



OVERVIEW AND SCRUTINY COMMITTEE

Thursday 13 December 2012 at 6.30 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 Presentation on the Police & Crime Commissioner and the Police & Crime Panel

A presentation by Ray Busby, Corporate Development Officer, North Yorkshire County Council.

3 Apologies for absence

4 Minutes of the Meeting held on the 4 October 2012

(Pages 1 - 4)

5 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.

6 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.

- 7 **Treasury Management Mid Year Review** (Pages 5 - 14)
- 8 **Independent Auditors Report** (Pages 15 - 16)
- 9 **Deloittes - Annual Audit Letter on the 2011/12 Audit** (Pages 17 - 26)
- 10 **Internal Audit - Quarter 2 Monitoring Report** (Pages 27 - 36)
- 11 **Customer Complaints Quarter 2 2012/13** (Pages 37 - 44)
- 12 **Risk Strategy Annual Review** (Pages 45 - 62)
- 13 **Scrutiny Review Scoping Report - Role of Members on Outside Bodies and as Member Champions** (Pages 63 - 66)
- 14 **Decisions from other Committees** (Pages 67 - 70)
Commissioning Board held on 22 November 2012
Policy and Resources Committee held on 6 December 2012 (to follow)
- 15 **Any other business that the Chairman decides is urgent.**

Overview and Scrutiny Committee

Held at Council Chamber, Ryedale House, Malton
on Thursday 4 October 2012

Present

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

In Attendance

Audrey Adnitt, Clare Slater and Janet Waggott

Minutes

177 **Apologies for absence**

Councillor Hawkins

178 **Minutes of the Meetings held on 5 July 2012 (attached) and 25 September 2012 (to follow)**

Decision

That the minutes of the meetings of the Overview & Scrutiny Committee meetings held on the 5 July 2012 and the 25 September 2012 be approved and signed by the Chairman as a correct record.

179 **Urgent Business**

The Chairman reported that there were two items of urgent business, the Head of Corporate Services was to give a verbal report on the progress being made to clear the backlog in Revenues and Benefits. The Chief Executive was to provide further details on the decision making process, particularly in relation to the decision made at the meeting of Council on the 6 September 2012 regarding the sale of Ryedale Bowls Club.

180 **Declarations of Interest**

None.

181 **External Audit Quarterly Progress Report**

The Head of Corporate Services presented the External Auditor Deloitte's External Quarterly Progress Report as at September 2012, which provided a summary of recent activities.

Decision

That the report be noted

182 **Customer Complaints Q1 (2012/13))**

The Head of Corporate Services presented a report from the Customer Services and Benefits Manager on Customer Complaints received Quarter 1 (2012/13) (previously circulated).

Decision

That the report be noted.

183 **Local Government Ombudsman Complaints Letter**

The Local Government Ombudsman Annual Review Letter was reviewed.

Decision

That the report be noted.

184 **Corporate Risk Register - September 2012**

The Head of Corporate Services presented the Corporate Risk Register (previously circulated).

Decision

That the report be received.

185 **Scrutiny Reviews Progress Report**

Considered – Report of the Head of Corporate Services.

Decision

That the report be received.

- a. Members agreed the final reports for the current scrutiny review.
- b. The topic for the next scrutiny review was to be a Review of Members Roles as Board Members and Member Champions and a scoping report on the topic be prepared for the next meeting of the Committee.
- c. That the progress report for the previous scrutiny review recommendations be noted.

186 **Decisions from other Committees**

The Minutes of the Commissioning Board meeting held on the 20 September 2012 and the Policy and Resources Committee held on the 27 September 2012 were presented.

Decision

That the minutes be received.

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

The following updates were received:

- The Head of Corporate Services provided that an update on the progress being made in the Revenues and Benefits team to clear the backlog of work, and was pleased to report that the backlog should be cleared by Christmas.
- The Chief Executive provided further information on the framework for decision making in accordance with in the Council Constitution, particularly in relation to the recent decision made at the Council meeting in September 2012 regarding Ryedale Bowls Club.

The meeting closed at 8pm.

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OVERVIEW AND SCRUTINY ITEM, FOR CONSIDERATION PRIOR TO FULL COUNCIL

**RYEDALE
DISTRICT
COUNCIL**



REPORT TO:	COUNCIL
DATE:	13 JANUARY 2013
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 2012/13 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 Council's funds 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 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 2012/13;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - A review of the Council's investment portfolio for 2012/13;
 - A review of compliance with Treasury and Prudential Limits for 2012/13.

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 Economic sentiment, in respect of the prospects for the UK economy to recover swiftly from recession, suffered a major blow in August when the Bank of England substantially lowered its expectations for the speed of recovery and rate of growth over the coming months and materially amended its forecasts for 2012 and 2013. It was noted that the UK economy is heavily influenced by worldwide economic developments, particularly in the Eurozone, and that on-going negative sentiment in that area would inevitably permeate into the UK's economic performance.
- 8.2 With regard to the Eurozone, investor confidence remains weak because successive "rescue packages" have first raised, and then disappointed, market expectations. However, the uncertainty created by the continuing Eurozone debt crisis is having a major effect in undermining business and consumer confidence not only in Europe and the UK, but also in America and the Far East/China.
- 8.3 In the UK, consumer confidence remains very depressed with unemployment concerns, indebtedness and a squeeze on real incomes from high inflation and low pay rises, all taking a toll. Whilst inflation has fallen considerably (CPI at 2.6% in July), UK GDP fell by 0.5% in the quarter to 30 June, the third quarterly fall in succession. This means that the UK's recovery from the initial 2008 recession has been the worst and slowest of any G7 country apart from Italy (G7 = US, Japan, Germany, France, Canada, Italy and UK). It is also the slowest recovery from a recession of any of the five UK recessions since 1930 and total GDP is still 4.5% below its peak in 2008.
- 8.4 On a positive note, despite all the bad news on the economic front, the UK's sovereign debt remains one of the first ports of call for surplus cash to be invested in and gilt yields, prior to the ECB bond buying announcement in early September, were close to zero for periods out to five years and not that much higher out to ten years.
- 8.5 With regard to interest rates, Sector's view is that there is unlikely to be any increase in Bank Rate until the first quarter of 2015 when an increase to 0.75% is anticipated, rising to 1.75% in the first quarter of 2016. Sectors latest forecast for the Bank Rate is as follows:

Dec-2012 to Dec-2014	Mar-2015	Jun-2015	Sep-2015	Dec-2015	Mar-2016
0.50%	0.75%	1.00%	1.25%	1.50%	1.75%

Treasury Management Strategy Statement and Annual Investment Strategy Update

- 8.6 The Treasury Management Strategy (TMSS) for 2012/13 was approved by this Council on 20 February 2012. 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

- 8.7 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. Because of the ongoing uncertainty within the money markets, a temporary restriction to Sectors Credit Methodology is in place. The restriction suggests a maximum investment duration of 3 months with the exception of UK Government and related entities such as local authorities, UK semi nationalised institutions such as Lloyds and RBS and Money Market Funds. New investments will be restricted to these limits until market circumstances begin to stabilise.
- 8.8 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.
- 8.9 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 20 February 2012 is still fit for purpose in the current economic climate.

Investment Portfolio 2012/13

- 8.10 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.
- 8.11 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.
- 8.12 The Council's investment position at the beginning of the financial year was as follows:

Type of Institution	Investments (£)
UK Clearing Banks	3,070,000
Local Authorities	1,000,000
Building Societies	1,500,000
Total	5,570,000

- 8.13 A full list of investments held as at 31 October 2012, compared to Sectors counterparty list and changes to Fitch, Moodys and S&P's credit ratings during the first seven months of 2012/13 is shown in annex B and summarised below:

Type of Institution	Investments (£)
UK Clearing Banks	8,300,000
Foreign Banks	0
Building Societies	0
Local Authorities	0
Total	8,300,000

- 8.14 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 2012/13 was £10.4m. 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.
- 8.15 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 0.42%.

	Average Investment (£)	Average Gross Rate of Return	Net Rate of Return	Benchmark Return	Interest Earned (£)
Cash Equivalents	2,734,706	0.77%	n/a	n/a	15,610
Fixed Term Deposits	1,103,435	1.40%	n/a	0.42%	56,530

- 8.16 The Council's budgeted investment for 2012/13 is £100k and performance during the financial year to 31 October 2012 is £72k, which is £12k above the profiled budget.
- 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 2012 was £72k, slightly 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

	2011/12	2012/13	2013/14	2014/15
Extract from budget setting report	Actual	Estimate	Estimate	Estimate
Capital Expenditure	£4.478m	£1.434m	£2.270m	£0.700m
Ratio of financing costs to net revenue stream	0.89%	1.70%	2.21%	2.19%
Net borrowing requirement	-£5.097m	-£3.166m	-1.341m	-£0.633m
Capital Financing Requirement as at 31 March	£0.473m	£0.295m	£2.315m	£2.878m
Annual change in Capital Financing Requirement	-£0.166m	-£0.178m	£2.020m	£0.563m
Incremental impact of capital investment decisions Increase in council tax (band D) per annum	N/a	£3.76	£6.84	£7.94

Treasury Management Indicators

	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Estimate	Estimate
Authorised Limit for external debt -				
Borrowing	N/a	£20.0m	£20.0m	£20.0m
Other long term liabilities	N/a	£1.0m	£1.0m	£1.0m
Total	N/a	£21.0m	£21.0m	£21.0m
Operational Boundary for external debt -				
Borrowing	N/a	£5.0m	£5.0m	£5.0m
Other long term liabilities	N/a	£0.6m	£0.6m	£1.3m
Total	N/a	£5.6m	£5.6m	£6.3m
Actual external debt	£0.473m	£0.295m	£2.315m	£2.878m
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

Investment Portfolio as at 31 October 2012

Investment by Institution	Investment £	Duration of Investment	Latest Sector Duration Band Rating	Sovereignty Rating
UK Clearing Banks				
National Westminster Bank	1,800,000	On Call	12 Months	AAA
Bank of Scotland	1,000,000	9 Months	12 Months	AAA
Barclays Bank	1,500,000	3 Months	3 Months	AAA
National Westminster Bank	1,000,000	95 Day Notice	12 Months	AAA
Bank of Scotland	500,000	3 Months	12 Months	AAA
National Westminster Bank	1,000,000	60 Day Notice	12 Months	AAA
Bank of Scotland	1,500,000	3 Months	12 Months	AAA
Grand Total	8,300,000			

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYEDALE DISTRICT COUNCIL

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2012 issued on 28 September 2012 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of Ryedale District Council as at 31 March 2012 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Issue of value for money conclusion

In our audit report for the year ended 31 March 2012 issued on 28 September 2012 we reported that, in our opinion, in all significant respects, Ryedale District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.

Certificate

In our report dated 28 September 2012, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work. No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and value for money conclusion.

We certify that we have completed the audit of the accounts of Ryedale District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Paul Thomson ACA (Engagement Lead)
for and on behalf of Deloitte LLP
Appointed Auditor
Leeds, United Kingdom

12 October 2012

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Ryedale District Council

Annual Audit Letter

on the 2011/12 Audit

October 2012

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1. Key messages

The Statement of Accounts was prepared, audited and concluded in accordance with the agreed timetable. The Authority maintained a good standard of financial reporting. No adjustments were made which affected the comprehensive income and expenditure account.

We issued an unqualified audit opinion on the Statement of Accounts and the value for money conclusion on 28 September 2012. The audit certificate of completion of the audit was issued on 12 October 2012.

We did not identify any material weaknesses in the financial reporting systems. One minor control observation was reported to the Overview and Scrutiny Committee on 25 September 2012, in relation to authorisation and review of some journals. Management's response to the control observation was positive and new procedures will be implemented for 2012/13.

The Whole of Government Accounts return was presented for audit by the deadline set by HM Treasury. For 2011/12 the National Audit Office set a de minimus of £100 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 5 October 2012 that on this basis a return was not required for the Authority.

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 2012.

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 2011/12 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 2011/12 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 2012.

3. The audit of the accounts

Key issues arising from the audit of the accounts

We issued an unqualified opinion on the Authority's 2011/12 accounts on 28 September 2012, 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.

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 our audit findings was discussed with the Overview and Scrutiny Committee on 25 September 2012.

We did not identify any material weaknesses in the financial reporting systems. One minor control observation was reported to the Overview and Scrutiny Committee on 25 September 2012, in relation to authorisation and review of some journals. Management's response to the control observation was positive and new procedures will be implemented for 2012/13.

We received a complete set of draft accounts for the Authority in advance of the agreed deadline, which were supported by working papers. The finance staff were helpful throughout the process and responded swiftly to all queries. Only very minor amendments were required to improve compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 based on IFRS.

We have considered the contents of the Annual Governance Statement and confirmed that the Statement adequately and appropriately disclosed all relevant governance matters arising in the year.

We have also considered the financial standing of the Authority as at 31 March 2012. 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 2012/13 and onwards.

Audit certificate

When our audit is complete we are required to certify the closure of the audit. The audit certificate was issued on 12 October 2012.

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 Authority 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 Authority 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 2011/12 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. The Commission undertook a market tender exercise to outsource the audits undertaken by its in-house practice and new appointments were confirmed on 31 July 2012 for five years up to and including 2016/17. Our appointment to Ryedale District Council has been confirmed for this period.

Reports issued

Report	Date issued
Fee letter	April 2011
Audit plan	June 2012
Report to those charged with governance on the 2011/12 audit	September 2012
Annual audit letter	October 2012

Analysis of audit fees

	2012 £'000	2011 £'000
Fees for the annual audit set by the Audit Commission	91	96
Fees payable in respect of the certification of grant claims and returns of the Authority (estimate)	25	32
Total	116	121

We have not undertaken any non-audit work for the Authority during 2011/12.

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 2011/12 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 next available Overview and Scrutiny Committee meeting.

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

12 October 2012

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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REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	13 DECEMBER 2012
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	INTERNAL AUDIT – Q2 MONITORING REPORT
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 The report summarises the outcome of internal audit work undertaken between April and December 2012.

2.0 RECOMMENDATION

2.1 It is recommended that the committee note the results of audit and fraud work undertaken in 2012/13 to date.

3.0 REASON FOR RECOMMENDATION

3.1 To enable the committee to fulfil its responsibility for considering the outcome of internal audit work.

4.0 SIGNIFICANT RISKS

4.1 The council will fail to comply with the requirements of the Cipfa Code of Practice for Internal Audit in Local Government in the United Kingdom if the results of audit work are not considered by the committee.

5.0 POLICY CONTEXT AND CONSULTATION

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

6.0 REPORT DETAILS

6.1 The committee approved the internal audit plan in March 2013. The purpose of this report is to inform Members of the progress made to date in delivering the plan, and any developments likely to have an impact on the plan throughout the remainder of the financial year.

- 6.2 Annex 1 includes a summary of the audit opinions and findings for the individual audits completed so far.
- 6.3 No major issues have been identified from the work carried out to date. One special investigation is ongoing, the results of which will be reported to the responsible service head.
- 6.4 It has been necessary to make a number of variations to the agreed audit plan. Details of the variations approved by the corporate director are shown in Annex 2.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
None
 - b) Legal
None
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None

Paul Cresswell
Corporate Director (s151)

Author: Alison Newham, Audit Manager.
Veritau North Yorkshire Limited
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Background Papers:
None

AUDITS COMPLETED AND REPORTS ISSUED

The following categories of opinion are used for audit reports.

Opinion	Level of Assurance
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial	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.
Moderate	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Actions to address issues are agreed with managers where weaknesses in control are identified. The following categories are used to classify agreed actions.

Priority

Long Definition

Short Definition – for use in Audit Reports

1 (High)

Action considered both critical and mandatory to protect the organisation from exposure to high or catastrophic risks. For example, death or injury of staff or customers, significant financial loss or major disruption to service continuity.

A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.

These are fundamental matters relating to factors critical to the success of the area under review or which may impact upon the organisation as a whole. Failure to implement such recommendations may result in material loss or error or have an adverse impact upon the organisation's reputation.

Such issues may require the input at Corporate Director/Assistant Director level and may result in significant and immediate action to address the issues raised.

2

Action considered necessary to improve or implement system controls so as to ensure an effective control environment exists to minimise exposure to significant risks such as financial or other loss.

A significant system weakness, whose impact or frequency presents risks to the system objectives, and which needs to be addressed by management.

Such issues may require the input at Head of Service

Priority

Long Definition

Short Definition – for use in Audit Reports

	or senior management level and may result in significantly revised or new controls.	
3	Action considered prudent to improve existing system controls to provide an effective control environment in order to minimise exposure to significant risks such as financial or other loss. Such issues are usually matters that can be implemented through line management action and may result in efficiencies.	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Draft Reports Issued

One internal audit report is currently in draft. This report is with management for consideration and comments. Once the report has been finalised, details of the key findings and issues will be reported to this committee.

Final Reports Issued

The table below shows audit reports finalised since April 2012. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

Audit	Date Of Final Report	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
			Total	Priority 1	
Risk Management	06/08/12	High Assurance	1	0	A review of the arrangements in place for the monitoring and management of risks within the Authority. No significant weaknesses were identified and the controls in place are sound.
Insurance	05/09/12	Substantial Assurance	1	0	A review of the operation and management of Insurance. With the new working arrangements associated with the "hub", it was agreed that procedure notes required updating to reflect changes in responsibility.
Industrial Units	13/09/12	Substantial Assurance	2	0	An audit to test the soundness of systems associated with industrial units. The main area for improvement was the need for some clarity over invoice amounts and VAT charges.
Capital Accounting	14/09/12	High Assurance	0	0	A review of the arrangements and controls in place. No areas of concern were identified and as a result of issues raised at the last audit, all property and land has now been registered with the Land Registry.
Treasury Management	26/09/12	High Assurance	0	0	A review to test the soundness of they systems in place associated with treasury management. Controls are effective, processes are sound, and no weaknesses were identified.

Audit	Date Of Final Report	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
			Total	Priority 1	
Asset Management – Property Maintenance	04/10/12	Substantial Assurance	3	0	An audit for the arrangements in place for asset management / property maintenance. The Asset Management Plan requires some updating and there is room for some improvement around budget monitoring. No major weaknesses were identified.
Canteen	22/11/12	Substantial Assurance	1	0	A review of the controls in place surrounding the operation of the Canteen and associated risks. No significant weaknesses were identified and controls are effective.

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VARIATIONS TO THE 2012/13 AUDIT PLAN

Additions to the plan are considered where:

- specific requests are received from the S151 Officer which are necessary for him to discharge his statutory responsibilities.
- new or previously unidentified risks result in changes to the priority of audit work
- significant changes in legislation, systems or service delivery arrangements occur which have an impact on audit priorities
- requests are received from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management
- urgent or otherwise unplanned work arises as a result of investigations into fraud and other wrongdoing identifying potential control risks.

Additions to the audit plan are only made if the proposed work is considered to be of a higher priority than work already planned, the change can be accommodated within the existing resource constraints and the change has been agreed by the Head of Internal Audit.

Audits are deleted from the plan or delayed until later years where:

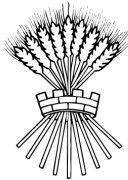
- specific requests are received from the S151 Officer or the audit customer and the grounds for such a request are considered to be reasonable
- the initial reason for inclusion in the audit plan no longer exists
- it is necessary to vary the plan to balance overall resources.

To reflect the contractual relationship between the council and Veritau North Yorkshire, all proposed variations to the agreed audit plan arising as the result of emerging issues and/or requests from directorates will be subject to a change control process. Any significant variations will then be communicated to the Audit Committee for information.

2012/13 Audit Plan Variations

The following variations have been discussed and approved, and do not affect the overall planned audit days.

Audit	Days	Justification For Change
Deletions from the Audit Plan		
Business Hub	-10	It was agreed by senior management and the Corporate Director (s151) that controls and risks associated with the new working arrangements would be addressed during individual audits.
Data Protection	-7	Initial planning identified concerns surrounding the whole of information management, rather than specifically data protection. Following discussions with senior management and Corporate Director (s151), it was agreed that a full data management and security audit should be included into the plan.
	-17	
Additions to the Audit Plan		
Information Management	17	Following a restructure of staff and posts within the authority, concerns were raised that there was no longer a dedicated person responsible for overall information management. It was agreed with the Corporate Director (s151) that an exercise should be carried out to assess weaknesses in control.
	17	



REPORT TO: OVERVIEW AND SCRUTINY COMMITTEE

DATE: 13 DECEMBER 2012

REPORT OF THE: CUSTOMER SERVICES AND BENEFITS MANAGER
ANGELA JONES

TITLE OF REPORT: CUSTOMER COMPLAINTS RECEIVED QUARTER 2
(2012/13)

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 2012.

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 2012 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 Wood
Customer Service and Benefits Manager

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Background Papers:
RDC Complaints Procedure

Background Papers are available for inspection at:
[http://www.ryedale.gov.uk/council and democracy/corporate complaints.aspx](http://www.ryedale.gov.uk/council_and_democracy/corporate_complaints.aspx)

SUMMARY OF COMPLAINTS LOG

PERIOD: July to September 2012

SERVICE UNIT	SUMMARY OF COMPLAINT	NO SETTLED WITHIN DEADLINE	RESULTANT SERVICE IMPROVEMENTS / ACTION TAKEN
Access to Services		0	
Business Improvement	1. Final Notice for Trade Waste.	1	1. Investigated and letter of apology & explanation sent to customer.
Community Services	1. He is not happy regarding the way his Council Tax/Business Rates and Trade Waste accounts have been dealt with.	1	1. Investigation taken place and relevant personnel have been spoken to.
Revenues & benefits	1. Delay in assessing Benefits claim. 2. Dissatisfied with Council Tax Reminder 3. Dissatisfied with action taken for Council Tax debt. 4. Dissatisfied with receiving Council Tax Letter 5. Delay in assessing Benefits claim.	5	1. Letter of apology and explanation sent to customer. action. 2. Letter of apology and explanation sent to customer. 3. Letter of explanation sent to customer. 4. Letter of apology and explanation sent to customer. 5. Letter of explanation and apology sent to customer and claim assessed.

Managing Development	1. Behaviour of staff	1	1. Investigated and customer notified of outcome in writing.
Planning		0	
Forward Planning		0	
Environmental Health	1. Offended by officer's questions during an investigation of a complaint. 2. Inadequate action taken by officers. 3. Conduct of staff member.	3	1. Complaint investigated and letter of apology and explanation sent to customer. 2. Complaint investigated and letter of explanation sent to customer. 3. Complaint investigated and letter of explanation and apology sent to complainant.
Housing Services		0	
Facilities	1. Unprofessional staff member.	1	1. Investigated and letter of explanation sent to Customer.
ICT Services		0	
Legal		0	
Streetscene Services	1. Recycling not emptied.	1	1. Recycling emptied.
Finance		0	

TOTAL		13	
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Agenda Item 11

DERWENT POOL – CUSTOMER FEEDBACK

JULY TO SEPTEMBER 2012	very good	good	fair	poor	very poor
Efficiency of the staff	2	0	0	0	0
Helpfulness of the staff	2	0	0	0	0
Courtesy of the staff	2	0	0	0	0
General cleanliness	0	1	1	0	0
Condition of the facilities	0	0	1	1	0
Safety and security	0	1	0	0	0
Pool water temperature	0	1	0	0	0
Air temperature	0	0	1	0	0
Value for money	0	0	1	0	0
Overall experience	0	1	0	0	1
	6	4	4	1	1

July	No comments received	
August	No comments received	
September	No comments received	

LIFESTYLES – CUSTOMER COMMENTS FEEDBACK

JULY TO SEPTEMBER 2012	very good	good	fair	poor	very poor
Efficiency of the staff	2	1	0	0	0
Helpfulness of the staff	2	1	0	0	0
Courtesy of the staff	2	1	0	0	0
General cleanliness	0	1	2	0	0
Condition of the facilities	0	0	0	1	0
Safety and security	0	1	2	0	0
Value for money	0	0	2	1	0
Overall experience	0	2	1	0	0
	6	7	7	2	0

July	No comments received	
August	Lighting in the Sports Hall is "Poor"	New bulbs were installed
September	Mens showers cold	Work done to boiler and issue resolved

RYEDALE POOL – CUSTOMER COMMENTS FEEDBACK

JULY TO SEPTEMBER 2012	very good	good	fair	poor
Efficiency of the staff	1	0	0	0
Helpfulness of the staff	1	0	0	0
Courtesy of the staff	1	0	0	0
General cleanliness	0	1	0	0
Condition of the facilities	0	1	0	0
Safety and security	0	1	0	0
Pool water temperature	0	1	0	0
Air temperature	0	0	0	1
Value for money	0	0	1	0
Overall experience	0	0	1	0
	3	4	2	1

August	No comments received	
September	No comments received	
October	No comments received	



REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	13 DECEMBER 2012
REPORT OF THE:	HEAD OF CORPORATE SERVICES 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 and reviewed in 2011. 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 In accordance with the 2012-13 Audit Plan, a review of Risk Management was undertaken by Veritau.

The purpose of this review was to test the soundness of the systems associated with Risk Management to test the soundness of the Council's systems as follows:

- the Authority is equipped to facilitate Risk Management processes;
- the Risk Management process is established within the Authority at both Corporate and Service level;
- the Authority has established requirements for Key Partners with regard to Risk Management;
- Risk Management is an integral part of project management;
- Risk facing the Authority is reported through established channels at regular intervals.

8.2 Overall the controls in relation to risk management were considered to be sound with one minor issue which needs to be addressed in relation to the frequency with which reporting of risk management arrangements for significant partnerships takes place through the O and S committee.

8.3 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 Corporate Services

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Telephone No: 01653 600666 ext 347
E-Mail Address: clare.slater@ryedale.gov.uk

Background Papers:

Council Plan 2009-13
Annual Governance Statement
Risk Registers:

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

Internal Audit of Risk Management Arrangements – August 2012

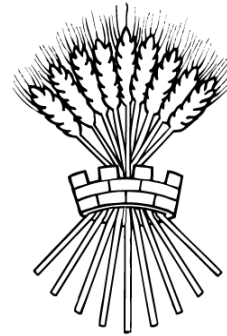
Background Papers are available for inspection at:

Covalent
www.ryedale.gov.uk

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Annex A

RYEDALE
DISTRICT
COUNCIL



RISK MANAGEMENT
STRATEGY

2010 – 2013

Revised December 2012

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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	Corporate services
CSR 02	Providing practical guidance to staff and Members	Corporate services
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 09	Review of risk management arrangements as part of the review of internal controls	Veritau
CSR 10	Annual report to Overview and Scrutiny reviewing the risk management process	Veritau
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	Corporate services
CSR13	Statement on risk management to be included in the Annual Governance Statement which forms part of the Statement of Accounts of the Council	Veritau
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.

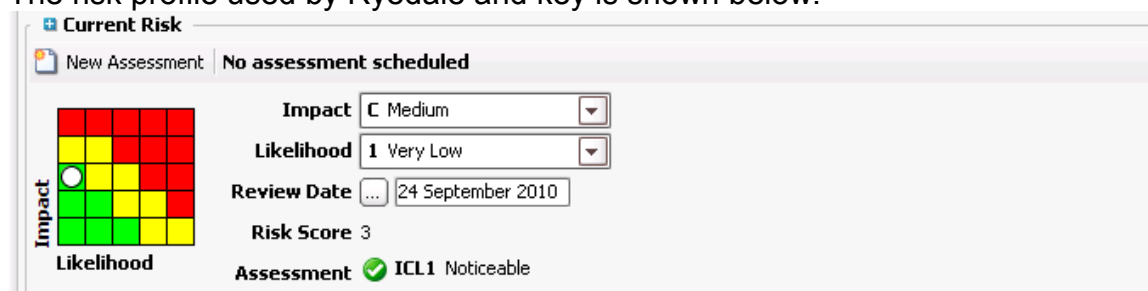
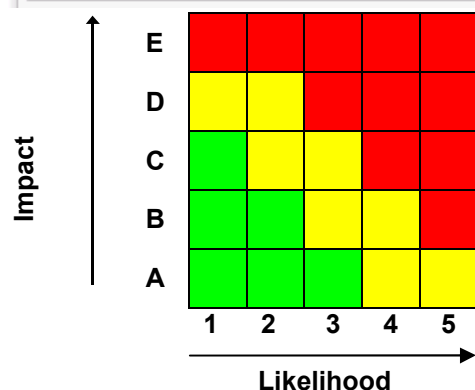
When identifying risks it is suggested that the following categories of possible risk areas be used. They will act as a prompt and as a trigger for officers involved in the process. They will ensure that a holistic approach to risk identification is taken and that the risk process does not just concentrate 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
Corporate Services	Significant Partnerships Risk Register	February 2013
Corporate Services	Corporate Risk Register and six monthly review of actions	February 2013 October 2013
VERITAU	Risk Management Statement in Annual Governance Statement	June 2013
Corporate Services	Annual review of the Risk Management Strategy	December 2012
Corporate Services	Annual Report on Risk Management Arrangements	April 2013

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

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.

Corporate Services Team

The Corporate Services 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 (VERITAU)

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

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REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	13 DECEMBER 2012
REPORT OF THE:	HEAD OF CORPORATE SERVICES CLARE SLATER
TITLE OF REPORT:	SCRUTINY REVIEW SCOPING REPORT - ROLE OF MEMBERS ON OUTSIDE BODIES AND AS MEMBER CHAMPIONS
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To present a draft scoping report to members of the committee for discussion and agreement as the basis for the next scrutiny review.

2.0 RECOMMENDATION

- 2.1 That Members discuss the scope and the terms of reference for the review of members' role on outside bodies and as member champions.

3.0 REASON FOR RECOMMENDATION

- 3.1 In order that the Overview and Scrutiny Committee can commission the next scrutiny review.

4.0 SIGNIFICANT RISKS

- 4.1 No significant risks have been identified at this point but this will be reviewed as the review progresses.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The topic of this review has been selected as a consequence of the work undertaken to review the role of the council in supporting a sustainable community and voluntary sector and follows on from one of the recommendations:

'That a review be undertaken to define members' roles as champions and board members of voluntary and community organisations'

6.0 REPORT DETAILS

6.1 The aim of the review is to make recommendations to the policy committees and management team of the Council in order to make best use of the Council's corporate systems and of the Council's resources such as member and officer time and expertise.

6.2 The scope of the review could be as follows:

- To review the list of outside bodies and consider if representation on all of them is beneficial to the Council and Ryedale.
- To find out more about the outside bodies on which RDC is represented, including remit of body, frequency, timing and venue of meetings, any trustee role and requirements, phone and email contacts, and websites.
- To explore the use of the modern.gov committee management system to best effect to provide more information about outside bodies to both members and the public.
- To consider any conflicts of interest for Members by sitting on outside bodies where they undertake a trustee role and how this may impact on members decision making role within the Council.
- To consider ways of making more information about the activities of outside bodies accessible to Members.
- To understand the role of member champions and review the themes of these.
- To estimate the cost of representation on outside bodies to the Council and identify the value this may add for the Council and Ryedale.

Work undertaken as part of the review could include:

- An audit of current representation on outside bodies, roles of members and requirements of those bodies.
- A review of feedback from current member champions and representatives on outside bodies to inform future representation by members of the Council. To clarify the role and expectations of members understanding of their role as a trustee.
- A review of the member champion job description.
- A review of the role officers should play in supporting members in their role as representative, trustee or member champion.

Outcomes could include:

- Training for members as trustees or reps on outside bodies
- Modern.gov optimised for linking to outside body information and members feedback
- Developing a reporting or feedback mechanism for members who are trustees or represent the council to inform other members and the public of the work they undertake

Clare Slater
Head of Corporate Services

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Background Papers:

The scrutiny review of the Role of the Council in supporting the Voluntary and Community Sector

Draft Terms of Reference for a Scrutiny Review of the Role of Members on Outside Bodies and as Member Champions

Aim of the Review	To make best use of the Council's corporate systems and of the Council's resources such as member and officer time and expertise in relation to representation of the Council on outside bodies and as member champions.
Why has this review been selected?	The topic of this review has been selected as a consequence of the work undertaken to review the role of the council in supporting a sustainable community and voluntary sector and follows on from one of the recommendations: 'That a review be undertaken to define members roles as champions and board members of voluntary and community organisations'
Who will carry out the review?	The review will be carried out by a task group including: <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 Democratic Services Manager • The Council Solicitor • Support will be provided by members of the Business Improvement Team
How the review will be carried out?	The task group will undertake the following activities: <ul style="list-style-type: none"> • An audit of current representation on outside bodies, roles of members and requirements of those bodies. • A review of feedback from current member champions and representatives on outside bodies to inform future representation by members of the Council. To clarify the role and expectations of members understanding of their role as a trustee. • A review of the member champion job description • A review of the role officers should play in supporting members in their role as representative, trustee or member champion.
What are the expected outputs?	It is expected that the task group will produce a report, summarising the evidence they have gathered and containing specific recommendations for the council's policy committees and management team.
Timescale	It is anticipated that the group will conclude the outcomes of the review in April 2013. Progress reports will be submitted to the committee throughout the review.

CS version 1 – draft for 13.12.12 O&S

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Commissioning Board

Held at Council Chamber, Ryedale House, Malton
on Thursday 22 November 2012

Present

Councillors Andrews, Mrs Cowling (Chairman), Richardson, Mrs Sanderson and Walker

Substitute: Cllr Woodward

In Attendance

Fiona Brown, Jos Holmes, Nicki Lishman, Phil Long, Steve Richmond, Kim Robertshaw
and Julian Rudd

Minutes

75 Apologies for Absence

Apologies for absence were received from Councillors Clark, Mrs Frank, Fraser, Hicks and Hope.

76 Minutes of Meetings Held on 7 June and 20 September 2012

Decision
That the minutes of the meeting of the Commissioning Board held on 7 June and 20 September 2012 be approved and signed by the Chairman as a correct record.

77 Declarations of Interest

Councillor Andrews declared personal non-prejudicial interests in agenda item 6, as a member of Malton Town Council.

Councillor Woodward declared a personal prejudicial interest in agenda item 8 as his wife was an operator of a Bed & Breakfast establishment and withdrew from the room for the discussion and votes on this item.

78 Urgent Business

There were no items of urgent business.

79 Scrutiny Review - Support for the Voluntary and Community Sector

Considered – Report of the Overview and Scrutiny Committee.

Decision

That the report be received.

80 Creative Economy Commissioning - Stakeholder Feedback

Considered – Report of the Head of Economy and Infrastructure.

Decision

- a) That the consultation report be noted; and
- b) That the next stage of the JCG Review be approved.

81 Visitor Information Services in Ryedale

Considered – Report of the Head of Economy and Infrastructure.

Decision

- a) That a review of the Authority's visitor information services, to include Helmsley TIC , be undertaken as outlined in the report; and
- b) That the Council's TIC service accepts all accommodation providers as clients, regardless of possession of an inspected quality assurance rating, from January 2013 onwards, providing basic legislative requirements are met.

82 Exempt Information

Decision

That under Section 100(A)(4) of the Local Government Act 1972 that the public be excluded from the meeting for the following item as there will be a likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act as the information relates to any business or financial affairs of a company.

83 Supported Accommodation Facility

Considered - Report of the Head of Planning and Housing

Decision

That Council be recommended to approve:

- a) The purchase and conversion of Buckrose House, Norton in partnership with Yorkshire Housing, to provide a supported accommodation facility to replace Bridge House; and
- b) To reduce the Mortgage Rescue capital programme allocation to £20k and allocate £100,000 of funding released to contribute to the costs of purchase and conversion of Buckrose House, Norton in partnership with Yorkshire Housing, to provide a supported accommodation facility for Ryedale.

84 **Any other business that the Chairman decides is urgent**

There being no other items of urgent business, the meeting closed at 7.30 pm.

Publication Date: 30 November 2012
Implementation Date: 14 December 2012

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