register reference

ANA - Audit Needs Assessment risk level

Client Request - no risk assessment information available

Assurance Progress Key Where Report Issued

Green – action plan agreed with client for delivery over an appropriate timescale

Amber – agreement of action plan delayed or we are aware progress is hindered

Red – action plan not agreed or we are aware progress on key risks is not being made


* report recently issued, assurance progress is of managers feedback at debrief meeting



Assurance Progress Key for Project Work



Green – progressing well



Amber – continuing to progress but some issues to address





Red – significant delays or issues to address


Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Finance, Customer & Corporate			
Core Assurance – Key Financial System			
Main Accounting ANA - High	Good Standard Status: Final	<p>The need to closely monitor and challenge budgets within service areas has been recognised by Senior Finance Officers who have undertaken a significant amount of work to improve and better align budget information. The E-Budgeting process went live in April 2018 and provides budget holders with automated monthly reports and the ability to ‘drill down’ to all of the relevant supporting data. This process should provide budget-holders and accountants with the information and tools to more efficiently and effectively manage the budget monitoring process, however, our findings are that this new way of working has not been fully embraced by users. Management will be considering how best to drive this process forward.</p> <p>Cabinet receive quarterly Capital and Revenue monitoring reports that outline the finance monitoring position, highlighting how the Council is delivering against its financial measures using its capital and revenue resources as well as relevant budget variations and virements that require formal approval. However, there remains insufficient evidence that virements are approved in accordance with financial regulations and as such management will be considering how best to ensure that staff are fully aware of this requirement.</p> <p>The Financial Planning and Reporting team actively monitor all ledger</p>	


Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>transactions with a value of over £500k. Checks are undertaken to ensure journals have the necessary supporting information attached and that the correct journal type has been used. Where this is not the case the originator of the journal is contacted to ensure supporting information is attached and / or as a reminder of the specific ^£500k journal type that should be used (to ensure independent authorisation)</p> <p>Cash and bank is routinely reconciled to the main accounting system each month with supporting evidence retained. Overall data from feeder systems transferred via interface to the main accounting system is well controlled with reconciliations found to be completed in a timely manner and variances identified, investigated and resolved. However, reconciliation of the Civica Tranman system has not been undertaken during 2018/19.</p> <p>A central record of reconciliations previously maintained has now become out of date and will be reviewed and refreshed by The Financial Planning and Reporting team during quarter one of 2019/20.</p>	
Treasury Management ANA - Medium	High Standard Status: Final	<p>TM processes are driven by the management of cash flow as derived from a detailed understanding of account balances and daily need. The focus remains on using short term borrowing facilities as this is currently the cheapest way to satisfy the financial requirements of the Council. The records held to support the loans and investments made were found to be complete and accurate.</p> <p>The Treasury Management Strategy and Treasury Management Practices reflect CIPFA best practice and provide a comprehensive policy framework in which to operate. The strategy which is subject to annual review and approval by the Audit Committee and Full Council sets out the risk appetite of the Council.</p>	
Payroll ANA - Medium	High Standard Status: Final	<p>The Payroll Operation Team and the Pensions Control Team have a robust process of control and agreement to ensure the accuracy and completeness of payroll expenditure.</p> <p>Segregation of duties remain in place and effective with payroll data uploaded to the General Ledger being subject to independent reconciliation by the Finance</p>	




Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>Team.</p> <p>Self-service continues to operate across the Council with amendments to payroll data being input by employees and approved by their designated Manager. Access to self-service is controlled through strict user access profiles driven by organisational structure.</p> <p>The relationship between DELT Payroll Services and the client, Plymouth City Council is open and trusting with the more formalised governance arrangements continuing to evolve; the most recent example being the setting up of the Retained Client Group.</p>	
Creditors ANA - High	Good Standard Status: Final	<p>Purchasing and Creditor system controls and user profiles continue to ensure orders are placed with approved suppliers and best value is achieved; separation of duty between the raising and authorisation of purchase orders; separation between the input and authorisation of invoices for payment and payments are checked for accuracy, completeness and are appropriately approved in line with financial regulations.</p> <p>Whilst the actual internal control system design is considered to be of a high standard, controls are not always complied with. Although the Transaction Centre and Financial Controller have continuously challenged non-compliance with internal control and sought to develop processes to further minimise the risk of non-compliance by service areas, to drive any further improvements in compliance, service areas need to be accountable. Opportunities should now be found to raise awareness of non-compliance within service areas and the impact this can have on financial management, this could potentially be achieved through reporting to Departmental Management and Corporate Management Teams.</p>	
Debtors ANA - Medium	Good Standard Status: Final	<p>Automated controls and the use of exception and management information reports ensure the accuracy and completeness of financial data. Effective debt management policies and procedures remain in place.</p> <p>Audit testing highlighted some delays in cases where Adult Social Care debt had</p>	




Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>been referred to Legal Services for recovery, this may in part be due to resource shortfall as a result of long-term sickness. This is a difficult and sensitive area of recovery and consideration needs to be given to how these cases can be given a higher priority.</p> <p>A review is underway to re-evaluate the use of the various management reports being produced with a view to streamlining them into a single report, removing duplication of effort.</p> <p>As at January '19 the percentage of sundry debt recovered against the general fund was at 95.2% (against a target of 95%).</p>	
Business Rates ANA - Low	Good Standard Status: Final	<p>System parameters and automated controls have ensured accurate billing and the effectiveness of the debt recovery procedures is reflected in the collection rate, which at the end of January '19 stood at 94.40%. This exceeds the target figure of 91.60%, despite continuing difficulties posed by the economic climate.</p> <p>There are a very small number of business rates accounts which have been returned by the Enforcement Agents as "Returned for Committal". We recognise that committal proceedings only apply to sole traders and not companies but have highlighted the matter in our report as a possible course of action if all other methods of recovery have failed.</p> <p>Decisions to award relief, exemptions and discounts have evidence to support them and are made in accordance with regulatory requirements and Council policy.</p> <p>Refunds are subject to authorisation but are currently only paid by BACS. To protect from the risk of payment card scam we recommend that where a ratepayer makes payment by credit or debit card, any subsequent refund is made back to that payment card.</p>	
Council Tax ANA - Medium	Good Standard Status: Final	Periodic reviews of single person's discount (SPD) and student exemptions are in place, however accounts showing as both SPD and disabled do not form part of	




Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>any review. Households where everyone is a full-time student do not have to pay Council Tax but it is noted that in 2018/19 the checks undertaken only confirmed that one student was resident in each property; Audit has been advised that this was due to the level of resource required to confirm 100% of students. In addition, there is no periodic review of any other discounts or exemptions and audit testing found anomalies in some areas. A recommendation made in the previous audit report that a review should be undertaken on Single Disregards has not been implemented. Supporting evidence was found to be available in respect of the discounts and exemptions awarded except for aged awards which have not been reviewed; this is due to the evidence being archived from W2 once more than six years old.</p> <p>The Accounts in Credit report as at 11 February 2019 totalled £1.5m. This matter has previously been viewed by the service as low priority, however the team are currently working on auto write-ons for accounts that are 6 years or older with credits that are under £50. Action is also being taken to identify accounts where credit(s) can be transferred to in-year accounts. We acknowledge these positive steps, but it should be noted that the batch write-ons will only address around 10% of credits for each financial year.</p> <p>Like Business Rates, Council Tax refunds are currently only paid by BACS. To protect from the risk of payment card scam we recommend that where a taxpayer makes payment by credit or debit card, any subsequent refund is made back to that payment card.</p>	 
Housing Benefits Overpayment Recovery Follow-Up Audit & Governance Committee Request	Value Added Status: Final	Reported to July Committee with further work being undertaken on the administration of housing benefit overpayments as part of the annual audit of housing benefits. See below for details.	
Housing Benefits ANA - High	Good Standard Status: Final	The department has continued to monitor performance closely, with weekly performance meetings focussed on productivity and outstanding workloads. DWP published performance statistics (for quarters one and two) show that the Council are performing just below the average processing times for new claims (22 days against 22.5 days) and just over the average processing times for change events	

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>(9.5 days against 7.5 days). The reporting of performance data internally, as part of the 'balanced scorecard', was found to be robust, with reported figures agreed against the benefits system.</p> <p>Audit testing in respect of benefit assessments, the calculation and classification of overpayments and the application of the RBV scheme was found to be of a good standard, with no errors identified that would impact on subsidy. The limitations of the audit sample must be noted when considering the assurance that this provides, and it was noted that, in respect of assessment accuracy, the department's own QA process is reporting an error rate, affecting subsidy, of 9%. In view of the above, and a noted reduction in the number of QA checks undertaken compared to 2017/18, it is considered, and has been recommended that a formalised target is set in relation to the number of QA checks required in-year and a corresponding expected accuracy rate in order that the important work of the QA team can be better quantified.</p> <p>The improvement in the administration of housing benefit overpayment recovery has continued. The department has continued to produce comprehensive debt management reports on a monthly basis, providing management with visibility of the level of debt and effectiveness of recovery procedures. The department continue to work hard in minimising the amount of debt on hold and ensuring all debt is in active and appropriate recovery.</p> <p>Audit testing undertaken in respect of debt written off during 2018/19 was unable to evidence that the write off had complied with Financial Regulations and the department's Bad Debt policy. This was a consistent issue with no evidence available within the benefit systems in 60% of the cases tested. Although the department were able to retrieve adequate evidence it is important that this is saved robustly at the time the write off is approved and is readily available should questions arise.</p>	
IT Systems ANA - High	Good Standard Status: Draft	The control environment remains largely of a similar standard to previous years, but some organisational and infrastructure changes were considered to provide real opportunity for service and organisational improvements.	 *



Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>Now in fifth year of operation, Delt does show signs of further strengthening a predominantly forward direction of travel. Of particular note are:</p> <ul style="list-style-type: none"> • HR process links to performance and service improvement; • The potential of the new 'High Availability' environment; • The implementation of the Service Now IT Service Management (ITSM) solution. <p>The Physical and Environmental controls at the Windsor House data centre remain of concern, but a collaborate assessment of these is to be conducted by Delt and key retained function staff from within the Council.</p>	
Core Assurance - Other			
Corp Information Management <ul style="list-style-type: none"> • ILOG, FoI, DPA, Policies & P's, EDRMS, End User Computing ANA - High	Value Added Status: Ongoing	<p>DAP continues to provide "trusted advisor" support to the Information Lead Officers Group (ILOG) and Management Information Security Forum (MISF).</p> <p>The Council continues to face many challenges in the form of ever increasing cyber security threats, managing its data effectively and compliantly. The Corporate Information Manager has successfully managed the transition from the Data Protection Act 1998 to meeting the requirements of the 2018 Act that writes the GDPR into UK law.</p>	 Page 90
Cyber Security ANA - High	Status: In Progress	Cyber (Security) can be considered to be a body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorised access. The Councils IT service provider, Delt, continues to manage the basic controls and functions that mitigate the majority of risks posed by common internet based threats.	N/A
Management of Employee Data ANA – High Client Request	Value Added Status: Ongoing	We continue to liaise with HR & OD as they work to develop a corporate framework to ensure that all personnel and supervision records are held securely, formally passed to the employee's new manager if the employee changes their role within the Council and archived when an employee leaves the Authority.	N/A




Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Client Financial Assessment (End to End Process) ANA – High Client Request	Improvements Required Status: Final	<p>Whilst our overall opinion was of "Improvements Required" it should not be underestimated the effort and hard work undertaken by the Team Leader and Service Manager (Customer Services), Client Financial Service Team (CFST) members, Adult Social Care (ASC) Retained Client and Livewell Southwest to continue to improve the service.</p> <p>CFST have suffered with long periods of instability together with a high turnover of Managers/Team Leaders over the past few years. The current Team Leader, Service Manager and the team themselves have engaged fully in the development of CFST's roles and responsibilities. This has included developing a good collaborative working relationship with ASC and Livewell Southwest to ensure that the team continue to improve the quality of its service to both ASC and service users. With restructures having been completed, there should now be a period of stability in both management and staffing which will enable learning across the team to be consolidated and new working practices to embed, thereby improving the resilience of the team and consistency of service.</p> <p>Progress is also being made by the ASC Recovery and Income Collection Project which has been set up to identify and address issues around the collection of ASC debt and the associated problems experienced by CFST, Livewell Southwest and the ASC Retained Function. Representatives from these areas are working together to assist each other in tackling the problems and challenges around collection of income. Regular meetings are held and a project plan is in place and updated at each meeting.</p> <p>A follow-up review will be undertaken in 2019/20.</p>	
Deputyships ANA – Medium Client Request	Improvements Required Status: Final	<p>Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.</p> <p>A follow-up review will be undertaken in 2019/20.</p>	
Contract Management ORR – Amber ANA - High	Value Added Status: Final	Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.	





Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Purchasing Card Follow-Up ANA – Medium Client Request	Improvements Required Status: Final	<p>Work continues to progress on the implementation of recommendations from the June 2018 review. We have performed some spot checks and found that not all purchases are supported by valid VAT receipts, particularly Amazon transactions. However, improvements have been seen since the last review in respect of hotel bookings where our sampling shows that VAT is now being correctly identified and coded. Where receipts were not attached to the Barclaycard Spend Management system the majority of those tested were supported by manual.</p> <p>Short training sessions for individual areas would enable Purchasing Card users to properly understand their responsibilities and the underpinning regulatory requirements relating to VAT.</p>	
Purchasing Self-Service ANA – Medium Client Request	Value Added Complete	<p>Audit has provided real-time advice to the project team as they developed the controls and guidance for purchases up to £25k.</p> <p>Time has been allowed in the 2019/20 audit plan to check compliance.</p>	N/A
Travel & Subsistence ANA – Medium Client Request	Improvements Required Status: Final	<p>The Employee Self Service system is used to reclaim travel and subsistence costs; the claims are authorised by the line manager via Manager Self Service.</p> <p>Spot checks of more than 500 claims found that retention of VAT receipts in support of travel and subsistence claims was inconsistent putting the Council at risk of criticism by HMRC with the potential of financial penalties and a reduction in the VAT that the Council can reclaim.</p> <p>In response to our findings the Corporate Management Team have considered have cascaded the messages about the need for the retention of receipts down through the various departmental management teams, articles have been published on Staffroom and in Staff News and guidance notes refreshed to provide greater clarity.</p>	
Devon Business Rate Pilot ANA - High	Good Standard Status: Final	A formal agreement is signed by all member authorities and defines the governance arrangements for the pool. The agreement has been revised and updated where necessary since the Pool was set up to take into account legislative and member changes. The governing board for the pool meets twice a	


Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>year and regular communications are in place between the responsible officers of member authorities.</p> <p>The Devon Business Rates Pool distributes pooled funds using a "no worse off" basis with any net gain distributed 50% using baseline funding levels and 50% using NDR baseline. In the five-year period 2013/14 to 2017/18 pooling gains of over £13m have been shared</p> <p>Calculation of the annual pool levy and indicative pooling gain has been undertaken using recognised model formulae. Pool members have been formally advised of payment schedule dates with payments to and from the pool being made on time. Top up and tariff payments have been calculated annually in accordance with CIPFAs NDR Accounting Model and payments have been made on time.</p>	
Schools Financial Value Standards (SFVS)	Good Standard Status: Final	Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.	
e-Budgeting	Value Added Status: Final	Our findings were reported as part of the annual review of the Main Accounting system. The E-Budgeting process went live in April 2018 and provides budget holders with automated monthly reports and the ability to 'drill down' to all of the relevant supporting data. This process should provide budget-holders and accountants with the information and tools to more efficiently and effectively manage the budget monitoring process. However, our findings are that this new way of working has not been fully embraced by users. Management will be considering how best to drive this process forward.	
Risk Management	Embedded & Integrated Status: Final	Work that commenced in 2017/18 has been implemented and risk management arrangements are now embedded and integrated within formal business planning processes and closer aligned with risk and performance management processes. Benefits are being realised within service management teams through the provision of optimised management information tools that have strengthened Corporate Governance and enabled effective decision making.	




Audit Report			
Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		The re-location of Corporate Risk to the Executive Office has enabled better synergies with business planning and performance management and close working with policy and performance officers has enabled the transfer of knowledge and skills regarding risk management building further resilience into the system of internal control.	
Retained Client ICT	Status: Complete	Due to its maturity, no specific audit work was deemed necessary in respect of the ICT retained client function. DAP and the ICT retained client have an effective relationship with responsible officers within the retained client having reaffirmed that there remains a need for independent assurance from DAP on ICT matters and that the agreement between the Council and Delt Shared Services for DAP to have right of access to Delt officers and information for audit purposes, continues. The scope of ICT audits have all been discussed and agreed with the retained client to ensure that our work meets the needs of the Council.	N/A
Retained Client Shared Services	Added Value Status: Complete	The transfer of the Payroll Team to Delt Shared Services, means that there is a different operating model whereby the former in-house Payroll Service is now delivered through Delt and the Council is the client. DAP has worked with both 'client' and 'contractor' to introduce changes and formalise the Retained Client and Performance reporting mechanisms.	N/A
Health & Safety SRR - Amber ANA – High Client Request	Value Added Status: Ongoing	We have taken the Council's Health and Safety Performance Standard HSP02 - Control of Vibration and HSP10 - Incident Management and developed corresponding audit programmes for use on the newly implemented Occupational Health and Safety Software System. We will continue to work with the HSW Team in 2019/20 to ensure compliance with H&S Standards; including the management of the control of exposure to vibration.	N/A
General Data Protection Regulation (GDPR) ANA – High Client Request	Status: In Progress	The EU General Data Protection Regulation (GDPR) has been written into UK law as the Data Protection Act 2018. We are currently undertaking a high-level review of the progress made by the Council in implementing these regulations. In our work to date, no particular issues have been identified.	N/A



Audit Report			
Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Executive Office			
Core Assurance - Other			
Community Grants ANA – Medium Client Request	Value Added Status: Draft	<p>Considerable differences were identified between the two schemes in respect of transparency of spend, the timely delivery of proposals and providing recognition and positive publicity for the Council and Members. We consider this to be the result of a combination of resourcing, organisational change, operational processes and the schemes themselves.</p> <p>Eligibility for the Community Grant scheme is clearly defined and, so long as any proposal meets with the scheme’s eligibility criteria, Members can generally initiate a process that can be completed in an efficient and timely manner. This is beneficial to the recipients of the grant funding, the individual Councillor and, the Council.</p> <p>Complexities created by Highways regulation, land ownership, hidden costs and the need for technical highway decisions regularly results in the Living Streets scheme a time-consuming process for all involved. Crucially, Members can’t be guaranteed ownership of all of their Living Streets proposals from inception to fruition. Recommendations have been made by Internal Audit for consideration.</p>	 *
Data Quality & Customer Feedback ANA – High Client Request	Good Standard Status: Draft	<p>Our work to provide an opinion on the effectiveness of the fifteen individual indicators that form the Customer Experience Theme within the Corporate Plan Indicators has concluded that the indicators are in general, fundamentally accurate and benefit from robust procedures.</p> <p>We also considered the effectiveness of processes in place to gather and gain added value from ‘Customer Feedback’ and can confirm that excellent progress is being made in this area and in linking to the broader Customer Experience Programme, set up to respond to the findings of the recent Peer Review.</p>	 *






Audit Report			
Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
People			
Core Assurance – Key Financial System			
Income Collection (Deferred Payments) Follow-Up ORR – Amber ANA – High	Good Standard Status: Final	Assurance was reported in the half year monitoring report in November 2018/. Please refer to that report for details.	
Payments (Care Leavers) ANA - Medium	Good Standard Status: Draft	<p>Since the last audit in 2017/18, there has been further restructuring with the Leaving Care Team now part of the Permanency Team and the Care Leavers Team retaining responsibility for monitoring the Leaving Care (Set Up) Grant and the Starting College, Training or Work Grant for those young people over 18.</p> <p>The Council website contains information for young people leaving care and we previously recommended that the Leaving Care guide and some of the links on the Leaving Care page be updated but this remains outstanding.</p> <p>We have also highlighted in our report that in the transition of young people from the social care teams to the Care Leavers 18+ Team and where grants have been drawn for 16 / 17 year olds living independently; these payments have not been recorded by the Care Leavers 18+ Team on the spreadsheets maintained by the individual Personal Advisors.</p> <p>Our recommendations serve to further strengthen a system which is already operating to a good standard.</p>	 *
Payments (Fostering) ANA - Medium	Good Standard Status: Draft	<p>A review of the Foster Carer payments was completed during 2017/18 and a follow-up review has been undertaken to provide assurance to management and those responsible for governance that the agreed actions identified at our audit have been implemented or suitable progress has been made to address the areas of concern.</p> <p>Work has been carried out by the Service Manager (Permanency Service) to review supporting policies and documents for Plymouth Foster Carers and our additional testing of payment procedures has taken into account those changes.</p>	 *


Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		Our testing did identify some instances where the invoice to recover an overpayment was not always raised in a timely manner. This finding has been raised in our report but overall the system is operating to a good standard.	
Core Assurance - Other			
Integrated Fund (Plymouth City Council & Livewell South West) ANA – High Client Request	Good Standard Status: Final	Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.	
Pre-Paid Cards - Direct Payments (Adults) Follow-up ANA - Medium	Good Standard Status: Final	Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.	
Pre-Paid Cards - Direct Payments Delivery Method (Children's) ANA - Medium	Good Standard Status: Final	Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.	
Legal Care Proceedings (Children's) ANA – Medium	Improvements Required Status: Final	Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.	
Finance & Assurance Review Group (FARG) ANA – High Client Request	Value Added Status: Ongoing	DAP continue to be a non-voting member of the FARG whose purpose is to provide oversight, scrutiny and assurance of the Integrated Fund on behalf of the Western Locality and Integrated Commissioning Board.	N/A
Carefirst Dashboard ANA - Medium	Value Added Status: Ongoing	DAP continues to monitor and support the implementation of the Children, Young People and Families (CYPF) Performance and Finance Reporting project which includes CYPF Dashboard reporting, CIPs interface, Preloaded Cards for petty cash, CYPF digitalised forms. An initial Situation Report was issued on 22 May 2019 to highlight matters identified and to provide real-time feedback and information to assist in the progress towards full implementation.	N/A
Child Safeguarding Practice Review Panel	Value Added Status: Ongoing	We have been informed that the three statutory partners have agreed a framework for multi-agency safeguarding agreement. It has been out to	N/A


Audit Report			
Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		consultation and the proposal will be presented to Corporate Management Team and Cabinet Planning on 28 th May 2019. Subject to agreement it will be presented to Full Cabinet on 11 June 2019. The proposal has not yet been made available to DAP but once it has been received the arrangements will be reviewed.	
Community Connections ANA - Medium	Status: Ongoing	In partnership with Independence Community Interest Company (INIC) a former Community Connections Strategic Manager developed a Dynamic Purchasing System to administer adaptations, repairs, maintenance and improvement for those members of the community struggling to get around at home due to disability, long-term illness, visual impairment or old age. The DPS is administered and managed by INCIC. DAP has gained an overview of the system and in 19/20 we will undertake a more detailed evaluation and gap analysis.	N/A
The following audit was deferred or cancelled at the request of the client:			
➤ Extra Care Housing			
Office of the Director for Public Health			
Bereavement Service ANA – Medium Client Request	Good standard Status: Final	The financial controls, processes and procedures operating within the Bereavement Service operate to a good standard with invoices tested as part of this review found to be accurate and timely. There are a number of other services offered which can be purchased and paid for directly by the bereaved. Audit testing of non-invoiced income found that in all cases there was a corresponding entry within the receipt ledgers maintained, that the charge for the service / product agreed with the fees & charges policy and evidence that the payments had been banked With plans in place for new remembrance and crematorium facilities designed to meet modern expectations, our work also considered the effectiveness of the service's interactions with its customers.	

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>The payment options available to Bereavement Services customers differs from many areas of the Council with cash payments still being accepted but no online payment facility. It is acknowledged that given the highly sensitive nature of the service, customers place considerable value on a more personal, face to face service. Additionally, due to local demographics cash remains a popular method of payment.</p> <p>However, as the service prepares to move away from the Weston Mill site the project team should look to develop the on-line offering, particularly around the ability to order and pay and, making the currently available products and services more prominent and easily accessed on the Council website.</p>	
Licensing ANA – Medium Client Request	Good Standard Status: Final	<p>Our focus was to review the administrative processes within the Licencing service to ensure that they adequately manage risk and meet regulatory requirements whilst being as efficient and streamlined as possible.</p> <p>The completion of the procedural review being undertaken by the service together with the introduction of new processes will increase efficiency through reducing the number of procedural enquiries.</p> <p>The scope for further increasing efficiency is restricted by the current lack of connectivity between the Licensing system (Lalpac) and Firmstep which results in manual data entry of information already provided by customers. The Service Manager is continuing to work with Delt on a potential solution which has the potential to free up a significant amount of staff time.</p>	
Public Protection Service ORR – Amber ANA – Medium Client Request	Improvements Required Status Final	Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.	
Business Continuity Within the Supply Chain	Improvements Required	Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.	

Audit Report			
Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
ANA - High	Status: Final		
The Business Continuity Follow-Up has been deferred until 19/20 to allow sufficient time for the agreed action plan to be implemented.			
Place			
Concessionary Fares ANA – Medium Client Request	Good Standard Status: Final	<p>There are seven bus operators who provide bus services in Plymouth and the surrounding area with Plymouth City Bus and Stagecoach being the main operators. Information from their systems is submitted on a weekly or monthly basis to enable payment for concessionary fares to be made.</p> <p>The Council has annually reviewed the Scheme in co-operation with the operators and with support from an independent consultant, Integrated Transport Planning Ltd (ITP). In addition, ITP have been contracted to process data collected from the operators to enable the 'Payment per Trip' to be calculated using the Department for Transport's Reimbursement Calculator to set the figure for the following financial year.</p> <p>The various Travel Concession Authority's (TCAs) across the country have established their own concessionary schemes. Plymouth has exercised its discretion to allow residents over the age of 80 or persons who are registered blind to use their passes before 9:30am. With local authorities nationally having to spend over £200m a year to subsidise the scheme whilst facing significant and sustained funding pressures rather than adding discretionary enhancements, many are being forced to scale back services, particularly where they are not commercially viable but this risks isolation to those members of the community (not just those eligible for a concessionary pass) with reliance on those bus routes. Withdrawal of any discretionary enhancements is the only opportunity to reduce costs.</p>	
Building Control ANA – Medium Client Request	Good Standard Status: Final	Assurance was reported in the half year monitoring report in November 2018. Please refer to that report for details.	

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Highways Management - Works Ordering SRR – Red ANA – High Client Request	High Standard Status: Final	Assurance was reported in the progress in October 2018. Please refer to that report for details.	
Tranman (Fleet Management System) Follow-Up ANA - Medium	Improvements required Status: Final	<p>The Tranman system provides the Council with a fleet management system that encompasses all activities within the department covering workshop & stores, fuel management, driver, risk & accident management, maintenance scheduling and hire & leasing. Tranman interfaces with the Council's Civica Financial systems to pay creditors, raise invoices and apply internal recharges. Some longstanding and ongoing issues with the system remain, in particular, the interface with Civica Financials; DAP will revisit this issue in 2019/20.</p> <p>Progress has been made in confirming the ongoing requirement for a garage stores with a full stock take having taken place and a stores-person recruited to manage stock replenishment on a demand led basis and migration of the driver licence checking process to the fleet management system has commenced and should be completed during the first quarter of 2019/20.</p>	
Trade Waste Follow-Up ANA - Medium	Improvements Required Status: Final	Assurance was reported in the progress in October 2018. Please refer to that report for details.	
Commercial Properties ANA - Medium	Added Value Status: Complete	Assurance was reported in the progress in October 2018. Please refer to that report for details.	
Plymouth Energy Community ANA – Medium Client Request	High Standard Status: Final	<p>Plymouth Energy Community (PEC) is a legal entity independent of Plymouth City Council and robust governance, financial and operational arrangements have been put in place that ensure its integrity, resilience and benefits are maximised.</p> <p>Although PEC successfully delivers on its objectives to reduce energy bills and fuel poverty, improve energy efficiency and generate a green energy supply in the City it is reliant on the strategic knowledge and expertise of the Council's Low Carbon Team to deliver strategic schemes, access funding and deliver projects</p>	

Audit Report			
Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>for which it pays Plymouth City Council (PCC) through a comprehensive service level agreement.</p> <p>The current partnership working arrangements are effective and ensure greatest flexibility for PCC to maximise low carbon and climate change funding opportunities as they arise, enabling the Council to realise its objective of being a green, sustainable city that cares about the environment and reducing carbon emissions by 50%.</p> <p>The cashable and non-cashable benefits of the work of the Low Carbon Team and Plymouth Energy Community are not always known, measured or valued. As well as working to reduce the level of carbon emissions and effects of climate change to protect the local environment, the impact of their work helps to reduce the escalation to costlier statutory and health services, by improving living conditions and the health of individuals. Longer term, this will help to reduce budget pressures on public services, whilst significantly helping to improve the lives of the Citizens of Plymouth now and in the future. The City Council has recently committed to Plymouth becoming a carbon neutral city by 2030, 20 years earlier than the target of 2050, the Partnership between PCC and PEC will be key to realising this target.</p>	Page 102
Waste PFI Client Request	Status: Ongoing	Audit continues its participation with the South West Devon Waste Partnership, attending meetings of the Project Executive, providing support and advice on contract management issues.	N/A
The following review have been deferred or cancelled at the request of the client.			
➤ Street Services (Financial Management System) - ANA - Medium			
Grants			
Families with a Future (Payment by Results)	Certified Status: Ongoing	DAP have verified and certified twelve claims across the year and continue to work with the Families with a Future Team to ensure the accuracy and completeness of key data and that demonstrable evidence of intervention is	

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		maintained.	
Grants x 10	Certified Status: Complete	Grants certified without amendment <ul style="list-style-type: none"> • Derriford Transport Scheme – Growth Fund • Derriford Hospital Interchange – Growth Fund • Northern Corridor Improvement – Growth Fund • Eastern Corridor SCN – Growth Fund • Oceansgate – Growth Fund • Ocean Studio - Arts Council • Highways Maintenance Challenge Fund • Pothole Action – Local Transport Block Fund • National Productivity Investment – Local Transport Block Fund • Integrated Transport & Highway Maintenance – Local Transport Block Fund 	

Appendix 2 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS)

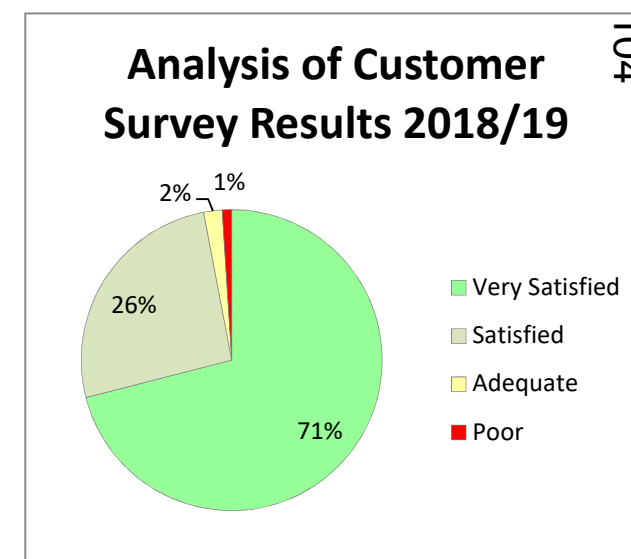
Conformance - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2018. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

Quality Assessment - through external assessment December 2016 “DAP is considered to be operating in conformance with the standards”. External Assessment provides independent assurance against the Institute of Internal Auditors (IIA) Quality Assessment & Public Sector Internal Audit Standards (PSIAS). The Head of Devon Audit Partnership also maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

Improvement Programme - DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review.

Customer Service Excellence

DAP maintains accreditation by G4S Assessment Services of the CSE standard during the year. We continue to issue client survey forms with our final reports and the results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with 97% being "satisfied" or better across our service, see appendix 7. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.



Appendix 3 – Audit Authority



Appendix 4 - Annual Governance Framework Assurance

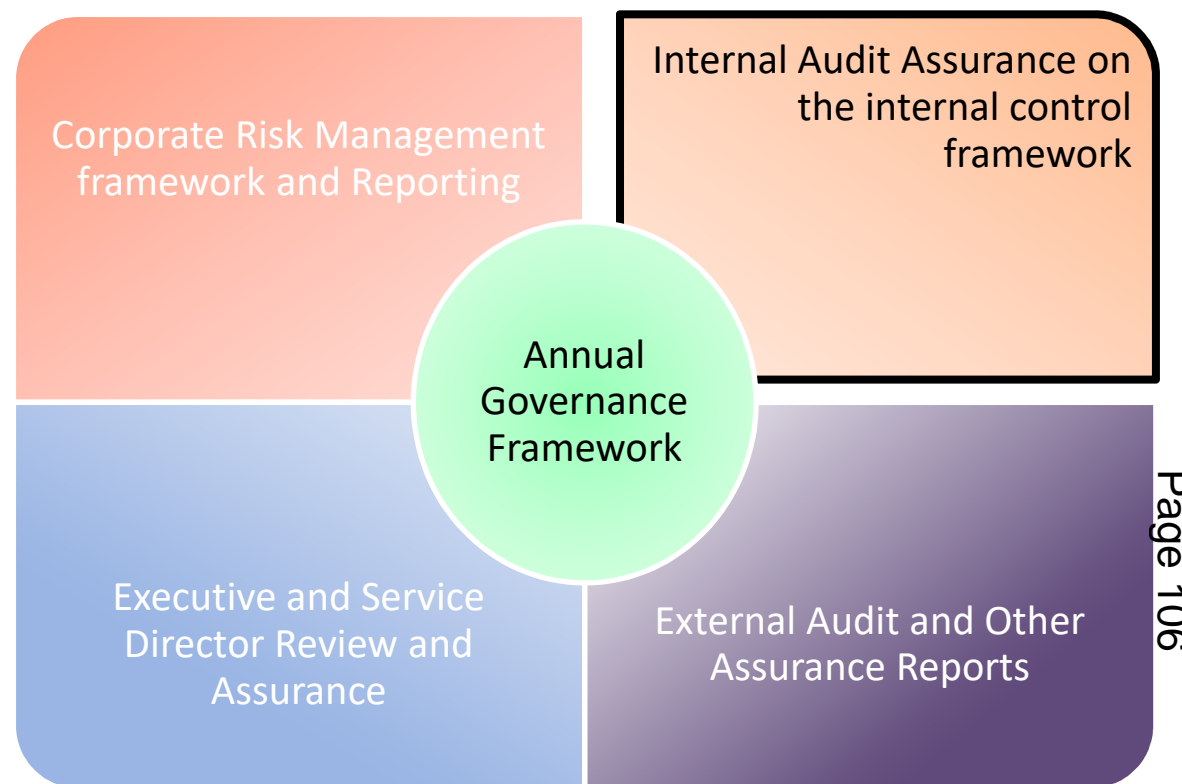
The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

The Annual Governance Statement provides assurance that

- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should: -

- be prepared by senior management and signed by the Chief Executive and Chair of the Audit and Governance Committee;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority;
 - Audit and Governance Committee;
 - Risk Management;
 - Internal Audit
 - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance



The AGS needs to be presented to, and approved by, the Audit and Governance Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Group, Executive and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

Appendix 5 - Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

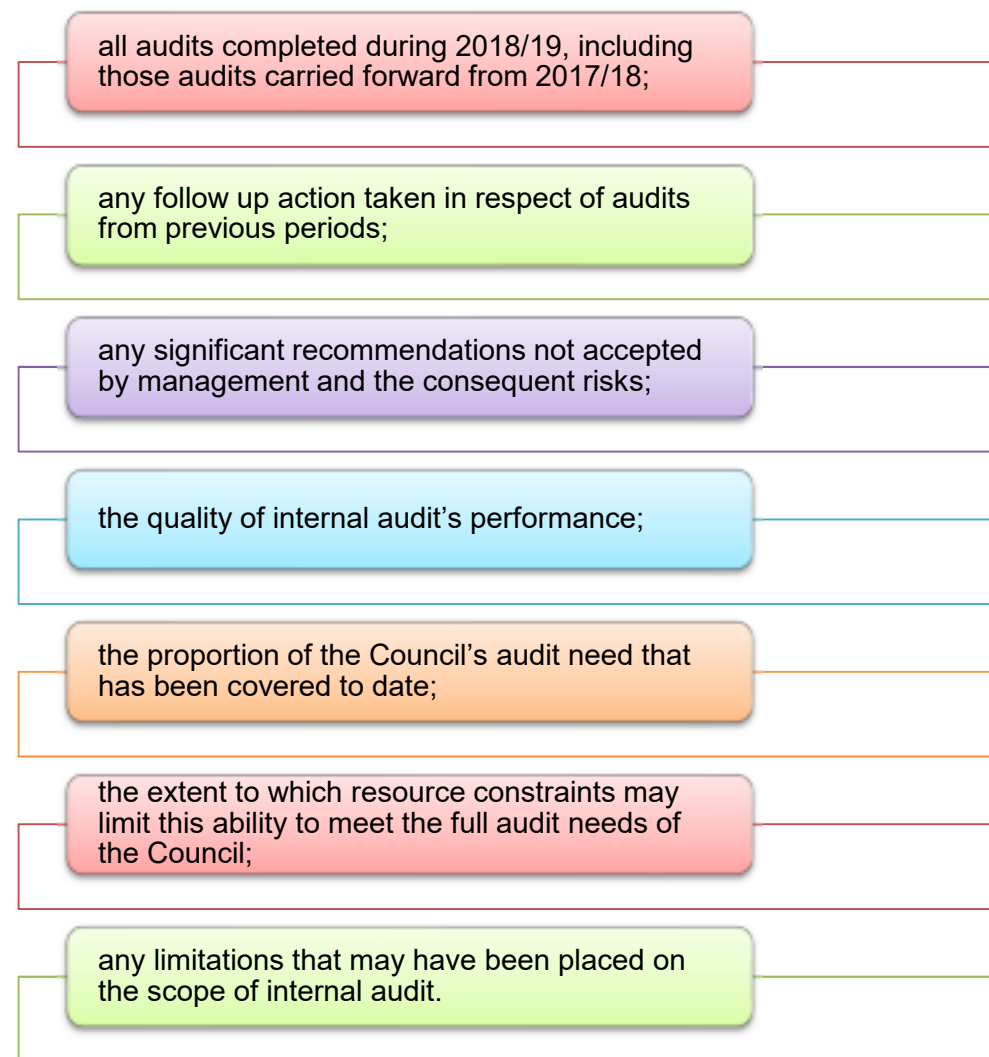
- a statement on the effectiveness of the system of internal control in meeting the Council's objectives;
- a comparison of internal audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to audit plans has not been notable this year. Whilst certain changes have been made from the plans originally agreed this has been due to changes in operational business needs

As a result, some work originally included within the audit plan was no longer relevant or has been deferred to a later date to fit with client needs and current objectives. These changes do not limit the overall audit assurance opinion.



In assessing the level of assurance to be given the following have been taken into account:



Appendix 6 – Performance Indicators

There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPI's:

Local Performance Indicator (LPI)	2017/18	2017/18	2018/19	2018/19
	Target	Actual	Target	Actual
Percentage of Audit plan Commenced (Inc. Schools)	100%	100%	100%	100%
Percentage of Audit plan Completed (Inc. Schools)	93%	96%	93%	92%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%
Percentage of chargeable time	65%	71.5%	65%	66%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	98%	90%	97%
Draft Reports produced within target number of days (currently 15 days)	90%	97%	90%	98%
Final reports produced within target number of days (currently 10 days)	90%	100%	90%	100%
Average level of sickness absence (DAP as a whole)	2%	4% *	2%	3% *
Percentage of staff turnover (DAP as a whole)	5%	11% **	5%	4% **
Out-turn within budget	Yes	Yes	Yes	Yes

*% of Chargeable Time affected by three maternity leaves

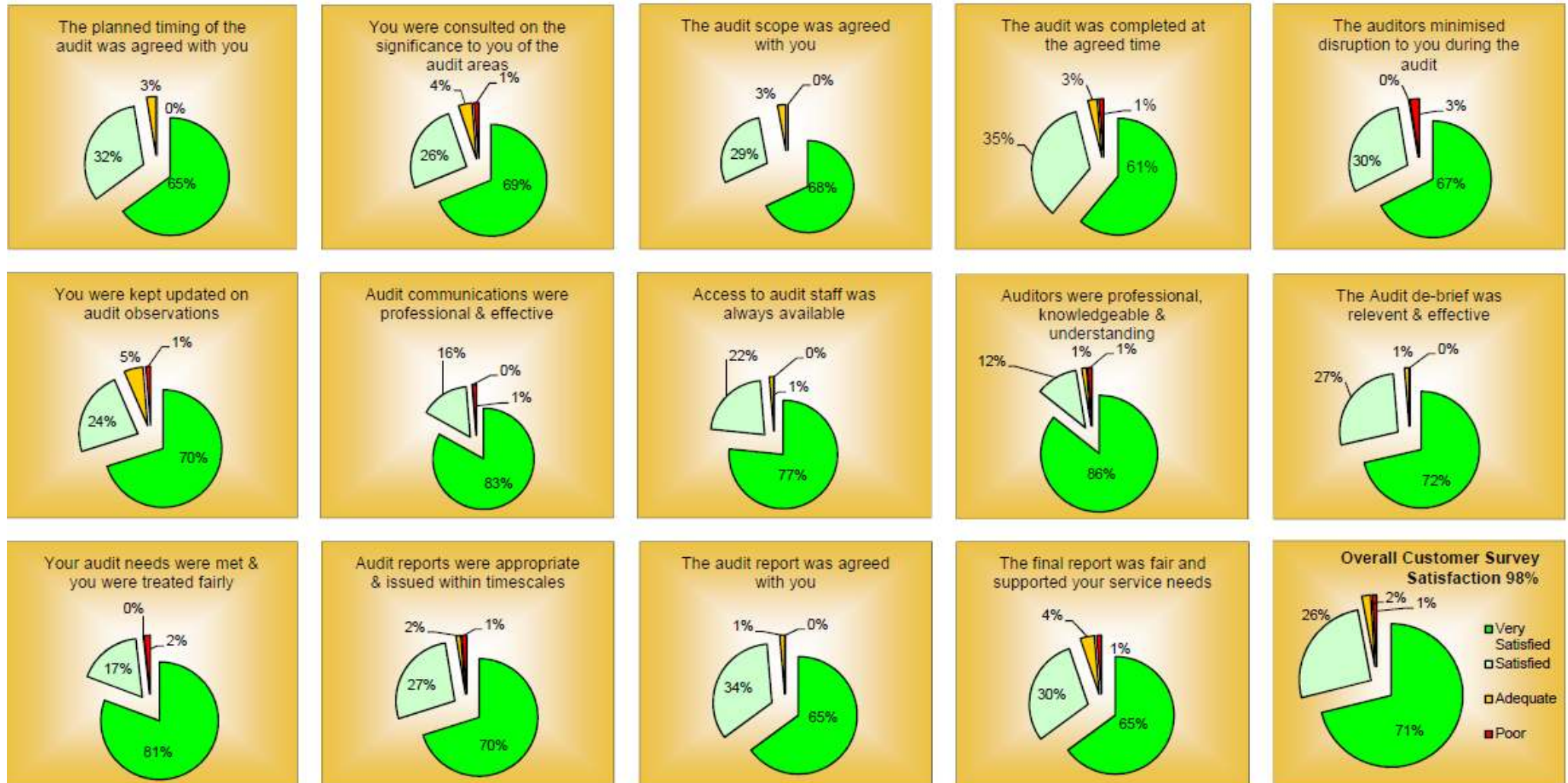
**Sickness relates to DAP overall and varies at the different DAP locations

***Staff Turnover relates to one leaver

Appendix 7 - Customer Service Excellence

Customer Survey Results April 2018 - March 2019

Summary of 77 responses received.



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Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk .

Audit and Governance Committee



Date of meeting:	22 July 2019
Title of Report:	Counter Fraud Services Annual Report
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	Andrew Hardingham (Service Director for Finance)
Author:	Ken Johnson
Contact Email:	Ken.johnson@plymouth.gov.uk
Your Reference:	AS/CFST
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report summarises the work carried out during 2018/19 by the Counter Fraud Services Team in order to counter fraudulent threats to the Council's budget and reputation.

Recommendations and Reasons

The Audit Committee is recommended to note the Annual Report.

Alternative options considered and rejected

Effective counter fraud 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.

Relevance to the Corporate Plan and/or the Plymouth Plan

Maintaining sound systems of internal control and protecting the public purse ensures that those who legitimately need the support and services of the Council get them and this therefore supports the achievement of corporate and service objectives.

Implications for the Medium Term Financial Plan and Resource Implications:

None arising specifically from this report.

Carbon Footprint (Environmental) Implications:

Efficient and correct use of Council resources can only positively affect its Carbon Footprint, however no direct impact can be proven from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

The Counter Fraud Services Team specifically support the council's overall governance arrangements

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable)						
		1	2	3	4	5	6	7
A	Counter Fraud Services Annual Report							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	1	2	3	4	5	6	7

Sign off:

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Originating Senior Leadership Team member: Click here to enter text.											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 09/07/2019											
Cabinet Member approval: Councillor Lowry approved by email.											
Date approved: 10/07/2019											



Counter Fraud Services

Annual Report 2018-19

Plymouth City Council
Audit & Governance
Committee

July 2019

Auditing for Achievement

1.0 Introduction

- 1.1 Fraud encompasses an array of irregularities and illegal acts characterised by intentional deception with intent to make a gain or cause a loss, or to expose another to a risk of loss. It can be perpetrated for the benefit of an individual or to the detriment of Plymouth City Council and by any persons outside as well as inside the Council.
- 1.2 With effect from 1st May 2018 Plymouth City Council transferred its Corporate Fraud Team to the Devon Audit Partnership as the Counter Fraud Services Team. This team remains the only fully qualified and operational investigation team left in Local Authority in the Devon area.
- 1.3 Fraud in all its forms remains the most common criminal offence in the UK costing the UK economy £193 Billion a year. This equates to £7000 per household in the UK. It is estimated to cost Local Authorities £2.2 Billion annually, losses that council front line services can ill afford and which can contribute to council tax increasing year on year.
- 1.4 Fraud is by definition a crime and should not be tolerated. Any fraud against Plymouth City Council is a fraud against the public purse and therefore we will continue to acknowledge the threat from fraud, build processes and policies that will prevent fraud and pursue those who would commit fraud to ensure that the public retain confidence in the Council.

2.0 Background

- 2.1 Plymouth City Council's continues to be protected by the Counter Fraud Services Team now based within the Devon Audit Partnership the staffing levels remain unchanged and the team consists of individuals who were previously the Corporate Fraud Team within Plymouth City Council. All members of the team are either Accredited Counter Fraud Specialists or Accredited Counter Fraud Technicians.
- 2.2 The transition of employees from Plymouth City Council to (DAP) Devon County Council has been a success, with minimum disruption being caused to the service provided.
- 2.3 Over the past financial year the Counter Fraud Services Team have dealt with 262 allegations of fraud from internal sources as well as the public, resulting in 15 prosecutions, 44 formal cautions and or other forms of sanctions against offenders.
- 2.4 The team also have a compliance role where over 600 households were visited in this financial year to ensure correct ongoing entitlement to Council Tax Support and Single Person Discount, this role can also be used for other areas of counter fraud work where low grade intelligence is available and therefore an intensive and potentially expensive criminal investigation is not warranted. These visits uncovered 173 cases where incorrect entitlement was in payment and have resulted in Council Tax and other accounts such as insurance claims being corrected and further referrals being made to outside agencies, where appropriate.
- 2.5 They have generated and or assisted in generating much needed savings in several areas of the councils business in the form of proven cashable and non-cashable savings to the tune of £1,436,738.29 which is an incredible achievement for such a small professionally trained group.
- 2.6 There are currently 141 live investigations into allegations of fraud being undertaken by the team.

3.0 Areas of Current Fraud Investigation

- 3.1 As part of its ongoing commitment to countering fraud in Plymouth, the Counter Fraud Services Team has undertaken investigations in the following areas:

- Council Tax Support / Single Person Discount
- Blue Badge misuse
- Social Housing Fraud (involving our partner Registered Social Landlords)
- Client Financial Fraud (Special guardianship)
- Insurance fraud
- Bus pass misuse
- Parking Permit selling
- Non-domestic rates



- Internal cases
- School Admissions Fraud

3.2 Counter fraud work is notoriously difficult to effectively and accurately quantify due to the nature of the offences. It is by nature a hidden criminal offence. We may never know exactly how much money the prevention and detection of fraud has saved the Authority, as many of the fraudulent activities listed above would have continued to have been perpetrated over a period of time, had there not been an intervention. Where a nominal value has been used to quantify the value of a fraud, Cabinet Office figures have been used.

3.3 The Counter Fraud Services Team will continue to work closely with all PCC departments to ensure that fraud risks are minimised and wherever possible, those found committing offences are dealt with robustly and in line with PCC’s Anti-Fraud, Bribery and Corruption Policy and its linked Strategy and Response Plan.

3.4 In October 2018, joint working was re-instigated with the Department for Work and Pensions (DWP). This will effectively mean that wherever an investigation into Council Tax Support is jointly investigated with DWP when Housing Benefit or some other primary benefit is involved, that the DWP will completely fund the prosecution, should this be the chosen sanction for the offence.

3.5 All allegations of fraud will continue to be investigated appropriately irrespective of the area of the Councils’ business and irrespective of value

4.0 Achievements

4.1 We have had some positive prosecution results over the year 18/19, some of which are detailed in **Appendix A** of this report.

4.2 In June 2018 the Corporate Fraud Team (PCC) were recognised nationally as ‘Team of the Year’ 2018 by the ‘The Association of Local Authority Risk Managers’ (ALARM). The award was in recognition of the team’s reactive and proactive work around combatting the risks of fraud for Plymouth City Council. It also recognised the successes that have been achieved throughout a difficult period of austerity. **See Appendix B**

4.3 In January 2019 the Counter Fraud Services Team (PCC) - (DAP) received more recognition nationally for their hard work in the field of counter fraud at the Government Counter Fraud Awards held in London. The Chartered Institute of Public Finance and Accountancy who were the main sponsors of the event decided that although the team didn’t win the final award that they were to be ‘highly commended’ for their work in the field. **See Appendix C**

4.4 In March 2019 the team received yet more national recognition from the Board of ‘Fighting Fraud and Corruption Locally’. The Board is made up of senior local authority representatives and is supported by many Local Authority, Central Government and Private Industry organisations sponsored by Cifas and Grant Thornton.
Cifas is a not-for-profit fraud prevention membership organisation. They are the UK’s leading fraud prevention service, managing the largest database of instances of fraudulent conduct in the country.
The Team won the ‘Prevent’ category fighting off strong representation from across the UK. **See Appendix D** (It should be noted that although the award is to Devon County Council, as that is where the team now officially sits, the majority of all counter fraud work undertaken is still for Plymouth City Council)

4.5 The “Fraud Awareness @ the Council” ELearning package has proven effective over the past twelve months with figures for completion showing a continuous increase. This ensures that all members, staff and partners are aware of what fraud looks like and how to report it.
Percentage of all PCC staff who have completed the course:-

- June 2018 23%
- March 2019 59%
- June 2019 66%

4.6 Since February 2019, Ashley Varley an investigator with the team has been elected ‘Chair’ of the Devon Tenancy Fraud Forum which is instrumental in attempting to ensure a consistent response across the whole of Devon in respect of Social Housing Fraud. This particular type of fraud is estimated to cost the public purse in excess of £900 million per year and negatively affects some of the most vulnerable in our society. Ashley along with the support of the team is raising the profile of these frauds so that all Housing Associations and



Local Authorities across Devon and beyond can work together to ensure that a zero tolerance approach is applied.

- 4.7** The Counter Fraud Service Manager has presented twice at a national level. Once in North London at an Oscar Krane Excellence in Local Government event in September 2018, where he gave a 45 minute presentation on the 'Plymouth Story' covering the ground-breaking work that we do here and once in Central London at Grant Thornton's head offices in March 2019 giving another 45 minute presentation on 'Being Honest About Fraud' which also covered the work that we do here in Plymouth and the importance of continuing to be flexible in the fight against fraud.
- 4.8** Due to the national recognition and continued high profile work that the team undertakes, they have again been approached several times by television companies with enquiries about taking part in 'daytime television series' about counter fraud work, at this time it not felt appropriate to take part in such programmes.

5.0 Focus for 2018/19 taken from last year's annual report

- Implementation of new Counter Fraud Policy and Strategy – *Achieved*
- Presentation to senior management and Councillors to maximise awareness of fraud issues and ensure commitment from the top of the organisation – *Not yet achieved*
- Maximise generated income into the Devon Audit Partnership – *Targets achieved and further income secured*
- Ensure that 'Fraud' is part of the Councils' Risk Register, to establish high risk areas, areas of quick win and cost savings as part of the audit programme - *Achieved*
- Continue to maximise publicity both internally and externally in the fight against fraud - *Achieved*
- Promote and ensure compliance with all recommendations in the 'Fighting Fraud and Corruption Locally', the local government counter fraud and corruption strategy. *Ongoing*

6.0 Focus for 2019/20

- Presentation to senior management and Councillors to maximise awareness of fraud issues and ensure commitment from the top of the organisation so that the Anti – Fraud Bribery and Corruption Policy and its accompanying Strategy and Response Plan are adhered to appropriately
- Ensure that identified areas of fraud risk are followed up and minimised
- Continue to provide a consistent level of service to PCC whilst also maximising external income generation possibilities for Devon Audit Partnership and therefore PCC as the major stakeholder
- Take an active role in shaping the new national document 'Fighting Fraud & Corruption Locally' 'The local government counter fraud and corruption strategy' (usually a 3-4 year plan)
- Generate closer professional links with Devon and Cornwall Police and the National Crime Agency to ensure that serious and organised crime is addressed and considered going forward. All fraud crimes should be reported to 'Action Fraud' going forward.

7.0 Conclusion.

- 7.1** Plymouth City Council continues to lead the field in the South West Peninsula in the counter fraud arena. National recognition shows that Plymouth City Council remains committed to its moral and legal commitments to the public and that it effectively acts in line with its own 'Plan, Mission, Value and Priorities'.
- 7.2** The problem of fraud is an ever growing one, which is constantly changing and evolving. The Counter Fraud Services Team remains committed to the challenge and will endeavour to ensure that Plymouth City Council's services are given only to those who genuinely entitled to them.
- 7.3** The Counter Fraud Services Team will continue to adapt flexibly to any and all future fraudulent threats and look to lead the agenda locally and nationally in combatting fraud. The work that continues to be done by the team is regularly raising Plymouth City Council's profile in a very positive way and the national recognition is in no small part down to the continued support from Plymouth that shows that it actively 'protects the public purse'.
- 7.4** A full contact list for DAP Counter Fraud Services is available on **Appendix E**



COUNTER FRAUD SERVICES TEAM PROSECUTION CASE STUDIES

1. Plymouth Magistrates Court 28.08.18.

Mrs B - Council Tax Fraud Case.

The suspect had failed to report changes in the household income over a period of years which resulted in over £2.5k of Council Tax Support being deducted wrongly from the account. The individual failed to attend the courts first hearing and was subsequently arrested in accordance with the courts own processes.

There was a further overpayment of Housing Benefit in excess of £10k.

Upon admitting guilt the Magistrate made the following statement in sentencing –

“I have given you full credit for the fact that this claim didn't start dishonestly and that you are ashamed of what you have done.

I balance this against the fact that this offence took place over a long time.

I do want to impose a curfew, but will make it as short as possible to take account of this.

Curfew ordered: 8 weeks from 9.30pm to 7am.

You will have an electronic tag fitted and will need to stay indoors between these times.

(Warning given re breach)

Costs £450 + VS £85 = £535”

(This is an 'A' typical Council Tax fraud case and could describe nearly all of the Council Tax related cases.)

2. Plymouth Magistrates Court 17.04.18.

Mr H – Social Housing Fraud and Council Tax Fraud

The Suspect sublet his Social Housing Property to a friend for an extended period of time. Despite having moved out into private rented accommodation, he continued to mislead his social landlord into believing that he was still living there (making a positive statement to this effect when he visited their offices on 5/9/17).

Although at interview he said that he had informed the landlord as soon as the trial 6 month period of his private sector tenancy had ended, the evidence obtained by our fraud investigator actually indicates that in reality he only provided this information a further 6 months later and this was only when the sublet allegation was put to him by a housing officer following his conversation about having difficulty accessing the property with his keys.

It appears that Mr H would have been unlikely to voluntarily terminate his tenancy at the point that the did if the allegation of subletting had not been put to him by the investigation in September 2017, and that, without this, both this and the Council Tax Support offence would have been likely to continue on for longer.

He was charged with 2 offences, 1 of illegal subletting and one of fraud in respect of the Council Tax Support worth £500.

Upon admitting guilt the Magistrate made the following statement in sentencing –

“We sentence you to a community order as we feel these offences are so serious as to warrant a community order for a period of 12 months.

We require you to undertake unpaid work and the number of hours had to reflect the seriousness of offending, particularly the deprivation of this property from another family who needed it in Plymouth.

You must complete 160 hours (reduced from 240 hours to reflect your early guilty plea) + victim surcharge of £85.

We make no fine and no unlawful profit order but order costs of £450.

This makes £535 in total (offer to pay at a rate of £100pcm accepted, with first payment within 14 days)”

3. Plymouth Crown Court 03.06.19.

Mr P – Social Housing Fraud and Right to Buy Fraud

The suspect had initially handed in his notice to a social housing property, a very short time later he withdrew his notice and applied under the 'Right to Buy Scheme' to purchase the property. He would have benefitted in the form of a discount of £39,600 on the purchase price.

The landlord referred the case to PCC investigators and they uncovered the fact that Mr P had unlawfully sublet his social housing property to a friend whilst he lived a short distance away.



Mr P repeatedly lied to investigators and only admitted the offences when there was no other option as the evidence obtained was overwhelming. The Community Connections Department stated that there was a further cost to PCC calculated at £20k plus. This is as a result of the cost of housing a homeless family in emergency accommodation when they could have been housed in Mr P's property as he had moved out.

Upon admitting guilt the Judge in this case made the following comments whilst sentencing -

"The right to buy scheme is set up to allow people in very particular circumstances to purchase the property they rent and you did not qualify for a variety of reasons. That was fraud and you knew that.

The decision of the council to prosecute in these circumstances is to be applauded and the message has to go out that this is how the courts will deal with this sort of behaviour.

For a variety of reasons I am able to visit the offending as a community order, I give weight to your employer's reference. I sentence you to -

12 month community order. 10 rehabilitation activity requirement days

160 hrs unpaid work; concurrent for each count.

£750 costs 12 months to pay."

Cllr Haydon stated that -

"Fraud will not be tolerated in Plymouth, especially when it attempts to deny innocent people of something they really need."

"Social housing is an essential community asset and with waiting lists at an all-time high, I'm glad that the court took a similarly dim view as we do."





Alarm 2018 Risk Award winners announced – Team of the Year

The 2018 Alarm Risk Award winners were announced at the Awards dinner held at The Principal Manchester on Monday 25 June, during the 2018 Alarm Conference hosted by Paul Sinha.

Alarm Chair, Jane O’Leary commented *“With this year’s Conference focusing on empowering risk professionals to become Stronger and Louder, it is reassuring to see this reflected in so many of the Risk Awards submissions. The standard and variety of submissions represent the inspiring and diverse work undertaken each and every day in the profession.”*

The Team of the Year Award seeks entrants that demonstrate that successful risk management is not always the responsibility of any one individual and by working collectively as a team, have achieved noticeable results within their organisation. Focusing on risk mitigation as a result of effective teamwork, ideas and efforts of individual team members which have contributed towards the overall management of risk are acknowledged.





Government Counter Fraud Awards 2019 – Highly Commended

“Congratulations, your 2019 Government Counter Fraud Awards entry for Counter Fraud Services Team at Plymouth City Council in the Government Counter Fraud Team of the Year category has been shortlisted.

“Given the significant number and high quality of applications we received this year, this is a great achievement and cause for celebration.”

“The following entries were highly commended by the judges:

**Government Counter Fraud Team of the Year – Counter Fraud Services Team at Devon Audit
The Counter Fraud Services Team at DAP were beaten to the title of Government Counter Fraud Team of the Year by – NHS Scotland Counter Fraud Services Fraud Prevention Team**

Excellence in Raising Fraud Awareness – Merseyside Police (Southport & Formby) and Home Instead Senior Care’s scam awareness campaign

Outstanding Contribution to the Government Counter Fraud Profession (GCFP) – HMRC Fraud Investigation Service (FIS) GCFP teamPartnership



Fighting Fraud and Corruption Locally Awards 2019 Winners in the Prevent category

“This nomination demonstrated an impressive ability to prevent exposure to fraud risk across a range of services and councils, generating significant savings at a time of austerity. The Counter Fraud Services Team lead the field in their locality by raising profile and awareness, ensuring the public purse is protected in a way that ensures confidence and trust.

Introduction of an E-Learning package ensures that all staff, members and contractors are aware of fraud indicators and how to report them, generating new fraud referrals. They also have a good working relationship with the local press, which improves awareness and discourages would-be fraudsters.

This cohesive approach of involving everyone in the fight against fraud, with a ‘zero tolerance’ approach, has meant not only substantial savings, but also improved staff morale - making the team worthy of the ‘Prevent’ award.

Congratulations and well done to Ken Johnson and his team.”



Devon Counter Fraud Services Contacts

Name	Position	Telephone	Email
Ken Johnson	Counter Fraud Services Manager	01752 307625	Ken.johnson@plymouth.gcsx.gov.uk
Pete Burgoyne	Fraud Investigator	01752 305977	Peter.burgoyne@plymouth.gcsx.gov.uk
Paul Clayton	Fraud Investigator	01752 305249	Paul.clayton@plymouth.gcsx.gov.uk
Dina Williams	Fraud Investigator	01752 307619	Dina.williams@plymouth.gcsx.gov.uk
Ashley Varley	Fraud Investigator	01752 304182	Ashley.varley@plymouth.gcsx.gov.uk
Sue Roach	Intelligence Officer	01752 307618	Susan.roach@plymouth.gcsx.gov.uk
Rob Rogers	Compliance Officer	01752 398556	Robert.rogers@plymouth.gov.uk
Fraud referral email address			Corporate.fraud@plymouth.gov.uk
Tenancy Fraud referral email address			socialhousingfraud@plymouth.gov.uk
Fraud Telephone referrals		01752 304450	



Audit and Governance Committee



Date of meeting:	22 July 2019
Title of Report:	Planning Committee Code of Good Practice and Terms of Reference
Lead Member:	Councillor Mark Coker (Cabinet Member Strategic Planning and Infrastructure)
Lead Strategic Director:	Anthony Payne (Strategic Director for Place)
Author:	Peter Ford – Head of Development Management
Contact Email:	Peter.ford@plymouth.gov.uk
Your Reference:	Click here to enter text.
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

To seek approval to amend the Terms of Reference and Code of Good Practice for Planning Committee as outlined in Appendix 1 and 2 of this report and to incorporate these changes into the Council's Constitution.

Recommendations and Reasons

Per the Constitution, to **recommend** to Council the changes to the Planning Committee Terms of Reference as outlined at Appendix 1 and to **approve** the changes to the Code of Good Practice for Planning Committee as outlined in Appendix 2 of this report.

Reason: To enable the Planning Committee to work in a more effective way and address some of the issues that have arisen since the Terms of Reference and Code of Good Practice were last amended in April 2017.

Alternative options considered and rejected

To retain the existing wording in the Terms of Reference and Code of Good Practice. This has been rejected because the changes proposed will ensure that the Planning Committee is operating more effectively and will address some of the issues that have arisen at recent Planning Committee meetings.

Relevance to the Corporate Plan and/or the Plymouth Plan

The proposals will address the key values of the Council by being:

Democratic – by ensuring the Planning Committee provides strong leadership that listens to the views of all interested parties in the Planning process

Responsible – by taking responsibility for decisions made by the Planning Authority and how these decisions impact on the city

Fair – by being open and honest about the decisions that are made by the Planning Authority

Co-operative – by working collaboratively with all interested parties in the planning process to ensure it serves the best interests of the city and its communities

Implications for the Medium Term Financial Plan and Resource Implications:

There are no direct implications for the Medium Term Financial Plan as the changes will be cost neutral.

Carbon Footprint (Environmental) Implications:

The changes will not impact on the low carbon priorities set out in the Joint Local Plan. Regarding the operation of the Planning Committee it will remain predominantly paperless through the use of IT and web casting the meetings to avoid the necessity to travel to the meeting except for those who wish to address the Planning Committee.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

None

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Briefing report title							
B	Appendix 1 – Existing Planning Committee Terms of Reference (including tracked changes)							
C	Appendix 2 – Existing Planning Committee Code of Practice (including tracked changes)							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

Fin	pl.19. 20.4 4	Leg	LS/3 2786 /JP/J une1 9	Mon Off	LS/32 786/2 /LT/0 907	HR	Click here to enter text.	Asset s	Click here to enter text.	Strat Proc	Click here to enter text.
Originating Senior Leadership Team member: Paul Barnard											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 25/06/2019											
Cabinet Member approval: Cllr Mark Coker approved verbally Date approved: 02/07/2019											

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I. Background

- I.1 The Planning Committee Terms of Reference and Code of Good Practice form part of the Council's Constitution and are reviewed on a regular basis. The last review was agreed at the Constitutional Review Group on 20th April 2017.
- I.2 As with any terms of reference and its supporting codes of practice for a strategic committee such as Planning, making key decisions that affect the city as a whole and individual communities and neighbourhoods, a balance has to be struck between the inherently democratic nature of the planning process, and its efficient and effective operation.
- I.3 A review has taken place of the current Terms of Reference and Code of Practice having assessed the operation of the Planning Committee over the years since the code was last updated, considering any changes in legislation, drawing lessons from experience, and undertaken benchmarking and other analysis to suggest further modernisation and improvements to how it operates.
- I.4 The proposed new Planning Committee Terms of Reference and Code of Good Practice, including tracked changes, are outlined in appendix 1 and 2.

2 Proposed changes to the Terms of Reference

- 2.1 It is proposed that the following amendments are made to the Terms of Reference.

Section 2 – Matters specifically delegated to the Planning Committee

- 2.2 In paragraph 2.2.2 delegated authority is given to the determination of village green applications except when referred to the Planning Committee by the Service Director for Strategic Planning and Infrastructure or by a ward councillor.
- 2.3 In paragraph 2.2.3 Planning Committee referrals relate to all applications made under planning legislation. The previous wording referred only to applications for planning permission
- 2.4 In paragraph 2.2.3 b) clarification is made that applications referred to Planning Committee due to policy reasons need to be substantially contrary to a Development Plan site allocation or a policy that safeguards a site from inappropriate development.
- 2.5 In paragraph 2.2.3 d) a new referral to Planning Committee has been added when a Member of the Council has a legal interest in the land for which the application relates.

2.6 Paragraph 2.2.3 e) has been re-written to clarify the procedure that a councillor can refer a matter to Planning Committee and also this power will now be given only to a ward councillor in whose boundary the application falls or an adjacent ward, when the Chair chooses to use his / her discretion.

2.7 In paragraph 2.2.4 clarification is made that substantial changes to any planning agreements can be referred to Planning Committee.

2.8 In paragraph 2.3.1 delegated authority is given to the determination of Orders to create, divert or stop up footpaths or bridleways and applications to modify the definitive map except when referred to the Planning Committee by the Service Director for Strategic Planning and Infrastructure, Service Director for Street Services or by a ward councillor.

3 Proposed changes to the Code of Good Practice

General

3.1 Reference to “Assistant Director for Strategic Planning and Infrastructure” has been replaced with “Service Director for Strategic Planning and Infrastructure” to reflect changes in the job title.

3.2 Reference to “Councillors” is used in the document instead of “Members” to ensure continuity of terminology.

Section 4 – Declaration and registration of Councillor and Officer interests and bias

3.3 Section 4 has been updated to ensure that references to disclosable pecuniary interests and private interests properly reflect the legal definitions.

Section 8 – Ward Councillor involvement in planning applications process

3.4 This section has been amended to reflect changes in the way that ward Councillors are involved in planning matters. The key changes are as follows:

- It includes new ward working arrangements between officers and Councillors;
- It updates the way that Councillors can access planning application and pre-application information from the website;
- It simplifies the process by which Councillors can be engaged in pre-application and planning application discussions; and
- It introduces a new arrangement whereby the Planning Committee can request a presentation by the applicant to the Planning Committee prior to the formal Planning Committee meeting.

Section 10 – Order of Planning Committee considerations

3.4 A change has been made to paragraph 10.5 that combines questions from the Planning Committee and debate on the proposal into a single consideration.

Section 11 – Speaking at Planning Committee

3.5 In paragraph 11.1 Ward Councillors who have referred a matter to Planning Committee will have been deemed to have registered to speak rather than having to formally register to speak.

3.6 In paragraph 11.3 clarity is given that an applicant has the right to put forward a representative of their choosing to speak at the Planning Committee meeting

3.7 In paragraph 11.10 the wording has been strengthened to ensure that speakers do not make slanderous statements or any other racially motivated, discriminatory or inflammatory remarks.

Section 12 – Site visits

3.8 In paragraph 12.2 clarity is given that during a site visit a Member of the Planning Committee may ask officer to provide additional illustrative material at the Planning Committee meeting.

3.9 In paragraph 12.3 clarity is given that site visits should be agreed in advance in consultation with the Chair and Vice Chair of the Planning Committee.

Section 14 – Decisions contrary to officer recommendation

3.10 A new paragraph 14.6 has been added to ensure that any pre-commencement conditions added by the Planning Committee satisfy the requirements of the Neighbourhood Planning Act 2017.

3.11 In (new) paragraph 14.7 when a motion is made to refuse a planning application the requirement for Members of the Planning Committee to provide a statement of all policies relevant to the decision has been removed.

Section 15 – Appeals and inquiries

3.12 In paragraph 15.4 Members of the Planning Committee who voted to overturn an officer recommendation will be invited to comment on any appeal statements prior to being sent to the Planning Inspectorate.

Section 18 – Training

3.13 In paragraphs 18.1 and 18.2 clarification is given that it is mandatory for all permanent Members of the Planning Committee to have had Introduction to

Planning Committee training as well as being required to attend the annual Planning Committee training.

3.14 Clarification is given in paragraph 18.3 that other training opportunities will be given to Members of the Planning Committee throughout the year.

4 Conclusion

4.1 The changes outlined above to the Planning Committee Terms of Reference and Code of Good Practice are a culmination of issues that have arisen in the operation of the Planning Committee since the last review, through the updating of relevant planning legislation and practice and through the Constitutional arrangements of Plymouth City Council. It is therefore recommended that the Audit and Governance Committee agrees the changes as outlined in this background report.

APPENDIX I
PLANNING AND THE PLANNING COMMITTEE

I. FUNCTIONS

The relevant functions of the Council are:

I.1 Planning and Conservation

- A** All the Council's functions in relation to Town and Country Planning and Development Control as specified in Schedule I to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended.

Commons registration

- B** All the Council's functions in relation to common land or town and village greens or unclaimed common land, or unlawful works on common land and to register the variation of rights of common as set out in Schedule I to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended.

Highways Use and Regulation

- C** All the Council's functions in relation to the regulation of the use of highways set out in Schedule I to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended.

High Hedges

- D** All the Council's functions in relation to applications and complaints about high hedges under Part 8 of the Anti-Social Behaviour Act 2003.

Trees

- E** The powers to preserve trees under Sections 197 to 214D of the Town and Country Planning Act 1990, and the Trees Regulations 1999 and to protect important hedgerows under the Hedgerows Regulations 1997.

I.2 Policy

The Council decides whether to adopt the Development Plan, on the recommendation of Cabinet.

2 MATTERS SPECIFICALLY DELEGATED TO THE PLANNING COMMITTEE

2.1 In relation to policies and strategies the Committee will:

Advise the Cabinet on the implementation of the Development Plan and other planning policies and strategies.

2.2 Within the policies laid down by the Council, the Committee will

2.2.1. Determine applications relating to town and country planning, commons registration, ~~village greens~~, the making or confirmation of Tree Preservation Orders where there are objections that cannot be resolved and the use or regulation of highways that would have a significant impact on two or more wards of the Council.

2.2.2 Determine town and village green applications where the matter is referred to the Committee by the Service Director for Strategic Planning and Infrastructure or a Member of the Council whose ward ~~boundary~~ the town or village green is located in. Any referral by a Member of the Council must be made within 21 days from the date of notification of the recommendation.;

2.2.32 Determine individual applications for planning permission and any other application made under planning legislation where~~Determine individual applications for planning permission where one or more of the following apply:~~

- a) it is an application for 10 or more dwellings or non-residential floor space of 1000 sq m or more and more than 15 written representations have been received within the statutory public consultation period raising valid planning considerations that are contrary to officer recommendation, either objecting when the officer recommendation is for approval, or supporting when the officer recommendation is for refusal.
- b) the application is substantively contrary to a Development Plan ~~site allocation policy proposal~~ or a policy that safeguards a site from inappropriate development and the officer recommendation is to approve;
- c) the application is submitted by an employee or Member of the Council, or a close relative of an employee or Member of the Council living in the same property (see paragraph 4.3 for definition of a close relative);

d) A Member of the Council has a legal interest in the land for which the application relates

e) Aa Member of Council whose ward boundary falls within the 'red line' of a the planning application site or other application (or at the discretion of the Chair, an adjacent ward immediately affected by the development) has directed the application be dealt with by the Committee by completing the prescribed member referral form in full and submitting it to the Service Director for Strategic Planning and Infrastructure within the published public consultation period. All such forms must include what recommendation the member would find acceptable to enable the application to be dealt with as a delegated decision. Please note referrals cannot be made by a Member who has a disclosable pecuniary interest.

~~d) — Provided that the Member has no Disclosable Pecuniary Interest (in which case a Member Referral cannot be made), a Member of Council has, within the statutory published public consultation period, completed and submitted in full the prescribed Member Referral Form to the AssistantService Director of Strategic Planning directing its determination by Planning Committee, this to include what recommendation the Member would find acceptable to enable the application to revert to a delegated decision.~~

e) the matter is referred to the Committee by the AssistantService Director for Strategic Planning and Infrastructure under one of the following criteria:

- there are finely balanced policy or precedent issues;
- there are probity issues or public interest reasons for the matter to be determined by the Committee;
- the matter is an unusual response to a particular set of issues that warrants debate by the Committee.

2.2.43 Approve ~~the principal terms of major planning agreements; or~~ any substantive changes to the terms of ~~major~~ planning agreements that have been specifically agreed by the Planning Committee on a previous occasion.

In relation to Highways Matters the Committee will:

2.3.16. Determine applications for Orders to create divert or stop up footpaths or bridleways and applications to modify the definitive map that are

either referred by the Service Director of Strategic Planning or Street Services or a Member of the Council whose ward boundary falls within the area covered by the Order. ~~Determine the confirmation of Orders to create divert or stop up footpaths or bridleways.~~ Any referral by a Member of the Council must be made within 21 days from the date of notification of the recommendation.

~~2.3.7. Determine applications to modify the definitive map.~~

2.3.28. Determine applications that are referred by either the Assistant Service Director for Strategic Planning and Infrastructure or Assistant Service Director for Street Services.

3. MATTERS DELEGATED TO OFFICERS

3.1 All other non executive functions in respect of planning highways and transport have been specifically delegated to the Director for Place

4. GENERAL

4.1. Substitute Members

Any Member of the Council may act as substitute provided they have undergone the Council's prescribed Member planning training course (as specified in the Planning Committee Code of Good Practice).

4.2 Planning Committee Procedures are found in the Planning Committee's Code of Good Practice.

4.3 For the purposes of the Planning Committee functions a close relative is defined as: a husband or wife (or civil partner), a son or daughter, a father or mother; or a brother or sister.

APPENDIX 2
“Probity in Planning”
Planning Committee Code of Practice

Authors: **Assistant Service** Director for Strategic Planning and Infrastructure, Head of Development Management and Senior Lawyer

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I.0 INTRODUCTION

- I.1 The conduct of both Officers and **MemberCouncillors** in Local Government needs to be of the highest standing: on this depends the bond of trust between Councils and their local people, which is essential if Councils are to play their part in leading communities and improving people's quality of life. The local administration of the planning system has come under close scrutiny. The Nolan Committee's Third Report investigated standards in public life, and was followed by the Local Government Act 2000 which introduced a structure by which local authorities were to promote high standards of conduct, through a National Code of Conduct for Members. In 2013 the Local Government Association provided updated guidance on "Probity in Planning" and the Localism Act 2011 has created a new Standard regime with a more local focus, supplemented by advice in the National Planning Policy Guidance on how the conduct of **MemberCouncillors** is regulated.
- I.2 This Code offers clear guidance and advice as to procedures and practices to elected **MemberCouncillors**, Officers and **memberCouncillors** of the public in connection with the determination of planning applications and other applications. This Code will ensure that not only are the applications determined in a fair and impartial way, but also in a way which is seen to be fair and impartial. The introduction of the Local Government Act 2000 and associated legislation provides the necessary statutory framework, by which these standards may be achieved, maintained and regulated by each local authority.
- I.3 Clearly, one of the key purposes of the planning system is to control development in the public interest. When performing this role the Local Planning Authority and elected **memberCouncillors** are making decisions that necessarily affect land and property interests, as well as the financial value and settings of land holdings. Clearly, there is a need to make decisions that are open, impartial and based on sound judgement and reason. The process of determining applications should leave no grounds for a suggestion that a decision has been impartial, biased or ill founded in any way. Decisions must always be made on planning grounds and planning grounds alone.
- I.4 This Code of Good Practice has been adapted from national guidelines on probity to take account of the local situation. Two particular areas of the Localism Act are relevant to this code. Firstly, with regard to pre-determination the Act makes it clear that it is proper for councillors to play an active part in local discussions and that they should not be liable to legal challenge as a result, provided they maintain an open mind. Secondly, and related to pre-determination, the act introduces a new requirement for developers to consult local communities before submitting planning applications for certain developments. This gives **MemberCouncillors** and local residents a chance to comment when there is still genuine scope to make changes to proposals at both pre-application and post submission stage.
- I.5 The Terms of Reference for Planning Committee is set out in the Council's Constitution (<http://www.plymouth.gov.uk/constitution>) (<https://www.plymouth.gov.uk/aboutcouncil/councilconstitution>) which specifies the matters that are delegated to be considered by Planning Committee.

2.0 STATUS OF THE CODE

- 2.1 This Code sets out the basis as to how Officers and **MemberCouncillors** should determine planning and other relevant applications submitted to the Council and ensures that conduct accords with the Council's Codes of Conduct for Members and Officers which is contained within the Council's Constitution.
- 2.2 This Code is contained in the Council's Constitution. A breach of this Code, depending on the circumstances, does not usually amount to a breach of criminal law but may adversely affect the standing of the City Council. It could result in a decision being judicially reviewed or allegation of a breach of the Code of Conduct or a complaint of maladministration made to the Local Government Ombudsman.

3.0 GENERAL ROLE AND CONDUCT OF COUNCILLORS AND OFFICERS

- 3.1 Elected **MemberCouncillors** are guided by the Council's Code of Conduct, the seven principles of public life and the Localism Act 2011. This Code is further amplified by reference to the Council's constitution in respect of general Council procedures as well as further amplification in specific Codes of Conduct such as the advice contained in this Code.
- 3.2 Councillors and Officers have different but complementary roles with the determination of planning applications and it is important that an open, respectful and transparent relationship is developed based upon mutual trust and understanding of each other's positions. It is important for the overall standing of the Council and the achievement of national performance targets that they work as an effective team. The role of a Councillor when determining a planning application is to have an overriding duty to the whole community and, accordingly, in deciding the outcome of an application to make a reasoned decision taking into account the provisions of the Development Plan and all relevant material considerations. All decisions should be taken in the interests of Plymouth as a whole.
- 3.3 The basis of the planning system is that consideration is given to all development proposals and these are determined against the wider public interest. Much is often at stake in such decisions and in the process for local people and development interests, as well as for the City of Plymouth itself. Given the nature of these decisions opposing views are often held by those involved. Whilst these views must be taken into account in the determination of planning applications, as stated above, the Planning Committee must not favour any person, group or locality. **MemberCouncillors** must therefore take

steps to ensure that in their discharge of their Planning Committee duties the distinction between this role and their role as an individual Ward Councillor is constantly made clear. If MemberCouncillors wish to act in the latter capacity they must make that clear at the outset. MemberCouncillors who do not feel that they can act in this way should consider whether they are best suited to serve on the Planning Committee, especially if they feel that they will often be placed in the position of wishing to represent constituents and wishing to speak as a Ward MemberCouncillor rather than a Member of the Planning Committee (See paragraph 5.4).

- 3.4 In reaching a decision MemberCouncillors should ensure they read, consider and take account of the relevant material considerations connected with the application and should not favour any person, group or locality or put themselves in a position where they may appear to do so.
- 3.5 All decisions should be made in an open and transparent manner by the MemberCouncillors of the Planning Committee and this should not at any time be compromised in any way. Therefore, such actions as messages being passed to MemberCouncillors of the Planning Committee during a debate should be avoided as this could give an impression of undue influence from a third party. In the first instance in an emergency any notes should be passed to the Democratic Support Officer.
- 3.6 MemberCouncillors should always address the Planning Committee through the Chair and avoid speaking directly to one another since it is important that all matters being discussed are clearly heard and acknowledged by everyone at the meeting.
- 3.7 In order to ensure that decisions are taken on planning grounds and are sound it is incumbent on all Planning Committee Members to give full consideration to reports prepared by Officers and familiarise themselves with all relevant national planning guidance (including the National Planning Policy Framework), Development Plan policies and other material considerations well in advance of the consideration of a development proposal at the Planning Committee itself. It is important also that MemberCouncillors are seen to be meeting this provision of the code.
- 3.8 The role of Officers is to advise Councillors and the Council as a whole (through the Cabinet and relevant Portfolio Holders) and to carry out work as set out in the Corporate Plan and agreed Business Plans. Officers are employed by the Council, not by individual councillors, and it follows that instructions to them may only be given through a decision of the Council, the Cabinet, the relevant Portfolio Holders, or the Planning Committee.
- 3.9 The conduct of Officers who advise on the determination of planning applications is contained generally in the Council's protocol for MemberCouncillor/employee relations and is supplemented by guidance from their professional bodies, such as Royal Town Planning Institute, the Law Society, and the Institute of Legal Executives. Officers may

not be instructed by any MemberCouncillor to conduct themselves in a manner which would place them in conflict with their professional codes of conduct.

3.10 MemberCouncillors should abide by the following advice:

- MemberCouncillors should always pass a copy of any lobbying correspondence to the Assistant-Service Director for Strategic Planning and Infrastructure or representative at the earliest opportunity;
- MemberCouncillors should never pressurise or lobby Officers for a particular recommendation;
- MemberCouncillors should promptly refer to the Assistant-Service Director for Strategic Planning and Infrastructure any offers made to them of planning gain or constraint of development;
- MemberCouncillors should inform the Monitoring Officer where they feel that they have been exposed to undue or excessive lobbying or approaches including inappropriate offers of gifts or hospitality (see also paragraph 3.12);
- MemberCouncillors should never use political group meetings to dictate how they should vote on a planning issue and should not lobby fellow MemberCouncillors regarding concerns or views, nor attempt to persuade other MemberCouncillors to vote in a particular way.

3.11 Officers are required to act impartially at all times in determining applications and providing advice at the Planning Committee. Officers will be expected to conduct themselves in all they say and do in a manner which totally preserves this position of impartiality.

3.12 During the determination of an application, it is possible that Officers and MemberCouncillors may be offered hospitality by an interested party. Even though this rarely occurs in Plymouth, it is important to recognise that, if at all possible, these offers should be politely declined. However, any MemberCouncillors receiving any gift or hospitality, in their capacity as MemberCouncillors, over the value of £25, should provide within 28 days of receipt written notification of the details to the Monitoring Officer of the Council for entry into the register of gifts and hospitality which is open to public inspection and located in the Democratic Support Office. Similarly, for Officers, in the event that the receipt of hospitality is unavoidable, they must ensure that the hospitality is of a minimal level and declare its receipt as soon as possible by completing a "Hospitality Declaration Form" and submit this to the AssistantService Director for Strategic Planning and Infrastructure for signature.

4.0 DECLARATION AND REGISTRATION OF MEMBERCOUNCILLOR AND OFFICER INTERESTS AND BIAS

4.1 ~~MemberCouncillors~~ and Officers are required to give a general notice of interest that they hold usually upon their election or appointment to office and are under a duty to maintain that declaration and amend, as necessary, within 28 days of becoming aware of any such changes, throughout their term of office.

4.2 A register of ~~MemberCouncillors~~' interests will be maintained by the Council's Monitoring Officer and is available for public inspection. A register of Planning Officers' interests will be maintained by the ~~Assistant Service~~ Director for Strategic Planning and Infrastructure.

4.3 Furthermore, ~~MemberCouncillors~~ and Officers are under a duty to declare interests as and when matters arise at Planning Committee. Guidance on these issues may be sought by the Council's Monitoring Officer. The decision as to whether an interest ought to be declared rests with the individual Councillor or Officer involved.

~~4.4 — There are three two types of interest, 'personal' 'prejudicial' and a disclosable pecuniary interest and private. A member will have a personal interest in a Planning Committee decision if:~~

~~4.5 —~~

~~4.6 — The matter relates to an interest in respect of which the Member has given notice in the statutory register of Member's interests; or~~

~~4.7 — The decision might reasonably be regarded as affecting their well being or financial position or that of a relative or friend or employer to a greater extent than other Council Tax payers, ratepayers or inhabitants of the Authority's area.~~

~~4.8 —~~

~~4.9 — Where a Member considers he or she has such a personal interest in a matter, he must always declare it.~~

~~4.10 —~~

~~4.11 — A personal interest will become a prejudicial interest if a member of the public with knowledge of the relevant facts would reasonably regard that interest as so significant that it is likely to prejudice the Member's judgement of the public interest. There are exceptions to this, however and full details are given in the Council's constitution.~~

~~4.12 —~~

~~4.13 — Where any Member of the Council considers that they have a prejudicial interest they should discuss this situation with the Monitoring Officer or his representative as soon as they realise this is the case:~~

~~4.14 —~~

~~4.15 — Complete a standard form and pass it to the Democratic Support Officer prior to the start of Planning Committee;~~

- ~~• — Ensure they do not participate at any stage in the consideration of the planning application if following advice from the Monitoring Officer they consider that any decision they take could be challenged on the grounds of bias;~~

- ~~Ensure they do not seek or accept any preferential treatment, or place themselves in a position that could lead to the public to think they are receiving preferential treatment because of their position as a councillor;~~

4.58 With regard to Planning Officer interests the ~~Assistant~~Service Director for Strategic Planning and Infrastructure Services will check the Officer declarations list and advise the Officer accordingly if they feel that alternative arrangements are necessary in presenting the report.

4.69 What is a Disclosable Pecuniary Interest (DPI)

Disclosable Pecuniary interests are defined in regulations. The regulations in general will mean that a member will have to register any interest they or their husband or wife or civil partner or cohabitee has in:

- any employment, office, trade, profession or vocation that they carry on for profit or gain or that their spouse civil partner or cohabitee carries on for profit or gain;
- any sponsorship that the councillor receives including contributions to the councillor's expenses as a councillor; or the councillor's election expenses from a Trade Union.
- any land licence or tenancy they have in Plymouth or that their spouse civil partner or cohabitee has;
- any current contracts leases or tenancies between the council and them, or between the council and their spouse civil partner or cohabitee;
- any current contracts leases or tenancies between the council and any organisation with land in Plymouth in which they are ~~or have~~ a partner, a paid director, or have a relevant interest in its shares and securities;
- any current contracts leases or tenancies between the councillor's spouse civil partner or cohabitee and any organisation with land in Plymouth in which he or she is a partner, a paid director, or has a relevant interest in its shares and securities;
- any organisation which has land or a place of business in Plymouth and in which they have a relevant interest in its shares or its securities.
- any organisation which has land or a place of business in Plymouth and in which the councillors spouse, civil partner or cohabitee has a relevant interest in it shares or its securities;

4.7 What to do if you have a DPI

If a Councillor has a disclosable pecuniary interest (whether a Planning Committee Member or a Councillor speaking on an item as a Ward Councillor) they must declare that they have an interest at the start of the meeting and leave the meeting when the application is due to be considered immediately and as they can not~~cannot~~ participate, or participate further, in any discussion of the matter at the meeting, or participate in any vote, or further vote, taken on the matter at the meeting.

4.8 What is a Private Interest

The public is likely to consider that a Councillor has a private interest if it affects the wellbeing or financial position of:

- his/her family and close associates, or
- any organisation where he or she is a **memberCouncillor**, or where he or she is involved in its management;
- any organisation to which he or she has been appointed by the council.

4.9 What to do if you have a Private Interest – Financial

If a Councillor has a private they must declare the interest if the decision could confer a financial advantage or disadvantage on:

- his or her family , or
- his or her close associates, or
an organisation where he or she is a **memberCouncillor**, or is involved in its management (whether or not appointed to that body by the council). This would include membership of a secret society and other similar organisations

4.10 What to do if you have a Private Interest - Other issues

When the committee is determining an application in which the Councillor has a private interest a councilor should declare the interest if the decision relates to an approval, consent, licence, permission, or registration for:

- his or her family, or
- his or her close associates, or
- an organisation where he or she is a **memberCouncillor** or is involved in its management (whether or not appointed to that body by the council). This would include membership of a secret society and any other similar organisations.

4.11 A Councillor should declare an interest at the start of the meeting, or when they realise they the interest if that is later. They can stay in the meeting and speak and vote unless their private interest is also a disclosable pecuniary interest.

4.12 If a decision being taken at the committee is likely to confer an advantage or disadvantage on:

- a councillor's family;
- his or her close associates; or
- an organization where he or she has a private interest

more than it will affect other people living or working in the area the councilor should discuss the matter with the Monitoring Officer, or his/her designee in advance of the meeting as legal issues of bias may arise.

•—

4.130 **MemberCouncillors** should also not give grounds for a suspicion that any such interests may arise and have not been declared.

4.1~~41~~ When an application is to be determined, there is an expectation that it will be dealt with transparently, openly and in a fair way. ~~Member~~Councillors will be expected to take account of all relevant evidence and give it appropriate weight in the decision making process and arrive at a reasoned sound decision.

4.1~~52~~ An alternative approach may be for the Planning Committee Member to refrain from making any public statement on an application and to invite another Ward ~~Member~~Councillor to attend the Planning Committee to speak on the local ward issues and for the Member of the Planning Committee, if ~~she~~/he has not made a public statement in support of or against the application, to confine his/her comments to the relevant planning issues, taking into account the interests of the City as a whole.

5.0 PREDETERMINATION OR PREDISPOSITION

5.1 Members of the Planning Committee need to ensure that they do not fetter their ability to participate in the decision making process on an application by making up their mind or clearly indicating that they have made up their mind on how they will vote prior to the consideration of the application by the committee.

5.2 The Planning Committee should, when considering an application, take into account all views that are expressed in such a way that they are openly heard and fairly considered in a balanced way before the committee reach a decision.

5.3 Members of the Planning Committee can have a predisposition to an initial view, where the ~~member~~Councillor is clear they are still willing to listen to all the material considerations presented at the Planning Committee before deciding on how to exercise their vote on behalf of the community.

5.4 The fettering of a ~~member~~Councillors discretion as set out in 5.1 and then taking part in the decision making process will put the Council at risk of a finding of maladministration and of legal proceedings on the grounds of there being a risk of bias or predetermination or a failure to not take into account all of the factors enabling the application to be considered on its merits.

5.5 The Localism Act 2011 now sets out that a ~~Member~~Councillor, who has expressed a preference for a particular outcome of an application as it proceeds to determination, will **not** be taken to have had a closed mind when making the decision just because they have previously done or said anything to indicate their view in respect of the matter. However, it is important that a fair minded observer would think that the ~~Member~~Councillor was open to changing their mind in the light of different or additional information, advice or evidence presented.

5.6 It will be evident that the appropriate action is not clear cut and will depend on the circumstances of a particular case and application. Planning Committee members need

to avoid bias and predetermination and take account of the general public's (and the Ombudsman's) expectation that a planning application will be processed and determined in an open and fair manner. To do this, MemberCouncillors taking the decision on an application must take account of all the evidence presented before arriving at a decision, and should avoid committing themselves one way or another before hearing all the arguments.

- 5.7 A situation can arise when a Member of the Planning Committee represents a Ward within which a contentious application is lodged. If, prior to the matter being considered by the Planning Committee, that MemberCouncillor decides to make a public statement, and either supports or opposes the application, it will be difficult for that MemberCouncillor to be seen to subsequently determine the application transparently, openly and fairly. Accordingly, the MemberCouncillor should make an open declaration, in relation to his or her position and not vote on the determination of the application at Planning Committee. The open declaration should be noted in the Planning Committee minutes. The MemberCouncillor will also be required to vacate their seat within the Planning Committee and to sit within the public gallery for the duration of the consideration of the item, and where they have exercised their right to speak as a Ward memberCouncillor, they can address the Planning Committee at the appropriate time in accordance with the Ward MemberCouncillor speaking arrangements (see section 11).
- 5.8 Ultimately it is the responsibility of the individual memberCouncillor to ensure that their role on the Planning Committee is not compromised and it is also for them to strike the balance that may need to be made between ward and other interests and the requirements of the Planning Committee.

6.0 DEVELOPMENT PROPOSALS SUBMITTED BY MEMBERCOUNCILLORS, OFFICERS AND THE COUNCIL

- 6.1 In accordance with the Council's Officer Code of Conduct (June 2000), employees must declare any financial or non-financial interests which relate to their work to the appropriate Director, AssistantService Director, or Head of Service, including membership of any organisation not open to the public without formal membership and commitments of allegiance. Such declarations will be maintained in documents which will not be publicly disclosable.
- 6.2 Such declarations can be made on a regular basis without any known future applications coming forward. In such situations, planning and other associated applications will not be allocated to that employee to deal with.
- 6.3 However, it will sometimes occur that an employee only identifies a conflict of interest in the course of determining an application. At this point it is the responsibility of the employee to immediately raise the declaration with the Director, AssistantService Director, or Head of Service and for the employee to take no further action in the determination of the case. Again, a record of the declaration will be maintained in documents which will not be publicly disclosable.
- 6.4 In all instances where there is a conflict of interest the appropriate procedure would be for officers to notify the Director, AssistantService Director, or Head of Service of that conflict and to have no further part in the determination of the application.
- 6.5 Any proposals submitted by MemberCouncillors and Officers shall be dealt with so as to give no grounds for accusations of favouritism. For this reason reference is made in the Terms of Reference for Planning Committee for decision making involving Council employees or MemberCouncillors.
- 6.6 Officers and serving Councillors must not act as agents for people pursuing Planning matters within Plymouth City Council's jurisdiction.
- 6.7 Any application submitted by Plymouth City Council shall be processed in the same transparent and impartial manner as for any other applicant with the AssistantService Director for Strategic Planning and Infrastructure using his powers of referral if he considers it meets the provisions outlined in the Planning Committee Terms of Reference.

7.0 LOBBYING

- 7.1 It is recognised that lobbying is a normal and perfectly legitimate element of the process of considering planning applications. If a MemberCouncillor, who is not on the Planning Committee to determine an application, wishes to support a particular viewpoint then that MemberCouncillor has a right to appear at Planning Committee and seek permission to address the meeting.
- 7.2 It is, however, important that MemberCouncillors protect their impartiality and integrity in planning matters. Planning Committee Members will not breach the Code by listening to or receiving viewpoints from residents or other interested parties provided that they make it clear that they are keeping an open mind. However expressing an intention to vote one way or another before a Planning Committee meeting would prejudice impartiality.

8.0 WARD MEMBERCOUNCILLOR INVOLVEMENT IN PLANNING APPLICATIONS PROCESS

- 8.1 Ward MemberCouncillors have a central role in helping to represent the views of local people and other stakeholders at both pre-application and planning application stage. Ward councillors bring strong community leadership, extensive local knowledge and an up to date understanding of current issues. Planning officers have to act impartially at all times, but will provide support and advice to ward councillors on planning matters in order for them to play this community leadership role. This will include the involvement of ward memberCouncillors in negotiations on planning obligations.

8.2 To assist with councillor engagement in the Planning process named Planning Officers have been identified for each ward. Councillors are encouraged to contact this officer to help them become engaged in Planning decisions and ensure they can properly represent the issues raised by their residents.

~~8.2 Planning obligations negotiated under Section 106 of the Town and Country Planning Act, 1990 must be seen to mitigate the effects of development whilst recognising that each must comply with council planning documents, policies and guidance and Regulation 122 of the Community Infrastructure Levy (CIL) Regulations 2010 (as amended).~~

~~8.3 To be lawful, a planning obligation must meet all of the following statutory tests. It must be:~~

~~(a) necessary to make the development acceptable in planning terms;~~

~~(b) directly related to the development; and~~

~~(c) fairly and reasonably related in scale and kind to the development.~~

| ~~(These apply to both future and existing Section 106 obligations and to CIL payments).~~

~~8.4 To this end, where the need for a planning obligation is anticipated by a planning officer, ward councillors will be consulted at an early stage of the pre-application and planning application process. The views of ward councillors on planning obligations will be sought electronically through weekly lists and pre-application notifications and shall be considered in any decision taken by the Planning Committee or by an officer acting under delegated authority.~~

Information available to Ward Councillors

8.35 The City Council web-site sets out development plan policies and supporting information and evidence base documents in order to help inform ward councillors consideration of a development proposal at both pre-application and submission stages.

8.46 To further assist ward councillors in considering to what extent they wish to make comments on development proposals, every week ward councillors will be sent ~~by email only~~ a link to the weekly planning list which includes all planning consent applications all pre applications submitted unless there is a specific exclusion from the public record by virtue of the Freedom of Information Act or Data Protection Act. In these cases the case officer will encourage the applicant to engage with Ward Councillors on a confidential basis.

- ~~• A list of registered Development Enquiry Service requests where the applicant has indicated that they do not wish the pre-application to be confidential. Where an applicant has indicated that a pre-application enquiry is confidential these will not appear in the weekly list.~~
- ~~• A list of registered planning applications with links (where applicable) to details of the proposed Section 106 Obligations Heads of Terms, which will show what the developer is proposing for the Section 106 agreement and which provides a starting point for members to consider Section 106 matters on a particular planning application.~~

~~Ward Member~~Councillor Involvement at Development Enquiry Service (DES) Pre-Application Stage

1. ~~In accordance with the principles set out in the Statement of Community Involvement,~~ ~~€~~Councillors should review the weekly ~~DES list~~planning list. Upon receipt of the ~~DES list~~ ~~ward~~€Councillors ~~should~~must contact the named case officer ~~within 10 working days~~at their earliest opportunity if they wish to draw attention to any particular planning or Section 106 related issues or concerns, specifying which site ~~within their ward~~this relates to. This will enable officers, ward councillors and the developer to more positively engage together in progressing the pre-application discussions and take account of key local issues at an early stage. It is at this stage a ~~ward~~councillor should also indicate whether they wish to receive an informal presentation from ~~or attend a meeting with~~ the developer/agent ~~where this is a major development.~~ ~~(Informal presentations for minor or householder proposals will only be provided in exceptional circumstances at the discretion of the Assistant Director for Strategic Planning and Infrastructure).~~ Pre-application ~~presentations engagement~~to ~~with local ward~~councillors will enable the developer to positively engage with ward councillors at an early stage in the development process, without compromising the decision making process

- 8.8 Where requested, for major developments, the planning case officer will facilitate the opportunity for an informal presentation of the development proposal by the developer/agent to ~~ward interested~~ councillors, at pre-application stage. A request for an informal presentation can be made by ~~ward~~councillors, the developer/agent or by planning officers. Informal DES presentations will generally be undertaken within 4 weeks of the Development Enquiry Service application being registered, and will be carried out fully in accordance with the Council's Code of Good Practice for Members and Officers, and the general advice contained in the National Model Code of Conduct (Local Authorities (Model Code of Conduct) Order 2007 - SI 2007/1159). Wherever possible meetings will be arranged for all ~~interested councillors~~members ~~within the ward affected by the proposal~~ to reflect ~~member councillor~~ availability, but in order not to unduly delay pre-application discussions ~~members councillors~~ will be expected to prioritise attendance at any DES meetings requested.

- 8.9 The purpose of these DES presentations is to inform ~~ward~~councillors of emerging proposals for major developments and enable key local issues of relevance to the development, including any Section 106 matters, to be identified. Such early engagement will enable the developer to understand and address any significant local concerns as early in the development process as possible including any priorities to mitigate the impact of the proposed development. The collection and expenditure of Community Infrastructure Levy (CIL) payments will not be a matter for discussion at these meetings since CIL is non-negotiable and the expenditure will be determined through the governance of the Council's Regulation 123 List.

- 8.10 The developer's presentation will be limited to the facts of the development proposal.

- 8.11 ~~Ward~~€Councillors will be given the opportunity to ask questions concerning any aspect of the proposal, including Section 106 matters. Unless a matter is commercially confidential and sensitive, developers will be expected to provide comprehensive answers to questions from ward councillors.

- 8.12 The planning case officer will highlight the key planning issues, summarising policy issues, third party views and other issues for consideration. Key issues raised at the DES meeting will be written up as part of the case officer's report to Planning Committee.
- 8.13 ~~Ward-c~~Councillors will be at liberty to express opinions in support or opposition for the proposals at ~~the meetings with the applicant~~ if they wish, unless they are also a member of the Planning Committee.
- 8.14 Where a ~~ward~~-councillor is also a member of Planning Committee this will be declared at the start of the meeting. The planning case officer will then make it clear that the Planning Committee Member is at the meeting to understand the issues and to ask questions of clarification, but will remain open minded so as to avoid any suggestions of pre-determination.
- 8.15 Local ward councillor involvement at pre-application stage will not affect the speaking rights of the member at Planning Committee provided the local ward Councillor has followed the Council's Code of Good Practice for Members and officers.
- 8.16 ~~The advice given at DES stage does not necessarily bind the formal determination by the Local Planning Authority of any subsequent planning application. The presentation will not form part of the formal negotiation process that will take place strictly between the Strategic Planning and Infrastructure Department and the applicant.~~
- 8.17 **Under no circumstances should Planning Committee Members meet with developers / landowners / applicant (or their advisors) without the presence of a Planning Officer.** To do so will be a breach of this code and may prejudice the integrity of any subsequent decisions made on any application. Councillors who are not members of Planning Committee are advised to seek advice from Planning Officers prior to agreeing to meet with ~~developers or landowners~~**applicants**.

Ward Member Councillor Involvement at Planning Application Stage

- 8.18 In accordance with the principles set out in the Statement of Community Involvement, councillors should review the weekly list of planning applications. It is the councillor's responsibility to initiate contact with the case officer named in the weekly list **within 10 working days of the publication of the list** if they wish to draw attention to any particular planning or Section 106 related issues or concerns.
- 8.19 ~~Where a ward-councillor requests a presentation on a registered major planning application, this must be done within 10 working days of receiving the weekly list. (Presentations for minor or householder proposals will only be provided in exceptional circumstances at the discretion of the Assistant Director for Strategic Planning and Infrastructure). The purpose of any presentations at this stage is to inform ward councillors of the content of the planning application in order to enable ward councillors to make formal representations on the application within the published consultation period. The collection and expenditure of Community Infrastructure Levy (CIL) payments will not be a matter for discussion at these meetings since CIL is non-negotiable and the expenditure will be determined through the governance of the~~

Council's Regulation 123 List asks to be involved in the planning application discussions the case officer will arrange a meeting with the applicant (or their representatives) at a mutually convenient date and time and will always invite the other ward councillors to attend.

- 8.20 ~~Wherever possible meetings will be arranged for all members within the ward affected by the proposal to reflect member availability, but in~~ order not to unduly delay the determination of planning applications ~~members~~ councillors will be expected to prioritise attendance at any planning meetings requested. This date will normally be within 3 weeks of receipt of the request for the meeting. Members can still make comments on a planning application within the statutory consultation period of 21 days.
- 8.21 The advice and discussions at any meeting will not ~~necessarily~~ bind the formal determination by the Local Planning Authority of the planning application.
- 8.22 Under no circumstances should Planning Committee Members meet with a developer without the presence of a Planning Officer and other Members are advised to seek advice from Planning Officers prior to meeting a developer.

Presentation to Councillors prior to Planning Committee

- 8.23 Planning Committee can request that a presentation is given to the Planning Committee Members prior to the formal Planning Committee. This will only be agreed in exceptional circumstances when there are complex issues that Planning Committee need to understand before they can make a reasoned Planning decision. For example it could be due to a legal ruling, the need to understand the activities being proposed by the applicant, or a complex policy issue. The need for a presentation will be at the complete discretion of the Chair of Planning Committee in consultation with the Service Director for Strategic Planning and Infrastructure.
- 8.24 The presentation will be held for the benefit of Planning Committee members only and any public or applicant involvement would be at the discretion of the Chair of Planning Committee in consultation with the Service Director for Strategic Planning and Infrastructure
- 8.25 The presentation will be chaired by the Chair of Planning Committee and be attended by appropriate Council Officers who will give factual information as requested by the Chair. Under no circumstances will there be a debate on the merits of the relevant planning application. The Chair will remind Members at the beginning of the meeting of their responsibilities not be pre-determined prior to the Planning Committee and the Chair would reserve the right to end the meeting if Members do not strictly adhere to the provisions set out in section 5 of the Code of Good Practice relating to pre-determination.
- 8.26 The meeting will not form part of the formal Planning Committee meeting, but will be referred to in the minutes that will accompany the formal planning decision.

9.0 ROLES OF MEMBERS AND OFFICERS AT PLANNING COMMITTEE

9.1 Officers and Members have specific roles at Planning Committee. In particular the following Members and Officers will be identified at the Planning Committee:

- Chair of Planning Committee
- Vice Chair of Planning Committee
- Other Members of Planning Committee
- Lead Planning Officer
- Legal Officer
- Democratic Support Officer
- Case Officer
- Other professional inputs (as determined by the [AssistantService](#) Director for Strategic Planning and Infrastructure)

10.0 ORDER OF PLANNING COMMITTEE CONSIDERATIONS

10.1 All decisions that are to be made by the Planning Committee will be based upon written reports by Officers supplemented, where necessary, by a brief oral presentation which may include a site plan, an aerial photograph of the site, photographs of the site, key application plans and drawings, video and other relevant material that the Officer considers will assist the Planning Committee in the consideration of the proposal.

10.2 In most cases the [AssistantService](#) Director for Strategic Planning and Infrastructure will make a recommendation to the Planning Committee to either refuse planning permission, with reasons, or to approve planning permission, with conditions. In exceptional circumstances the [AssistantService](#) Director for Strategic Planning and Infrastructure may not be in a position to make a recommendation to the Planning Committee through the main report. Where this is necessary reasons will be given as part of the Officer report and presentation to the Planning Committee. The [AssistantService](#) Director for Strategic Planning and Infrastructure may also need to report updates on specific aspects of a proposed development or undertake presentations of development proposals with the applicant at the early stages of a proposal. Where this is the case these will be separately identified on the Planning Committee agenda. In order to ensure efficient and effective decision making the [AssistantService](#) Director for Strategic Planning and Infrastructure will generally seek from the Planning Committee delegated authority to determine a planning application after the expiry of an advertisement period, or upon receipt of additional details, or will seek delegated authority to refuse permission where a Section 106 agreement linked to a resolution to grant consent is not, in his/her opinion, being expedited with sufficient speed by the applicant or will seek to defer to the [AssistantService](#) Director for further

negotiations in consultation with Chair, Vice Chair, and Lead Opposition Group Member for Planning.

10.3 Where further detail and clarification on a published report is required, this will be provided in the form of a written addendum report, to be made public no later than 5.00 p.m. the day prior to the Planning Committee meeting. Officers will always seek to ensure that the use of addendum reports is kept to the absolute minimum.

10.4 In exceptional circumstances, a further oral report may need to be provided at the Planning Committee meeting itself.

10.5 The order for consideration of all planning applications will be as follows:

1. Planning Officer Oral Presentation;
2. Any Planning Committee Member(s) with a prejudicial interest who wish to speak for or against a proposal (who will then leave the room);
3. Any eligible Ward Councillor(s) who wish to speak for or against the proposal;
4. Any Public Speaker who wishes to speak against the proposal;
5. Any Public Speaker who wishes to speak in favour of the proposal;
6. Questions to the Planning Officer by Planning Committee Members and debate on the proposal;
- ~~7. Planning Committee Members debate and consider the proposal;~~
8. Planning Committee Members move and debate any alternative motions to the recommendation. The ~~Democratic Support Officer~~Lead Officer clarifies the wording of the alternative motion and the Chair puts these to the vote as appropriate (refer also to section 14);
9. Chair of Planning Committee puts the original recommendation to the vote, if necessary;
10. Formal Decision of Planning Committee on the proposal.

10.6 If Members request a point of clarification arising from what they have heard from any of the Speakers, to assist them with their consideration of the proposal, the Chair may, at his or her complete discretion, ask for a short adjournment so that the Lead Planning Officer can consult directly with the Speaker or another officer not present at the meeting who may be able to assist.

11.0 SPEAKING AT PLANNING COMMITTEE

11.1 Once the Planning Committee agenda and accompanying papers are made available to the public five days prior to the Planning Committee meeting, anyone who wishes to

speakers must notify the Council's Democratic Support Section (details of which will be on the agenda papers) that they wish to speak, give details of the item upon which they wish to speak under Part I and whether they wish to speak as a supporter, objector, or Ward Councillor. The exception to this would be a Ward Councillor who has referred an item to Planning Committee. In such cases the Councillor will have been deemed to have registered to speak at Planning Committee through the referral process. Notification must be made in person by either telephone, letter or e-mail and must be received by no later than 4.30 p.m. two working days before the Planning Committee meeting. An individual who wishes to speak at Planning Committee must register personally.

- 11.2 The Members who will be permitted to speak as Ward Members are normally only those Members whose ward boundary falls within the 'red line' of the planning application site. However, exceptionally other Members will be allowed to speak at the discretion of the Chair provided that they represent an adjacent ward to where the red line is located and in the Committee's opinion the development directly affects residents in that adjacent ward and any of those residents have submitted letters of representation within the statutory notice period. When such an exception is made the reason will be provided as part of the Planning Committee minutes. Other Members can speak at Planning Committee, but as an objector or supporter and provided they meet the other requirements in section 11.
- 11.3 The other participants allowed to publicly speak at the Planning Committee will be the applicant or agent or another representative nominated by the applicant and/or third party objectors and supporters ~~or professional agents appointed by them to speak~~. In the case of third parties only those who have made written representations on the planning application during the statutory consultation period will be eligible to speak. In the case of Public Rights of Way applications there will also be a further participant, the landowner, who will be allowed to speak after the Officer presentation, and any Members, objectors and supporters have spoken.
- 11.4 In all circumstances the maximum number of public speakers will be one objector and one in support of the development proposal (plus a landowner for Public Rights of Way applications). If there are several persons wishing to speak (whether objectors or supporters) preference will be given to the first person who properly registers to speak. However the Democratic Support Officer will advise other people who wish to speak of the nominated speaker and, if that speaker is agreeable, then an alternative speaker can be put forward provided all the other criteria in section 11 is satisfied.
- 11.5 Speakers who have notified that they wish to speak need to attend the Planning Committee at least quarter of an hour before the start of the meeting and should register their details with the Democratic Support Officer. They will need to provide their name, the application they are to speak on, and whether they are an objector or supporter of the proposal.

- 11.6 Speakers will be allowed to speak for up to a maximum of five minutes and there will be no further involvement of the speaker in the deliberations of the Planning Committee, except as outlined in paragraph 10.6. Speakers will NOT be given an opportunity to ask questions of the Members of the Planning Committee.
- 11.7 Speakers are not expected to provide any presentational material for the Planning Committee. However, if a speaker wishes to submit any presentational material to supplement their speech they must do so no later than the deadline for speaking as outlined in paragraph 11.1. The material must only deal with issues raised through the formal representations procedure on that particular application. Any other presentational material that is produced by speakers will not be accepted and will be disregarded.
- 11.8 In the event an application is deferred, anyone wishing to speak at the subsequent Planning Committee meeting must register in the normal way. Any previous speaker will not be given preference over other eligible speakers.
- 11.9 Speakers should not interrupt other speakers or interrupt the Planning Committee debate.
- 11.10 Speakers ~~are advised~~should not to make slanderous statements or any other racially motivated, discriminatory or inflammatory remarks.
- 11.11 The Chair can suspend the right to public speaking in relation to an individual item or the whole Planning Committee if he/she considers it necessary to maintain order at the meeting.
- 11.12 The Chair can also require a speaker to cease speaking and leave the meeting if in the opinion of the Chair the speaker's statement falls within 11.9 or 11.10 above.
- 11.13 The Chair of Planning Committee at any time may adjourn the Planning Committee and ask for the public gallery to be cleared to maintain order at the meeting if there is any activity or behaviour which, in his/her opinion, is disrupting the proper consideration of a planning application and/or the conduct of the business of the Planning Committee.
- 11.14 The Chair of Planning Committee at any time may require a Member of the Planning Committee to leave the meeting and take no further part in the proceedings if, in his or her opinion the Member has made statements that fall within 11.9 or 11.10.

12.0 SITE VISITS

- 12.1 Planning Committee Members will be expected to be familiar with the site and the issues surrounding the Officer recommendation when they arrive at a Planning Committee meeting.
- 12.2 If, prior to a Planning Committee meeting, a Member considers that additional illustrative material would assist the Planning Committee to visualise the impact of the proposed development (over and above the planning application drawings and plans and the material forming part of the Officer's presentation to the Planning Committee) they should advise the AssistantService Director for Strategic Planning and Infrastructure either at least three working days before the Planning Committee meeting or during the Planning Committee site visit clearly specifying what additional material is needed and why.
- 12.3 Officers will normally organise a site visit ahead of any formal recommendation if they feel this would benefit Members' understanding of the proposal and subject to the agreement of the Chair. These site visits will be held prior to the Planning Committee meeting and will be agreed in advance in consultation with the Chair and Vice Chair. MemberCouncillors will be expected to give priority to attending this at the arranged time. If MemberCouncillors wish the Planning Committee to visit other sites on the Planning Committee agenda not already included in the scheduled site visit they should advise the AssistantService Director for Strategic Planning and Infrastructure at the earliest opportunity. If MemberCouncillors cannot attend the scheduled site visit they will still be expected to have familiarised themselves with the site. MemberCouncillors should, however, inform the planning officer if they intend to enter the owner's property unaccompanied and seek clarification from the planning officer whether it is appropriate for them to be accompanied by an officer.
- 12.4 If a Member of Planning Committee moves a resolution for a site visit at a Planning Committee meeting not having attended the scheduled visit under paragraph 12.3 Planning Committee will exercise a strong presumption against agreeing to defer the planning application for a further site visit.
- 12.5 If during the course of the consideration of any application a MemberCouncillor moves a resolution for a site visit on a site which was not included in the Scheduled site visit the MemberCouncillor will need to give an explicit reason that must explain why the need for a site visit was not apparent prior to the Planning Committee meeting. In such cases the deferment for a site visit will need to be agreed by Planning Committee members through a majority vote.
- 12.6 If a site visit is to be made by the Planning Committee it will consist of an inspection of the site (and adjoining sites and buildings as necessary) with the assistance of Officers. The purpose of the site visit is to assess the site and surroundings in the context of the development proposals under consideration, relevant development plan policies and proposals, and identified material considerations. It does not form part of the formal Planning Committee meeting.

- 12.7 Site visits conducted by the Planning Committee will normally be unaccompanied (by third parties). As such there is no obligation on the Council to notify the applicant or objectors of the arrangements for a site visit. However it may be necessary to contact the applicant and/or landowner of the site and/or adjacent sites to gain permission to access private property. Before MemberCouncillors enter the site(s) or building(s) Officers will explain to any applicants, objectors, or supporters in attendance the procedure for the conduct of the visit. Officers will then explain to MemberCouncillors the issues relating to the Planning Committee item pointing out any site related matters as necessary. MemberCouncillors will be encouraged to ask Officers questions of fact.
- 12.8 Under no circumstances are MemberCouncillors of the Committee or Officers to enter into any discussions with Ward MemberCouncillors, applicants, supporters or objectors on the site visit regarding the merits or demerits of the proposal. During the site visit MemberCouncillors and Officers should avoid comments that could be interpreted as deliberations on the proposal itself, restricting themselves to questions of clarification or observations of fact. If, in the opinion of the Chair of the Planning Committee (or a named substitute), the conduct of MemberCouncillors, Officers or third parties is of such a nature as to be potentially in conflict with any of these requirements, or the safety of the MemberCouncillors or Officers is in question, he/she will immediately suspend the site visit. If the Chair of the Planning Committee (or a named substitute) does suspend a site visit the application will be determined by a subsequent Planning Committee without further recourse to a site visit (even if a further request is made by a MemberCouncillor).
- 12.9 Ward MemberCouncillors will be notified and may be present at a site visit but this is only to accompany the Planning Committee members, it is not an opportunity for the Ward MemberCouncillors to put forward any case for or against the proposal. The Ward MemberCouncillor is only present to assist with any clarification that may be required in connection with local area issues and to hear the explanation given by the Officer.
- 12.10 The purpose of Planning Committee site visits is:
- For Members of the Planning Committee to familiarise themselves with the site and its surroundings and the location of relevant parts of the proposal.
 - For Officer(s) to provide factual information to MemberCouncillors regarding the site and the proposed development.
 - For the applicant or their agent to be present on the site, either to enable access or to ensure health and safety procedures are followed.
 - At the Chair's discretion, to visit third party premises.
 - To seek clarification on details of the planning application from officers, ~~through the Chair.~~

- 12.11 At the discretion of the Chair of the Planning Committee (or a named substitute) a statement will be read out to all in attendance regarding site visit procedures. The statement is as follows:

“May I remind Members of the Planning Committee that the purpose of this site visit is solely to view the site and seek clarification on the planning application from officers. Planning Committee Members cannot engage in a debate or answer questions about the development. Members cannot discuss the merits or otherwise of the proposal with developers, ward councillors or local residents.”

- 12.12 The Chair of the Planning Committee (or a named substitute) is able to suspend a site visit at any time if they are not conducted in an appropriate manner or where there are health and safety issues.
- 12.13 A record that a Planning Committee site visit has taken place should be made through a Planning Committee minute.

13.0 DECISIONS CONTRARY TO THE DEVELOPMENT PLAN

- 13.1 The general principle in planning is that where the Development Plan is up to date and relevant, planning applications should be determined in accordance with it unless material considerations indicate otherwise.
- 13.2 All applications must be assessed in accordance with Section 38(6) of the Planning and Compensation Act 2004 and Section 70 of the Town and Country Planning Act 1990 as amended by Section 143 of the Localism Act 2011.

14.0 DECISIONS CONTRARY TO OFFICER RECOMMENDATION

- 14.1 The ~~National~~ Planning Practice Guidance (~~N~~PPG) advises that the most common cause for costs being awarded against a Local Planning Authority is where there are unsubstantiated reasons for refusal. However, the ~~N~~PPG recognises that planning can often involve judgements concerning the character and appearance of a local area and the precise interpretation and application of development plan policy requirements.
- 14.2 Planning applications can also give rise to local controversy and sustained opposition, leading to ~~Member~~Councillors being actively lobbied (see Section 7). However, as the ~~National~~ Planning Policy Guidance makes clear, local opposition or support for a proposal is not, in itself, a ground for refusing or granting planning permission, unless it is founded upon valid material planning reasons. Planning authorities will be at risk of

costs for unsubstantiated reasons for refusal that rely almost exclusively on local opposition for their justification.

14.3 Once the Planning Committee agenda has been published any ~~member~~Councillor may seek advice from Planning Officers, irrespective of the recommendation made on any particular planning application, and discuss what options there are with the ~~Assistant~~Service Director for Strategic Planning and Infrastructure or the Head of Development Management.

14.4 If a decision is to be made contrary to the ~~Assistant~~Service Director for Strategic Planning and Infrastructure recommendation, then the ~~Member~~Councillors proposing, seconding or supporting a contrary decision must agree the planning reasons leading to this decision and must also give Officers an opportunity to explain the implications of such decision prior to the vote. The reasons for the decision must be given prior to the vote and shall be minuted.

14.5 In the event that the Planning Committee is minded to grant an application contrary to Officers recommendation then they MUST provide:

- (i) Full conditions and relevant informatives or agree to delegate to the ~~Assistant~~Service Director for Strategic Planning and Infrastructure ;
- (ii) Full statement of reasons for approval (as defined in Town and Country Planning (Development Management Procedure) (England) Order 2015)
- (iii) Relevant Development Plan policies and proposals.

14.6 If Planning Committee wishes to add pre-commencement conditions to a decision to grant, the Service Director of Strategic Planning and Infrastructure will be granted delegated powers to refuse the application if the applicant does not agree to the condition, in order to satisfy the requirements of the Neighbourhood Planning Act 2017.

~~14.7~~6 Where a Member of the Planning Committee moves a motion to refuse an application contrary to the Officers' recommendation then the ~~Member~~Councillor moving the motion MUST provide:

- (i) Full reasons for refusal, which must include a statement as to demonstrable harm caused and a list of the relevant plan and policies which the application is in conflict with;
- ~~(ii) Statement of other policies relevant to the decision.~~

14.~~8~~7 In the event of a ~~Member~~Councillor motion to refuse, which is seconded, the Chair will if necessary adjourn the meeting for a few minutes to allow Officers to advise of any other relevant planning issues to assist them with their reasons. Vague, generalised or

inaccurate assertions about a proposals' impact, which are unsupported by an objective analysis, are more likely to result in a costs award.

14.98 If the MemberCouncillor moving the motion does not meet the requirements of (i) and (ii) 14.6 above the motion shall be not be deemed to have been properly made.

14.109 If, in the opinion of the Lead Planning Officer (that is the senior planning officer supporting the Chair at the meeting) the possible decision of the Planning Committee to refuse planning permission would carry a high risk of an award of costs against the Local Planning Authority, s/he shall formally ask the Planning Committee to defer a decision and this advice will be formally minuted. The purpose of the deferral shall be to provide time for a full consideration by Officers of the Planning Committee's concerns about the application, such that Officers may advise of grounds of refusal, should the Planning Committee remain minded to refuse the application. In making an assessment about the level of risk of a cost award, the Lead Officer shall have regard to:

- The application's level of compliance with the Development Plan and other adopted policies;
- The robustness of the evidence that can be cited to support a refusal of planning permission;
- All other material considerations.

14.110 Any decision made during the Planning Committee forms the full and final decision of the Council (subject to agreed matters for deferral and final ratification) and it is therefore essential that both MemberCouncillors and Officers carefully follow the above procedure in order to provide a legally binding decision.

15.0 APPEALS AND INQUIRIES

15.1 In the event that planning permission is refused either under delegated powers conferred on the AssistantService Director for Strategic Planning and Infrastructure or by the Planning Committee, an applicant may exercise his/her right of appeal. Officers are responsible for preparing the Council's evidence for these appeals, and the vast majority of these are dealt with by written representations involving an exchange of statements. On occasions specialist Counsel and consultant support is needed to supplement the evidence of Officers.

15.2 In the case of an applicant exercising his/her right to an informal hearing or a Public Inquiry Officers will be responsible for presenting the Council's evidence and attending to present that evidence. MemberCouncillors are at liberty to attend in their capacity

as Ward MemberCouncillors and may be called to give evidence as a Ward MemberCouncillor. Members of the Planning Committee will not normally be required to attend to present the Council's case.

15.3 In the case where the Planning Committee has refused planning permission contrary to Officer's recommendations Officers will normally prepare and present the evidence in their role as employee of the Local Planning Authority. It will be for the AssistantService Director for Strategic Planning and Infrastructure to identify the officers to prepare and present the evidence.

15.4 ~~It should not be necessary for~~ Members of the Planning Committee who voted to overturn a decision will be provided with a draft of the appeal statement and invited to comment before the officer sends it to the Planning Inspectorate to become involved in preparing and presenting the case at appeal on an overturn decision, because the reasons for refusal and statements on relevant policies put forward by the Members in reaching their decision should be sufficient to defend the case. In addition However, there may be some situations where in an informal hearing or Public Inquiry MemberCouncillor involvement as a relevant witness is necessary in order to provide a full and accurate case. In circumstances where the AssistantService Director for Strategic Planning and Infrastructure considers this to be the case the MemberCouncillor will be expected to attend any Informal Hearing or Public Inquiry in support of the Council's case.

15.5 In exceptional circumstances the AssistantService Director for Strategic Planning and Infrastructure may not be able to prepare the Council's evidence to the hearing or inquiry because the Officer's earlier recommendation on the grounds of refusal is so prejudiced by the earlier advice given. In these circumstances a nominated Member of the Planning Committee together with an externally appointed consultant will need to present the Council's evidence.

16.0 QUALITY OF SERVICE

16.1 The responsibility to provide a quality service is shared by both Officers and MemberCouncillors. Unnecessary delay at any point in the process of determining an application can result in customer commitments not being met. It can also mean costly delays and can damage the reputation of Plymouth City Council, the Planning Committee itself and its individual MemberCouncillors and Officers. This could have wider implications for the regeneration of Plymouth in terms of how investors, and indeed local people, perceive the city.

- 16.2 Therefore, when making decisions MemberCouncillors and Officers need to ensure primarily that a fair and reasonable planning decision is made, but that in so doing account must also be taken of customer commitments.

17.0 MONITORING AND REVIEW OF DECISIONS

- 17.1 MemberCouncillors should also play an active part in regularly reviewing the outcome of planning decisions so that lessons can be learned and the future consideration and determination of planning application proposals can be improved as part of a broader commitment to continuous improvement.
- 17.2 Every year the Planning Committee will undertake an Annual Site Visit to review completed projects and look at key regeneration sites that form part of the Local Development Framework. There may also be the need for review site visits during the determination stage of planning applications.
- 17.3 MemberCouncillors should assist in the preparation of the Local Development Framework/Local Plans by engaging in key consultation stages and discussing with Officers the application of key policies. The Chair of Planning Committee will also meet regularly with the relevant Portfolio Holder to discuss the interrelationships between policy development and policy application.
- 17.4 MemberCouncillors should therefore ensure that they are available for review visits as and when necessary throughout the year and for a whole day of visits for the Annual Site Visit.

18.0 TRAINING

- 18.1 No MemberCouncillor may sit at a Planning Committee meeting without first having received appropriate mandatory Introduction to Planning Committee training. ~~as set out in paragraph 18.2.~~ This training will expire if the MemberCouncillor has not sat on the Planning Committee within 12 months of receiving the training, or has had a gap of at least 6 months from the Planning Committee. Where the training has expired the MemberCouncillor may not sit on the Planning Committee until they have renewed their Introduction to Planning Committee ~~received the mandatory~~ training.
- 18.2 Given the complex legislative framework for determining planning applications and the constant reforms and changes to procedure within the planning system, the AssistantService Director for Strategic Planning and Infrastructure will provide a Planning Committee Training Programme. The following additional training is mandatory for all permanent Planning Committee members: comprising regular sessions covering:

- ~~An annual Planning Committee training session that will provide an overview of the key role of planning in the city and the role of MemberCouncillors in the planning process. This training will normally be held once the annual list of Planning Committee members are known and should be attended by both new and existing MemberCouncillors and will normally include a site visit to look at proposals relevant to the Planning Committee. Training will be undertaken by appropriate Legal and Planning Officers. If Members join Planning Committee after this training or act as a substitute for a Planning Committee Member, they will receive separate training.~~

~~18.3 In addition there will be additional training Workshops on new Council and Central Government policy and legislation or other Planning issues that either Members request or Officers recommend.~~

~~Training Workshops on new Council and Central Government policy and legislation or other Planning issues that either Members request or Officers recommend.~~

- ~~Annual Site Visit.~~

18.3 The above training will usually be open to all MemberCouncillors of the Council to enable them to have a better understanding of planning issues in their role as Ward Councillors.

18.4 ~~Members-Councillors~~ will be expected to make themselves available to attend these training sessions in order to keep up to date on the latest planning and development issues. It will be the responsibility of each individual MemberCouncillor to ensure that they have had at least the annual training in order to be able to sit at a Planning Committee meeting. The AssistantService Director for Strategic Planning and Infrastructure will maintain a register of MemberCouncillor training. Training will be provided using a range of training methods.

19.0 COMPLAINTS

19.1 A complaint that a MemberCouncillor or Officer has breached this code should be made in writing to the Head of Legal Services and would be referred to the Monitoring Officer for investigation and determination.

19.2 A complaint made in writing regarding the determination of a planning application or a related planning matter would be investigated by the AssistantService Director for Strategic Planning and Infrastructure and/or an appropriate officer of the Strategic Planning & Infrastructure Department in accordance with the Council's complaints procedure.

- 19.3 A complaint may be made to the Local Government Ombudsman in the event that a complainant was not satisfied with the result of an investigation under the Council's complaints procedure. This must be made on the appropriate prescribed form and submitted direct to the Local Government Ombudsman.

Paul Barnard, ~~Assistant~~Service Director for Strategic Planning and Infrastructure

Peter Ford, Head of Development Management

Julie Parkin, Senior Lawyer

~~June 2019~~ April 2017

Audit and Governance Committee



Date of meeting:	22 July 2019
Title of Report:	Award of Contracts
Lead Member:	Councillor Peter Smith (Deputy Leader)
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Linda Torney
Contact Email:	linda.torney@plymouth.gov.uk
Your Reference:	lt/32850
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

To make recommendations about whether to adopt a general policy about dealing with announcements about the award of tenders as practice has varied in the past.

Recommendations and Reasons

The Committee is asked to consider the approach that should be adopted in relation to disclosure of the available budget when tendering for services and make recommendations to Cabinet about this.

The options appear to be:

- (i) To adopt a general policy to always disclose the available budget
- (ii) To adopt a general policy to never disclose the available budget
- (iii) To make decisions about whether to disclose the available budget on a project by project basis taking into account the commercial factors that apply.

The Committee is also asked to consider the approach that should be adopted in relation to the award of tenders in future in light of the issues highlighted in the report and make recommendations to Cabinet about this.

The options appear to be:

- (i) To have a general approach to always announce the name of the successful tenderer at Cabinet in every situation.
- (ii) To have a general approach to announce the name of the successful tenderer at Cabinet in all cases apart from those where an existing tenderer has put in a tender for a follow on contract
- (iii) To not have a general approach but to consider the merits of announcing the name of the successful tenderer at Cabinet on a case by case basis

Alternative options considered and rejected

The alternatives are included in the main recommendations.

Relevance to the Corporate Plan and/or the Plymouth Plan

Having a transparent process about dealing with the announcement of contract award decisions links into our corporate plan values of being fair open and honest about how we act,

Implications for the Medium Term Financial Plan and Resource Implications:

None directly arising from this report.

Carbon Footprint (Environmental) Implications:

None directly arising from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

None directly arising from this report.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Contract Procedures- Options Available							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

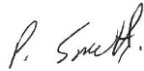
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Originating Senior Leadership Team member: Giles Perritt

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 10/07/19

Cabinet Member approval:



Date approved: 12/07/2019

APPENDIX A – CONTRACT PROCEDURES - OPTIONS AVAILABLE**Background**

- 1.1 At present practice about whether to disclose the available budget when tendering for services and whether to announce the name of the successful tenderer when awarding contracts, varies depending on the situation. The Committee is therefore being asked to consider this issue and recommend whether to adopt a general policy in respect of these matters.
- 1.2 When the Council makes a decision to tender for services or to award contracts the starting point will always be in favour of disclosure of as much information as possible about the decisions the Council takes. The Council can only withhold information in limited circumstances, where there is a justification, in law, for doing so. Such justification does exist if disclosing the information would be likely to prejudice the Council or someone else's commercial interests. However, the Council also needs to make a judgment about whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 2.0 Should the Council adopt a general policy to disclose the available budget when tendering for services?**
- 2.1 Disclosing the available budget on a tender will prevent unaffordable tenders being submitted; allowing the market to tailor the cost of their bids to allow the Council to make a contract award. In cases where the available budget is believed to be "tight" then such an approach will mitigate against the risk of a failed procurement due to unaffordable bids.
- 2.2 On the other hand, if the available budget is realistic then advising the market that you have £x to spend will generally result in bids coming in close to that figure even though some may have bid £x minus y in the absence of that information.
- 2.3 The Council is likely to achieve the most commercial advantage if decisions about whether to disclose the available budget are made on a project by project basis. However there are wider issues of public interest in relation to how public money is spent which would justify a decision to disclose the available budget in all cases should this be the preferred option in line with the Council's commitment to transparency.
- 2.4 The Committee is asked to consider the approach that should be adopted in relation to disclosure of the available budget when tendering for services and make recommendations to Cabinet about this.

The options appear to be:

- (i) To adopt a general policy to always disclose the available budget
- (ii) To adopt a general policy to never disclose the available budget
- (iii) To make decisions about whether to disclose the available budget on a project by project basis taking into account the commercial factors that apply.

3.0 Should the Council announce the name of the successful tenderer when making awards of contracts?

3.1 Awards of contracts are made in three situations:

- (i) Where a contract is awarded for a new service, there is no existing contractor and the decision does not directly affect any of the Council's workforce.
- (ii) Where the Council outsources a service and its own workforce will be affected by the outcome of the decision.
- (iii) Where the Council tenders for a service supplied by an external contractor and that service that will be affected by the outcome of the decision.

3.2 Major contract awards are usually made by Cabinet. This means that if the name of the successful tenderer is announced in the meeting it will immediately be available to the public on the Council's website. In cases of new contracts this should not cause any issues in respect of existing services that are provided by the Council.

3.3 In cases where it is planned to outsource a council service, the Council's workforce will be affected by the decision. In these cases managers will know the date when a decision about the contract award will be made, have the opportunity in advance to discuss the potential impact of the decision to be made and have an opportunity to put in place arrangements to inform their staff of the decision as soon as it is known.

3.4 However different factors come into play when a follow on contract is awarded where a Council service is provided by a contractor. This is particularly the case in situations where that contractor is not successful in their bid to continue to run the service. They may be subject to immediate financial pressures as a result of the decision and will need to be prepared to respond to questions from their staff. Where it is a major contract they are also likely to have to deal with questions from the press. At the same time they need to continue to operate services for Council pending the transfer of the Service to the new provider at a point where staff who do not want to transfer may look for jobs elsewhere or leave.

3.5 In these situations, officers have found it helpful to have an opportunity to inform the contractor of the decision in private, before the decision is made public. This allows time to make plans about the continuation of services during the transition period and to give the contractor the opportunity to inform their staff, so that they do not become aware of the decision through the press. However, this approach is not in keeping with the Councils general approach for decisions to be made in public.

3.6 The Committee is asked to consider the approach that should be adopted in relation to the award of contracts in future and make recommendations to Cabinet about this.

The options appear to be:

- (i) To have a general approach to always announce the name of the successful tenderer at Cabinet in every situation.
- (ii) To have a general approach to announce the name of the successful tenderer at Cabinet in all cases apart from those where an existing tenderer has put in a tender for a follow on contract.
- (iii) To not have a general approach but to consider the merits of announcing the name of the successful tenderer at Cabinet on a case by case basis.

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Audit and Governance Committee



Date of meeting:	22 July 2019
Title of Report:	2018/19 Member Development Annual Report
Lead Member:	Councillor Peter Smith (Deputy Leader)
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Siân Millard, Oversight and Governance Manager
Contact Email:	Sian.millard@plymouth.gov.uk
Your Reference:	MD2018/19
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report presents an overview of member development activity which took place during the 2018/19 financial year.

Recommendations and Reasons

Audit and Governance Committee is invited to:

- **Discuss** and **note** the 2018/19 Annual Member Development Report at Appendix A
 - Reason: to formally receive the report
- **Endorse** the proposal to apply for Member Development Charter Status during 2019/20
 - Reason: for the Council to formalise its approach to member development and demonstrate commitment to the role of Councillors

Alternative options considered and rejected

Option: Not to report on member development activity for the year

Rejected: Not to report on activity would lack transparency and not demonstrate commitment to member development

Relevance to the Corporate Plan and/or the Plymouth Plan

As a democratic organisation, member development assists Councillors to undertake their role well and therefore deliver upon the Council's objectives.

Implications for the Medium Term Financial Plan and Resource Implications:

There is a budget of £2,000 for member development. There are no additional financial or resource implications from the report which is a look-back to 2018/19.

Carbon Footprint (Environmental) Implications:

Some training requires travel – either to bring in external trainers or for members to access face-to-face training outside of Plymouth. Wherever possible, internal training is delivered and/or written training materials provided to minimise the need for travel. Where travel is required, public transport options are encouraged.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

Training and development opportunities are available to Councillors on an equal basis.

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	2018/19 Member Development Annual Report							

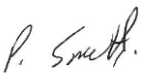
Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

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Originating Senior Leadership Team member: Siân Millard, Oversight and Governance Manager											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 11/07/2019											
Cabinet Member approval:  Date approved: 10/07/2019											

2018/19 MEMBER DEVELOPMENT ANNUAL REPORT

July 2019 - Audit and Governance Committee



I. OVERVIEW

This report presents an overview of member development activity which took place during the 2018/19 financial year. The Oversight and Governance Manager is the officer responsible for member development and is in turn supported with administration by the Chief Executive's Office Business Support team.

Member development is a key facet of enabling elected-members to undertake their role well. The Council had a budget of £2,000 for member development during the year and spent £1,279 against this.

Member development activities comprise both internally and externally delivered training or briefing sessions, LGA (Local Government Association) online training materials accessible via the Councillors' Toolkit and updated annually, and online training courses accessible via the LGA.

There is a budget of £2,000 for member development. Some externally delivered training is free (apart from travel and subsistence) and others cost up to £1,000 (e.g. for an LGA Leadership Academy place).

2. 2018/19 MEMBER DEVELOPMENT

Overview

Member training and development undertaken during 2018/19 is provided below:

Training/briefing event	Purpose	Date(s)	No. of Attendees
New Member Induction	To help orient new Councillors to their role and set them up quickly for success in engaging with their residents		7 (all new councillors)
Planning Committee	To ensure Councillors who are/will be members of Planning Committee are informed of key legal requirements and trained to undertake the role well. This training is required for new Licensing Committee members and substitutes.	22 May 2018	4
		24 May 2018	3
Taxi Licensing	To ensure Councillors who are/will be members of Licensing Committee are informed of key legal requirements and trained to undertake the role well. This training is required for Taxi Licensing Committee members.	22 May 2018	6
		29 May 2018	2
Licensing	To ensure Councillors who are/will be members of Licensing Committee are informed of key legal requirements and trained to undertake the role well. This	23 May 2018	4 <i>(1:1 training was further arranged for four councillors)</i>

Training/briefing event	Purpose	Date(s)	No. of Attendees
	training is required for all Licensing Committee members.		
Child Safeguarding	To brief Councillors on how the Council's approach to safeguarding children and how to raise any concerns about a child's welfare	18 June 2018 20 Sept 2018	4 3
Introduction to Local Government Finance (external trainer)	To help new and existing Councillors understand the complexities and practicalities of local government finance and how that relates to Plymouth	7 June 2018	29
Scrutiny Essentials (external trainer)	To support Councillors in their role on Scrutiny Committees to maximise scrutiny's impact	5 July 2018	14
Devon and Cornwall Police Briefing (external briefing)	To brief Councillors on the potential merger between Devon and Cornwall Police and Dorset Police	1 August 2018	21
Focus on Leadership BAME Weekend Event (LGA programme)	The event provided a unique learning and networking opportunity for elected members from BAME backgrounds and those who interested in exploring ideas for enhancing the recruitment and retention of BAME councillors.	8-9 February 2019	1

Training/briefings tend to be concentrated towards the start of the municipal year to ensure councillors are fully briefed and trained for their relevant committees/to understand their statutory duties.

Members are advised about training and development opportunities via Councillor News, the Councillors Toolkit and direct emails/diary invites.

Evaluations for each training course/briefing are undertaken and feedback sent to the trainers for their consideration to inform/improve future sessions. No concerns were raised by participants in any sessions about the quality of provision and constructive suggestions for improvements are welcomed.

There are also other channels which are utilised and promoted to support development, including workbooks (from the LGA) and e-learning (e.g. Committee Chairing skills for new Chairs). These materials continue to be made available the Councillors' Toolkit and highlighted as appropriate. The Council does have access to training courses offered by the LGA, most of which are free to attend (excluding expenses), and has offered to be a host site for courses/briefings offered by the Local Government Innovation Unit (LGiU).

Induction

We also took a fresh approach to new member induction for 2018 (and carried that forward to 2019). The new approach was informed by discussions with newer councillors on their reflections of what worked well and what could be improved, and a review of practice at other councils. Evaluation questionnaires completed by participants were positive and follow-up discussions were held with new members three months after they joined to see how they were settling in and to offer any further support. The programme for the 2018 Induction is attached at **Annex I**.

3. CHARTER STATUS

The aim during 2019/20 is to apply for LGA [Member Development Charter Status](#) via South West Councils. The Charter for Member Development was developed by the nine Regional Employers Organisations in partnership with the Local Government Association.

The Charter supports Councils to adopt a structured approach to councillor development and support, and to building elected Member capacity, which is essential for any council dedicated to meeting the needs of its community.

In summary the process is:

- Commitment from the authority to member development
- Self-assessment against the Charter standards and action plan against standards not yet met
- Evaluation by Charter Assessors and site visit
- Reassessment (three years after initial award of Charter Status)

Officers will develop a timetable for the process and report back to Audit and Governance Committee on progress at the next meeting,

4. 2019/20 TRAINING AND DEVELOPMENT

Training which has already been undertaken during 2019/20 and/or is scheduled is set out below:

Training event	Purpose	Date(s)	No. of Attendees
New Member Induction	To help orient new Councillors to their role and set them up quickly for success in engaging with their residents	7 May 2019	3 (all new councillors)
Planning Committee	To ensure Councillors who are/will be members of Planning Committee are informed of key legal requirements and trained to undertake the role well	21 May 2019 28 May 2019	8
Taxi Licensing	To ensure Councillors who are/will be members of Licensing Committee are informed of key legal requirements and trained to undertake the role well	21 May 2019	3
Licensing	To ensure Councillors who are/will be members of Licensing Committee are informed of key legal requirements and trained to undertake the role well	22 May 2019	7
Corporate Parenting	To ensure councillors are fully briefed on their responsibilities as a Corporate Parent	30 May 2019 13 June 2019	11

Training event	Purpose	Date(s)	No. of Attendees
The Health Landscape (external briefing)	To improve understanding of the NHS and to develop a well-informed dialogue between health and local government in STPs/integrated care systems	13 June 2019	11
Audit training (external trainer)	To enhance the role of audit committee at the Council (this training was offered to all members)	4 July 2019	Five
'Making Every Contact Count' training (external training)	This accredited training is intended to develop the skills and confidence of councillors in supporting people to improve their own health and wellbeing	2 September 2019	<i>Pending</i>
Health and Safety and Lone Working for Councillors	To support councillors in keeping themselves safe in their role	Tbc	<i>Pending</i>

Some specific training for Cabinet Members has also been booked through the LGA (Leadership Academy (3) and Leadership Essentials (2) programmes).

Officers will continue to engage with political groups to understand and offer training/briefings throughout the remainder of the year.

ANNEX I: INDUCTION WELCOME EVENT PLAN MAY 2018

WHEN:	Tuesday 8 May 2018
WHERE:	The Council House, Armada Way, Plymouth, PL1 2AA
ARRIVAL TIME: RE-ELECTED COUNCILLORS ONLY	09:00 for declaration of acceptance of office and new web profile photo, if requested. Re-elected Councillors are welcome to stay for the entire welcome session.
ARRIVAL TIME: NEW COUNCILLORS ONLY	09:45 for start of induction session for new Councillors - new Councillors will be met at the front doors of the Council House

Objectives of the Induction Welcome Event:

- Ensure re-elected and newly elected Councillors sign the Declaration of Acceptance of Office
- Orient newly elected Councillors with the Council House as their main workplace
- Ensure newly-elected Councillors can immediately begin to serve their residents by:
 - Having the right equipment and training to be able to connect with residents immediately
 - Demonstrating the webcasting system and how social media can best be used as a means of engaging with residents
 - Explaining what Casework is and how it can be raised
 - Explaining how to access Community Grants and Living Streets funds
 - Explaining how to stay safe during ward work
 - Highlighting future training and development opportunities to undertake the role effectively

TIME	PROGRAMME OF EVENTS	LOCATION
09:00-09:30	Re-elected Councillors – Declaration of Acceptance of Office Re-elected Councillors to attend the Council Chamber to sign the Declaration of Acceptance of Office and have a new web profile photo taken if requested.	Council Chamber
09:45-10:00	Newly elected Councillors – Arrival and overview of the day Siân Millard, Oversight and Governance Manager	First Floor Landing
10:00-11:10	Newly Elected Councillors – Welcome from chief Executive and Declaration of Acceptance of Office Newly elected Councillors to be welcomed by the Chief Executive and sign the Declaration of Acceptance of Office. Councillors will also have a web/ID card profile photo taken, and complete their Declarations of Interest and Information Commissioners Office Registration.	Council Chamber
11:10-11:30	Tour of the Council House James Driscoll, Democratic Support Assistant will take you on	Council House

TIME	PROGRAMME OF EVENTS	LOCATION
	a tour of your new workplace and answer any questions you might have.	
11:30-12:30	Equipping you for success Nicola Ashford-Heale, ICT Training Consultant and James Driscoll, Democratic Support Assistant will provide you with your ICT equipment and provide training on the 'need to know' basics	Warspite Room
12:30-13:30	Lunch New and re-elected Councillors invited to an informal lunch with members of the Corporate Management Team	Reception Room
13:30-14:15	Webcasting and social media Mandy Pearse, Head of Public and Partner Relations and Ross Jago, Senior Panel and Partnerships Officer will take you through what to expect when a meeting is webcast and making best use of social media in your role	Marlborough Room
14:15-15:15	Supporting your residents - Casework and Devolved Funds Maddie Halifax, Senior Support Coordinator, will take you through how to raise casework from your residents and how to access and spend funds devolved to you/your ward	Marlborough Room
15:15-15:30	Break	
15:30-16:00	Keeping safe Neil Walmsley and Shaun Badmin from the Health and Safety team will take you through some top tips to keep yourself safe in your role as a Councillor	Marlborough Room
16:00-16:20	Future learning and development opportunities Siân Millard, Oversight and Governance Manager, will take you through the learning and development opportunities available to you throughout the year	Marlborough Room
16:20-16:30	Q&A This is an opportunity to ask any questions you might have and to complete any remaining paperwork	Marlborough Room
16:30	End of Welcome Induction Session	

Audit and Governance Committee

Work Programme 2019-2020



Please note that the work programme is a 'live' document and subject to change at short notice.

For general enquiries relating to the Audit and Governance Committee, including this Committee's work programme, please contact Jamie Sheldon, Democratic Advisor on 01752 304001.

Date of meeting	Agenda item	Responsible Officer	Reason for consideration
22 July 2019	Constitutional amendments	Siân Millard	
	Member Development Annual Report	Siân Millard	
	Independent Members Recruitment	Siân Millard	
	Awarding of contracts	Linda Torney	
	Annual Report on Treasury Management Activities for 2018/19	Chris Flower	
	2018/19 Internal Audit Annual Report	Brenda Davis	
	2018/19 Counter Fraud Annual Report	Ken Johnson	
	Statement of Accounts 2018/19/ Management Letter Responses to ISA240 Letter from GTUK	Carolyn Haynes	
	Annual Governance Statement	Julie Hosking	
	Audit Findings Report	External Auditor GTUK	
	Planning Committee ToR's and Code of Good Practice	Julie Parkin/Peter Ford	
	Operational Risk & Opportunity Management Update Report	Julie Hosking	
23 September 2019	Internal Audit Progress Report 2019/20	Brenda Davis	
	Internal Audit Follow-Up Report 2018/19	Brenda Davis	
	Integrated Commissioning – Finance Assurance Review Group – Annual Report 2018/19 including ASW Audit Programme for CCG	David Northey	

Date of meeting	Agenda item	Responsible Officer	Reason for consideration
	Annual Audit Letter	External Auditor GTUK	
	Analysis of Local Government and Social Care Ombudsman Annual Report 2018/19'	Helen Cocks	
	National and local (neighbourhood planning and BIDs).	Paul Barnard	
	Contract Standing Orders	Steve Sandercock	
	Review of outside bodies	Siân Millard/ Claire Daniells	
	Strategic Risk Register	Julie Hosking	
09 December 2019	Mid-Year Treasury Management Report 2019/20	Chris Flower	
	Treasury Management Strategy 2020/21	Chris Flower	
	Capital Finance Strategy 2020/21	Chris Flower	
	2019/20 Half Year Report	Brenda Davis	
	2019/20 Counter Fraud Half Year Report	Ken Johnson	
	Integrated Commissioning –ASW Audit Programme for CCG	David Northey	
	External Audit Progress Report	External Auditor GTUK	
	Grant Claims and Returns Certification (External Auditor)	External Auditor GTUK	
	Operational Risks	Julie Hosking	
23 March 2020	Treasury Management Practices, Principles and Schedules 2020/21	Chris Flower	
	Internal Audit Charter and Strategy 2019/20	Brenda Davis	
	2020/21 Internal Audit Plan	Brenda Davis	
	Planning Report (External Auditor)	External Auditor GTUK	
	Strategic Risk Register	Julie Hosking	

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