

PLYMOUTH CITY COUNCIL

ANNUAL GOVERNANCE STATEMENT 2011/2012

Scope of Responsibility

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 1999 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, and which includes arrangements for the management of risk.

Plymouth City Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is on our website under "Constitution".

This Annual Governance Statement explains how the Council has complied with the Code and also how it meets the requirements of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011.

The Purpose of the Governance Framework

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, cost-effective services.

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 ongoing 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 ended 31st March 2012 and up to the date of the approval of the Annual Report and Statement of Accounts.

The Governance Framework

The internal control environment comprises all the processes and procedures in place for the sound running and well being of the Council. It is designed with the intention of:

- establishing and monitoring the achievement of the Council's objectives
- facilitating policy and decision making

- ensuring compliance with established policies, procedures, laws and regulations
- identifying, assessing and managing risks that threaten the delivery of the authority's objectives
- ensuring the economical, effective and efficient use of resources and securing continuous improvement in the way in which the authority's functions are exercised
- managing performance to reduce impact on the environment and managing environmental risks
- managing and reporting of financial information for the authority
- managing performance of the authority and subsequent reporting

The following is an overview of the key elements of Plymouth City Council's control environment. It is not meant to be exhaustive but indicative of the controls adopted by the Council in meeting its aims and objectives. The Council has a number of measures in place to establish and monitor its key aims and objectives and to ensure that the resources used in delivering those objectives are utilised in an economical, effective and efficient way.

Plymouth has a strong vision to become one of Europe's finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone. The vision is driven by "Plymouth 2020" – the local strategic partnership of public, private and third sectors. It provides the context in which services and investments can be delivered in a more responsive, better co-ordinated and sustainable way.

The partnership has subsequently produced the Plymouth Report in 2010 which provided a comprehensive analysis of need and capacity in the city and laid the foundations for agreement around four priorities that will drive and help realise the city's vision:

- Deliver growth
- Raise aspirations
- Reduce inequality
- Provide value for communities

These are supported by a number of long term and medium term outcome measures, which have again been agreed across the partnership. Plymouth 2020 and the Council are in the process of building on the city's vision, the Local Development Framework's Core Strategy and the requirements in the Localism Bill to develop an overarching Plymouth Plan 2011-31 into which other strategies and plans will feed.

The Council produces a **Corporate Plan** which sets out where it is now and its challenges and ambitions for the next three years in relation to transforming the organisation, improving customer experience, making efficiency savings and contributing to the four shared priorities.

The Corporate Plan 2012–2015 was approved by Council in February 2012 and sets out the Council's strategic direction. It is about to be amended to reflect the new administration's focus on a Cooperative Council and 100 delivery commitments. The focus of the City's vision and four priorities will be retained.

The Corporate Plan also provides the framework used by departments in developing their **Business Plans** which establish and monitor the achievement of objectives at service and team level.

The Annual Audit and Inspection letter (November 2009) found that the Council had sound arrangements in place across all areas of use of resources, with particularly strong performance in

managing finances. The Council's organisational assessment concluded that it performed well, that performance management arrangements are much improved and that it has the leadership, capacity and capability it needs to deliver future improvements, while the city received a green flag under Comprehensive Area Assessment for the way it works in partnership to address civil emergencies. At the September 2011 Audit Committee, our external auditors Grant Thornton stated that the conclusion of the audit was that the council had sound financial and budgetary controls in place.

The **Constitution** aids the financial management of the Authority and is complemented by **Financial Regulations** and **Standing Orders**, which document protocols and procedures for members and officers in conducting the business of the Council.

Ensuring the Council complies with **Law and Regulations** is ultimately the responsibility of the Assistant Director for Corporate Support (Democracy and Governance), who is the Council's statutory Monitoring Officer, and a series of controls are in place to address compliance issues.

In March 2008 the Council adopted a **Code of Corporate Governance** based on best practice as recommended by CIPFA (The Chartered Institute of Public Finance and Accountancy) and SOLACE (The Society of Local Authority Chief Executives). The Code is reviewed annually as part of the preparation of this Governance Statement.

The **Financial Management** of the Council is based upon a semi-devolved structure – the Statutory Finance Officer role rests with the Director of Corporate Services with a Head of Finance reporting to the Assistant Director for Finance, Efficiencies, Technology and Assets. There are two Strategic Finance Managers one based in each major location..

There is a Cabinet Member with responsibility for Finance who meets regularly with the Director for Corporate Services. Regular one to one meetings are also held with each Director and the Director for Corporate Services.

Regular, timetabled meetings are held between the Director of Corporate Services, the Assistant Director for Finance, and the Head of Finance; there are also regular scheduled meetings of the senior finance managers who sit on the management teams of departments and who provide financial management advice and guidance.

A key element of **budgetary control** is the **budget monitoring process**. For 2011/12, at the start of each month, Finance provided departmental finance reports to all budget managers. These are reviewed at the next Department Management Team meeting and variances discussed and action taken as appropriate followed by monthly monitoring "scorecard" reports to the Corporate Management Team. Formal quarterly joint Finance and Performance reports go to the Corporate Management Team, Cabinet meetings and to the Overview & Management Scrutiny Panel. This will continue for 2012/13.

The Finance Management Team (FMT) comprising the Strategic Finance Managers and Head of Finance meet fortnightly to manage this process and to review all financial matters.

Compliance with CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The Council is aware of the CIPFA statement "Delivering Good Governance in Local Government" and the "Role of the Chief Financial Officer". In response to both statements, the Council is satisfied that the governance arrangements in place satisfy all of the requirements.

Robust mechanisms are in place to capture the risks and to ensure sign off and understanding by individual directors and the collective Corporate Management Team, together with the Cabinet.

Tamar Bridge and Torpoint Ferry Joint Committee

Previously as part of the Council's Annual Statement of Accounts we have included a section on Group Accounts.

This section ensured that we informed our stakeholders and readers of the accounts of those entities which under accounting rules met the definition of a group company, that is, a separate company from PCC but one where we were able to exert some direction, from our investments and/or members sitting on the board.

In previous years the list of group companies has included the jointly controlled (with Cornwall Council) Tamar Bridge and Torpoint Ferry (TBTF) Joint Committee.

From the 2011/12 Statement of Accounts it has been agreed with external auditors that the Council's 50% share of this entity will now form part of our total accounts. This recognises that the Council has a 50% ownership of the enterprise, which brings with it a 50% share of any future liabilities.

However, from a Governance point of view, the TBTF Joint Committee produces and monitors its own Governance arrangements, including the preparation of a separately published Annual Governance Statement covering the operations of the joint committee.

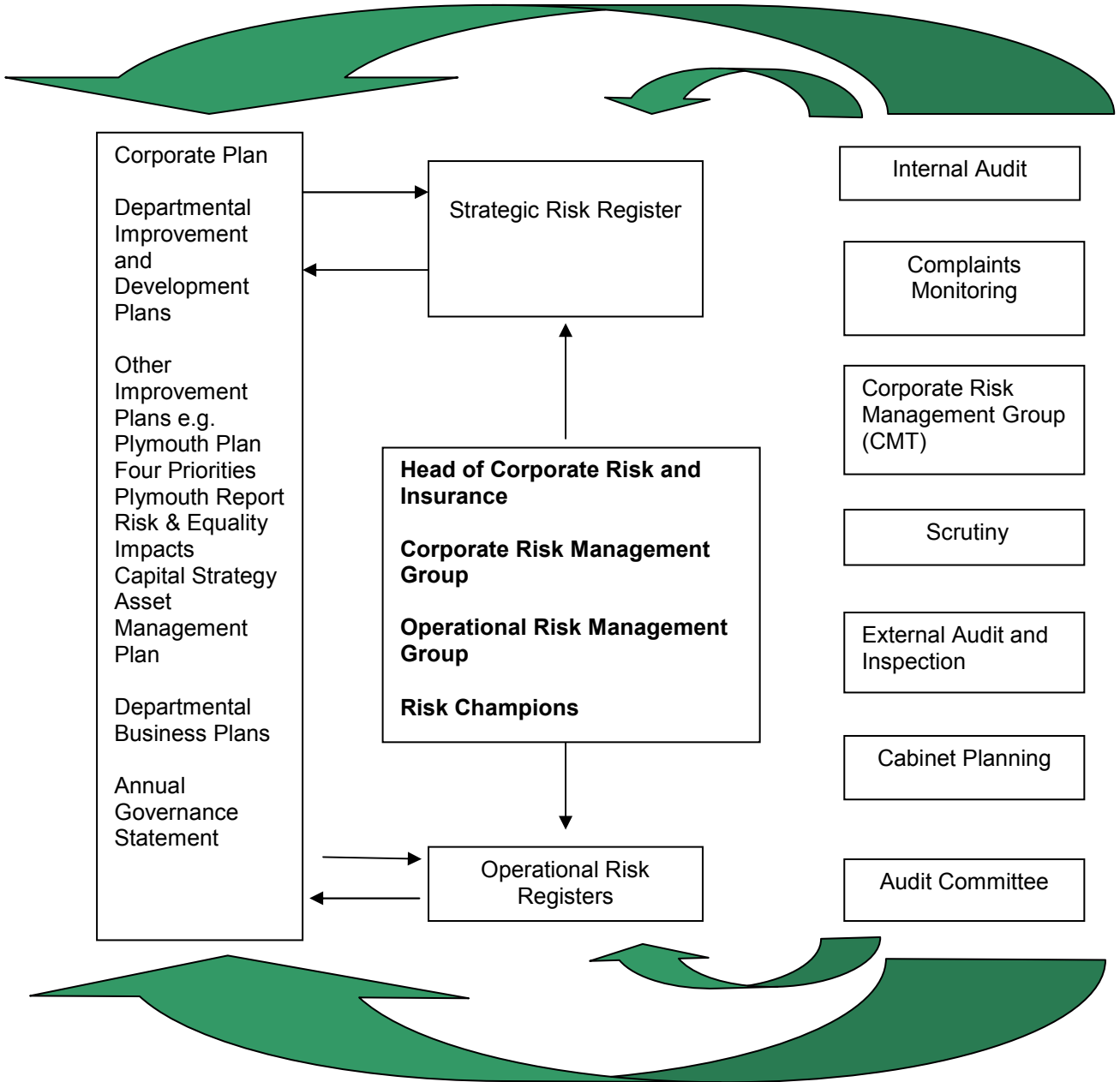
Competency Framework

The Council has adopted a Competency Framework covering all employees as part of its commitment to ensure that there is a clear set of standards that underpin the performance, behaviours, work, knowledge and skills of its staff to help the Council deliver its vision and the key priorities in the Corporate Plan.

The Management of Risk

The overall framework for managing risk is illustrated by the following diagram:-

Monitoring and Review process



How the Council Monitors Risk

The Council maintains Strategic and Operational Risk Registers to record and monitor progress against the key risks which threaten the Council's corporate and service objectives. Registers record, against each of these risks, controls which are already in place and also identify additional controls to enhance the control environment, acting as an action plan to address and improve risks at all levels.

Objectives identified in operational level Business Plans include links where appropriate to the Corporate Plan to ensure that each Service can identify where it contributes to the delivery of the Council's key strategic aims.

The Council invests significant resources into the management of risk through Strategic and Operational Risk Management Groups. A Risk Management Strategy and Policy Statement has been developed and risk registers are monitored alongside the corporate performance management system, as well as creating links to Business Plans and key performance indicators.

Registers and controls are continuously monitored and are updated regularly at a departmental level and through meetings of the Strategic and Operational Risk Management Groups with Member input at Cabinet Planning and subsequent ratification at Audit Committee.

Operational Risk Registers allow departments to monitor potential risks that may threaten the delivery of their service objectives and to escalate a risk to the strategic level for inclusion in the Strategic Risk Register if it is a cross-cutting risk or if it is considered to threaten the strategic objectives of the Council.

Operational Risk Registers are now being fully integrated with Service objectives in line with corporate Business Planning arrangements.

The authority acknowledges its responsibilities with regard to environmental risks and is taking action to identify and mitigate future impact.

The Council's Civil Protection Unit, in partnership with the Local Resilience Forum, Devon and Cornwall Police and other key partners, works to identify and manage potential environmental risk and the impact of civil emergencies.

Partnerships Governance

The Council increasingly delivers services via partnership delivery mechanisms and recognises that this creates risks as well as opportunities.

Accordingly, the Council has produced a Partnerships Register which assesses each partnership for significance.

Senior Officers and/or Members sit on the board of most of Plymouth City Council's main partnerships and group organisations and therefore take an active part in discussions/decisions

Significant partnerships have their own risk registers and risk is managed as a routine part of performance management.

In order to improve consistency and produce a standard approach to partnerships, particularly with regard to the management of risks and opportunities, the Council has produced a draft

Partnerships Code of Practice which will be consulted upon with key stakeholders. The Council has also developed formal protocols on the sharing of information and knowledge.

These include regular meetings and working groups to prepare for and review key activities including Plymouth City Council's Group Statement of Accounts..

Group organisations have recently been asked to produce assurance questionnaires or their own governance statements to ensure robust governance arrangements are in place. These questionnaires will be reviewed by Plymouth City Council officers who will work together with the Group organisation to resolve any control weaknesses or risks.

Complaints Monitoring

The Council also addresses the management of risk through its internal complaint procedures.

The Standards Committee monitors issues raised through the Local Government Ombudsman to ensure learning and improvement to prevent repetition.

A complaints database has been developed and improvements in the reporting facilities database have helped the Council to monitor and respond quickly to its customers needs.

The Role of Audit

Internal Audit

Internal Audit undertakes an objective programme of audits to ensure that there is sound and adequate risk management and internal control in place across the whole of the City Council. It also supports the authority in accounting for and safeguarding the Council's assets and interests from error, fraud, waste, poor value for money or other losses.

Independent advice, continuous appraisal of systems and other processes are provided to all levels of management on, for example, risk identification, internal controls, anti-fraud and other corporate policies and regulations.

The scope of Internal Audit also includes new developments and government initiatives such as partnership working and other corporate governance issues.

Internal Audit forms an intrinsic part of the risk management and scrutiny function, which ensures that there are robust arrangements for monitoring and review, and that adequate processes are in place for managing the Council's internal affairs and its relationship with key stakeholders, which are required to demonstrate effective corporate governance.

Continuous review of the adequacy and effectiveness of the internal audit system is included in the terms of reference of the Audit Committee and a formal annual review is conducted by that Committee based on the Chief Auditor's annual report.

The Internal Audit services have been provided by Devon Audit Partnership (DAP). This is a shared services arrangement between Plymouth City Council, Devon County Council and Torbay Council and is constituted under section 20 of the Local Government Act 2000.

The benefits of the partnership are:-

- staff resources can be deployed more flexibly and are better able to cope with vacancies and / or ad hoc work;
- sharing of best practice and access to a larger pool of specialist knowledge;
- economies of scale e.g. training, resourcing specialist skills such as IT and contract audit;
- providing for flexible deployment if and when necessary whilst allowing staff to build up specialist knowledge of the council(s) they are working within;
- providing better opportunities for staff to further careers within the internal audit function;
- applying common technology and methodology across all teams to improve efficiency, value for money and skills.

External Audit

Grant Thornton LLP continued to provide external audit services during 2011/12. They provide improvement, assessment and assurance services. In carrying out audit work they comply with the following statutory requirements:

- The Audit Commission Act 1998
- The Code of Audit Practice
- The Local Government Act 1999
- Accountancy and Audit Regulations 2003

They work with the council on the improvement planning process to ensure that the work they perform is co-ordinated and targeted on the Council's key areas for improvement.

The Audit Commission's Relationship Manager also co-ordinates the work of other inspectors as part of this process.

Audit Commission

In August 2010 the Department for Communities and Local Government (DCLG) announced plans to put in place new arrangements for auditing England's local public bodies.

The Audit Commission carried out a procurement exercise in 2011 to outsource the work of the Commission's in-house audit practice and Grant Thornton were successful in winning the contract for the south-west region with effect from 1 September 2012. This will be a continuation of service for the Authority as Grant Thornton are the current provider of the external audit service. The contract is for five years.

Audit Committee

The Council's Audit Committee comprises five Councillors and three Independent Members supported by the Head of Finance, Devon Audit Partnership's Assistant Head of Partnership and the Head of Corporate Risk and Insurance.

The Committee has responsibilities with respect to both Internal and External Audit, and monitors the nature and scope of audit work performed. It reviews reports and annual audit letters with departmental management, makes recommendations to Cabinet and oversees the interaction of the Council with its external auditor.

The Audit Committee has responsibility to:

- Approve, support and monitor the implementation and ongoing processes for identifying and managing key risks of the Council
- Monitor the Council's compliance with its own published standards and controls and recommend any necessary changes to Financial Regulations and Standing Orders
- Review external audit report and annual audit letters, together with management response and make recommendations to the Cabinet
- Respond to any other concerns of the external auditors
- Monitor the progress and performance of Internal Audit
- Consider significant findings of Internal Audit reviews and investigations together with management responses and monitor implementation of agreed recommendations
- Consider Internal Audit's annual report and comment annually on the adequacy and effectiveness of internal control systems
- Monitor the performance of the Treasury Management function
- Review and advise the Cabinet and Council on the content of the Annual Governance Statement and Statement of Accounts
- Keep under review corporate policies e.g. the Anti-fraud Strategy

Internal and External Audit work closely together to maximise opportunities for synergy between the two services.

Overview and Scrutiny

The Council has previously reviewed and updated its scrutiny arrangements and established an Overview and Scrutiny Management Board to co-ordinate the scrutiny function.

The Board challenges and supports the Cabinet and provides checks and balances by examining major policies, plans, services and financial issues. It is responsible for monitoring, reviewing, selecting and scrutinising decisions made by and on behalf of the Council. The Board was also responsible for scrutiny of the Local Strategic Partnership.

From May 2012 the Board is made up of twelve non-executive members (appointed on political proportionality) and two co-opted representatives which makes scrutiny independent of the Cabinet. The Chairs of the five Overview and Scrutiny Panels and seven other Councillors carry out the work of the Board.

There are five Overview and Scrutiny Panels each of which has a responsibility for scrutiny of a particular area of Council operation. The panels also discharge the Council's statutory function with respect to scrutiny of health and the crime and disorder reduction partnership. When carrying out their investigations, the Panels have the authority to ask Cabinet Members and Officers of the Council to attend meetings to answer questions the Panel might have about their work, the reason for decisions and why any problems have occurred within the Council's performance.

Review of Effectiveness

Plymouth City Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control, including a review of the effectiveness of the system of internal audit. Assurance is sought from a number of sources including a review of Internal and

External Audit and Inspection reports, review of current action and improvement plans, review of internal audit arrangements by the Audit Committee and through dialogue with key officers.

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 Council has an established Risk Management Policy.

In reviewing the current control environment, reports issued by external bodies (Audit and Inspection) and reports produced by Internal Audit 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.

Directors complete an Assurance Questionnaire reviewing the control environment within their Department and the results of the questionnaires have been used to inform the assessment of significant governance issues for the Council.

Significant Governance Issues

As part of the review of the effectiveness of the system of internal control the governance issues summarised below have been assessed as being significant for the purposes of this Statement:

Medium Term Financial Strategy/Capital Strategy

The Council's Medium Term Financial Strategy (MTFS) was updated and presented to Cabinet following the Comprehensive Spending Review announcements of 20 October 2010 and earlier announcements from the Coalition Government. The strategy was subject to further review as part of the 2011/12 detailed budget exercise and following the 2010/11 outturn position, and presented to Cabinet 7 June 2011. With the outturn result for 2011/12 now agreed by the Corporate Management Team, it will presently be put to Cabinet. Incorporating data from this result, such as one-off versus on-going pressures and savings, a revised MTFS covering the period 2012 to 2016 is also ready to be presented to Cabinet to sign off.

The Comprehensive Spending Review (CSR) was published in October 2010 and national headlines are a real terms reduction of 28% in local authority budgets over the next four years. The fall in grant is more than 7% a year. However, we were only given clarity of our funding for 2011/12 and 2012/13. For the remainder of the MTFS period we are still working on our best available information, including national and local government briefings and working closely with our Unitary Treasurers colleagues and close neighbours Devon and Torbay.

The revised Medium Term Financial Strategy, (MTFS), covers the period 2012-16. It identifies the likely costs and pressures that the council will face and matches these against the anticipated resource allocation over the period against reduced funding.

There remain a number of significant financial pressures that the council will face in the medium to long term including:

National context

- The uncertainty around future funding levels for 2013/14 and beyond;
- Welfare Reform including changes to Council Tax Benefits and National Non Domestic Rates (NDR) collection
- School funding reform; this could have a major impact on the balance of funding between primary and secondary funding

Local context

- The reliance on full delivery against our budget saving plans which step up by £7m in 2012/13 and a further £10m in 2013/14 to balance our resources to our expenditure.
- Utility costs are escalating at a far greater pace than inflation with price rises in the region of 15% quoted
- significant shortfall in the funding of the council's pension fund;
- known budget volatilities such as Adult Social Care, Children, Waste
- un-costed contingent liabilities

Building on the three year spending plans developed as an integral part of the 2011/12 budget, each department has developed Budget Delivery Plans, which for 2011/12 totaled £13m; for 2012/13 these step up to £20m and cumulative £30m by 2013/14. It is essential that we continue to ensure robust, regular monitoring of progress against these plans.

Our ability to generate income also remains under pressure. We continue to strive to improve our income collection rates in all major areas including council tax, NNDR and sundry debtors. Challenging income targets have again been set for 2012/13 however there is a risk that the economic climate could impact on our ability to be able to achieve these targets.

Alongside existing financial pressures there is a need for significant future investment in our ICT systems. The council needs to fundamentally change the way in which it works to meet the challenging diminishing resources that we face and better joined up systems, integrated around the customer, will be crucial. Council has recently approved a capital investment of £3m and business plans are being developed which will ensure this investment is allocated to projects which will allow the further transformation of the way we work, whilst providing efficiency savings and improved delivery of services to our customers.

We still have an ambitious and significant investment programme in physical assets and local infrastructure. However the council has reviewed and updated its medium term capital programme considering the current economic climate, accounting for future risks around government capital allocations and achievability of capital receipts.

The situation is being closely monitored through visits to DMTs 3 times a year. Improvement Boards are also in place to oversee the "Major Change" agenda. The MTFS is being updated on the back of the 12/13 budget setting process and is due to be presented to Council June 2012. A new Programme Management Office was established in May 2012, reporting into the Corporate Services Directorate. This office will ensure the major transformation projects agreed by CMT and the new administration are prioritised and adequately resourced to meet the challenging deadlines required for success.

Civic Centre Listing issues

The listing of the Civic Centre as a Grade II building by English Heritage continues to have a potentially significant financial impact on the Council.

In order to properly address the impact of the Grade II Listing, the Council worked with English Heritage and Avanti Architects, to identify the scope of a variety of potential refurbishment options for the building.

Following the completion of the joint EH/PCC Feasibility Study the Council progressed with analysis of the Options arising from the Study and conducted a soft market exercise of the

Council's freehold interest in the Civic Centre, Council House and the Civic Centre car park. Expressions of interest from developers were received and a number of development options were considered in the context of the Council's overall Accommodation Strategy and current property market conditions.

As on-going work the Council continues to inspect, repair and maintain the premises taking appropriate action, given the restrictions of the listing, to mitigate any health and safety risks.

A formal procurement process is being developed commencing in Summer 2012. Whilst it is believed that there will be a viable private-sector solution to achieve the renovation of the building, if there is no solution following that process the Council would be forced to carry out necessary works to bring the building into a 'fit for purpose' condition.

Waste PFI/Future Landfill Allowance Trading Scheme Liabilities

The project to secure a long term waste treatment solution for the Council continues to programme for an anticipated operational commencement in late 2014.

Planning approval for the development was formally granted by Plymouth City Council Local Planning Authority in Feb 2012 although a judicial review challenge has been lodged which could amend or quash the planning approval decision. This legal challenge is being monitored by PCC senior managers and defended by PCC LPA with expert legal advice being obtained. An Environmental Permit to operate the facility has been issued by the Environment Agency although this may also be subject to a legal challenge.

The project implementation phase continues to be steered and monitored by a formally appointed Partnership Joint Committee of Councillors and a Partnership Project Executive consisting of senior officers from each of the three Councils. The project and Partnership arrangement is monitored by the Devon Audit Partnership.

A project risk register is frequently refreshed by the project delivery team to recognise the project delivery risks and this is regularly reviewed by the Partnership Project Executive. The impact of a delay to operational commencement has been partly mitigated within the Contract and continued waste disposal can be maintained through existing landfill contracts - however continued landfill disposal will have significant budget implications.

The Council's LATS liabilities will cease after 2012/13 with the 2011 announcement that this legislation is being cancelled. As PCC's biodegradable waste tonnage being disposed of in landfill continued to reduce in 2011/12, the Council's consequential liability has also been reduced. The Council will need to purchase LATS allowances in 2012/13 to cover an expected shortfall although this purchase will be made during 2013.

Information Governance

Information is the raw material used by the council to plan for and deliver all its services and reducing the risk that describes the availability and quality of information for staff, decision makers and citizen use, as well as the protection of sensitive information, is a continuing process.

This is due to the requirement to work cooperatively with partner agencies and therefore apply common standards, so that information can be obtained once and then reused for different service delivery objectives within different organisational settings.

There is also the imperative of minimising potential financial and reputational effects on the council arising from the intervention of a regulator if information management is not successfully implemented across all council activities.

Responsibility for the strategic management and delivery of consistent governance principles and processes in respect of the Council's information asset has now been established with a corporate Information Lead Officers Group that reports to the Senior Information Risk Officer - the Director of Corporate Services.

Impact of Health and Social Care Reforms

Together with our partners, most notably in health, we face a very challenging health agenda.

This covers the assimilation of public health into the Council; the integration of health and adult social care; the setting up of a Health & Wellbeing Board; development of a Health Strategy based on a clear evidence base provided by the Joint Strategic Needs Analysis (JSNA); the introduction of new commissioning arrangements, health service delivery and user engagement mechanisms; and health inequalities which have been identified in the Plymouth Report as the most pressing equality issue in our city (with significant differences in life expectancy between different Neighbourhoods and between men and women).

The Council has set up a shadow Health & Well Being Board which will give further focus on health inequalities and identify need through a Joint Strategic Needs Assessment. The Council is also working on plans for the transfer of Public Health from the Primary Care Trust to the Council, which will support this agenda.

We have a shadow Health and Wellbeing Board in place to provide strategic direction, a clear programme of work, influenced by a risk assessment, and a programme team to support its delivery. The key areas of focus are:

- Development of Health and Wellbeing Board
- Development of a City Health and Wellbeing Strategy informed by the Joint Strategic Needs Assessment
- Co-location of key Health functions to be hosted in Windsor House
- Managing fragmentation and integration of public health functions into PCC
- Development of a Joint Commissioning Partnership
- Commissioning of Healthwatch

Prior to this work, the Council together with Plymouth 2020 partners, set targets to close the health inequalities gap. An interim action plan was delivered last year to help address health inequalities, and this will become integrated in the Health and Well Being Strategy.

The expected benefits of this programme cover improving customer experience, reducing health inequalities and making efficiency savings - as follows:

- Bringing together commissioning for the Local Authority in one place.
- Focusing on an outcomes framework designed to encourage organisations to think wider than their own service areas in developing and commissioning services and to provide a structure and mechanism to integrate shared areas of responsibility.

- Driving forward the transformation of the joint services agenda by influencing strategic planning / resource allocation of the NHS and vice versa, and by improving communication between frontline teams.
- Integration of public health functions will create closer alignment with current LA services that have an impact on public health including economic development, environmental health, transport, schools, leisure services, and housing.
- Local authority commissioning of Local Healthwatch and an independent advocacy service will allow locally designed services to address specific inequalities within the city.
- Health and Wellbeing Board, through the Health and Wellbeing Strategy and integrated commissioning structure will provide the mechanisms to target collective resources at priority areas including health inequalities.
- Potential opportunities to provide commissioning support to Clinical Commissioning Groups.
- Inter-operability between IT systems (Western Locality Clinical Commissioning Group, NHS, PCC).
- Opportunity to develop joint workforce development plans.

In addition, we have a well-developed transformation programme in place that is modernising adult social care.

Impact of Police and Crime Reforms

The changes to governance of policing and crime reduction present challenges. A single Police & Crime Commissioner for our Force area will be elected in November to replace the Police Authority and councils are expected to establish a Policy & Crime Panel to scrutinise the role.

The Commissioner will not only have responsibility for policing policy but will also hold significant community safety budgets previously allocated to the Council (and other Councils across the Force). This means that effectively influencing the Commissioner's policy, priorities and budget allocation will be crucial to delivery of our community safety priorities for Plymouth. Plymouth, as the largest urban location in the Force area, has the most significant crime challenges.

We have led the work to develop a Police & Crime Panel for our area, in liaison and negotiation with other councils. This has been challenging because of issues regarding proportionality and the composition of the Panel within restrictive legislation, leading to different opinions amongst councils. However we are close to agreement and have produced a draft document covering Panel Arrangements which will be considered at a shadow meeting of the panel. We are also offering to host the panel until at least March 2013.

We are also working closely with Community Safety Partnerships across the Force area to produce a Force-wide partnership Strategic assessment of Crime and Disorder which forms the platform for objective identification of priorities. Our Community Safety Manager is working closely with the LGA and Home Office at national level to share and influence work on Panel development, and associated issues.

This work, together with direct discussions between Plymouth the Commissioner, will maximise opportunities to exert influence over the Commissioner's work.

Children's Social Care Costs

There was a 13% increase in referrals shown on the 11/12 outturn compared to 10/11 and an increase of 50% over the last 5 years. This has implications for the frontline advice and assessment service and means that universal pre referral work is not yet reversing the trend. The impact of

this increase in referral rate and levels of assessments has resulted in a recent 10% reduction in assessments being completed within timescales.

Children with child protection plans (CPP) have remained static in 11/12. Rate of throughput has proved key particularly in CPP where there were nearly 400 plans started in 11/12. Children in care numbers increased by 5% in 11/12. This compares well with evidence of a national increase of at least 10% in the same period.

A refreshed multi agency early intervention and prevention strategy is in development to provide appropriate and early support to children and families with additional needs. This includes: the troubled families agenda, the CAF assessment and team around the child process, a multi-agency locality delivery model. This intervention should have the positive effect of reducing referral numbers to children's social care.

Within children's social care much effort is being focused on preventing children from escalating through the system i.e. from children in need to child protection to children in care. Intensive professional family support services are in place; improved services for the parents of children in need of protection are in place and include support for domestic violence victims/perpetrators and those with drug and alcohol problems.

There is a strong focus on increasing sufficiency of in house foster placements to reduce dependency on expensive independent sector foster placements.

Smarter commissioning via a preferred provider list and cost and volume discounts has resulted in reduced costs of independent foster placements. We are now refocusing our commissioning efforts on effective market management of independent residential sector provision. The costs and quality of residential child care is both variable but also very high. We are currently undertaking a soft market test with residential providers aimed at encouraging them to operate within the City at reduced cost but improved outcomes for children and young people.

In keeping with government family justice review and adoption action plan we are working with key partners to promote earlier decision making and improved planning to speedily move children onto permanence via adoption, where appropriate.

Impact of Welfare Reforms

The government's reform of welfare processes to make them more effective and cost less present significant risk, placing additional pressures on customers including the most vulnerable, and requiring significant process changes

The reforms mean Plymouth has greater challenges in meeting citywide priorities due to the socio-economic impact of welfare reforms on customers, partners and internally, particularly reducing inequalities e.g. child poverty and worklessness. There will be increased levels of deprivation and related demands on service budgets e.g. homelessness and information/advice. There will also be increased levels of debt owed by customers to PCC if they cannot afford to pay, e.g. Council Tax, and there may be inadequate resources to run local welfare schemes.

Planning our response to welfare reform has been established as one of the Council's "big ticket" items within the Corporate Plan and a cross-directorate officer working group has been meeting since November 2011. The group has identified six work streams which seek to mitigate the risks

Certification

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

To the best of our knowledge, the internal control environment as defined above has operated effectively during the year.

Bob Coomber
Interim Chief Executive
Dated

Cllr Tudor Evans
Leader of the Council
Dated

Adam Broome
Director of Corporate Services
Dated