



OVERVIEW AND SCRUTINY COMMITTEE

Thursday 15 December 2011 at 6.00 pm

Council Chamber, Ryedale House, Malton

Agenda

1 Emergency Evacuation Procedure.

The Chairman to inform Members of the Public of the emergency evacuation procedure.

2 Apologies for absence

3 Minutes of the Meeting held on the 6 October 2011

(Pages 1 - 4)

4 Urgent Business

To receive notice of any urgent business which the Chairman considers should be dealt with at the meeting as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972.

5 Declarations of Interest

Members to indicate whether they will be declaring any interests under the Code of Conduct.

Members making a declaration of interest at a meeting of a Committee or Council are required to disclose the existence and nature of that interest. This requirement is not discharged by merely declaring a personal interest without further explanation.

6 Annual Audit Letter on the 2010/11 Audit

(Pages 5 - 14)

7 Treasury Management Mid-Year Review

(Pages 15 - 22)

- 8 **Internal Audit Quarter 2 and Report** (Pages 23 - 36)
- 9 **Annual Governance Statement Action Plan** (Pages 37 - 42)
- 10 **Customer Complaints Received Quarter 2 (2011/12)** (Pages 43 - 50)
- 11 **Risk Strategy Annual Review** (Pages 51 - 66)
- 12 **Service Risk Register - Organisational Development** (Pages 67 - 82)
- 13 **Scrutiny Reviews Progress Report - 'Post Offices' and 'A Sustainable Community and Voluntary Sector'** (Pages 83 - 102)
- 14 **Decisions from other Committees** (Pages 103 - 106)
Commissioning Board held on the 24 November 2011 (attached)
Policy and Resources Committee held on 8 December 2011 (to follow)
- 15 **Any other business that the Chairman decides is urgent.**

Public Document Pack Agenda Item 3

Overview and Scrutiny Committee

Held at Council Chamber, Ryedale House, Malton
on Thursday 6 October 2011

Present

Councillors Wainwright (Chairman), Mrs Shields (Vice-Chairman), Cussons, Hawkins, Mrs Hopkinson, Raper, Windress and Ward

In Attendance

Paul Cresswell, Jos Holmes, Phil Long, Clare Slater and Sue Shuttleworth

Jim Ingham and Alison Newham (North Yorkshire Audit Partnership)

Minutes

104 **Apologies for absence**

There were no apologies for absence.

105 **Minutes of the Meetings Held on 7 July 2011 and 26 September 2011**

The minutes of meetings of the Overview & Scrutiny Committee held on 7 July 2011 and 26 September 2011 were presented.

Resolved

That, subject to Minute No. 102 (Declarations of Interest) of the meeting held on 26 September 2011 being amended by the addition of the words "Councillor Ward declared a personal interest in that part of the report on the Annual Statement of Accounts & Annual Governance Statement relating to the Pension Scheme as she will benefit from the scheme", the minutes of meetings of the Overview & Scrutiny Committee held on 7 July and 26 September 2011 be approved and signed by the Chairman as a correct record.

106 **Urgent Business**

The Chairman reported that there were no items of urgent business to be considered at the meeting.

107 **Declarations of Interest**

There were no declarations of interest received.

108 **Half Year Corporate Risk Management Monitoring**

The Corporate Director (s151) and the Head of Transformation presented a report on Half Year Corporate Risk Management Monitoring generated on the 23 September 2011 which had been circulated with the Agenda. In addition a paper relating to CRR 05(Affordable Housing) was circulated at the meeting.

Resolved

That the report be received.

109 **Internal Audit Q1+ Report**

The Corporate Director (s151) submitted a report (previously circulated) from the North Yorkshire Audit Partnership on the Interim Internal Audit Report covering the period to 31st August 2011 outlining progress against the approved internal audit plan.

Resolved

That the report be noted.

110 **Customer Complaints Received Quarter 1 (2011/12)**

The Corporate Director (s151) presented a report from the Customer Services and Benefits Manager on Customer Complaints Received Quarter 1 (2011/12) (previously circulated).

Resolved

That the report be received.

111 **Service Risk Register - Environment**

The Head of Environment submitted a report (previously circulated) on the Service Risk Register (Environment).

Resolved

That the report be received.

112 **The Community Safety Plan 2011/12**

The Economy & Community Manager presented a report from the Head of Economy and Housing on the 2011/2012 Safer Ryedale Partnership Plan.

Resolved

That the report be received.

113 **Scrutiny Reviews Progress Report - Post Offices and Healthy Weight**

The Head of Transformation presented the Scrutiny Reviews Progress Report – Post offices and Healthy Weight showing the progress achieved to date with the scrutiny reviews currently being undertaken.

Resolved

That the report be received and that

- (a) The topic for the next scrutiny review be “Supporting a sustainable Voluntary and Community Sector (VCS) in Ryedale”.
- (b) The Head of Transformation, in consultation with the Chairman of the Committee, be authorised to prepare a response from the Council’s Overview & Scrutiny Committee to the consultation on the possible Mutualisation of Post Office Ltd
- (c) The recommendations of the Healthy Weight Scrutiny Review be agreed
- (d) The progress made with the reviews be noted
- (e) The next Task Group meeting be held on 10 November 2011 at 6.30pm

114 **Decisions from other Committees**

A report (previously circulated) listing decisions taken by the Commissioning Board on Thursday 22 September 2011 was presented.

In addition a report listing decisions taken by the Policy & Resources Committee on Thursday 29 September 2011 was circulated at the meeting.

Resolved

That the report be received.

115 **Any other business that the Chairman decides is urgent.**

There being no Urgent Business, the Chairman declared the meeting closed at 7.10pm.

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Ryedale District Council

Annual Audit Letter

on the 2010/11 Audit

November 2011

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1. Key messages

In 2010/11 Ryedale District Council (“the Authority”) was required for the first time to prepare its Statement of Accounts in accordance with International Financial Reporting Standards (“IFRS”). The adoption of a Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on IFRS resulted in a number of changes to accounting policies and the restatement of both the 2008/09 and 2009/10 accounts.

The Statement of Accounts was prepared, audited and concluded in accordance with the agreed timetable. The Authority maintained a good standard of financial reporting except with regard to the cash flow statement where there is a material unreconciled difference in the 2009/10 comparatives that have been restated for the IFRS transition. This means that the cash flow statement in 2009/10 has been balanced through the inclusion of a reconciling item which Officers are unable to support. Our opinion on the Statement of Accounts is qualified in respect of the 2009/10 comparatives to the cash flow statement. A number of presentation and disclosure amendments were made to improve compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on IFRS.

An unqualified audit opinion on the value for money conclusion was issued on 29 September 2011.

The audit certificate of completion of the audit was issued on 29 September 2011.

Apart from the restatement of the cash flow statement for 2009/10 we did not identify any material weaknesses in the financial reporting systems and the control observations noted in our report are considered to be minor. Control observations were reported to the Overview and Scrutiny Committee on 26 September 2011 as part of our report on significant matters arising from our audit.

The Whole of Government Accounts return was presented for audit by the deadline set by HM Treasury. For 2010/11 the National Audit Office set a de-minimus of £50 million income, expenditure, asset or liabilities as the threshold for issuing an opinion on the Whole of Government Accounts return. We confirmed to the National Audit Office by 30 September 2011 that on this basis a return was not required for the Authority.

Action needed by the Authority

The Authority needs to:

- continue to focus on meeting the financial reporting timetable; and
- implement the actions noted in the management response of each control observation raised in our report to those charged with governance.

2. Purpose, responsibilities and scope

The purpose of this letter

The purpose of this Annual Audit Letter is to summarise the key matters arising from the work that we have carried out in respect of the year ended 31 March 2011.

Although this letter is addressed to the members of Ryedale District Council, it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website at www.audit-commission.gov.uk and also on the Authority's website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from www.audit-commission.gov.uk.

Responsibilities of the Auditor and the Authority

The Authority is responsible for maintaining the control environment and accounting records and for preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England, including District Councils.

As the Authority's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- the Authority's accounts; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Authority, Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on IFRS and other relevant legislation. We conducted our work on the value for money conclusion in line with guidance received from the Audit Commission in respect of district councils for the financial year ended 31 March 2011.

3. The audit of the accounts

Key issues arising from the audit of the accounts

We issued a qualified opinion on the Authority's 2010/11 accounts on 29 September 2011, in accordance with the deadline set for local authorities. Our opinion confirms that the accounts present a true and fair view of the financial position of the Authority and its income and expenditure for the year except that we disagree that the restatement of the cash flow statement for the 2009/10 comparatives agrees to the underlying accounting records.

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report covering the Authority was discussed with the Overview and Scrutiny Committee on 26 September 2011 and the only key issue to report was the qualification.

We received a complete set of draft accounts for the Authority in advance of the agreed deadline, which were supported by working papers except in the area of the cash flow statement 2009/10 comparative as noted above. The finance staff were helpful throughout the process and responded swiftly to all queries. Amendments were made to some of the disclosures to improve compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 based on IFRS.

We have considered the financial standing of the Authority as at 31 March 2011. We have assessed this based on current/ongoing expenditure demands, expected income levels and the current cash position of the Authority. Public sector funding cuts have caused a reduction in grant income receivable in the four year period from 2011/12 to 2014/15. The Authority has drawn up plans on how to deal with the reduction in funding in 2011/12 and work is still ongoing by management to develop further measures to bridge the financial funding gap in 2012/13 and later years.

Audit certificate

When our audit is complete we are required to certify the closure of the audit. The audit certificate was issued on 29 September 2011.

4. Value for money

Background

From 2010/11 the Audit Commission has introduced new requirements for local value for money (“VFM”) audit work at councils. This year, auditors were required to give their statutory VFM conclusion based on the following two criteria:

- proper arrangements for securing financial resilience: work to focus on whether the Council has robust systems and processes to manage risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- proper arrangements for challenging how economy, efficiency and effectiveness are secured: work to focus on whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We have determined our local programme of work based on our risk assessment, which is informed by a series of risk factors determined by the Audit Commission.

It should be noted that the work carried out was light touch, in line with Audit Commission guidance, focusing on updating our understanding of arrangements and controls in place. As arrangements have previously been assessed as adequate and we are not aware of any changes, we did not carry out detailed testing of the implementation of those arrangements in the current year.

Value for money conclusion

Having performed our work in line with guidance received from the Audit Commission we issued an unqualified value for money conclusion for the 2010/11 financial year. This means that we are satisfied that, in the areas reviewed, the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources during the year.

5. Other matters

Audit Commission

On 13 August 2010, the Secretary of State for Communities and Local Government announced the proposed abolition of the Audit Commission. Consultation on the new audit framework closed on 30 June 2011 and proposals will be included in a draft bill to allow full Parliamentary scrutiny in due course. The Commission is in the process of undertaking a market tender exercise to outsource the audits currently undertaken by its in-house practice with new appointments expected to apply from the 2012/13 financial year. Audits already outsourced, including this Authority, are not expected to be affected by this change in appointments.

Reports issued

Report	Date issued
Fee letter	April 2010
Audit plan	June 2011
Report to those charged with governance on the 2010/11 audit	September 2011
Annual audit letter	November 2011

Analysis of audit fees

	2011 £'000	2010 £'000
Fees for the annual audit set by the Audit Commission	96	88
Fees payable in respect of the certification of grant claims and returns of the Authority (2010/11 estimate per fee letter, 2009/10 actual)	30	20
Total	126	108

A rebate of £7,000 on the annual audit fee has been received by the Authority from the Audit Commission. This reduces the audit fee from £96,000 to £89,000.

We have not undertaken any non-audit work for the Authority during 2010/11.

5. Other matters (continued)

Independence and objectivity

In our professional judgement, our policies and safeguards that are in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.

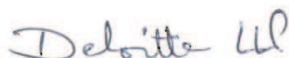
Grants

We have undertaken work during the year on various claims and returns made by the Authority. Our work on the 2010/11 certification of claims and returns is still ongoing and a separate report will be prepared in respect of the findings from this work.

6. Closing remarks

This letter has been discussed and agreed with the Corporate Director - S151 Officer. A copy of the letter will be presented at the Overview and Scrutiny Committee on 15 December 2011.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. Our aim is to deliver a high standard of audit which makes a positive and practical contribution and which supports the Authority's own agenda. We recognise the value of your co-operation and support.



Deloitte LLP

Chartered Accountants

Leeds, England

15 November 2011

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the Audit Commission.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties since this report has not been prepared, and is not intended, for any other purpose.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.



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OVERVIEW AND SCRUTINY ITEM, FOR CONSIDERATION PRIOR TO FULL COUNCIL

**RYEDALE
DISTRICT
COUNCIL**



REPORT TO:	COUNCIL
DATE:	12 JANUARY 2012
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	TREASURY MANAGEMENT MID-YEAR REVIEW
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To report on the treasury management activities to date for the financial year 2011/12 in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code).

2.0 RECOMMENDATIONS

2.1 It is recommended that:

- (i) Members receive this report; and
- (ii) The mid-year performance of the in-house and externally managed funds to date is noted.

3.0 REASON FOR RECOMMENDATIONS

3.1 The Council has adopted the Code. A provision of the Code is that a mid-year review report must be made to the Full Council relating to the treasury activities of the current year.

4.0 SIGNIFICANT RISKS

4.1 There are significant risks when investing public funds especially with unknown institutions. However, by the adoption of the CIPFA Code and a prudent investment strategy these are minimised. The employment of Treasury Advisors also helps reduce the risk.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensures this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.
- 5.2 The second major function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide towards whether the Council has a borrowing need, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short term loans or using longer term cash flow surpluses.
- 5.3 Treasury management in this context is defined as:
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 5.4 The CIPFA Code of Practice on Treasury Management 2009 was adopted by this Council on 22 February 2010 and this Council fully complies with its requirements.
- 5.5 The primary requirements of the Code are as follows:
1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 3. Receipt by the Full Council of an annual Treasury Management Strategy Statement (including the Annual Investment Strategy and Minimum Revenue Provision Policy) for the year ahead, a Mid-Year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
 4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body, which in this Council is the Overview and Scrutiny Committee.
- 5.6 This mid-year report has been prepared in compliance with CIPFA's Code of Practice and covers the following:
- An economic update for the first seven months of 2011/12;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - A review of the Council's investment portfolio for 2011/12;
 - A review of compliance with Treasury and Prudential Limits for 2011/12.

6.0 POLICY CONTEXT

- 6.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities and this report complies with the requirements under this Code.

7.0 CONSULTATION

7.1 The Council uses the services of Sector Treasury Services Limited to provide treasury management information and advice.

8.0 REPORT DETAILS

Economic Update

8.1 The Euro zone sovereign debt crisis continued with Spain, and particularly Italy, being the focus of renewed market concerns that they may soon join with Greece, Ireland and Portugal in needing assistance. This uncertainty and the lack of a co-ordinated or credible Euro zone response, left commentators concerned over the potential impact of sovereign default and resulting effect on the Euro zone banking sector. The approval by various countries of the £440bn bail out fund in September has brought temporary relief to financial markets but this does not provide a credible remedy to the scale of the Greek debt problem or the sheer magnitude of the potential needs of other countries for support.

8.2 With regard to the UK economy, following zero growth in the final half of 2010/11 the UK economy grew by a weaker than expected 0.2% in the first quarter of 2011/12 and in the second quarter at its slowest quarterly pace (revised down to 0.1%) since Q4 2010. Growth prospects will be governed by UK consumer sentiment, which is currently subdued due to falling disposable income. Higher VAT, overhanging debt, high inflation and concerns over unemployment are likely to weigh heavily on consumers into the future.

8.3 Inflation remains stubbornly high, although the expectation of future falls, the external nature of the price increases (energy, oil, food etc.) and the negative impact a rate rise would have on the UK economy, is likely to stop the Monetary Policy Committee from raising the Bank Rate for some considerable time to come. An indicator of the worsening position arose from the Monetary Policy Committee minutes recently signalling a greater willingness to expand the quantitative easing programme.

8.4 With regard to interest rates, Sector's view is that there is unlikely to be any increase in Bank Rate until the third quarter of 2013. Sectors latest forecast for the Bank Rate is as follows:

Dec-2011	Mar-2012	Jun-2012	Sep-2012	Dec-2012	Mar-2013	Jun-2013	Sep-2013	Dec-2013	Mar-2014
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%

Treasury Management Strategy Statement and Annual Investment Strategy Update

8.5 The Treasury Management Strategy (TMSS) for 2011/12 was approved by this Council on 21 February 2011. There are no policy changes to the TMSS, the details in this report update the position in the light of the updated economic position and budgetary changes already approved. Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:

- Security of capital
- Liquidity

8.6 The Council will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (maximum loan period of 12 months) and only invest with highly credit rated financial institutions, using Sector's suggested creditworthiness approach, including sovereign rating and

credit default swap (CDS) overlay information provided by Sector.

- 8.7 Investments during the first seven months of the year have been in line with the strategy and there have been no deviations from the strategy.
- 8.8 As outlined above, there is still considerable uncertainty and volatility in the financial and banking market, both globally and in the UK. In this context, it is considered that the strategy approved on 21 February 2011 is still fit for purpose in the current economic climate.

Investment Portfolio 2011/12

- 8.9 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity and to obtain an appropriate level of return which is consistent with the Council's risk appetite.
- 8.10 As set out earlier in the report, it is a very difficult investment market in terms of earning the level of interest rate commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing Euro zone sovereign debt crisis and its potential impact on banks, prompts a low risk and short term strategy. Given this risk adverse environment, investment returns are likely to remain low.
- 8.11 The Council's investment position at the beginning of the financial year was as follows:

Type of Institution	Investments (£)
UK Clearing Banks	4,540,000
Foreign Banks	3,500,000
Building Societies	1,500,000
Total	9,540,000

- 8.12 A full list of investments held as at 31 October 2011, compared to Sectors counterparty list and changes to Fitch, Moodys and S&P's credit ratings during the first seven months of 2011/12 is shown in annex B and summarised below:

Type of Institution	Investments (£)
UK Clearing Banks	8,420,000
Foreign Banks	2,000,000
Building Societies	1,500,000
Local Authorities	1,000,000
Total	12,920,000

- 8.13 As illustrated in the economic background section above, investment rates available in the market are at a historical low point. The average level of funds available for investment purposes in the first seven months of 2011/12 was £14.4m. These funds were available on a temporary basis and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.
- 8.14 The table below compares the investment portfolio yield for the first seven months of the year against a benchmark of the average 7 day LIBID rate of 0.47%.

	Average Investment	Average Gross	Net Rate of	Benchmark Return	Interest Earned

	(£)	Rate of Return	Return		(£)
Cash Equivalents	1,623,987	0.60%	n/a	n/a	16,777
Fixed Term Deposits	1,092,593	1.19%	n/a	0.47%	67,509

- 8.15 The Council's budgeted investment for 2011/12 is £130k and performance during the financial year to 31 October 2011 is £84k, which is £7k above the profiled budget.
- 8.16 Following the termination of the agreement with Tradition for cash manager services on the 30 June 2011 all investments are now administered internally.
- 8.17 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

Compliance with Treasury and Prudential Limits

- 8.18 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The Council's approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Strategy Statement (TMSS).
- 8.19 During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's TMSS and in compliance with the Council's Treasury Management Practices. The Prudential and Treasury Indicators are shown in annex A.
- 8.20 The Council has no long-term borrowing and retains its status as a debt-free authority. There have been no temporary borrowing transactions in the year.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:
- a) Financial
The results of the investment strategy affect the funding of the capital programme. The investment income return to 31 October 2011 was £84k, marginally higher than estimated.
 - b) Legal
There are no additional legal implications within this report.
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
There are no additional implications within this report.

Paul Cresswell
Corporate Director (s151)

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Background Papers:

None

Background Papers are available for inspection at:

N/a

PRUDENTIAL AND TREASURY INDICATORS

Prudential Indicators

	2010/11	2011/12	2012/13	2013/14
Extract from budget setting report	Actual	Estimate	Estimate	Estimate
Capital Expenditure	£3.822m	£5.802m	£2.425m	£0.680m
Ratio of financing costs to net revenue stream	0.95%	1.11%	1.58%	0.72%
Net borrowing requirement	-£8.901m	-£3.640m	-£1.589m	-£1.427m
Capital Financing Requirement as at 31 March	£0.639	£1.383	£2.346m	£2.138m
Annual change in Capital Financing Requirement	£0.083	£0.744	£0.963m	-£0.208m
Incremental impact of capital investment decisions Increase in council tax (band D) per annum	N/a	£6.99	£10.85	£12.76

Treasury Management Indicators

	2010/11	2011/12	2012/13	2013/14
	Actual	Estimate	Estimate	Estimate
Authorised Limit for external debt -				
Borrowing	N/a	£20.0m	£20.0m	£20.0m
Other long term liabilities	N/a	£0	£0	£0
Total	N/a	£20.0m	£20.0m	£20.0m
Operational Boundary for external debt -				
Borrowing	N/a	£5.0m	£5.0m	£5.0m
Other long term liabilities	N/a	£0	£0	£0
Total	N/a	£5.0m	£5.0m	£5.0m
Actual external debt	£0.639m	£1.383m	£2.346m	£2.138m
Upper limit for fixed interest rate exposure				
Net principal re fixed rate borrowing / investments	N/a	100%	100%	100%
Upper limit for variable rate exposure				
Net principal re variable rate borrowing / investments	N/a	20%	20%	20%
Upper limit for total principal sums invested for over 364 days (per maturity date)	N/a	£1.0m	£1.0m	£1.0m

ANNEX B

Investment Portfolio as at 31 October 2011

Investment by Institution	Investment £	Duration of Investment	Latest Sector Duration Band Rating	Sovereignty Rating
UK Clearing Banks				
National Westminster Bank	2,420,000	On Call	12 Months	AAA
Santander UK plc	1,500,000	3 Months	3 Months	AAA
Bank of Scotland	1,500,000	12 Months	12 Months	AAA
Yorkshire Bank (Clydesdale Bank)	1,000,000	15 Day Notice	3 Months	AAA
Yorkshire Bank (Clydesdale Bank)	1,000,000	15 Day Notice	3 Months	AAA
Bank of Scotland	500,000	3 Months	12 Months	AAA
Santander UK plc	500,000	3 Months	3 Months	AAA
	8,420,000			
Foreign Banks				
DBS Bank	1,000,000	9 Months	3 Months	AAA
DBS Bank	1,000,000	9 Months	3 Months	AAA
	2,000,000			
Building Societies				
Nationwide Building Society	1,500,000	6 Months	3 Months	AAA
	1,500,000			
Local Authorities				
Newcastle City Council	1,000,000	12 Months	5 Years	AAA
	1,000,000			
Grand Total	12,920,000			

All the above borrowers met the required credit rating at the time of investment.



REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	15 DECEMBER 2011
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	INTERNAL AUDIT Q2+ REPORT
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report presents the Interim Internal Audit Report covering the period to 30 November 2011 from the North Yorkshire Audit Partnership.

2.0 RECOMMENDATION

2.1 It is recommended that this Interim Internal Audit Report which outlines progress against the approved internal audit plan be noted.

3.0 REASON FOR RECOMMENDATION

3.1 The Cipfa Code of Practice for Internal Audit in Local Government identifies that the shared interests of the audit committee and internal audit require an effective working relationship. Part of that is the approval of, and monitoring of progress against, the internal audit strategy and plan.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks.

REPORT

5.0 BACKGROUND AND INTRODUCTION

5.1 The Accounts and Audit Regulations 2003 require, inter alia, all Councils to annually review their systems of internal control and to provide an adequate and effective Internal Audit function.

5.2 This report presents the Interim Internal Audit Report from the North Yorkshire Audit Partnership, which is attached as Appendix A. That report summarises the work done by Internal Audit in 2011/12 covering the year to 30th November 2011.

5.3 This report highlights issues that the audits have identified and provides a summary

of these. It also outlines any issues emerging from the audits of the principal financial systems of the Council, together with any significant comments from other audits completed during the year to date.

- 5.4 The Audit Partnership provides the Council in its report with a clear statement of assurance reflecting its opinion of the Internal Control Framework. This is based upon the audits completed complemented by its existing knowledge and understanding of the control framework.

6.0 POLICY CONTEXT

- 6.1 This report supports the Council's Corporate Strategic Objective of providing strong Community Leadership, by demonstrating a commitment to local democracy and accountability.

7.0 CONSULTATION

- 7.1 No external consultation has been undertaken. The Audit Partnership liaises with the Corporate Director (s151) in his specific role as the responsible financial officer. In addition it undertakes an annual consultation with Heads of Service.

8.0 REPORT DETAILS

- 8.1 The interim report detailed in annex A, provides an assurance statement for the financial systems of the council, based on the work undertaken to date, and past experience. It is not a 'carte blanche' but a balanced judgement.

- 8.2 The appendix to that Partnership report provides a brief synopsis of the issues arising at each of the audits completed in the period. This allows the committee to be aware of control issues that have been identified, and enables the committee to request specific discussions with line management about the matters raised.

- 8.3 The facility for members to require managers to attend and discuss with the committee the results of the audit on their service area and its recommendations does significantly support the effective working relationship between the committee and internal audit.

- 8.4 If exercised pragmatically it should improve the responses of service managers to audit reports and recommendations, and also encourage them to challenge audit findings, which improves the quality of the audit process.

- 8.5 This allows the pendulum to come full circle bringing internal audit, its clients, and the Overview & Scrutiny Committee (audit) closer together in a virtuous circle.

- 8.6 This routine reporting to the committee forms an important part of the overall control framework, and the audit committee's role is also an integral component in that framework. This leads through, ultimately to the Annual Governance Statement.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:
- a) Financial
There are no financial implications, beyond the existing budget for Internal Audit.
 - b) Legal
None directly, though individual audit reports may have implications

- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None directly, though individual audit reports may have implications

Paul Cresswell
Corporate Director (s151)

Author: James Ingham; Head of Partnership, &
Alison Newham, Audit Manager (East),
North Yorkshire Audit Partnership
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Background Papers:
None

Background Papers are available for inspection at:

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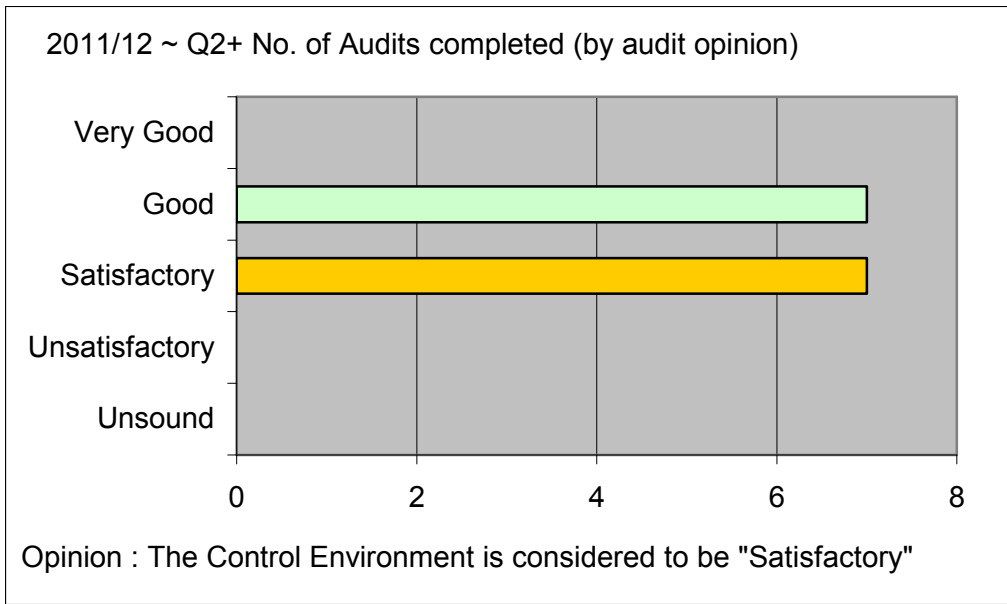


Independent Assurance

Internal Audit 2011/12 Q2+ report



Ryedale DC December 2011



Head of Partnership: James Ingham CPFA

Audit Manager : Alison Newham BA (Hons)

Circulation list: Members Overview & Scrutiny Committee
Chief Executive
Corporate Director (s151)

Summary

1.0 Introduction

- 1.1 Internal Audit is a mandatory requirement for all Councils, (Accounts & Audit regulations). The Council meets that requirement by an Internal Audit service provided through the North Yorkshire Audit Partnership.
- 1.2 The Partnership provides the service and works to the CIPFA Code of Practice for Internal Audit in Local Government. The Council's external auditors have undertaken a tri-ennial review of the Partnership which added to the Accounts & Audit regulation requirement that the council undertakes an annual review of the effectiveness of the system of Internal Audit. The results of both reviews are presented to the Overview and Scrutiny Committee (in its audit committee role) of the Council.
- 1.3 Internal Audit providers in Local Government have an obligation to produce an Annual Internal Audit Report. The Partnership considers that it is important for the Committee to receive regular interim reports of audits completed, and these two reports follow a common style.
- 1.4 This is an important document in many ways and brings together the following in one consolidated report.
 - ◆ A clear statement of assurance by the North Yorkshire Audit Partnership regarding the adequacy and effectiveness of the internal control environment.
 - ◆ The key issues and themes arising out of the internal audit activity that has been undertaken during 2011/2012, encompassing systems audit work and any specialist reviews.
 - ◆ A summary of the opinions and key issues for the audits completed.
- 1.5 This interim report is, however, more than the sum of these parts; taken as a whole it is an important contribution to the Council reaching an understanding of what risks exist and how well they are being managed.
- 1.6 The presence of an effective internal audit function contributes significantly to the strong counter-fraud and corruption culture that exists in the council.
- 1.7 During 2011/12 no special investigations have been required to date, suggesting that the present internal control framework is proving effective so far.
- 1.8 The internal audit team are closely involved with governance matters, and take an active part in the Council's Governance and are directly involved with the preparation and drafting of the Council's Annual Governance Statement.

2.0 Planned Audit work 2011/12

- 2.1 The agreed number of days in the plan for internal audit was 245. The plan itself was derived from the Partnership's risk model, devised to target resources to those areas that are considered to be of the greatest risk.
- 2.2 The number of days is to reduce to 225 in 2012/13 and each subsequent year.
- 2.3 That projected plan value is, in our professional opinion, adequate to allow the Partnership to provide the requisite assurance to the Council on the system of Internal Control. The proportion committed to the material systems may become disproportionately large being almost 50% of the total plan value. The consequence is that over a number of years, a number of discrete work areas may not be subject to an internal audit.
- 2.4 We are aware that the Council is moving to a 'commissioning' model and that may influence the range and type of Internal Audit work that is required in future years.
- 2.5 The projected plan is, however, tempered by a number of factors; the most significant of these being the expectation of the external auditors that internal audit undertake work on the material (significant) systems of the council on an annual basis. The volume of time required is largely constant, so the balance is used for locally directed and determined audit assignments.
- 2.6 The plan also includes a provision for specialist audit work including ICT audit, and work around the partnership governance area. Finally it also includes an amount of time to

meet Client support requirements, including attending Audit Committee, and ad-hoc or special investigations.

2.7 This report also contains a table which shows the schedule of planned audit work, and the audit opinion associated with those audits completed.

3.0 Matters of significance from the work completed in the year

3.1 The areas that were especially pleasing to report are as follows: -

- C The majority of audits undertaken so far have returned a ‘satisfactory’ opinion (including in progress and draft stage).
- C Recommendations from previous years have been, for the most part, implemented.

4.0 Audit Opinion and Assurance Statement

4.1 We have conducted our audits both in accordance with mandatory standards and good practice contained within the CIPFA Code of Practice for Internal Audit in Local Government.

4.2 The CIPFA Code defines Internal Audit as an assurance function providing an independent opinion on the Internal Control Environment, comprising Risk Management, Governance and Internal Control. Accordingly we have structured our opinion around those three themes.

4.3 For 2011/12, the internal audit opinion is derived from work completed as part of the agreed internal audit plan, which includes compliance with the managed audit. This is work done as part of the joint protocol between the Council’s internal and external auditors who themselves are required to give an opinion on the Council’s accounts. It is accepted that Internal Audit has an established position of independence within the Council more especially with the specific arrangements that exist with the North Yorkshire Audit Partnership. It has experience in control and assurance matters generally.

4.4 On balance, based upon the audit work done, together with the pre-existing cumulative audit knowledge and experience of other areas not subject to audit this year our overall audit opinion is that the Internal Control Environment for the Council is operating “to a satisfactory standard”.

The Assurance:	
Risk Management	The Council has embedded Risk Management within the organisation. The use of performance management software has enhanced this position and has provided a basis for future improvement.
Governance	Our work this year to date leads us to the overall opinion that the Corporate Governance arrangements are sound.
Internal Control [Financial systems, etc.]	Our overall opinion is that the internal controls within the financial systems in operation in the year to date are fundamentally sound. (100% of audits completed had an audit opinion of “Satisfactory” or better. This is based upon our examination of the key financial systems as part of the managed audit approach, and the other financial systems that were actually audited. On that basis and our previous experience and knowledge there is no reason to believe that the systems are other than sound.

Table of 2011/12 audit assignments

<u>Audit</u>	<u>Status</u>	<u>O&S (Audit) Committee</u>
<i><u>2011/12 ~ Material Systems (External Audit definition)</u></i>		
Creditors + e-procure/purchase cards	Complete – Satisfactory (Extra Testing Q4)	October 2011
Debtors	Complete – Good (Extra Testing Q4)	October 2011
G. Ledger + Bank Reconciliation's	Complete – Good (Extra Testing Q4)	October 2011
Payroll	Complete – Good (Draft)	December 2011
Income System	In Progress	
Fixed Assets	Complete – Satisfactory	October 2011
Council Tax	Due Q3	
NNDR	Due Q3	
Housing Benefits	Due Q3	
Treasury Mgt	Due Q4	
<i><u>2011/12 Audit plan work</u></i>		
Cultural Grants	Complete – Satisfactory	October 2011
Recycling	Complete – Satisfactory/Good	October 2011
Car Parks	Complete – Satisfactory	October 2011
Ryecare (Warden Control)	Complete – Satisfactory	October 2011
Community Safety	Complete – Satisfactory	October 2011
Licensing Acts	Complete – Good (Draft)	December 2011
Dog Enforcement (Warden)	Complete – Good (Draft)	December 2011
Food Safety	Complete – Good	December 2011
Pollution Control	Complete – Good (Draft)	December 2011
CLL (Community Leisure Ltd.)	Due Q4	
Development Control	Due Q4	

Summary of Key Issues arising from audits completed to 30th November 2011

<u>Audit & Opinion</u>	<u>Key Issues</u>	<u>Recommendations</u>	<u>Status; – Follow up due: -</u>
<u>Licensing Acts</u> <i>Good (Draft)</i>	<p>Strengths</p> <ul style="list-style-type: none"> ◇ Controls within Licensing are effective and no errors were identified. <p>Weaknesses</p> <ul style="list-style-type: none"> ◇ No weaknesses identified. 	<p>Recommendations</p> <ul style="list-style-type: none"> ◇ A number of small recommendations made 	Due 2014/15
<u>Dog Enforcement (Warden)</u> <i>Good (Draft)</i>	<p>Strengths</p> <ul style="list-style-type: none"> ◇ Knowledge of processes and legislation is good ◇ Controls in place are effective and well managed <p>Weaknesses</p> <ul style="list-style-type: none"> ◇ Links on the public website do not work and therefore information is not easily accessible 	<p>Recommendations</p> <ul style="list-style-type: none"> ◇ Links on the website should be corrected and updated ◇ The Dog Warden & Animal Welfare Service Enforcement Policy and the Animal Welfare Charter should be reviewed 	Due 2014/15
<u>Food Safety</u> <i>Good</i>	<p>Strengths</p> <ul style="list-style-type: none"> ◇ Controls are well established and effective ◇ A recent audit of the service by the North Yorkshire Food Liaison Group (NYFLG) did not identify any issues or non conformance <p>Weaknesses</p> <ul style="list-style-type: none"> ◇ No additional weaknesses identified 	<p>Recommendations</p> <ul style="list-style-type: none"> ◇ A number of very small recommendations were made during the NYFLG external audit, therefore none repeated by NYAP 	Due 2014/15
<u>Pollution Control</u> <i>Good (Draft)</i>	<p>Strengths</p> <ul style="list-style-type: none"> ◇ Well established systems of working in place. Team has good awareness of current and anticipated 		Due 2014/15

<u>Audit & Opinion</u>	<u>Key Issues</u>	<u>Recommendations</u>	<u>Status; – Follow up due: -</u>
	<p>legislation.</p> <p>Weaknesses</p> <ul style="list-style-type: none"> ◇ Procedure notes etc. are not up to date with current legislation. 	<p>Recommendations</p> <ul style="list-style-type: none"> ◇ The Procedures for Local Authority Prevention and Control should be reviewed and, where necessary, revised to reflect current legislation ◇ The data held in the current database should be migrated to an up to date server based solution. 	
<p><u>Payroll</u></p> <p>Good (Draft)</p>	<p>Strengths</p> <ul style="list-style-type: none"> ◇ Well established systems of working in place. <p>Weaknesses</p> <ul style="list-style-type: none"> ◇ The current system is inflexible and information is not readily available ◇ City of York has yet to go live with their new Payroll system. ◇ RyeDC and York are at present, still continuing with an agreement which ended in March 2011 	<p>Recommendations</p> <ul style="list-style-type: none"> ◇ The terms and conditions of the service that York provide to Ryedale when the new system is in place should be formalised and a new Service Level Agreement drawn up and signed ◇ Up to date processing deadlines should be published on the intranet. 	Due 2012/13

Summary of Key Issues arising from audits completed and previously reported

<u>Audit & Opinion</u>	<u>Key Issues</u>	<u>Recommendations</u>	<u>Status; – Follow up due: -</u>
<p><u>Creditors</u></p> <p>Satisfactory</p>	<p>Strengths</p> <ul style="list-style-type: none"> ◇ Staff members within the Creditors section are experienced in their roles and have a good understanding of the risks and controls required <p>Weaknesses</p> <ul style="list-style-type: none"> ◇ Duplicate invoices and security of blank cheques 	<p>Recommendations</p> <ul style="list-style-type: none"> ◇ Blank cheques should be held securely with access restricted to authorised key holders only ◇ Credit balances should be reviewed regularly 	Due 2012/13

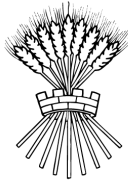
<u>Audit & Opinion</u>	<u>Key Issues</u>	<u>Recommendations</u>	<u>Status; – Follow up due: -</u>
<u>Debtors</u> <i>Good</i>	Strengths <ul style="list-style-type: none"> ◇ Controls are effective and there are no areas of concern 	Recommendations <ul style="list-style-type: none"> ◇ Minor recommendations made 	Due 2012/13
<u>General Ledger</u> <i>Good</i>	Strengths <ul style="list-style-type: none"> ◇ Controls are effective and there are no areas of concern 	Recommendations <ul style="list-style-type: none"> ◇ One minor recommendation made 	Due 2012/13
<u>Fixed Assets</u> <i>Satisfactory</i>	Strengths <ul style="list-style-type: none"> ◇ At the time of the last audit work was underway to make the Real Asset Management system fully operational as the Fixed Asset Register, this has now been achieved. ◇ The Asset Management Group has now been re-formed and meets regularly. Weaknesses <ul style="list-style-type: none"> ◇ The Asset Management Plan needs updating and reviewing 	Recommendations <ul style="list-style-type: none"> ◇ A number of recommendations have been made but are in discussion stage. These will be reported when finalised 	Due 2012/13
<u>Cultural Grants</u> <i>Satisfactory</i>	Strengths <ul style="list-style-type: none"> ◇ Stringent criteria required for grants are documented and followed closely Weaknesses <ul style="list-style-type: none"> ◇ Spreadsheets for monitoring the grants are not up to date or reconciled to the General Ledger 	Recommendations <ul style="list-style-type: none"> ◇ Quarterly reconciliations should be undertaken 	Due 2014/15
<u>Recycling</u> <i>Satisfactory/ Good</i>	Strengths <ul style="list-style-type: none"> ◇ Controls are effective Weaknesses <ul style="list-style-type: none"> ◇ No major weaknesses 	Recommendations <ul style="list-style-type: none"> ◇ Minor recommendations 	Due 2014/15

<u>Audit & Opinion</u>	<u>Key Issues</u>	<u>Recommendations</u>	<u>Status; – Follow up due: -</u>
	identified	made	
<u>Car Parks</u> <i>Overall Satisfactory</i>	<p>Strengths</p> <ul style="list-style-type: none"> ◇ Overall all base controls in relation to income are good <p>Weaknesses</p> <ul style="list-style-type: none"> ◇ Poor segregation of duties ◇ Weaknesses in relation to controls surrounding permits and smart cards 	<p>Recommendations</p> <ul style="list-style-type: none"> ◇ Reconciliations should be carried out to ensure that all permits and smart cards have been charged for ◇ Management should consider adopting a more structured regime for parking permits according to type, with one value per permit type. ◇ Management should consider introducing an identification mark or hologram on all permits, which will make the unauthorised replication of permits more difficult. 	Due 2013/14 follow up
<u>Ryecare (Warden Control)</u> <i>Satisfactory</i>	<p>Strengths</p> <ul style="list-style-type: none"> ◇ Several contracts recently won ◇ Service unit runs effectively <p>Weaknesses</p> <ul style="list-style-type: none"> ◇ Lack of CRB checks 	<p>Recommendations</p> <ul style="list-style-type: none"> ◇ CRB checks should be carried out for all relevant posts 	Due 2012/13 follow up
<u>Community Safety</u> <i>Satisfactory</i>	<p>Strengths</p> <ul style="list-style-type: none"> ◇ Safer Ryedale Plan is now up to date ◇ Objectives are set annually and performance against objectives achieved <p>Weaknesses</p> <ul style="list-style-type: none"> ◇ Lack of reconciliation at year end ◇ Funding opportunity was missed for 2010/11 	<p>Recommendations</p> <ul style="list-style-type: none"> ◇ Reconciliations should be regularly undertaken 	Due 2014/15

Opinion Description

<i>Very Good</i>	Overall, very good management of risk with none, or minimal, weaknesses identified. An effective control environment is in operation.
<i>Good</i>	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified.
<i>Satisfactory</i>	Overall, satisfactory management of risk with some weaknesses (which may be material or significant) identified. An acceptable control environment is in operation, but there are a number of improvements that could be made.
<i>Unsatisfactory</i>	Overall, poor management of risk with significant or material control weaknesses in key areas. Major improvements are required before an effective control environment will be in operation.
<i>Unsound</i>	Overall, there is a fundamental failure in the control environment and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

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REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	15 DECEMBER 2011
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	ANNUAL GOVERNANCE STATEMENT ACTION PLAN
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This is a report to committee to inform members on progress with the actions identified in the 2010-11 AGS action plan.

2.0 RECOMMENDATION

2.1 It is recommended that the progress with identified actions in the 2010-11 AGS action plan be noted.

3.0 REASON FOR RECOMMENDATION

3.1 Monitoring progress with identified actions in the AGS is good practice, and it demonstrates to the Audit Commission that the Audit Committee is properly exercising its role.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks.

REPORT

5.0 BACKGROUND AND INTRODUCTION

5.1 The Accounts and Audit Regulations requires audited bodies to conduct a review at least once a year on the effectiveness of its Internal Audit and publish an Annual Governance Statement (AGS) each year with the Statement of Accounts.

5.2 The document has then to be signed by the Chief Executive and the Leader (or equivalent) of the Council. This emphasises that the document is about all corporate controls and is not confined to financial issues.

5.3 The Council has adopted the CIPFA framework for producing the AGS. Part of this framework is for the Council's Audit Committee to consider the content of the AGS

including any action plans to address identified 'significant' internal control issues.

5.4 It is for Members to review the progress of implementation of the actions identified in the Action Plan of the 2010-11 Annual Governance Statement (AGS).

5.5 This is not required under The Accounts & Audit Regulations; however it is good practice for the Committee to monitor progress of the actions as part of their Governance responsibilities.

6.0 POLICY CONTEXT

6.1 There is no impact upon specific policies, although as the AGS is an important corporate document demonstrating the Council's commitment to an open and transparent philosophy in all its activities.

7.0 CONSULTATION

7.1 No external consultation has been carried, as this is an internal report covering the progress with actions identified in the AGS.

8.0 REPORT DETAILS

8.1 The purpose of the AGS is to provide a continuous review of the effectiveness of the organisation's internal control and risk management systems so as to give assurance on their effectiveness.

8.2 The AGS should not be seen as a task at a particular point in time. Therefore, for the process to add value to the Council, assurances on the effectiveness of controls over key risks should be obtained throughout the year. This allows remedial action to take place at the earliest opportunity, thereby improving the internal control framework.

8.3 There is also a need to identify and resolve weaknesses by the production of an action plan. This report presents a review of the implementation of actions proposed in the Action Plan associated with the 2010-11 AGS.

8.4 The Action Plan detailed in annex A, sets out the current position with comments on the actions proposed in the plan.

8.5 The AGS for 2011-12 will be reported to the committee in June and will complete the reviews of this action plan as they will be incorporated into the action plan for the 2011-12 AGS.

9.0 IMPLICATIONS

9.1 The following implications have been identified:

a) Financial
None

b) Legal
None

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None

10.0 NEXT STEPS

- 10.1 The AGS Action Plan is a document that should be reviewed periodically during the year. A final review will be done when the AGS for 2011-12 is being drafted, and all the current items identified and monitored will be brought forward into the new AGS.

Paul Cresswell
Corporate Director (s151)

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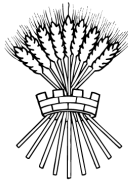
Background Papers:
None

ANNUAL GOVERNANCE STATEMENT 2010/11
ACTION PLAN for implementation in 2011/12

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
Brought Forward From 2008/09	Corporate Business Continuity Plan (BCP) requires testing for resilience and further training may be required.	Use consultancy days from our insurers and specialist to ensure the plan is fit for purpose and appropriate staff have currency of knowledge.	Corporate Director (s151)	To be completed by 31/12/2009	Feb 2010 ~ Obtaining advice and assistance from NYCC to finalise and test BCP. June 2010 ~ NYCC supplied with Council current situation awaiting feedback. Oct 2010 ~ meeting with NYCC scheduled for 29/9/2010 June 2011: -Completed <i>Dec 2011: -Completed; retain as a continuing issue for 2011/12</i>
New 2009/2010	Risk of compromise and weaknesses in operational systems as a consequence of reduced staffing over forthcoming years through downsizing as Government funding cuts made.	Where changes in staffing occur, that changes in operating arrangements are reviewed prior to reducing the controls. Internal audit are included in working groups reviewing operating systems and arrangements, including commissioning, partnership arrangements etc.	Corporate Director (s151)	Continuing	Oct 2010 ~ Staffing reviews and service reviews considering the control environment and impact of individuals leaving the Council. Further staffing reductions expected over future years, continuing risk based internal audit reviews continuing. June 2011: - Realignment of responsibilities of the Heads of Service practically completed. <i>Dec 2011: -Completed; retain as a continuing issue for</i>

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
					<i>2011/12</i>
New 2010/11	With the potential for new partnerships and changes to existing ones over the forthcoming year, there is the risk that system controls could be compromised during the period.	Partnership risk register to be considered by O&S Committee. Partnership changes to be properly "project managed". Internal audit will be involved in working groups and project teams as appropriate. Ensure partnership protocol is followed.	Corporate Director (s151)	Continuing	<i>Dec 2011: - further Partnership development ongoing, managed as distinct projects.</i>

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REPORT TO: OVERVIEW AND SCRUTINY COMMITTEE

DATE: 15 DECEMBER 2011

REPORT OF THE: CUSTOMER SERVICES AND BENEFITS MANAGER
ANGELA JONES

TITLE OF REPORT: CUSTOMER COMPLAINTS RECEIVED QUARTER 2
(2011/12)

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To inform Members of the number and type of complaints received under the Council's complaint procedure for the period July – September 2011.

2.0 RECOMMENDATION

2.1 It is recommended that members accept the report as attached.

3.0 REASON FOR RECOMMENDATION

3.1 This report includes complaints monitored under individual service complaints systems (**Annex 1**).

3.2 The report also includes a summary of customer feedback to Community Leisure Ltd (CLL) for the period July – September 2011 together with the action taken where appropriate (**Annex 2**).

4.0 REPORT DETAILS

4.1 The annexes of the report show the number of complaints received and the actions which have been taken.

Angela Jones
Customer Services and Benefits Manager

Author: Angela Jones, Customer Services and Benefits Manager
Telephone No: 01653 600666 ext: 220
E-Mail Address: angela.wood@ryedale.gov.uk

Background Papers: RDC Complaints Procedure

Background Papers are available for inspection at:

http://www.ryedale.gov.uk/council_and_democracy/corporate_complaints.aspx

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SUMMARY OF COMPLAINTS LOG

PERIOD: July – September 2011

SERVICE UNIT	SUMMARY OF COMPLAINT	NO SETTLED WITHIN DEADLINE	RESULTANT SERVICE IMPROVEMENTS / ACTION TAKEN
Customer Services & Benefits	1. Delay in processing benefit application.	1	1. Benefit processed and letter of apology sent to customer.
Democratic Services		0	
Development Services	1. Developments commencing without planning permission.	1	1. One of the developments did have planning permission and the other was subject of an enforcement investigation, customer advised.
Economic & Community	1. Confusion over which guides are replacing what was the Moors and Coast.	1	1. Customer was emailed with explanation and apology.
Facilities & Emergency Planning		0	

Finance & Revenue Services	<ol style="list-style-type: none"> 1. Complainant unhappy about recovery action of the Council's bailiff. 2. Issue of reminder for unpaid council tax to the complainants mother for a value of £6.00. 3. Complainant issued with liability order and stated that officer had not cooperated with her request for a payment card to pay arrears by instalment. 	3	<ol style="list-style-type: none"> 1. Letter sent to customer explaining why action was justified. 2. Letter sent explaining the Council's policy for recovery action for debts over £5.00. 3. Letter sent that explained why the allegations were ill founded.
Forward Planning		0	
Health & Environment	<ol style="list-style-type: none"> 1. Behaviour and actions of a neighbour and lack of action by RDC. 	0	<ol style="list-style-type: none"> 1. Ongoing enforcement action involving RDC, Police, Adult and Community Services and GP.
Housing Services	<ol style="list-style-type: none"> 1. Customer unhappy with advice given to and disputed Homelessness 'Priority Need' status. 2. Customer late for appointment and unhappy that they could not be seen when they arrived. 3. Very unhappy about receiving a letter about enforcement action on 3 empty properties owned by customer. 	3	<ol style="list-style-type: none"> 1. Customer contacted to explain points in letter. 2. Letter sent to customer inviting them to discuss reason for visit and complaint. 3. Explanation provided to customer regarding purpose of letters.

Human Resources		0	
ICT Services		0	
Legal		0	
Streetscene Services	<ol style="list-style-type: none"> 1. Complaint re parking in KMS, Post Office parking and location of PO. 2. Parking around on street in Pickering. 3. Cleanliness of Borogate toilets, Helmsley. 4. Complaint re taxi driver. 	4	<ol style="list-style-type: none"> 1. Customer notified responsibility of NYCC and contact details provided. 2. Customer notified responsibility of NYCC and contact details provided. 3. Letter of apology and explanation sent to customer advising of staff training and procedures for monitoring cleanliness. 4. Investigation of complaint and driver issued with warning.
Transformation		0	
TOTAL		13	

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DERWENT POOL – CUSTOMER FEEDBACK

JULY TO SEPTEMBER 2011	very good	good	fair	poor	very poor
Efficiency of the staff	4	0	0	0	0
Helpfulness of the staff	5	0	0	0	0
Courtesy of the staff	3	0	0	0	0
General cleanliness	1	3	1	0	0
Condition of the facilities	0	4	1	0	0
Safety and security	1	3	1	0	0
Pool water temperature	0	0	3	0	0
Air temperature	0	2	1	1	0
Value for money	1	3	1	0	0
Overall experience	1	4	0	0	0
	16	19	8	1	0

July	Same music on at Norton Pool	We will look at changing the music more frequently.
August	Make the showers run longer	The showers are on a push button system to extend the length they run. We will inform RDC if there are any problems with the push buttons.
	Please can we have lane swimming at lunch time as 15 people swimming all bumping into one another.	We have discussed in depth the feasibility of putting lanes in. However during public swims we have a wide range of swimming abilities with the need to cater for all. We would only be able to put 3 double lanes in and would potentially increase the congestion as the lanes would have to be segregated into abilities. We will continue to monitor the situation and should demand call for it trial lane swimming.
	Staff member reacted with no hesitation when a young girl got into trouble.	We are proud of our pool safety records and constant training is maintained in order to be able to deal with such situations.
September	Pool water is cold	We will continue to monitor the pool water temperature and inform RDC should it need turning up.

LIFESTYLES – CUSTOMER COMMENTS FEEDBACK

APRIL TO JUNE 2011	very good	good	fair	poor	very poor
Efficiency of the staff	0	1	0	0	0
Helpfulness of the staff	0	1	0	0	0
Courtesy of the staff	0	1	0	0	0
General cleanliness	0	1	0	0	0
Condition of the facilities	0	0	1	0	0
Safety and security	0	0	1	0	0
Value for money	0	1	0	0	0
Overall experience	0	1	0	0	0
	0	6	2	0	0

July	no comments	
August	great summer holiday activities programme	Thank you
September	no comments	

RYEDALE POOL – CUSTOMER COMMENTS FEEDBACK

JULY TO SEPTEMBER 2011	very good	good	fair	poor	very poor
Efficiency of the staff	1	0	0	0	0
Helpfulness of the staff	1	0	0	0	0
Courtesy of the staff	1	0	0	0	0
General cleanliness	0	1	0	0	0
Condition of the facilities	0	1	0	0	0
Safety and security	0	1	0	0	0
Pool water temperature	0	1	0	0	0
Air temperature	0	0	0	1	0
Value for money	0	0	1	0	0
Overall experience	0	0	1	0	0
	3	4	2	1	0

July	Pool water is cold	We have informed RDC of the water temperature and will continue to monitor it.
August	Please follow up the junior lifesaving holiday activity it was very well run.	We will look at continuing the activity throughout the holidays, and thank you for your positive comments.
	Please introduce lane swimming or stop people chatting in groups, I paid good money to swim and couldn't as a result.	The sessions are open to all abilities of swimmers and although we cannot stop people from chatting in the pool we will ask them to show consideration towards other swimmers.
September	Free hair dryers are good	



REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	15 DECEMBER 2011
REPORT OF THE:	HEAD OF TRANSFORMATION CLARE SLATER
TITLE OF REPORT:	RISK STRATEGY ANNUAL REVIEW
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To present the annual review of the Risk Management Strategy to Members for consideration.

2.0 RECOMMENDATION

- 2.1 It is recommended that Members note the content of the annual review of the Risk Management Strategy and the deletion of the action relating to the appointment of a Member Champion for Risk (ref CSR07).

3.0 REASON FOR RECOMMENDATION

- 3.1 Risk identification and management is an integral element of organisational management to secure the achievement of the Council's corporate objectives. Risk Management should also form a key part of any budget making decisions, other decisions made by Committee and the management of projects and partnerships.

4.0 SIGNIFICANT RISKS

- 4.1 The strategy defines both the process behind risk management and the appetite of the Council to risk.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 The Risk Management Strategy was approved by Members in December 2010. The Risk Strategy for the Council is attached at Annex A.

- 5.2 The primary objectives of the strategy are to:-

- Further develop risk management and raise its profile across the Council.

- Integrate risk management further into the organisational culture of service planning and managing performance.
- Further embed risk management through the ownership and management of risk as part of all decision-making processes, both at officer and member level.
- Manage risk in accordance with best practice.
- Create effective processes that will allow the council to produce risk management assurance statements annually.

6.0 POLICY CONTEXT

6.1 Risk management is essential to ensuring the delivery of the Council Plan and also maintaining effective governance arrangements. Following the demise of the Comprehensive Area Assessment inspection regime, the current interim arrangements for external audit are risk based and it is anticipated that any future external audit arrangements will continue to be so.

7.0 CONSULTATION

7.1 The Risk Management Strategy is developed and managed by the Council's Management Team. All service areas are therefore involved in its development through the Corporate Planning Framework.

8.0 REPORT DETAILS

8.1 Progress achieved against the action plan for effective Risk Management is as follows:

- All of the actions identified in the plan have been delivered, including reporting and challenge of risk management arrangements and training of staff and members in relation to risk
- The one action which should be deleted from the plan is that of appointing a member champion for risk. At their meeting of annual council members did not agree to the appointment of a Member Champion for Risk, following a review of the member champion roles and responsibilities.

8.2 The annual plan for Risk reporting to Overview and Scrutiny Committee has been fully delivered this year.

9.0 IMPLICATIONS

9.1 The following implications have been identified:

- a) Financial
The role of supporting Risk Management within the Council is now being undertaken by members of the Transformation Team. This results in a financial saving to the Council and will facilitate improved integration of Risk management into service planning, performance management, project management and management of significant partnerships.
- b) Legal
None.
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None.

Clare Slater
Head of Transformation

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Background Papers:

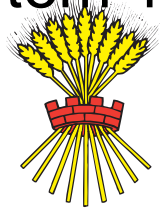
Council Plan 2009-13
Annual Governance Statement
Risk Registers:

- Corporate Risk Register
- Service Risk Registers
- Significant Partnerships Risk Register

Background Papers are available for inspection at:

Covalent
www.ryedale.gov.uk

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Annex A



Risk Management Strategy 2010 - 13





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1. Introduction

This document sets out a strategy for implementing and embedding risk management within Ryedale District Council.

To ensure that the strategy remains focused and in keeping with the overall aims and objectives of the Council there is a need to review it on an annual basis. As such this document has been reviewed in December 2010.

Sound risk management, if embedded, will achieve many benefits for the Council. These include assisting in setting priorities (focusing on key risks), service planning and demonstrating to stakeholders that the Council is continuously improving by managing areas of key concern, both at corporate and service-based levels. It should also be employed in the management of partnerships and projects.

The challenge is to implement risk management without significantly increasing workloads. This is achieved by making risk management part of existing processes rather than treating it as a separate function.

The objectives of the strategy are to:-

- Further develop risk management and raise its profile across the Council;
- Integrate risk management further into the organisational culture, service planning and performance aspects of the organisation;
- Embed risk management through the ownership and management of risk as part of all decision-making processes, both at officer and member level.
- Manage risk in accordance with best practice;
- Create effective processes that will allow the council to produce risk management assurance statements annually.

This strategy demonstrates how Ryedale District Council is meeting its responsibility to manage risks using a structured and focused approach.

2. Risk Management Philosophy

The Risk Management Philosophy of the Council is to adopt processes which will identify measures and either eliminates or controls risks that the Council is exposed to.

It is acknowledged that not all risks will be identified nor eliminated, particularly those of a minor nature. However, all employees should understand the nature of principal risks in their business area.

3. What is Risk Management?

Risk Management can be defined as:

“Risk is the threat that an event or action will adversely affect an organisation’s ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled”

Risk management is a strategic tool and is an essential part of effective and efficient management and planning. As a strategic tool, risk management identifies those issues that will act as a barrier



to Ryedale District Council achieving its objectives. Appendix 1 to this document sets out the main areas of risk for Local Authorities.

The Council's approach is to be **risk aware** rather than **risk averse** and to manage risk rather than to seek to eliminate it in all cases.

There are two types of risks:-

- **direct threats** (damaging events) which could lead to a failure to achieve objectives.
- **opportunities** (constructive events) which if exploited could offer an improved way of achieving objectives, but which are surrounded by threats.

The Strategy has critical links to the following areas:-

- Our Strategic Objectives.
- Our Corporate Governance Arrangements.
- Our Community Focus.
- Our Organisational Structures and Processes.
- Our Standards of Conduct.
- Our Service delivery arrangements.
- Our Medium Term Financial Strategy.
- Our Annual Governance Statement (AGS).

4. Why do we need a Risk Management Strategy?

There are three main reasons why risk management is undertaken and a strategy is put in place to ensure that it is embedded within the Council's decision-making framework:-

- Risk management is about identifying those issues that will prevent Ryedale District Council from being successful in achieving its corporate and service-based objectives, as well as successful involvement in partnerships and projects. If these issues are successfully managed then Ryedale District Council is more likely to achieve its objectives. Risk Management is good management and should be incorporated in all decision-making of the Authority. Risk management is also about identifying risk-based opportunities.
- Risk management is also an essential part of the Annual Governance Statement (AGS), which the Council has to produce annually. The AGS comments on the Council's position in relation to risk management, corporate governance and internal control. The strategy underpins the approach to risk management at Ryedale.

5. What are the benefits of risk management?

- Increases likelihood of achieving objectives by identifying the barriers to achievement - improved strategic management.
- Become less risk averse in innovation (because you understand) and hence more innovative.
- Improve business planning through a risk based decision making process.
- Improved operational management.
- Improved financial management.
- Improved customer service.
- Enhance performance - feeds into performance management framework.
- Focus on doing what matters to make a difference. Demonstrable improvement.
- Better governance - and demonstration of it to stakeholders



6. What is the Risk Management Process?

Implementing the strategy involves identifying, analysing, managing and monitoring risks. Risk management is a **continuous** process, which involves continual **identification, assessment and management** of the risks faced by the Council. Appendix 2 to this document details the process.

The Risk Management Process



The information resulting from the risk management process acts as one of eight key pieces of information that feed into the priorities of the Council.

7. Risk Management linking into Corporate Planning

The information resulting from the risk management process acts as one of eight key pieces of information that feed into the priorities of the Council.





8. Risk Strategy for Ryedale District Council

The success of risk management depends on how well it links into existing processes.

This strategy recognises the three main types of risk management undertaken within local government, namely:

- Corporate Risk Management: those items that have major consequences for the Council in achieving its overall goals.
- Service-Based Risk Management: those risks which impact on delivery of services including welfare issues, health and safety, asset management issues etc.
- Partnership and Project-Based Risk Management: those risks that impact on the delivery of partnerships, projects and major items of change management.

The Councils Risk Management Objectives

The Risk Management objectives of the Council are:-

- To integrate risk management into the day to day activities of the Council;
- To identify and measure risks associated with business decisions;
- To eliminated or control risks associated with business decisions;
- To review risks in response to changes in the internal and external environment of the Council;
- To raise awareness of risk management within the organisation.

The objectives will be achieved by:-

Action Ref	Action	Lead
CSR 01	Maintaining an up to date Risk Strategy	Transformation
CSR 02	Providing practical guidance to staff and Members	Transformation
CSR 03	Including risk management issues within Service Delivery Plans	Heads of Service
CSR 04	Including risk management assessments in Committee reports;	Heads of Service
CSR 05	Including risk management within financial procedure rules;	Director (s151)
CSR 06	Allocating specific responsibilities for risk to officers throughout the organisation	Director (s151)
CSR 07	Appointing a Member Risk Champion	Council
CSR 08	Supporting the work of the Risk Member Champion	Transformation
CSR 09	Review of risk management arrangements as part of the review of internal controls	NYAP
CSR 10	Annual report to Overview and Scrutiny reviewing the risk management process	NYAP
CSR11	Maintaining contingency plans in areas where there is potential for risk to the Council's business capability	Heads of Service
CSR12	Providing risk management awareness training for members and officers	Transformation
CSR13	Statement on risk management to be included in the Annual Governance Statement which forms part of the Statement of Accounts of the Council	NYAP
CSR14	Challenging the progress being made on the action plans relating to the Corporate Risk Register	O and S
CSR15	Challenging the progress being made on the action plans relating to the Significant Partnerships Risk Register	O and S
CSR 16	Challenging the progress being made on the action plans relating to Service Risk Registers	O and S



A number of issues have been borne in mind when setting this strategy:-

- The relative size of the authority.
- The current planning process/performance frameworks that have already been adopted.
- The need to ensure integration between service-based risk management and corporate risk management.

8. Partnership Working

The Council recognises both the benefits and the risks of partnership/joint working. It seeks to manage these risks through agreeing partnership objectives, procurement arrangements, contracts and other agreements that identify and allocate risks to the relevant partners. To minimise the likelihood and impact of a significant failure in its partnerships, the Council encourages its partners to demonstrate that they have effective risk management arrangements in place and to disclose those arrangements when entering into partnership.

9. Annual review of Risk Management Strategy

Management Team will annually review the Council's Risk Management Strategy in light of changing legislation, government initiatives, best practice and experience gained within the Council in adopting the strategy. Any amendments will be recommended by Management Team for approval by Members.



Appendix 1

Risk Management Methodology

Implementing the strategy involves identifying, analysing, managing and monitoring risks

Stage 1 – Identification, analysis, profiling and prioritisation of risks

Identifying the risks

There are different methods to identify risks. Workshops should be held by *SMT* and within service units encouraging officers to share their concerns, problems and potential risks that they foresee.

It is also recommended that a review of published information such as service plans, strategies, financial accounts, media mentions, inspectorate and audit reports are a useful source of information.

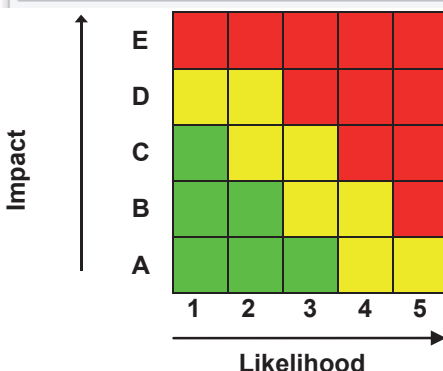
When identifying risks it is suggested that the following categories of possible risk areas be used. They will act as a prompt and as a trigger for officers involved in the process. They will ensure that a holistic approach to risk identification is taken and that the risk process does not just concentrate on operational, financial or legal risks. Examples of risks from each category can be found in Appendix 1.

Analysis, Risk Profiling and prioritisation

Following identification, the risks need to be entered into the Risk Register on Covalent and evaluated. Management will look at the risks identified and decide their ranking according to the likelihood of the risk occurring and its impact, if it did occur. A matrix is used to plot the risks and once completed this risk profile clearly illustrates the priority of each scenario.

Although the risk profile produces a priority for addressing each risk determining the group’s appetite for risk can enhance this. All risks above the appetite cannot be tolerated and must be managed down, transferred or avoided. The appetite for risk will be determined by management.

The risk profile used by Ryedale and key is shown below:



Score	Likelihood	Score	Impact
1	Very Low	A	Low
2	Not Likely	B	Minor
3	Likely	C	Medium
4	Very Likely	D	Major
5	Almost Certain	E	Disaster



Using Covalent to manage and monitor risk allows the risks to be linked to projects, service delivery plan actions and performance indicators.

Risks are categorised as:

High 

Medium 

Low 

Risks falling within the medium and high categories require mitigating action. If these are existing service delivery plan actions they should be linked to the risk on Covalent. Alternatively, a new action should be set up in the service delivery plan and linked to the risk. The progress in delivering these actions can then be monitored using Covalent.

Covalent has an on-line help resource which can be viewed at this location:

<http://support.covalentcpm.com/webhelp/index.html?riskcentral.htm>

When prioritising risks, those located in the top, right hand side box are the first priority or the most important risks to be managed. The risk scores can then guide the next level of priorities.

Stage 2 - Action Planning

The potential for controlling the risks identified will be addressed through the management action plans. Most risks are capable of being managed – either through mitigation planning (managing down the likelihood), contingency planning (managing the impact) or a mixture of both. Relatively few risks have to be avoided or transferred, although there will be a greater tendency to transfer (insure) risks that have a high impact, but a low likelihood. Action plans will also identify the resources required to deliver the improvements, key dates and deadlines and critical success factors/KPIs.

These actions should not be seen as a separate initiative but should be incorporated into the business planning process and included and linked to service delivery plans on Covalent.

Stage 3 Management of risks

Reports are generated from Covalent to present to Members. Covalent can also be accessed on-line by senior management, members and auditors.

Forward Plan for O and S Committee

Lead	Item	Date
Head of Service	Service Risk Register – Each to be considered annually on a rota	One to each meeting
Transformation	Significant Partnerships Risk Register	February 2011
Transformation	Corporate Risk Register and six monthly review of actions	February 2011 October 2011
NYAP	Risk Management Statement in Annual Governance Statement	June 2011
Transformation	Annual review of the Risk Management Strategy	December 2011
Transformation	Annual Report on Risk Management Arrangements	April 2011



Categories of Risk		Appendix 2
Risk	Definition	Examples
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifest commitment	New political arrangements, Political personalities, Political make-up
Economic	Affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences proposed investment decisions	Cost of living, changes in interest rates, inflation, poverty indicators
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the council's ability to meet its objectives	Staff levels from available workforce, ageing population, health statistics
Technological	Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures.	E-Gov. agenda, IT infrastructure, Staff/client needs, security standards
Legislative	Associated with current or potential changes in national or European law	Human rights, TUPE regulations etc
Environmental	Relating to the environmental consequences of progressing the council's strategic objectives	Land use, recycling, pollution
Professional Managerial	Associated with the particular nature of each profession, internal protocols and managerial abilities	Staff restructure, key personalities, internal capacity
Financial	Associated with financial planning and control	Budgeting, level of council tax & reserves
Legal	Related to possible breaches of legislation	Client brings legal challenge
Physical	Related to fire, security, accident prevention and health and safety	Office issues, stress, equipment use etc
Partnership Contractual	Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification	Contractor fails to deliver, partnership agencies do not have common goals
Competitive	Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value	Position in league tables, accreditation
Customer Citizen	Associated with failure to meet the current and changing needs and expectations of customers and citizens	Managing expectations, extent of consultation



Roles and Responsibilities

Appendix 3

Elected Members

Members have the role of overseeing the effective management of risk by officers. In effect this means that they will agree the Strategy, framework and process put forward by officers – as well as the priorities for action. They will also review the effectiveness of risk management.

They may also be involved in providing reports to stakeholders on the effectiveness of the risk management framework, Strategy and process.

Members are ultimately responsible for risk management because the risks threaten the achievement of policy objectives.

Management Team

Management Team are pivotal to the Risk Management process as they set the risk appetite for the organization through the projects, initiatives and cross cutting activities that they endorse and champion.

Officer Risk Champion/Internal Audit

The Officer Risk Champion is responsible for the implementation of the integrated framework, Strategy and process on behalf of the Council and its Management Team. The champion is essentially fulfilling a controlling and facilitation role – to ensure the processes are implemented and to offer guidance and advice.

Transformation Team

The Transformation Team will support the development of risk management within the Council, developing the risk management process and integration through Covalent, and working with officers and members to monitor actions against identified risks.

The team will also lead on the development and management of the Corporate Risk Register, Significant Partnerships Register, Risk associated with Projects and will prepare the Annual Report of Risk Management and revision of the Risk Strategy.

Supporting Services

Other support functions, e.g. finance, human resources, health and safety, legal, IT, will also have a role in providing support and advice.

Heads of Service

Heads of Service are responsible for managing their Service Risks, Partnership Risks (when they are the lead officer for the partnership) and Project Risk and ensuring that risk activity and targets are achieved and updated on a timely basis.

Partners

Ryedale District Council works with a wide range of partners in delivering its services. It is important that those partners are brought into the risk management framework. At times it will be appropriate for partnerships / shared services to be undertaken, however, it is essential that accountabilities are adequately determined and that Ryedale District Council does not overlook any risks that may fall on



it arising from its part in a joint venture. Even where there is transfer of operational risks, for example under a PFI, there will undoubtedly be some residual risks falling on the authority. It is **not** possible to outsource the risk management process.

Internal Audit (NYAP)

The Internal Audit team from another partner Council provides independent assurance on the effectiveness of controls within the Council. In order to do this, the annual audit plan is designed to review key risks, as identified within the corporate risk register.

As part of the production and presentation of the annual Head of Internal Audit Opinion to the Overview and Scrutiny committee, Internal Audit comments on the appropriateness of the risk management process within the Council; as well as identifying areas of low assurance and associated actions required.

The Importance of an Integrated Approach

In essence, the framework detailed above should provide a consistent, integrated top-down meets bottom-up approach to risk management – embedding it into Strategy and operations Risk Management must continue to be integrated and play a key role in the decision making process in the future.



REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	15 DECEMBER 2011
REPORT OF THE:	HEAD OF ORGANISATIONAL DEVELOPMENT LOUISE SANDALL
TITLE OF REPORT:	SERVICE RISK REGISTER – ORGANISATIONAL DEVELOPMENT
WARDS AFFECTED:	ALL

1.0 PURPOSE OF REPORT

- 1.1 This report presents the Service Risk Register for those services under the Head of Organisational Development.

2.0 RECOMMENDATION

- 2.1 It is recommended that Members receive the report and review the risk register.

3.0 REASONS SUPPORTING DECISION

- 3.1 Risk identification and management is an integral element of organisational management to secure the achievement of the Council's corporate objectives. Risk Management should also form a key part of any budget making decisions.

4.0 REPORT

- 4.1 Service Risk Registers (SRR) were originally established from work undertaken by the Audit Partnership in conjunction with Service Unit Managers, however, since the management restructure the number of registers have been reduced and are now the responsibility of the Heads of Service and their managers. These registers are presented to this committee on a rotational basis for annual review by Members.
- 4.2 Annex A outlines the SRR for the Head of Organisational Development. It is envisaged that each register will be presented to this committee on a rotational basis highlighting changes to risks and work undertaken to mitigate those risks.












5.0 CONCLUSION


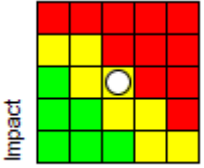


- 5.1 Further reports will be brought to the Overview and Scrutiny Committee as the responsible committee for monitoring and evaluating risks within the Council.

Louise Sandall
Head of Organisational Development


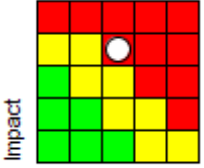
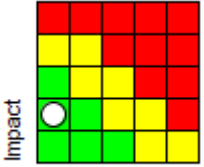
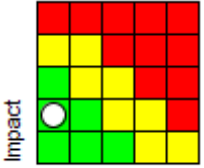
Author: Louise Sandall, Head of Organisational Development
Telephone No: 01653 600666 ext: 392
E-Mail Address: louise.sandall@ryedale.gov.uk

Background Papers:
None


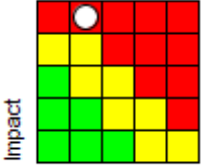
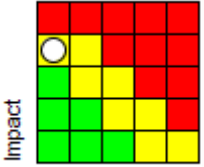
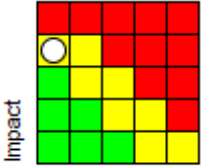
Status	Code	Title
	OD 02	Ageing workforce
	OD 03	Failure to manage servers
	OD 04	Lack of web/internet resilience and consequent failure of the infrastructure
	OD 05	ICT has no comprehensive second site
	OD 06	Failure to maintain IT software and hardware
	OD 07	A successful attack against RDC infrastructure, system and premises
	OD 08	Breakdown in Trade Union relations
	OD 09	Failure to manage partnership agreements
	OD 10	Data Quality (prev HR6)
	OD 11	Failure to successfully run an election
	OD	Organisational Development Risk Plan

Risk Code	Risk Title	Description			Status
OD 02	Ageing workforce				
Consequences		Staff can retire at any time (workforce plan). Increased vacancies. lack of knowledge transfer. lack of opportunity.			
Original Matrix		Original Rating Description			
 <p style="text-align: center;">Likelihood</p>		Original Impact	C	Original Likelihood	3
			Medium		Likely
Current Risk Matrix		Current Rating Description			
 <p style="text-align: center;">Likelihood</p>		Current Impact	C	Current Likelihood	2
			Medium		Not Likely
Target Risk Matrix		Target Rating Description			
 <p style="text-align: center;">Likelihood</p>		Target Impact	C	Target Likelihood	2
			Medium		Not Likely
Latest Progress				Last Review Date	SMT Lead
30-Nov-2011 Review work has been ongoing due to the impact of the statutory removal of the age of retirement thus giving more flexibility to continuity of tasks in vulnerable areas. Work is now ongoing with reference to workforce planning/succession planning for 2013 - 2014 in light of budget implications. This also follows one11 and going for gold strategies.				30-Nov-2011	Barrie May; Louise Sandall; Barrie May; Louise Sandall


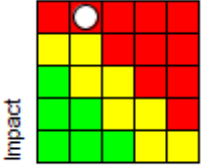
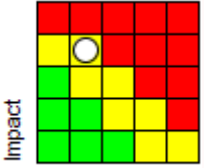
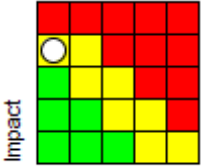
OD 03 Failure to manage servers

Risk Code	Risk Title	Description	Status
OD 03	Failure to manage servers		
Consequences		Server failure. Lack of space. Documents not being backed up	
Original Matrix		Original Rating Description	
	Original Impact	D	3
		Major	Original Likelihood
Current Risk Matrix		Current Rating Description	
	Current Impact	B	1
		Minor	Current Likelihood
Target Risk Matrix		Target Rating Description	
	Target Impact	B	1
		Minor	Target Likelihood
Latest Progress			Last Review Date
28-Jul-2011 With the successful virtualization of servers, along with replication operational at Showfield Lane there is little concern over backups or business continuity in the short-medium term			28-Jul-2011
			SMT Lead
			Barrie May; Louise Sandall; Barrie May; Louise Sandall


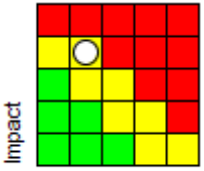
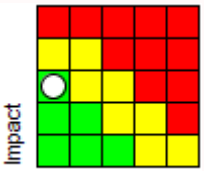

OD 04 Lack of web/internet resilience and consequent failure of the infrastructure

Risk Code	Risk Title	Description	Status
OD 04	Lack of web/internet resilience and consequent failure of the infrastructure		
Consequences		Loss of email. Limited ICT services being available. Loss of systems. Disruptions to public facing services.	
Original Matrix		Original Rating Description	
	Original Impact	E	2
		Disaster	Original Likelihood
Current Risk Matrix		Current Rating Description	
	Current Impact	D	1
		Major	Current Likelihood
Target Risk Matrix		Target Rating Description	
	Target Impact	D	1
		Major	Target Likelihood
Latest Progress		Last Review Date	SMT Lead
01-Aug-2011 Thin client support moved to larger company with additional resources, who also support existing virtualisation, thus generating additional support resources for desktops ad servers.		28-Jul-2011	Barrie May; Louise Sandall; Barrie May; Louise Sandall


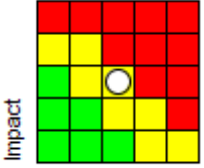
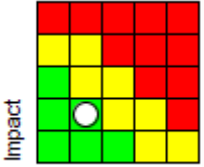
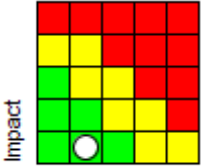
OD 05 ICT has no comprehensive second site

Risk Code	Risk Title	Description	Status
OD 05	ICT has no comprehensive second site		
Consequences		Business continuity	
Original Matrix		Original Rating Description	
	Original Impact	E	2
		Disaster	Original Likelihood
Current Risk Matrix		Current Rating Description	
	Current Impact	D	2
		Major	Current Likelihood
Target Risk Matrix		Target Rating Description	
	Target Impact	D	1
		Major	Target Likelihood
Latest Progress			Last Review Date
01-Aug-2011 With the existing business continuity arrangement with NDR/ICM/Servo and the location of equipment at Showfield Lane, it is possible that it may act as a second site. As a part of the contract renewal investigations negotiations are taking place with the existing supplier who also provide to NYnet, other suppliers and Scarborough BC. So whilst it is a major issue, it is no longer a disaster.			01-Aug-2011
			SMT Lead
			Barrie May; Louise Sandall; Barrie May; Louise Sandall


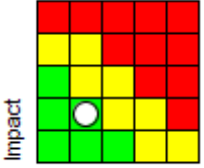
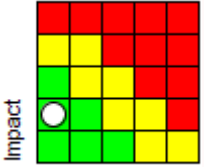
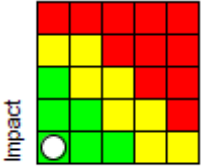
OD 06 Failure to maintain IT software and hardware

Risk Code	Risk Title	Description	Status	
OD 06	Failure to maintain IT software and hardware			
Consequences		Regular break downs on equipment resulting in possible loss of data, not being able to use the equipment		
Original Matrix		Original Rating Description		
 <p>Impact</p> <p>Likelihood</p>	Original Impact	D	Original Likelihood	2
		Major		Not Likely
Current Risk Matrix		Current Rating Description		
 <p>Impact</p> <p>Likelihood</p>	Current Impact	C	Current Likelihood	1
		Medium		Very Low
Target Risk Matrix		Target Rating Description		
 <p>Impact</p> <p>Likelihood</p>	Target Impact	C	Target Likelihood	1
		Medium		Very Low
Latest Progress			Last Review Date	SMT Lead
01-Aug-2011 Updating obsolescent software, applications and hardware as a part of the ICT Programme. This includes the virtualisation and backup of all servers and thin desktops.			01-Aug-2011	Barrie May; Louise Sandall; Barrie May; Louise Sandall





OD 07 A successful attack against RDC infrastructure, system and premises

Risk Code	Risk Title	Description	Status
OD 07	A successful attack against RDC infrastructure, system and premises		
Consequences		Business disruption. Unplanned costs. Loss of information. Loss of reputation	
Original Matrix		Original Rating Description	
	Original Impact	C	3
		Medium	Original Likelihood
Current Risk Matrix		Current Rating Description	
	Current Impact	B	2
		Minor	Current Likelihood
Target Risk Matrix		Target Rating Description	
	Target Impact	A	2
		Low	Target Likelihood
Latest Progress		Last Review Date	SMT Lead
01-Aug-2011 As of July 2011 the Council has undergone two annual IT health checks and quarterly penetration tests of the network are ongoing. Any issues raised as a part of the tests/checks are fixed asap.		01-Aug-2011	Barrie May; Louise Sandall; Barrie May; Louise Sandall


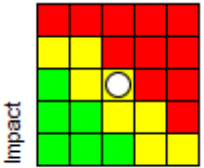
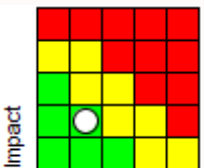
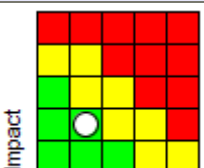
OD 08 Breakdown in Trade Union relations

Risk Code	Risk Title	Description	Status	
OD 08	Breakdown in Trade Union relations			
Consequences		Strike(s). Lack of cooperation in moving the organisation forward.		
Original Matrix		Original Rating Description		
	Original Impact	B	2	
		Minor	Original Likelihood	Not Likely
Current Risk Matrix		Current Rating Description		
	Current Impact	B	1	
		Minor	Current Likelihood	Very Low
Target Risk Matrix		Target Rating Description		
	Target Impact	A	1	
		Low	Target Likelihood	Very Low
Latest Progress			Last Review Date	SMT Lead
30-Nov-2011 Recent working relations with Unison have been very positive when consulting and negotiating for example when reviewing terms and conditions.			30-Nov-2011	Barrie May; Louise Sandall; Barrie May; Louise Sandall

OD 09 Failure to manage partnership agreements

Risk Code	Risk Title	Description	Status
OD 09	Failure to manage partnership agreements		
Consequences		Constitution not adhered to. Poor customer service. SLA not managed. Service negatively impacted	
Original Matrix		Original Rating Description	
	Original Impact	C	1
		Medium	Original Likelihood
Current Risk Matrix		Current Rating Description	
	Current Impact	C	1
		Medium	Current Likelihood
Target Risk Matrix		Target Rating Description	
	Target Impact	B	1
		Minor	Target Likelihood
Latest Progress			Last Review Date
30-Nov-2011 Ryedale District Council entered into a SLA with NYCC Health and Wellbeing on 1 November 2011 for the provision of Occupational Health Services. This is to be monitored on a quarterly basis for economy, efficiency and effectiveness purposes. SLA with York Payroll continues to be monitored on a regular basis for economy, efficiency and effectiveness.			30-Nov-2011
			SMT Lead
			Barrie May; Louise Sandall; Barrie May; Louise Sandall


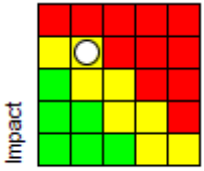


OD 10 Data Quality (prev HR6)

Risk Code	Risk Title	Description			Status
OD 10	Data Quality (prev HR6)				
Consequences		Inaccurate information supplied to CMT, payroll, suppliers, councillors, members of the public. Loss of reputation. Loss of member and officer time. Loss of public confidence. Inability to progress projects effectively.			
Original Matrix		Original Rating Description			
		Original Impact	C	Original Likelihood	3
			Medium		Likely
Current Risk Matrix		Current Rating Description			
		Current Impact	B	Current Likelihood	2
			Minor		Not Likely
Target Risk Matrix		Target Rating Description			
		Target Impact	B	Target Likelihood	2
			Minor		Not Likely
Latest Progress				Last Review Date	SMT Lead
30-Nov-2011 Payroll continues to be checked by Ryedale then at York City. HR Information checked locally; CRB				30-Nov-2011	Barrie May; Louise Sandall

completed and checked by 2 HR Staff. Close liaison between Ryedale and relevant parties ensured efficient and effective data management at all times.

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OD 11 Failure to successfully run an election

Risk Code	Risk Title	Description	Status	
OD 11	Failure to successfully run an election			
Consequences		Loss of public confidence, Legal Challenge, Loss of reputation, Cost of re-running election		
Original Matrix		Original Rating Description		
 <p>Impact</p> <p>Likelihood</p>	Original Impact	D	Original Likelihood	2
		Major		Not Likely
Current Risk Matrix		Current Rating Description		
 <p>Impact</p> <p>Likelihood</p>	Current Impact	D	Current Likelihood	1
		Major		Very Low
Target Risk Matrix		Target Rating Description		
 <p>Impact</p> <p>Likelihood</p>	Target Impact	D	Target Likelihood	2
		Major		Not Likely
Latest Progress			Last Review Date	SMT Lead
02-Jun-2011 Elections and referendum in May 2011 completed successfully with excellent risk management processes in place, as verified by the Electoral Commission.			07-Sep-2010	Barrie May; Louise Sandall; Barrie May; Louise Sandall

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REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	15 DECEMBER 2011
REPORT OF THE:	HEAD OF TRANSFORMATION CLARE SLATER
TITLE OF REPORT:	SCRUTINY REVIEWS PROGRESS REPORT – ‘POST OFFICES’ AND ‘A SUSTAINABLE COMMUNITY AND VOLUNTARY SECTOR’
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To present the final report of the scrutiny review currently being undertaken, and establish the Terms of Reference for the next review.

2.0 RECOMMENDATIONS

- 2.1 That Members agree the recommendations for the ‘Post Offices’ Scrutiny Review
- 2.2 That Members agree the Terms of Reference for the scrutiny review “Supporting a sustainable Voluntary and Community Sector (VCS) in Ryedale” and agree the membership of the task group and note the date of the meeting.

3.0 SIGNIFICANT RISKS

- 3.1 Any risks associated with the reviews are detailed in the report below.

4.0 BACKGROUND AND INTRODUCTION

- 4.1 The Overview and Scrutiny Committee has commissioned a scrutiny review to prepare for any future changes to the Post Office Network in Ryedale.
- 4.2 The Ryedale area was particularly severely affected by the last round of post office closures, with almost half of its branches being either closed or replaced with a mobile or outreach service. Following the last general election a publication was issued by the Department for Business Innovation and Skills ‘Securing the Post office Network in the Digital Age’ stated that ‘There will be no programme of post office closures under this Government’. The Department has confirmed that this statement includes outreach services which accounts for 38% of Ryedale’s Post Office Services.

5.0 CONSULTATION

- 5.1 Surveys have been made available for the public and citizen's panel to complete for the review.

6.0 REPORT DETAILS

6.1 Post Office Review:

The aim of the review was to find practical ways by which Ryedale District Council and its partners can:

- Improve the availability of services in local communities
- Provide an evidence base from which to influence future proposed closures or reductions in levels of service
- To consider the options for delivering these services in future

The draft report of the Post Offices Scrutiny Review Task Group is attached at Annex A.

The recommendations made by the Task group are as follows:

- That the Committee responds to the Department of Business, Innovation & Skills' consultation document on the mutualisation of the Post Office. (This was agreed at the previous meeting of the Committee and has been actioned as the deadline was 12 December 2012).
- Officers continue to work on options for developing a 'front office for local government' with Post Office Ltd.
- Accept any opportunity presented by Post Office Ltd to work in partnership to secure a sustainable future for the network in Ryedale.
- Undertake further research on the mobile/hosted and home service.
- Provide feedback to the Post Office regarding their website and how it could be improved for rural areas.

Supporting a sustainable Voluntary and Community Sector (VCS) in Ryedale

- 7.2 The draft Terms of Reference proposed for this review are attached at annex B.

- 7.3 Volunteers are required for membership of the task group which will meet for the first time on Monday 16th January 2012 at 6.30pm in Meeting Room 1, alternatively the following week either Monday 23rd, Tuesday 24th or Wednesday 25th at the same time.

Clare Slater
Head of Transformation

Author: Jane Robinson and Justine Coates, Transformation Team
Telephone No: 01653 600666 ext 297 & 228
E-Mail Address: jane.robinson@ryedale.gov.uk and justine.coates@ryedale.gov.uk

Background Papers:

Securing the Post Office Network in the Digital Age
Research summary and other papers available in Transformation Team

Background Papers available for inspection at:

Transformation Team Office – Ryedale House

Appendix B - Terms of Reference

<p>Aim of the Review</p>	<p>The review will make recommendations to the policy committees of the Council on the options available for ensuring a sustainable voluntary and community sector through utilising any available resources in the most efficient, effective and economical way.</p> <p>The review will try to answer the following questions:</p> <ul style="list-style-type: none"> • What is the current profile of the VCS in Ryedale? • How sustainable is the sector in Ryedale and what is the role of the Council in this? • How does the Council commission or procure work from the VCS, how is this funded, what is expected and what is the impact of this work? • What expectations are there of the VCS in the current policy and funding environment and how can these best be met whilst delivering value for money for both the Council and the communities of Ryedale? • Is there potential to increase the co-ordination of funding to the VCS both within the Council and with external partners? • Can savings be made from the financial support provided? • Are there any grants that are not cost effective to administer or receive?
<p>Why has this review been selected?</p>	<p>Changes being implemented by the government towards the achievement of 'The Big Society' agenda are placing increasing emphasis on the role of voluntary sector and community organisations. Members felt that the Council needed to review its policies and those of partners and the government in relation to these organisations.</p>
<p>Who will carry out the review?</p>	<p>The review will be carried out by a task group including:</p> <ul style="list-style-type: none"> • A minimum of 2 members of the O and S committee (but open to all members of O and S) • The Head of Transformation • The Economic and Community Services Manager • Support will be provided by members of the Transformation Team
<p>How the review will be carried out?</p>	<p>The task group will consider the impact of the Localism Act and Big Society policy agenda on the Voluntary and Community sector and also review the Councils policies in relation to the sector.</p> <p>Consideration would be made of existing data and evidence, national research on the impact of recent policy decisions made by the government on the VCS and any local research undertaken.</p> <p>This could include:</p> <ul style="list-style-type: none"> • Reviews undertaken previously by the Council • Reviews undertaken by other local authorities • Government policy and the impact of reviews of funding arrangements • Research undertaken by organisations representing the interests of the VCS <p>The task group will also liaise with representatives from the VCS in Ryedale.</p>
<p>What are the</p>	<p>It is expected that the task group will produce a report, summarising the evidence they have gathered and containing specific recommendations for</p>

expected outputs?	the Council and other partner organisations as appropriate.
Timescale	It is anticipated that the group will conclude the outcomes of the review In September 2012. Progress reports will be submitted to the committee throughout the review.

SCRUTINY REVIEW

Post Offices



Executive Summary

This Report sets out the results of a review of the Post Office network in the Ryedale area. This review has been carried out by Ryedale District Council's Overview and Scrutiny Committee.

The original aim of the review was to:

- Improve the availability of services in local communities.
- Provide an evidence base from which to influence any future proposed closures or reductions in levels of service
- Consider the options for delivering these services in future

The review involved meetings with local sub-postmasters and Post Office Ltd. Surveys of branch customers, general public and mobile services were undertaken to find out how communities use and value Post Office services and to get a better understanding of the Post Office network in Ryedale. The survey also tested whether people would consider accessing the Council's services through the Post Office. Research undertaken by other organisations was identified and analysed. Key documents published by the Department for Business Innovation & Skills, released after the Review started, gave the review a revised purpose in understanding how the proposed changes would affect the network in Ryedale.

Through the review, key findings included:

- An understanding of the network in Ryedale. The Post Office branches in Ryedale are highly valued and are seen as a vital community asset.
- The current Government will not undertake a programme of closures and is committed to retaining the network.
- The Government is working towards the mutualisation of Post Office Ltd, however, key criteria have to be met before this mutualisation can take place.
- One of the criteria is financial stability and to achieve this, Post Office Ltd will undertake a modernisation programme gradually converting the network to a mix of 'mains' and 'locals' with those sub-postmasters that choose to do so. Mobile and outreach services will still be available.
- Our communities value their local Post Offices and want us to help make the network in Ryedale sustainable.
- People would consider accessing transactional Council services through the Post Office.

The Committee made the following recommendations

- That the Committee responds to the Department of Business, Innovation & Skills' consultation document on the mutualisation of the Post Office.
- Officers continue to work on options for front office for local government with Post Office Ltd.
- Accept any opportunity presented by Post Office Ltd to work in partnership.
- Undertake further research on the mobile service.
- Provide feedback to the Post Office regarding their website and how it could be improved for rural areas.

The Task Group wishes to thank all those who gave their time in contributing to this review.

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Methodology	4
Findings	5
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Scope of the review

The terms of reference for the Post Office Review were agreed at the Overview and Scrutiny Committee on the 19th August 2010. (See Appendix A)

The aim of the review was to find practical ways by which Ryedale District Council and its partners can:

- Improve the availability of services in local communities
- Provide an evidence base from which to influence future proposed closures or reductions in levels of service
- To consider the options for delivering these services in future

Membership of the committee

Current : S Arnold, D E Cussons, G Hawkins, Mrs A D Hopkinson,
J R Raper, Mrs E L Shields (Vice Chairman),
C R Wainwright (Chairman), Ms S Ward, J Windress

Before May 2011: PJ Andrews, J S Clark, B G Cottam,
D E Cussons (Vice Chairman), B Maud, J R Raper,
Mrs E L Shields (Chairman), Mrs J Wilford, J Windress

Meeting dates of the Post Office Task Group:

15/10/10 Initial meeting of Task Group
16/12/10 Task Group meeting with Mr Andrew Molloy, Sub Post master, Rillington
28/02/11 Task Group meeting with Mark Wright, Post Office Ltd.
01/03/11 Support officers meet with Jonathan Spencer, North Yorkshire County
Council
17/05/11 Support officers meeting with Mark Wright, Post Office Ltd, Stan Bough
Mobile operator and sub-postmaster Kirkbymoorside and Andrew Molloy
sub postmaster Rillington.
21/07/11 Task Group meeting to discuss progress so far, and to finalise questionnaires
for community engagement phase.
13/10/11 Support officers meeting with Mark Wright
10/11/11 Task Group meeting to formulate response to consultation on mutualisation
and finalise recommendations
15/12/11 Final Report approved by the Committee

Scrutiny Review Task Group supporting officers:

Clare Slater (Head of Transformation)
Jane Robinson (Transformation Officer)
Justine Coates (Transformation Assistant)
Angela Jones (Customer Services and Benefits Manager)

Methodology

The Committee/Task Group approached the review through:

- Consulting local sub-postmasters
- Consulting with Post Office branch and mobile customers
- Consulting with the general public – paper survey & online
- Consulting with Post Office Ltd
- Analysing the BIS documents Securing the Post Office Network in the Digital Age and Building a Mutual Post Office
- Mapping the Post Office network in Ryedale
- Desktop research – Consumer Focus Local but limited?
- Analysing costs and patterns of payment of Council Tax through the Post Office.

Findings

The research undertaken highlighted the following key findings: -

The Committee pre-empted changes to the Post Office network and after discussions with Post Office Ltd, it became apparent that the timing of the review was ahead of final decisions being made about the changes.

Existing Arrangements

Post Office Ltd is currently 100% owned by the Government, through the Royal Mail group of companies. Government owns 100% of a top holding company, called Royal Mail Holdings plc. Royal Mail Holdings plc does not trade itself but it owns 100% of Royal Mail Group Ltd. Royal Mail Group Ltd is the national letter delivery business we are all familiar with, which is responsible for ensuring the provision of a universal postal service across the UK. And besides being a major client of Post Office Ltd, Royal Mail Group Ltd is also its 100% owner. Government has held its ownership stake through this corporate structure since 2001, allowing Post Office Ltd to operate commercially at arm's length.

Post Office Ltd is a national provider of mail, financial, government and telephony services through a branch network of over 11,500 post offices throughout the UK. While Post Office Ltd is 100% owned by the Crown (through Royal Mail Holdings plc), the vast majority of post offices are privately owned and run. These private owners are either individual sub postmasters (who operate approximately 7,700 post offices) or chains such as Spar and The Co-operative (retail chains run approximately 3,000 post offices). Post Office Ltd directly manages 373 Crown Post Offices, which are usually found in large towns and cities. There are also several hundred privately operated Outreach services which ensure that communities are able to access post office products and services where a traditional post office outlet is not practical or viable. These are usually found in rural areas and can take the form of mobile vans or services hosted in pubs and village halls.

Proposed Changes

So Post Office Ltd is currently a 100% Government-owned, UK-wide company, which operates a franchised business model via mainly private franchisees, as well as through its centrally owned Crown branches. It is Post Office Ltd, the national company and franchiser, which the proposed mutualisation refers to, not the individual franchisees.

The Department for Business, Innovation & Skills issued a consultation document detailing different options for the mutualisation of the Post Office. Any move to a mutual would be dependant on several factors:

- The success of Post Office Ltd's current strategy towards financial stability & commercial sustainability
- Network modernisation which has two main areas of focus:
 - The development of several thousand 'main post offices'
 - National introduction of the Post Office Local Model
- Parliament satisfied with the final proposal
- The support of the Post Office's key stakeholders
- Agreement on a particular governance structure

This document also details key Government Commitments:

- They recognise that the Post Office is more than a commercial entity and serves a distinct social purpose
- They will ensure that post offices remain a valuable social and economic asset for our communities and businesses.
- There must be a minimum of 11,500 post office branches across the UK, which meet the access criteria, throughout this Parliament.
- There will be no programme of post office closures under this Government.
- They will provide £1.34bn for the Post Office (subject to state aid approval) to modernise the network and to safeguard its future, making it a stronger partner for Royal Mail and other key clients.
- They want to see the Post Office become a genuine Front Office for Government at both the national and local level.
- They will support the expansion of accessible and affordable personal financial services available through the Post Office.
- They will support greater involvement of local authorities in planning and delivering local post office provision.
- The Post Office will not be for sale.
- They will create the opportunity for a mutually owned Post Office.
- They will ensure that the longest legally permissible contract is signed between Royal Mail and Post Office Ltd before separation of the two companies.

The Government is committed to retaining the network and do not intend to reduce or increase the size of the network. Their intention is to make the Post Office network profitable and sustainable.

The Post Office has three main sources of revenue:

- Postal services
- Government services
- Financial services

Postal services although remaining a mainstay of revenue is not seen as an area of growth for the Post Office.

The two areas for potential growth are:

1. The expansion of the Post Office being a front office for central and local government especially the areas of:
 - Identity Verification
 - Processing (check & send capabilities)
 - Payments
2. Financial services

In order to make the Post Office network more sustainable, Post Office Ltd is proposing to convert smaller sub-post offices to a new operating model called a Post Office Local. Post Office Ltd intends to introduce a mix of 'Post Office Locals' with a smaller number of 'Main' branches. PO Ltd is currently undertaking a geographical study to determine the optimum combination.

Main branches

Mains branches are likely to be the larger, busier branches with two or more counter positions that are open and used consistently through the week. They are also likely to be supported by an appropriate retail offer and have the potential to offer Post Office services for the same hours as the retail business is open. In some cases, particularly where mail volumes are high, self serve equipment such as Post & Go may be installed.

Key features of Main branches include:

- Offer of a bright, more modern and professional environment with the opportunity for open-plan counter positions.
- The dedicated Post Office area offers an extensive range of Post Office products during core hours.
- Post Office products would also be available during longer hours to match the retail offer via a Post Office service point on the retail counter.

Local branches

Branches more suitable to the Local model are likely to be those that have two positions or less, and where the second position is not fully used throughout the week. As with Mains, they are likely to be supported by an appropriate retail offer and have the potential to offer Post Office services for the same hours as the retail business is open.

Key features of Local branches include:

- A simpler operating model in which the Post Office terminal is located on the retail counter. This model works best when it is integrated into a successful retail business.
- Post Office services are transacted from the retail counter for as long as the retail operation is open, resulting in longer opening hours.
- Removing the fortress position frees up space, which gives the opportunity for the retail side of the business to be extended.
- Usually a quicker service, with the products and services available typically accounting for 95% of customer visits.

PO Ltd has been running over 100 pilots (currently 127 locals and 14 mains) across the country. Most of the PO Local pilots have been positively received. However, research by Consumer Focus highlights:

“It is important to remember most of these branches replaced long term closures, plugged gaps in service provision, or in some cases were introduced in locations that did not have a Post Office previously”.

Currently, sub-postmasters receive an element of fixed remuneration coupled with remuneration based on the individual products and services sold. Under the local model, the fixed remuneration is no longer payable.

Rolling out the new models will be on a voluntary basis and Post Office Ltd will provide funds to help with any necessary conversion. A sub-postmaster will be given three options:

- Transform the branch to the Main or Local operating model
- Stay as they are with the current branch format and current contract
- Possibility of leaving the network – if the branch can be relocated to a suitable nearby operator and premises.

This programme of modernisation and investment will be phased over a three year period.

The Network in Ryedale

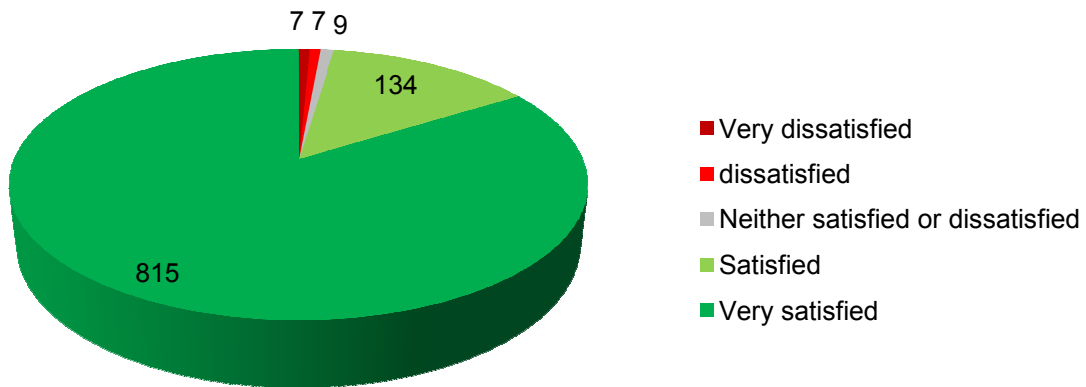
The network in Ryedale comprises of 2 main sub-post offices, 12 sub-post offices, 6 outreach services, 2 home service and 6 villages receive a mobile service, with different post office services available depending on the current operating model. Some services are run inside shops, some stand alone and some in village halls. (See Appendix B for map). Although available, the Home Service is not accessed by residents in their catchment areas. It is clear that some areas of the Ryedale network are not sustainable and there is a need to find a way, working with PO Ltd, to ensure that the new model can work in our rural area, whilst protecting these vital services.

In our experience, the Post Office branch finder on the Post Office website does not work well in a rural area if you do not have a postcode. Also, it is difficult to ascertain which services are on offer at specific branches.

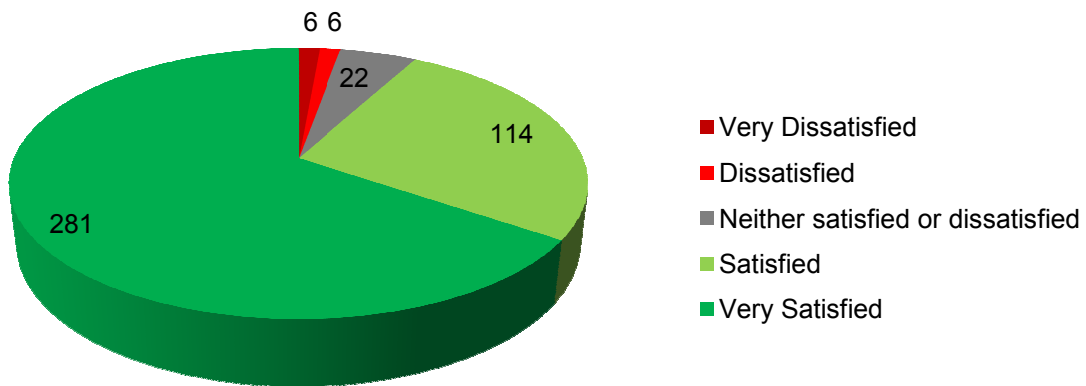
Research

From the surveys that have been undertaken, both branch customers and the general public have high levels of satisfaction with the Post Offices in Ryedale. People value their local Post Office and the services it provides and communities want us to help sustain the network. People feel that Post Offices play a vital role in the community and have a distinct social value. The banking services offered by the Post Office are particularly important to those residents living outside the market towns where cash withdrawal facilities are limited or non-existent.

Customer Satisfaction



General Public Satisfaction



Top '7' Things Customers Value Most		
Convenience - locality, accessibility	339	22.47%
Friendliness (polite/respectful) staff	270	17.89%
Help and advice, knowledge of staff	189	12.52%
Post - stamps, sending & collecting parcels	130	8.61%
Good, excellent, efficient service	106	7.02%
Banking	65	4.31%
Collecting pension	60	3.98%

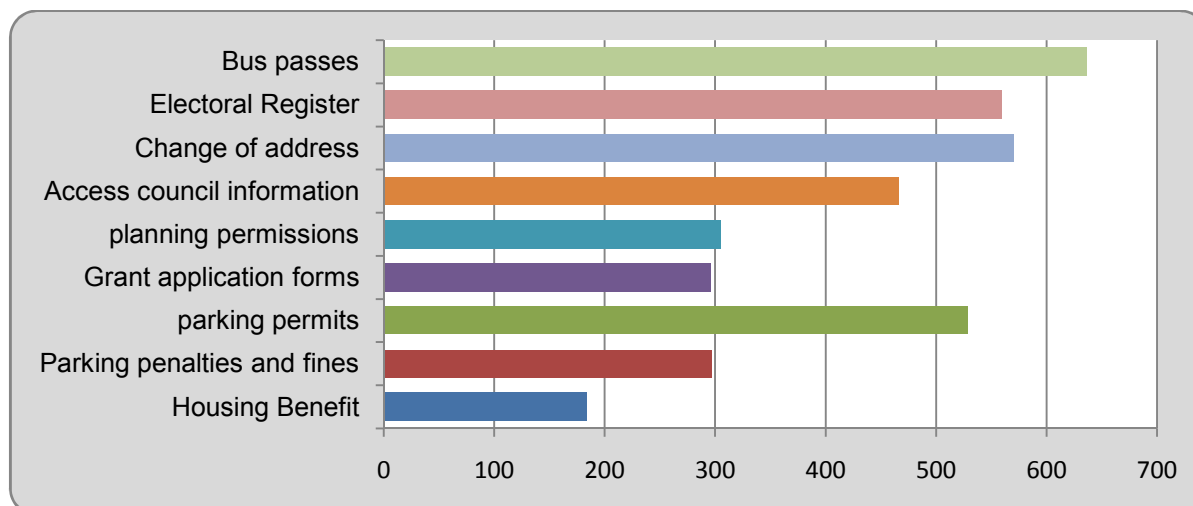
Top '7' Things the General Public Value Most		
Convenience - locality, accessibility	153	26.70%
Post - stamps, sending & collecting parcels	70	12.22%
Friendliness (polite/respectful) staff	60	10.47%
Help and advice, knowledge of staff	53	9.25%
Personal service	40	6.98%
Good, excellent, efficient service	38	6.63%
It's still open	24	4.19%

Unfortunately, the mobile customer survey did not get many responses and therefore, we have minimal feedback on the customers' experience of this service.

Front Office for Local Government

When we asked people which of the Council's services they would consider accessing through the Post Office, the most popular responses were:

- Bus passes
- Change of address
- Parking permits
- Electoral Register

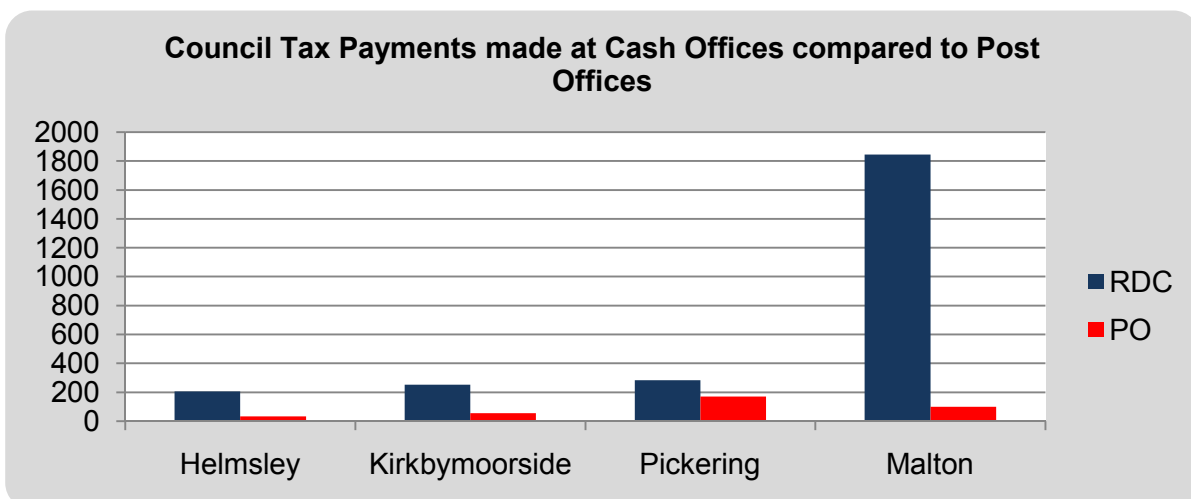
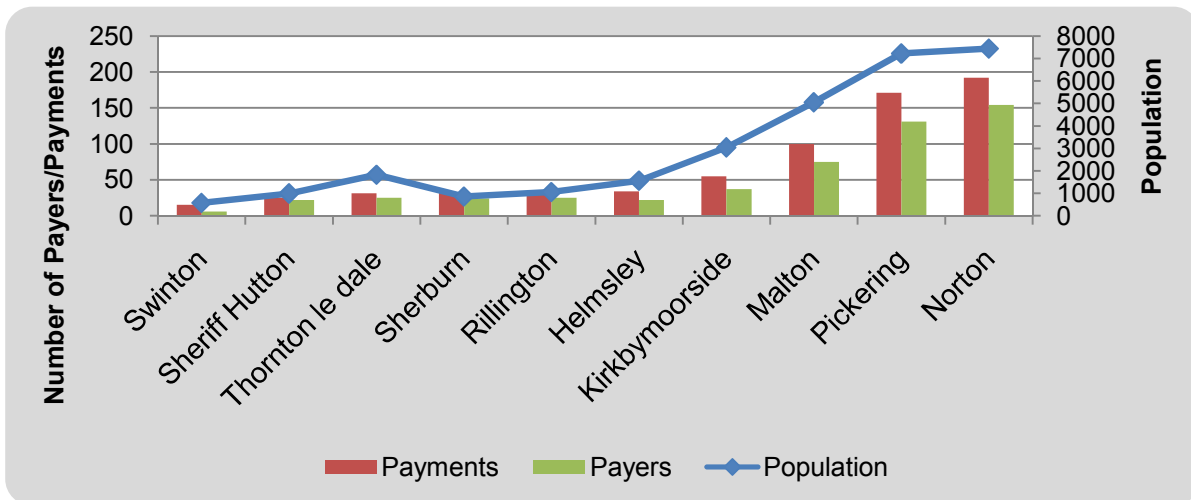


People are more inclined to access transactional services through the Post Office rather than more complicated applications such as planning permissions or benefit applications, for which they would rather access directly from the Council.

Analysis of Council Tax Payments

The only Council service currently available at the Post Office is payment of Council Tax bills. Analysis of the payments made through the Post Office in September 2011, highlighted the following:

- Volume of payments made through Post Office branches reflects population except in Thornton le dale.
- 57% of Council Tax payments made at Post Office branches were made by people who reside in the market towns.
- Of payments made over the counter in Malton - 5% are made at the Post Office in Malton compared to Ryedale House, this increases to 14% at Helmsley compared to the area office in Helmsley, 17% at Kirkbymoorside, and 37% at Pickering.
- In September 2011, 960 payments were made through the Post Office by 751 taxpayers. The total amount paid was £89,885 at a cost in bank fees of £731.60 (960 x 0.71p = £681.60 + £50 monthly bank fee).



North Yorkshire County Council Scrutiny Review

North Yorkshire County Council's Overview and Scrutiny Committee have undertaken a scrutiny review of 'Building the Big Society locally'. Officers met with the scrutiny support officer to ascertain whether the County Council review crossed over with the review Ryedale was undertaking. The review investigated community run shops/post offices and pubs and recognised that certain 'building blocks' need to be in place in order for the community to take over the running of a local service. This work will be particularly useful if a sub-postmaster decides to close the branch and no alternative businesses are available for the Post Office to transfer to.

Recommendations

The recommendations agreed by the task group are:

- That the Committee responds to the Department of Business, Innovation & Skills' consultation document on the mutualisation of the Post Office.
- Officers continue to work on options for front office for local government with Post Office Ltd.
- Accept any opportunity presented by Post Office Ltd to work in partnership.
- Undertake further research on the mobile/hosted and home service.
- Provide feedback to the Post Office regarding their website and how it could be improved for rural areas.

Appendices

Appendix A - Terms of Reference

Appendix B - Map of Services

Supporting Documents

Securing the Post Office Network in the Digital Age – Department for Business Innovation & Skills – November 2010

Local but limited? – Consumer Focus – March 2011

Building the Big Society locally – North Yorkshire County Council Overview & Scrutiny Review - July 2011

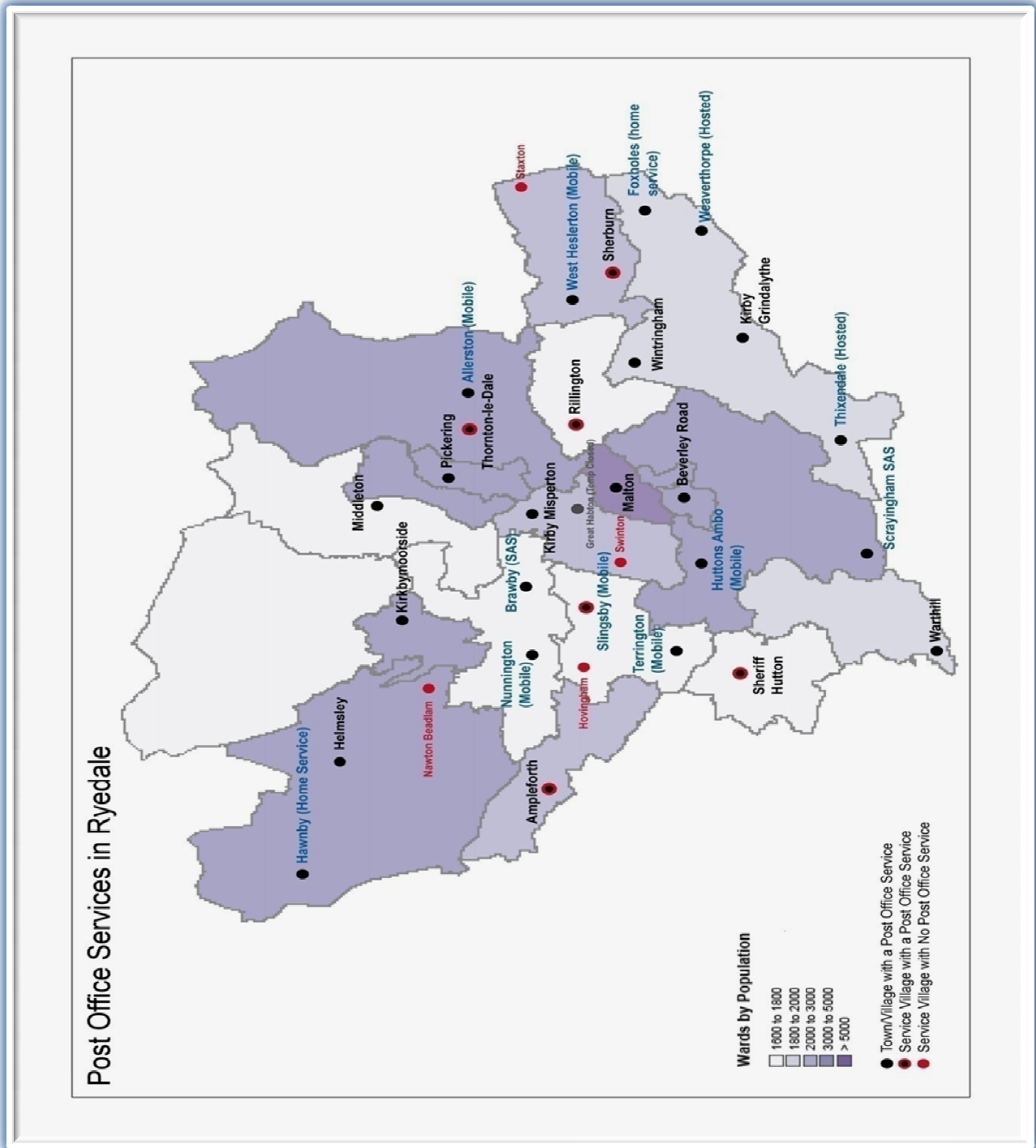
Building a Mutual Post Office – Department for Business Innovation & Skills – September 2011

Post Office Survey Results – link to Ryedale Website

Appendix A - Terms of Reference

Aim of the Review	<p>To find practical ways by which Ryedale DC and its partners can:</p> <ul style="list-style-type: none"> • Improve the availability of services in local communities. • Provide an evidence base from which to influence future proposed closures or reductions in levels of service • To consider the options for delivering these services in future
Why has this review been selected?	<p>Ryedale lost a significant number of post offices through the network change programme in 2008. Changes to the provision put in place at the time of the closure programme continue as do actual post office closures. The Council needs to have evidence to respond to any forthcoming consultations on further closures or changes to the network. Also the Council may be able to work with post offices and other local community facilities to provide post office type services to our communities.</p>
Who will carry out the review?	<p>The review will be carried out by a task group including:</p> <ul style="list-style-type: none"> • A minimum of 2 members of the O and S committee (but open to all) • The Head of Transformation • The Customer Services and Benefits Manager • Support will be provided by members of the Transformation Team
How the review will be carried out?	<p>The task group will consider the impact of the post office closure programme on local communities. This will involve the study of recent research documents and the engagement of local people to ascertain the impact of changes in levels of service including:</p> <ul style="list-style-type: none"> • Sub-postmasters engaged in a range of delivery methods • Service users interviewed at a variety of locations utilising different delivery methods <p>The review will also investigate options for future provision of post office services and any value the Council can add through its own service delivery.</p> <p>Evidence will be gathered on the levels of usage of post office services and the range of services available and satisfaction with and usage of these. This will include the usage and needs of businesses in relation to post office services.</p> <p>Evidence gathering sessions will be open to the public.</p>
What are the expected outputs?	<p>It is expected that the task group will produce a report, summarising the evidence they have gathered and containing specific recommendations for the Council and other partner organisations as appropriate.</p>
Timescale	<p>It is anticipated that the group will report the outcomes of the review before 31 March 2011. Progress reports will be submitted to the committee throughout the review.</p>

Appendix B – Map of Post Office Services in Ryedale



Ryedale District Council – Decisions taken by the Commissioning Board on Thursday, 24 November 2011

Agenda Item No	Topic	Decision
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Part A – Items considered in public

2	Apologies for Absence	Apologies for absence were received from Councillors Fraser and Clark.
3	Minutes of Meeting held on 22 September 2011	Resolved That the minutes of the meeting of the Commissioning Board held on 22 September 2011 be approved and signed by the Chairman as a correct record.
4	Declarations of Interest	In accordance with the Members Code of Conduct Councillor Andrews declared a personal but not prejudicial interest in Item 11, as he has regular contact with members of Malton’s business community.
5	Urgent Business	There were no items to be dealt with as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972 (as amended).

PART TWO

A Items dealt with under delegated powers or matters determined by the Board.

6	Draft Ryedale Housing Strategy Action Plan	Resolved i. That the Draft Ryedale Housing Strategy Action Plan be endorsed and that consultation be undertaken with stakeholders; and ii. The final version of the Action Plan, including appropriate revisions as a result of the consultation, be approved by the Head of Economy and Housing in consultation with the Chairman of the Commissioning Board.
7	Economy & Housing Joint Commissioning Group - Update	Resolved That an Empty Homes Strategy and Action Plan be developed to establish Ryedale District Council policies and action to minimise the occurrence of empty residential units within the District.
8	Active and Environment Joint	Resolved

Ryedale District Council – Decisions taken by the Commissioning Board on Thursday, 24 November 2011

Agenda Item No	Topic	Decision
	Commissioning Group - Update	That the report be noted.
9	Healthy Weight Scrutiny Review Recommendations	<p>Resolved</p> <ul style="list-style-type: none"> a) That the policy be reviewed for the scheduling of activities and sessions, including the availability of pay as you go sessions, held at the Councils sport and leisure facilities to encourage residents to more easily access opportunities to participate e.g. for those with young families explore scheduling activities for children at the same time as those which appeal to parents or carers and reinstating early bird sessions for those who work. b) That pricing policies be reviewed to encourage people to return to exercise or activities, particularly team activities, e.g. discounted taster sessions, discounted multi-buy tickets c) That people be encouraged to re-engage with activities through the use of introductory sessions at council facilities and encourage community facilities to offer similar sessions e.g. free or discounted taster or “come and try it” sessions d) That further research be undertaken with sports clubs and providers to make sure their views and experiences are fully represented in the new strategy, as concern was expressed over the low response rate to this particular survey, perhaps through the use of focus groups or by visiting some of the clubs and interviewing key people.

Ryedale District Council – Decisions taken by the Commissioning Board on Thursday, 24 November 2011

Agenda Item No	Topic	Decision
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PART THREE

B Items – Matters to be referred to Council

10	Fees and Charges	<p>Resolved That Council be recommended to approve the following fees and charges exceptions:</p> <p>(i) an increase of 2.5% in Ryecare charges; and</p> <p>(ii) No increase in Taxi Licensing fees.</p>
11	Car Parking Strategy Review	<p>Resolved That Council be recommended to approve the extension of the current Car Parking Strategy to 31 March 2013.</p>
12	Any other business that the Chairman decides is urgent	There were no items of urgent business.

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Publication Date – 29 November 2011

Implementation Date – 14 December 2011

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