

Governance Committee

Monday, 16th December,
2013

at 6.00 pm

PLEASE NOTE TIME OF MEETING

Committee Room 1 - Civic Centre

This meeting is open to the public

Members of the Committee

Councillor David Furnell (Chair)
Councillor Edward Daunt
Councillor John Inglis
Councillor Eamonn Keogh (Vice-Chair)
Councillor Georgina Laming
Councillor Brian Parnell
Councillor Asa Thorpe

Independent Members

Mr David Blake
Mr Geoff Wilkinson

Contacts

Head of Legal and Democratic Services
Richard Ivory
Tel. 023 8083 2394
Email: richard.ivory@southampton.gov.uk

Democratic Support Officer
Pat Wood
Tel. 023 8083 2302
Email: pat.wood@southampton.gov.uk

PUBLIC INFORMATION

Role of the Governance Committee

Information regarding the role of the Committee's is contained in Part 2 (Articles) of the Council's Constitution.

[02 Part 2 - Articles](#)

It includes at least one Councillor from each of the political groups represented on the Council, and at least one independent person, without voting rights, who is not a Councillor or an Officer of the Council.

Public Representations

At the discretion of the Chair, members of the public may address the meeting about any report on the agenda for the meeting in which they have a relevant interest.

Southampton City Council's Priorities:

- **Economic:** Promoting Southampton and attracting investment; raising ambitions and improving outcomes for children and young people.
- **Social:** Improving health and keeping people safe; helping individuals and communities to work together and help themselves.
- **Environmental:** Encouraging new house building and improving existing homes; making the city more attractive and sustainable.
- **One Council:** Developing an engaged, skilled and motivated workforce; implementing better ways of working to manage reduced budgets and increased demand.

Smoking policy – The Council operates a no-smoking policy in all civic buildings.

Mobile Telephones – Please turn off your mobile telephone whilst in the meeting.

Fire Procedure – in the event of a fire or other emergency a continuous alarm will sound and you will be advised by Council officers what action to take.

Access – Access is available for disabled people. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

Dates of Meetings: Municipal Year 2013/14

2013	2014
15 July	3 February
23 September	28 April
16 December	

CONDUCT OF MEETING

Terms of Reference

The terms of reference of the Governance Committee are contained in Part 3 of the Council's Constitution.

[03 - Part 3 - Responsibility for Functions](#)

Business to be discussed

Only those items listed on the attached agenda may be considered at this meeting.

Quorum

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

Rules of Procedure

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

DISCLOSURE OF INTEREST

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Personal Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

DISCLOSABLE PERSONAL INTERESTS

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship:

Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

- (iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.

- (iv) Any beneficial interest in land which is within the area of Southampton.

- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.

- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.

- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

- a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
- b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

A Member must regard himself or herself as having a, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

Principles of Decision Making

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

AGENDA

Agendas and papers are now available via the Council's Website

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

3 STATEMENT FROM THE CHAIR

4 MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)

To approve and sign as a correct record the Minutes of the meeting held on 23 September 2013 and to deal with any matters arising, attached.

5 SOUTHAMPTON CITY COUNCIL COMPLAINTS 2012/13

Report of the Head of Legal and Democratic Services summarising performance from 1st April 2012 until 30th June 2013 and key changes arising from 1st July 2013 following implementation of the Council's Complaints Review, attached.

6 RISK MANAGEMENT FRAMEWORK AND REPORTING

Report of the Chief Financial Officer detailing the risk management framework and reporting procedures, attached.

7 REVISIONS TO THE CONSTITUTION

Report of the Head of Legal and Democratic Services detailing revisions to the Constitution, attached.

8 ANTI FRAUD AND CORRUPTION POLICY STATEMENT AND STRATEGY

Report of the Chief Internal Auditor seeking approval of the Anti Fraud and Corruption Policy Statement and Strategy, attached.

9 EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

Report of the Chief Internal Auditor detailing an overview of the measures currently in place to monitor and maintain internal audit effectiveness, attached.

10 EXTERNAL AUDIT ANNUAL AUDIT LETTER

Report of the Chief Internal Auditor detailing the external auditors Annual Audit letter for 2012/13, attached.

Friday, 6 December 2013

Head of Legal and Democratic Services

GOVERNANCE COMMITTEE

MINUTES OF THE MEETING HELD ON 23 SEPTEMBER 2013

Present: Councillors Furnell (Chair), Daunt, Inglis, Keogh (Vice-Chair), Parnell and Thorpe

Independent Members Mr D Blake and Mr G Wilkinson

Apologies: Councillor Laming

7. **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Committee meeting on 15th July 2013 be approved and signed as a correct record. (Copy of the minutes circulated with the agenda and appended to the signed minutes).

8. **ANNUAL REPORT ON INTERNAL COMPLAINTS/LOCAL GOVERNMENT OMBUDSMAN COMPLAINTS**

The Committee received a verbal update from the Senior Solicitor (Corporate) regarding internal and Local Government Ombudsman complaints. It was highlighted that there had been a decrease in the number of complaints received, although often they were complex complaints. It was noted that a report would be provided to the December meeting.

9. **ANNUAL GOVERNANCE STATEMENT 2012-13 AND REVIEW OF 2011-12 ANNUAL GOVERNANCE STATEMENT**

The Committee considered the report of the Head of Finance and IT seeking to review the Annual Governance Statement 2012-13 and to note the status of the 2011-12 Action Plan. (Copy of the report circulated with the agenda and appended to the signed minutes).

It was noted that an updated Annual Governance Statement Action Plan would be brought to the February 2014 meeting and that a report on the Anti-Fraud and Corruption Policy would be brought to the December meeting.

RESOLVED that the Draft Annual Governance Statement 2012-13 be approved and that the status of the 2011-12 Action Plan be noted.

10. **RISK MANAGEMENT ACTION PLAN 2013-14: STATUS REPORT**

The Committee received and noted the report of the Head of Finance and IT regarding the Risk Management Action Plan 2013-14: Status Report. (Copy of the report circulated with the agenda and appended to the signed minutes).

It was noted that an update on Risk Management would be provided to the December meeting.

11. **STATEMENT OF ACCOUNTS 2012/13**

The Committee considered the report of the Head of Finance and IT seeking approval of the statement of accounts 2012/13. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that the Statement of Accounts 2012-13 be signed subject to any changes required after the completion of the Audit.

12. **CHANGES TO THE COUNCIL'S CONSTITUTION - COUNCIL PETITION SCHEME**

The Committee considered the report of the Director of Corporate Services seeking comments on recommendations to changes to the Council's Constitution. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that the recommendations for changes to the Council's Constitution as set out in the report be approved.

13. **ANNUAL REPORT ON THE NEW MEMBERS CODE OF CONDUCT / LOCALISM ACT 2011**

The Committee received and noted the report of the Head of Legal, HR and Democratic Services regarding the Members Code of Conduct. (Copy of the report circulated with the agenda and appended to the signed minutes).

14. **MEMBER LEARNING AND DEVELOPMENT**

The Committee considered the report of the Head of Legal, HR and Democratic Services seeking comments and endorsement of the Member Development Strategy. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that the Member Development Strategy be endorsed with the addition of Corporate Parenting being included in the programme.

15. **EXCLUSION OF THE PRESS AND PUBLIC - CONFIDENTIAL PAPERS INCLUDED IN THE FOLLOWING ITEM**

RESOLVED that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the following item.

Confidential Appendix 1 contains information deemed to be exempt from general publication by virtue of Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules.

16. **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS MID YEAR REVIEW**

The Committee considered the report of the Head of Finance and IT regarding the Treasury Management Strategy and Prudential Limits Mid Year review. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that:-

- (i) the current and forecast position with regards to these indicators and to endorse any changes be noted;

- (ii) the continued proactive approach to Treasury Management has led to reductions in borrowing costs and safeguarded investment income be noted; and
- (iii) the action taken in response to the down rating of the Authority's Bankers, (Co-Operative Bank), as set out in the Confidential Appendix to this report be noted.

17. **EXCLUSION OF THE PRESS AND PUBLIC - CONFIDENTIAL PAPERS INCLUDED IN THE FOLLOWING ITEM**

RESOLVED that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the following item.

Confidential Appendices contain information deemed to be exempt from general publication by virtue of Categories 3 and 5 of paragraph 10.4 of the Council's Access to Information Procedure Rules.

18. **INTERNAL AUDIT PROGRESS REPORT - AUGUST 2013**

The Committee received and noted the report of the Chief Internal Auditor regarding internal audit progress to the period August 2013. (Copy of the report circulated with the agenda and appended to the signed minutes).

It was noted that a progress report would be brought to the December meeting regarding Non Residential Care Contributions.

19. **EXTERNAL AUDIT - AUDIT RESULTS - ISA 260**

The Committee considered the report of the Chief Internal Auditor regarding the external auditor's 'Audit Results Report'. (Copy of the report circulated with the agenda and appended to the signed minutes).

RESOLVED that the Letter of Representation as circulated at the meeting be signed by the Chair and the Chief Financial Officer.

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Agenda Item 5

DECISION-MAKER	GOVERNANCE COMMITTEE		
SUBJECT	SOUTHAMPTON CITY COUNCIL COMPLAINTS 2012/13		
DATE OF DECISION	16 DECEMBER 2013		
REPORT OF:	HEAD OF LEGAL AND DEMOCRATIC SERVICES		
AUTHOR	Name:	Customer Relations Manager	Tel: 023 8083 3258
	E-mail:	Christine.williams@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

SUMMARY

This report summarises the type and number of complaints received from the 1st April 2012 until 30th June 2013 and gives a flavour of key changes and issues arising from 1st July 2013 to date following implementation of the Council's Complaints Review.

There are three complaints procedures; these are for Corporate Complaints Children's Social Care Complaints, Health and Adult Social Care Complaints. From 1st July 2013 the Council has brought together all complaints handling under all three policies and administered via a single Customer Relations Team based in Legal & Democratic Services.

RECOMMENDATION:

- (i) That the report be noted.

REASONS FOR REPORT RECOMMENDATIONS

To update members of this Committee on performance trends and any learning points arising out of complaints made by the public via Southampton City Council's Complaint's Procedures during 2012/13. Identifying these issues assists the Council in understanding where things have "gone wrong" in the past year in order to improve service delivery.

CONSULTATION

1. This report is presented to Governance Committee for information purposes.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. N/A

DETAIL

3. The effective and responsive management of complaints is a vital part of the Council's overall approach to customer care. In addition, the customer feedback that valid complaints provide can be used to improve service delivery, facilitate council wide learning and demonstrate continuous improvement.
4. Prior to 1st July 2013, the Council operated a three part corporate complaints system:
 - Stage 1 complaints were responded to by the relevant service manager
 - Stage 2 complaints were investigated and responded to by the

appropriate Senior Manager

- Stage 3 complaints were investigated by the Corporate Complaints Officer or by a Senior Officer independent from the service area that is being complained about.
5. A separate process was followed within the Children's Services and Learning Directorate and the Health and Adult Social Care Directorate, largely as a result of the statutory complaints procedure which applies in relation to social care matters in these areas.
6. The Children's Services procedure had three Stages:
- Stage 1 complaints responded to by the relevant service manager.
 - Stage 2 complaints are investigated independently by an Investigator appointed by the Customer Relations Manager
 - Stage 3 complaints require an Independent Complaints Review Panel which consists of three independent people.
7. Health and Adult Services complaints procedure had one formal Stage.
- Informal resolution - the process for responding to a complaint is decided by the Customer Relations Manager and the Service Manager / Head of Service. Complaints are responded to by the relevant Service Manager / Head of Service as appropriate to the severity of the complaint
 - If a complainant is dissatisfied with the response the Head of Service and the Customer Relations Manager will decide on further course of action.
8. Following an extensive review of the operation of the complaints policies and the two separate complaints teams operated by the Council, it was decided in early 2013 to bring all complaints functions together into a single Customer Relations Team, and to amend the Corporate Complaints Policy to simplify the stages a customer has to go through to obtain a resolution to their concerns. From 1st July 2013, a single Customer Relations Team has been located in the Legal & Democratic Services division with responsibility for administering all three of the Council's formal complaints policies. The team has only been fully staffed since September 2013 and is now proactively pursuing monitoring and reporting on the outcomes of complaints in order to assist the Council in driving up performance and service delivery across the Council. Quarterly reporting to Directorate Management Teams commenced in December 2013 and is expected to be fully bedded in to the Council's performance framework by the end of spring 2014.
9. The Corporate Complaints Policy now has only two stages:
- Stage 1 complaints are responded to by the relevant service manager / Head of Service as appropriate to the severity of the complaint within 20 working days
 - Stage 2 complaints are investigated by the Customer Relations Team or by a Senior Officer independent from the service area that is being complained about within 20 working days

10. The complaints policies for social care (adults, health and children) remain as outlined in paragraphs 6 and 7 above, albeit non-operating with greater synergies to the corporate reporting process.
11. At the end of a complaints investigation regardless, the customer is advised that if they are still not satisfied with the outcome, they may pursue their complaint to the Local Government Ombudsman (LGO). This provides the customer with an entirely independent source of redress if they remain aggrieved and the Council works closely with the LGO to resolve outstanding complaints where appropriate. Further detail on the LGO procedures and complaints are set out in paragraph 62 onwards of this report.

Corporate Complaints (1st April 2012 – 30th June 2013)

12. During 2012/13 there were 883 complaints recorded through the Corporate Complaints procedure (6% decrease on last year), 179 for Children's Social Care (1.64% decrease since last year), This is the third consecutive year there has been a significant decrease in the number of complaints received. There were 1268 complaints received by the Council in 2011/12 compared to 1176 in the year 2012/13. This represents a 7% decrease in the number of complaints received across the Council this year
13. A breakdown of the complaints received by each division is set out in Appendix 1 to this report. During 2012/13 the Council's Directorates underwent a major structural change which is reflected in this report and also in the Lagan Complaints module for 2012/13.
14. For the financial year 2012/13, there were 39 Corporate complaints which were mainly about financial issues. These were recorded on the Social Care Complaints Database. Of these 33 related to billing. In 2011/12 there were 67 corporate complaints on the same subject (a 46.2% decrease in the number of corporate complaints this year). This may be because some of the concerns regarding financial issues are now being dealt with as "business as usual" issues, though there has also been significant effort from the service to learn from these types of complaint that is also leading to improvements in financial processes that are also reducing complaints. Six complaints were received about 'Blue Badge' services this year compared to 17 last year. This reduction is understood to be because there is now a review process for dealing with blue badge complaints – a positive response to historic complaints, however there has been an increase in matters referred to the LGO in this area see paragraph 69.
15. The distribution of complaints is not spread evenly across all divisions. Complaints are concentrated towards a number of customer facing Services. In 2012/13 five Divisions accounted for over half of the corporate complaints received.
16. Table 1 below lists the five Divisions with the highest proportion of complaints for 2012/13 and compares this with figures for 2011/12 and 2010/11. Table 2 lists alphabetically those Divisions that have been included in the five with the highest proportion of complaints from 2010/11 to 2012/13.

17. Industrial action in 2011/12 resulted in complaints in relation to missed bin collections that were treated as exception to the operation of the Council's normal complaint policy following consultation with the LGO. This was because it affected all or the significant majority of residents in Southampton equally and the duration and impact of the industrial action was a matter outside the councils control.

TABLE 1					
Rank of 5 Divisions with the highest proportion of complaints for 2012/13					
2012/13		2011/12		2010/11	
Housing Services	27.7%	Decent Homes	16.0%	Local Taxation	18.1%
Waste & Fleet Transport	22.5%	Local Taxation	14.0%	Waste & Fleet Transport	11.3%
Local Taxation	9.5%	Housing Management	11.4%	Decent Homes	11.0%
Customer Services	6.3%	Waste & Fleet Transport	8.2%	Housing Management	9.7%
Regulatory Services	5.6%	Highways & Parking Customer Services	7.4% 7.4%	Highways & Parking	8.4%

TABLE 2			
Divisions with the highest proportion of complaints 2010/11 to 2012/13			
	2012/13	2011/12	2010/11
Customer Services	5.6%	7.4%	-
Decent Homes	-	16.0%	11.0%
Highways & Parking	-	7.4%	8.4%
Housing Services	27.7%	-	-
Leisure & Culture	-	1.2%	-
Local Taxation	9.5%	14.0%	18.1%
Waste & Fleet Transport	22.5%	8.2%	11.3%
Regulatory Services	5.6%	-	-

18. Complaints are recorded into one of a number of categories. The table below indicates the percentage of complaints within each category and compares this with figures for the last three years.

TABLE 3			
Category	2012/13	2011/12	2010/11
Discrimination	0.5%	1%	1%
Misinformation	8%	4%	5%
Charges	10%	14%	10%
Speed	3%	3%	3%
Behaviour	17%	14%	15%
Performance	38%	36%	40%

Other	12%	18%	14%
Avoidable Contact	2%	3%	5%
Disagree with Decision	10.5%	7%	7%

19. Table 4 below provides a breakdown of this Council's performance in relation to complaints compared to the Council's statistical neighbours (as used for formal audit purposes). This helps the Council compare like for like in terms of type of authority, geographical area within the country and broadly similar population sizes and make-up. The Corporate Complaints policy is not a statutory requirement. However, failure to have a Corporate Complaints policy in place would lead to an adverse report from the LGO and would likely be viewed as maladministration by the LGO in and of itself. The systems and processes that individual councils have in place are based on LGO guidance and are tailored to individual council structures and services. Comparison between authorities is, therefore, difficult, as other Council's may operate variations in their complaints regimes. The following table sets out the overall figures for the number of complaints received.

TABLE 4				
Authority	Corporate Complaints received 2011/12	Corporate Complaints received 2011/12	Adult Population 2010	Complaints per head of adult population 2012/13
Southampton	944	883	201,400	0.0047
Portsmouth	622	580	172,800	0.0034
Brighton & Hove	1,434	1657	217,200	0.0076
Plymouth	1,234	1131	214,900	0.0053
Bristol	5,093	Not available	368,300	0.0138

20. The previous (pre July 13) Corporate Complaints Policy required that complaints at Stage 1 of the process were responded to within ten working days and complaints at Stage 2 and 3, within 20 working days.
21. Table 5 below shows the number of complaints responded to at each stage of the procedure. Those complaints that cannot be responded to within the target period are frequently those that are more complex, and can involve investigating actions across more than one service area or division. Where this situation occurs the complainant will be contacted and a revised completion date agreed.

TABLE 5				
	Working days to close 2012/13		Working days to close 2011/12	
Stage	≤ 10 days	> 10 days	≤ 10 days	> 10 days
1 Learning Services	577 (77 %) 70.3%	168(23%) 29.7%	753 (95%)	40(5%)
	≤ 20 days	>20 days	≤ 20 days	>20 days
2	34 (47%)	39 (53%)	84(87%)	13 (13%)
3	21 (78%)	6 (22%)	42(89%)	5 (11%)
Total	632 (75%)	213(26%)	879 (93%)	58 (7%)

22. Overall the number of Corporate complaints dealt with in 2012/13 saw another small decrease, down 92 on the previous year with no significant improvement on those responded to within the timescales included in the complaints policy. Most significantly for Stage 1 responses there was a fifteen percentage point increase on the number of complaints not responded to within a ten day target. Overall it was also taking longer to respond to those complaints at Stage 2 and Stage 3. Working groups were set up to see how these response times could be improved on all three stages and following the formal complaints review, changes to the stages were recommended with a reduction in the number of days to Stage 2 and more time allowed at Stage 1 for service areas to try to effectively resolve complaints earlier in the process.

Children’s Services (Social Care) Complaints (1st April 2012 – 30th June 2013)

23. Children’s Services and Learning complaints are classified according to the following definitions:
- Social care complaints are those investigated under the Children’s Social Care Complaints Policy (which reflects statutory regulations);
 - All other Children’s Services complaints are investigated using the Council’s Corporate Complaints Policy;
 - Referrals are requests for help which are passed to the relevant council directorate and partner services;
 - Representations are enquiries, concerns or comments which can be dealt with and resolved within 24 hours. Any social care comments that cannot be resolved within this time automatically become statutory complaints;
 - MP / councillor enquiries are progressed by MPs or elected members on behalf of a constituent or requests for information which need investigation and response by the Directorate.
24. During the financial year 2012/13, there were 179 Stage 1 complaints made about Children’s Social Care. This compared to 182 in 2011/12 and shows a marginal 1.64% decrease in complaints received.
25. The number of Children’s Social Care referrals in the financial year 2012/13 was 3,822. The 179 complaints represent 0.05% of all referrals made. A breakdown of complaints compared to number of referrals to Childrens Services can be found in Table 6 below.

TABLE 6			
Children’s Social Care Activity vs Complaints 2012/13			
Referrals	3,822	Formal Complaints	179
Initial Assessments	3,267	Complaints by children	2
Total number of Children Looked After at any point	655	Representations	5
		Total	184

26. The majority of complaints continue to be resolved at the first stage of the procedure through work by managers and staff in the service, consistent with good customer care. Where resolution is not possible in this way, the Council commissions an Independent Investigator (external to the Council who is responsible for investigating the complaint) and an Independent Person (whose role is to oversee the investigation to ensure fairness), to look into complaints at Stage 2 of our procedure.
27. Only two Stage 1 complaints (1.1%) required independent investigation. No complaints proceeded to Stage 3. Two were completed and one was discontinued. For the financial year 2012/13 the cost of independent investigations was £2,074.45, compared to £10,146 in 2011/12. Cost is however subject to significant fluctuation and can increase (decrease significantly with even a single complaint progressing to independent investigation. The council therefore budgets to approximately £14k of external spend annually, which is cautiously encouraging.
28. Table 7 sets out the number of complaints which progress to Stage 2, and shows how this has changed since 2009/10 to 2012/13. From a peak in 2009/10 there has been a rise in the number and percentages of complaints resolved at Stage 1.

TABLE 7		
External Investigation of Complaints (Stage 2)		
Year	No of Stage 1 Complaints	Percentage (and number) progressing to Stage 2
2009/2010	131	5.34% (7)
2010/2011	138	2.89% (4)
2011/2012	182	2.19% (4)
2012/13	179	1.12% (2)

29. If the complaint is unresolved at Stage 2, the complaint may be reviewed by an Independent Panel (Stage 3 of our procedure). Complaints unresolved after Stage 3 can be referred to the LGO.
30. Table 8 shows a slight decrease in the total number of contacts (complaints, representations, comments and compliments etc) received in 2012/13 compared to 2011/12 by 3.75% from 400 to 385. There has been an increase in complaints about schools (28%) but a reduction in representations (78.2%). There was a 21.3% decrease in MP/Cllr enquiries. There has been an increase in compliments from 32 to 52 (62.5%)

This is unlikely to be a true reflection of the number of compliments received by staff but recording is historically an issue. All staff should be encouraged to send copies of compliments and letters they receive to the Customer Relations Team in order that they can be recorded and reported to the relevant service Director so that good service can be recognised.

TABLE 8				
	2011/12		2012/13	
Record Type	Number	Percentage	Number	Percentage
Stage 1 complaints (social care)	182	45.5%	179	46.4%

Schools	25	6.25%	32	8.3%
Comments	12	3.0%	14	3.6%
Referrals	8	2.0%	5	1.3%
Representations	23	5.75%	5	1.3%
MP / Councillor Enquiries	75	18.75%	59	15.3%
Compliments	32	8.0%	52	13.5%
Total	400	100%	383	100%

31. Table 9 provides a breakdown of complaints by service area. Many complainants have complained about more than one service area as part of their complaint.

TABLE 9	
Received between 01/04/11 and 31/03/12	
Specific Service Area	Number
Safeguarding: Social Care	179
TOTAL	179

32. Table 10 provides a breakdown of complaints by complaint issue and type and highlights some of the major themes and issues contained within the contacts and complaints we receive (excluding schools and academies). The issues raised are classified in eight specific ways, raised 348 specific issues in total. As most complaints relate to more than one issue, this approach to breaking them down allows us to maximise our learning from them. For example, many of the complaints relate to either complaints about service provision, complaints about individual staff or poor communication. Some of these are consistent with the period of high staff turnover that impacted upon the wider consistency and quality of service identified by OFSTED in their Announced Inspection of Children's Social Care. In response, achieving stability in the recruitment and retention of social care staff has been a continuing management priority.

TABLE 10		
Complaint Issue	Number	Percentage
Discrimination	4	1.1%
Eligibility Criteria	9	2.6%
Financial/Funding	3	0.9%
Information/communication	71	20.4%
Policy	2	0.6%
Professional Practice	75	21.6%
Service Provision	184	52.9%
TOTAL	348	100%

33. Complaints are now reported at Divisional Management Teams level, and to the Directorate Management Team of the People Directorate.

34. When looking at how complaints have historically been managed, complaints were not always received promptly from service areas, and in some cases, were not reported until the response was sent to the complainant. This is not consistent with the Directorate's policy for managing statutory complaints, and may also relate to turnover in staff. It is being addressed through training and induction materials for new staff.
35. Table 11 shows an overall decrease in response rates to complaints in Children's Services and Learning in 2012/13.

TABLE 11				
Overall Performance Report – 01/04/10 – 31/03/12				
Record Type	Acknowledgment		Full Response	
	2011/12	2012/13	2011/12	2012/13
Safeguarding: Social Care				
Stage 1 complaint	96.2%	97.2%	62.7%	55.4%
Learning Services				
Corporate Stage 1 Complaint	97.7%	97.4%	88.1%	70.3%

36. 55.4% of Stage 1 safeguarding complaints were responded to within timescale and 70.3% of Learning Services (Corporate) complaints were responded to within timescale.
37. Of the 179 Stage 1 complaints received 18.5% were upheld, 24.7% were partially upheld and 54.5% were not upheld.
38. Of the 39 Corporate Complaints 23.1% were upheld, 10.3% were partially upheld, and 64.1% were not upheld. (See Table 12).
39. Of the four Stage 2 complaints, 50% were not upheld, 25% proceeded to Stage 3 and 25% was withdrawn.

Health & Adults Services (Social Care) Complaints (1st April 2012 – 30th June 2013)

40. For the financial year 2012/2013, there were 114 statutory complaints made about Health & Adult Social Care compared to 142 in 2011/12. This represents a 19.7% decrease.
41. The majority of complaints continue to be resolved at the early stages of the procedure as a result of work by the team manager or senior manager. However, where resolution is not possible in this way we occasionally commission an independent investigator to undertake a further investigation.
42. The number of statutory complaints requiring independent investigation was one, which represents 0.9% of all statutory complaints received. For the financial year 2012/13 the cost of the independent investigation was £5,104.14 which was shared with Southern Health NHS Foundation Trust as this was a joint complaint.
43. Table 12 sets out the number of complaints by age both for The highest number of complaints (77, 51.6%) is from the 76+ age group, which should be expected in part because this age group is the largest in the service population served by Health and Adult Social Care.

TABLE 12		
Adults Complaints by Age		
Age	Number	Percentage
16-19	0	0%
20-24	8	5.4%
25-59	41	27.5%
60-64	3	2.0%
65-75	20	13.4%
76+	77	51.7%
TOTAL	149	100%

44. Table 13 provides a breakdown of complaints by complaint issue and highlights some of the major themes and issues contained with the complaints we receive. The issues raised can be classified in nine specific ways and raised 209 specific issues in total. As most of our complaints relate to more than one issue, this way of breaking down our complaints allows us to maximise our learning from them. For example 17.2% of complaints relate to complaints about the Professional Practice of staff, 27% relate to financial issues and 32.1% to access to services. Many of these complaints relate to staff shortages which resulted in increased waiting times for assessments. Professional Practice of staff can relate to how people are dealt with, spoken to, mistakes or staff not returning calls.

TABLE 13		
Complaints by Issue		
Reason / Issue for complaint	No of Issues	%
Disabled Parking Badge	6	10.0%
Discrimination	2	1.0%
Eligibility criteria	13	6.2%
Finance	46	27.0%
Information / Communication	27	12.9%
Miscellaneous:		0.5%
Housing	1	
Environment	1	
Professional Practice	36	17.2%
Provider Services	10	4.8%
Service Provision	67	32.1%
TOTAL	209	100%

45. The majority of complaints were regarding service provision and professional practice.

TABLE 14	
H&ASC AND CORPORATE COMPLAINTS BY SERVICE AREA	
How Received	2011/12
Safeguarding	5
Contact Centre	9
Disabled Parking Badges	17
Hospitals – discharge	11
Learning Disabilities	27
Locality Support Teams and Rehab Teams	79
Day Care Services	7
External Provider – Domiciliary Care	22
Internal Provider – Residential Care	3
Internal Provider – Domiciliary Care	1
Mental Health Services	20
BSO	0
Finance: Benefits (Assessment)	10
Exchequer Services	13
HSC Billing Enquiries	46
Other Services (e.g. Josian Centre Rapid Response, Sensory Services and Supporting	10
TOTAL NUMBER OF SERVICES COMPLAINED ABOUT	280

46. Whilst not to undermine their legitimacy, it is important to place the level of Stage 1 complaints into the context of the large number of critical and intimate services provided to vulnerable adults whose well being is dependent upon them.

TABLE 15			
DIVISIONAL ACTIVITY			
Referrals	9,473	Formal complaints	149
New Assessments	3,905	Concerns / comments	16
Review	4,967	Referrals	10
No of People in receipt of services	9,921		

47. Of the 149 outcomes recorded 40.3% of complaints were not upheld, 24.8% were partially upheld and 26.2% were upheld.

TABLE 16		
OUTCOMES FOR ADULT STATUTORY & CORPORATE COMPLAINTS		
Outcome	Number	Percentage
Complaint withdrawn	1	0.7%
Not Upheld	60	40.3%
Partially Upheld	37	24.8%
Upheld	39	26.2%
Stopped	1	0.7%
Safeguarding investigation	3	2.0%
Ongoing	8	5.4%
TOTAL	149	100%

48. Adult Social care complaints are assessed by risk level. Complaints are classified as low, medium and high risk as follows:
- *Low risk* - an unsatisfactory service or experience not directly related to care and which has no or minimal impact or risk to provision of care.
 - *Medium risk* - Service or experience below reasonable expectations in several ways, but not causing lasting problems. Has potential to impact on service provision. Some potential for litigation
 - *High risk* - Significant issues regarding standards, quality of care and safeguarding or denial of rights. Complaints with clear quality assurance or risk management issues that may cause lasting problems for the organisation and so require investigation. Possibility of litigation and adverse local publicity. Alternatively, serious issues that may cause long-term damage, such as grossly substandard care, professional misconduct or death. Will require immediate and in –depth investigation. May involve serious safety issues. A high probability of litigation and strong possibility of adverse national publicity
49. These risk levels will affect the pathway and timescale of how we deal with these complaints. (See Table 17).
50. Overall performance has declined since last year and the reasons for some of the delays are reported to have been shortages of staff in some services.
51. Under the adult social care complaints procedure, the council aims to send complainants a full reply within ten working days if possible, or if the matter is more complicated, the target timescale is 20 working days. For extremely complex cases, which may require independent investigation, a target of up to 60 working days may be necessary depending on risk category or number of people to be interviewed.

TABLE 17

OVERALL PERFORMANCE REPORT					
Complaint Type	Acknowledgement within timescale		Full response within timescale		
	Councillor / MP Enquiry	2001-12	93.3%	75.8%	
2012-13		95.7%	73.5%		
Adult Statutory Complaint	2011-12	94.4%	LOW	2011-12	62.% (118)
	2012-13	94.6%		2012-13	59.1% (93)
			MEDIUM	2011-12	85.7% (21)
				2012-13	60.0% (15)
			HIGH	2011-12	0% (1)
				2012-13	100% (2)

2012/13 CONCLUSIONS

52. Overall the total number of complaints dealt with in 2012/13 saw a small decrease, though disappointingly with no significant improvement on those responded to within the timescales included in the complaints policy. Most significantly for Stage 1 responses there was a 15% increase on the number of Corporate complaints not responded to within a ten day target. Overall it was also taking longer to respond to those complaints at Stage 2 and Stage 3. It is hoped that the changes internally to the complaints policy, particularly more time allowed at Stage 1 for service areas to try to effectively resolve complaints earlier in the process. This situation will improve in 2014 as the new process beds in.
53. The response rates for acknowledging Children's Social Care complaints were slightly improved on last year with 97.2% of complaints acknowledged within timescale. The timescale for response to Stage 1 complaints however was decreased to 55.40% which is a 7.3% decrease.
54. The response rates for acknowledging Adult Social Care complaints remained virtually the same as the previous year at 94.4%. The timescale for responding to complaints has dropped from 85.7% to 60%.

POST 1ST JULY 2013

55. Since the formation of the Customer Relations Team in July 2013, 272 complaints have been received by the Council. An overall improvement in the acknowledgement times has been recorded, however at Corporate Stage 1 53 complaints were responded to out of time, despite Directorates now having longer to deal with complaints at an early stage.
- This represented 23% of complaints received. The Customer Relations Team is working with Directorates and Divisions to get an understanding of why this is happening.
56. With regard to Social Care complaints, of the 90 complaints received across Adults and Childrens Social Care, 73 were responded to within timescale which represents 81% of complaints received. This shows an improved response rates since July 2013, although further work is ongoing to drive up response rates closer towards 100%

57. There has been an increase in the number of Stage 2 Corporate complaints from 46 in 2012/13 to 30 since July of 2013. This is not unanticipated with the reduction of the stage three process to two but requires further monitoring with Directorates and Divisions to improve service resolution at Stage 1 (along with response times referred to above) and to develop a “right first time” culture within service areas.
58. The council previously had arrangements in place to obtain customer feedback on resolution of complaints. Changes to IT used to record complaints resulted in a suspension of this service in 2012, however, alternative arrangements for collating customer feedback are under investigation.
59. The newly formed Customer Relations Team comprises 1 x Customer Relations Manager, 1 x Customer Relations Officer, 2 x Customer Relations Co-ordinators (one of whom is fully funded by the People Directorate to service social care complaints and deliver access to social care records on behalf of that Directorate) and a part time (0.6FTE) Customer Relations Administrator. The team is based in the Civic Centre as part of the Legal & Democratic Services Division and answers to the Legal Services Manager (Corporate & Environment) who is in turn accountable to the Head of Service and the Council’s Monitoring Officer.

Learning from Complaints

60. The collection of information regarding learning from complaints has been difficult to obtain. Although action improvement forms are sent out to managers with the original complaint, asking that they are filled in and returned to the Customer Relations Team, we do not always receive them back and if we do they are not necessarily completed appropriately. The Customer Relations Manager is discussing this with DMT’s to try and improve this situation.
61. Some of the learning issues identified from recent complaints are as follows:
 - Details relating to charges in Marlands Car Park were not clear. As a result sufficient signage was put in place at all points of the car park to advise customers of the 2 tier charging structure;
 - Smart Cities have been updating payment systems with lessons learned from customers regarding payment methods and are currently working with IT to overcome problems experienced whilst paying on line;
 - New procedures have been implemented for recording ‘death’ on PARIS;
 - There have been several reviews of services to look at how we can do things better, These include the School Admissions system and the Adoption Information Sharing processes. As a result of a complaint Play workers are now to receive training on Accident procedures;
 - See further below in relation to complaints about Blue Badges that have progressed to the Local Government Ombudsman.

Local Government Ombudsman (LGO) Complaints 2012/13

62. Attached to this report is the Local Government Ombudsman's Annual Review for the year ending 31st March 2013 (Appendix 3). The Annual Letter has been shared with the Chief Executive, the Director of Corporate Services (in his capacity as Monitoring Officer for the Council) and the Head of Legal & Democratic Services. The Legal Services Manager administers all Local Government Ombudsman complaints within the authority on behalf of the Chief Executive, who is the person ultimately responsible for these matters to the Ombudsman. The Legal Services Manager (Corporate & Environment) acts as a single point of contact (Link Officer) for the Ombudsman in relation to areas of concern (including all complaint investigations), advice and training. The LGO has decided against releasing statistics for each authority this year as they have significantly changed the way they record and categorise complaints. It is the opinion of the LGO that statistical data for this year cannot be compared like for like to last year's because of the changes and therefore is of no / limited value. Statistical reporting is expected to re-commence next year when the LGO has a full year of data under the new system to act as a comparator basis.
63. While the LGO's decision not to issue statistical data for this year makes a direct comparison with the detail of last year's annual letter somewhat difficult the Link Officer maintains a record of all complaints against the Council. It has, therefore, been possible to provide some strong assurance about specific trends despite the change in reporting methods. It is the Link Officer's view that a consistent level of data collection against which to benchmark performance is being achieved.
64. A significant and major change to the LGO's way of working this year has been the introduction of a triage system on receipt of complaints. The LGO Advice team has been retained but now acts as an advice and filter mechanism, passing complaints that may merit further investigation to an assessment team. That team will take an early decision on whether or not to strike out complaints where there is little or no evidence of injustice (i.e. minor matters not meriting investigation) or where matters fall outside the LGO's jurisdiction. Only matters that have been through all Stages of a Council's complaints procedure and are in the 'public interest' to investigate having regard to the potential injustice involved now proceed to full investigation which is undertaken by a separate investigation team. This has resulted in a significant number of minor complaints being closed without reference to the Council; with the Council receiving a copy of the decision notice and reasons for decision after the complaint has been determined. This has also resulted in a slight increase in complainants being referred back to the Council to complete the complaints procedure before the LGO will even consider their complaint.
65. Key points to be noted from 2012/13 performance to date include:
- The Ombudsman notified the Council about a total of 27 complaints in all categories (including premature complaints) during the period 1st April 2012 – 31st March 2013 against Southampton City Council. For the period 1st April 2013 – 1st November 2013 we currently stand at 16 new complaints. This is significantly lower than the previous full year total of 73.

The Council does not however believe this constitutes a ‘real’ decrease in the number of complaints being referred to the Ombudsman, but rather reflects the Ombudsman’s change in practice of not notifying the Council when it refuses to accept a complaint at pre-assessment stage and the more rigorous “Public Interest” and “injustice” tests being applied to the assessment stage of complaints. Until we receive next year’s figures, it will be impossible to ascertain if this is a ‘real’ decrease in complaint volumes or an indirect result of changes to how the LGO filters and notifies Council’s about complaints.

- For April 2012 – March 2013, the breakdown of what complaints related to and what the outcomes were are as follows:

TABLE 18						
BREAKDOWN OF COMPLAINTS AND OUTCOMES (2012/13)						
Division	Outcome					
	No investigation	Premature Complaint	Discontinue investigation	Outside Jurisdiction	Investigation complete & satisfied with authority’s actions (no report)	Total (last year’s figures in brackets)*
Children’s Services & Learning					1	1
Finance (mainly Benefits & Tax)		2	1			3 (6)
H&ASC	1	3	1		1	6 (6)
Housing	1		4	1		6 (18)
Legal, HR & Democratic			1	1		2
Planning, Sustainability & Transport	1		2			3 (4)
Regulatory Services	1	1				2
Skills, Economy & Housing Renewal	1					1
Streetscene & Community Safety	1	1			1	3
TOTALS	6	7	9	2	3	27
* The remainder of complaints covered a range of services						

TABLE 19

BREAKDOWN OF COMPLAINTS AND OUTCOMES (01/04/13 – 31/10/13)						
Division	Outcome					
	Premature Complaint	Ongoing	Outside Jurisdiction	Not to initiate investigation	Investigation complete & satisfied with authority's actions (no report)	Total*
CYP Commissioning Education & Inclusion					2	2
City Services			1	1		2
Development, Economy & Housing Renewal					1	1
Finance & IT					1	1
Planning, Sustainability & Transport			1	1		2
Regulatory Services				1		1
Safeguarding Adults	1	2			3	6
TOTALS	1	2	2	3	7	15

66. Of the complaints received since April this year six related to Safeguarding Adults, the remainder cover a range of services and it is too early to identify any significant change in trend.
67. The most significant overall percentage increase in 2012/13 (both full year and from April 2013 to date) compared to percentage of the previous year's complaints by service area is in Health & Adult Social Care / Adult Safeguarding. A significant proportion of these are complaints about the withdrawal of Blue Badges for misuse. Badges previously issued by Capita are now coming up for renewal and a recent increase in enforcement activity against those who misuse, or allow others to misuse disabled parking badges issued to them has resulted in four referrals to the LGO in the space of approximately three months. A further five are likely to come forward shortly. Of these, none have been upheld by the LGO as having been incorrectly removed. A minor procedural issue has been identified in that the opportunity for an individual to request an internal review of the decision by the Council before being advised to go to the LGO had been inconsistently applied within the service area and more detail was needed in decision letters. In relation to the more recent complaints it has been identified that more detailed consideration as to the impact of removal on the badge holder is required and better recording of medical evidence from our independent assessors and social care staff in this regard is needed on internal files. That has been rectified with the Blue Badge team manager and key colleagues in consultation with the Link Officer and the level of referrals relating to this area will continue to be monitored.

At this stage however, the 'success' rate in defending such complaints is a good indication that the increase in this area is attributable to a significantly increased focus on enforcement rather than any procedural problem or incorrect / unreasonable action on the part of the Council and the majority of the withdrawals relate to misuse by carers of vulnerable individuals rather than the individual themselves – hence the significant interest by the LGO in relation to assessment of impact on the badge holder themselves.

68. Historic trends show that complaint levels tend to increase when there are significant local or national pressures on the economy. Higher unemployment, lower disposable income, recession and the effects of the economic downturn generally have an impact on Council services, with a greater number of individuals seeking assistance from their local Councils or requiring services from Council's who are under increasing pressure to prioritise resources to core function areas and the most needy. This overall impact needs to be considered when looking at the last two years' complaint trends. Southampton still receives a relatively low number of complaints compared to the majority of its statistical neighbours but complaints about 'charges' are rising and almost inevitably this trend will continue as Council's seek to make services self funding or reduce subsidies to discretionary services.
69. Twelve complaints were referred to the Ombudsman's investigation teams (compared to 25 last year) and have either been determined or carried over to this year due to the complexity of the issues involved. Six complaints are currently under detailed investigation in the current year from April 2013.
70. Three complaints were remedied during investigation by the Council taking or agreeing to take some further action (essentially what we used to call "local settlement") - compared to eight last year. This can take the form of re-issuing a decision letter with further detail, agreeing to take some form of positive restorative action, amending Council policies or procedures or payment of compensation (see further below). The Monitoring Officer settles complaints during investigation for a variety of reasons, not all of which are associated with the Council's "liability" in respect of a complaint – on occasions, clearly, the Council will get things wrong, and it is right when that happens to settle the matter without having to put the complainant through further distress and anguish and, indeed, the Council to further cost. On occasion, it is appropriate to settle a complaint because of the complexity of the matter, the costs of a comprehensive investigation and/or the fact that sometimes the full facts will be unclear, and an appropriate and suitable (and cost effective) way forward has to be found. Local settlements cost the Council a total of £4,906 in 2007/08, £1,425 in 2008/9, £4,525 in 2009/10 (£3,500 of which related to a single complaint), £3,650 in 2010/11, £3,650 in 2011/12 (£2,400 of which related to a single complaint) and £2,350 in 2012/13.
71. Only two matters last year resulted in compensation payments of any note. Of the £2,350 paid out, £2,000 related to a complaint about failure to remedy damp in a leasehold property over a very extended period of time (more than three years whilst awaiting capital improvement works to a number of block in the area) and the remaining £350 related to a planning complaint where neighbour amenity was not properly considered when an extension was approved (the £350 was to provide a fencing solution or other suitable screening).

72. Of the 15 complaints in process since April 2013, six have been resolved with only minor action required by the Authority (see text above re Blue Badge complaints) and none have as yet resulted in any payment of compensation or other costly form of remedy. Six decisions are currently still outstanding.
73. It should be noted that the Council is once again well within the target period of 28 days set by the Ombudsman to respond to complaints, the fastest responders within our comparator group and within the top quartile of response times nationally. The Council took an average of 18 days between April 2012 and March 2013 to respond and response times since April are currently averaging 16.2 days. This compares favourably to the 23.8 days to respond recorded last year and perhaps reflects the fact that more thorough investigation is occurring at an earlier stage with less time needed by the Link Officer to carry out further detailed investigation when responding to the LGO save in the most complex cases.
74. The Corporate Legal Team continues to provide ad-hoc advice and training on dealing with complaints and responding to Ombudsman enquiries where required (mainly through internal resources). Formal training on responding to Ombudsman complaints and investigating complaints generally was held over July and August this year to coincide with the changes to the complaint policy and process. All members of the Council Leadership Group (approximately 150 Heads of Service and senior managers) were required to attend one of five full day training events held during this time. 28 delegates failed to attend or failed to attend the full day without reasonable excuse and a list of their names has been passed to the Director of Corporate Services / CMT as a performance issue. The training was delivered by the Local Government Ombudsman utilising seasoned investigators and trainers and focused on 'effective complaints handling' and investigation methods and processes and well as learning from outcomes of complaints. The training cost approximately £7000 to deliver as a 'one off' in support of the complaints review and in recognition of the significant changes in role that senior managers have undergone over the last two years. Further training needs will be assessed on an annual basis and targeted training delivered in –house by the new Customer Relations Team wherever possible.
75. In previous years, Governance Committee requested a breakdown of how this performance measured against the Council's statistical neighbours. While the Ombudsman does not publish direct comparison's (as the nature of authorities and the services they deliver varies considerably within a geographic area), it has been possible previously to look at the statistics for the individual unitary authorities within our statistical neighbours (Audit Commission Comparator Authorities list) and provide a summary of performance against them. These authorities comprise Bristol, Brighton & Hove, Plymouth and Portsmouth. Unfortunately, the LGO decision not to publish statistics for all authorities this year has made that impossible for 2012/13. We hope to resume a comparative analysis with next year's annual letters and are working with the LGO on a new format of annual letters going forward.

76. Full details of all LGO decisions can be reviewed on the Ombudsman's website at www.lgo.org.uk, using the search by subject area or authority function along with a digest of cases, fact sheets on service specific areas, special interest reports etc should the Committee require any further information in this regard. It should be noted however that not all SCC decisions have been uploaded to the site at the date of writing.
77. From April 2013 the LGO has moved to a process of publishing ALL decision letters (not just where a report has been issued against a Council) in relation to all complaints recorded against local authorities on their web site in an open publication scheme. Individuals' names in all reports are redacted or anonymised to comply with data protection requirements but the media and public have full access to all decisions made against any named authority once this occurs. Reports do not however appear to be being uploaded in a consistently timely fashion and the LGO has indicated they are working to improve this.
78. In conclusion there has been a significant decrease in the number of cases in which compensation for minor breaches has been payable demonstrating that appropriate resolution to complaints is now being offered in the main at earlier stages of the complaints procedures or are being remedied to the most part on review and demonstrating the Council's commitment to not just getting things right, but getting them right in-house wherever possible. Continued investigation and monitoring will be undertaken to assess and understand the areas showing an increase in complaints with appropriate action to be taken to address any issues identified as contributing to the increase through reporting to divisional and directorate management teams. The co-location of the Council's new Customer Relations Team under the management of the LGO Link Officer should also ensure that trends are picked up and addressed quickly and that greater synergies between how we perform in relation to complaints and how this translates to external investigations are realised.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

79. N/A

Revenue

80. The cost of settling complaints under each complaint policy is set out above. The overall cost of providing the Customer Relations Team is met from within existing budgets.

Property

81. N/A

Other

82. N/A

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

83. Local authority complaints mechanisms are operated under Section 111 Local Government Act 1972.

Other Legal Implications:

84. N/A

POLICY FRAMEWORK IMPLICATIONS

85. The matters set out in this report are consistent with the Council's Constitution and Policy Framework.

SUPPORTING DOCUMENTATION

Appendices

1	Complaints received by directorate 2012/13
2	Responses to questionnaires
3	LGO Annual Letter 2012/13

Documents In Members' Rooms

1.	None
2.	

Background Documents

Title of Background Paper(s)

Relevant Paragraph of the
Access to Information
Procedure Rules / Schedule
12A allowing document to be
Exempt/Confidential (if
applicable)

1.		
2.		

Background documents available for inspection at:

KEY DECISION

WARDS/COMMUNITIES AFFECTED

Agenda Item 5

Appendix 1
APPENDIX A

Division	Stage 1	Stage 2	Stage 3	Total
Children Services and Learning				
CYP Strategic Commissioning Education inc	0	0	0	0
Commissioning, Policy & Performance	1	0	0	1
Education Support Services	27	0	0	27
Prevention and Inclusion Services	5	0	0	5
School Improvement	2	0	0	2
Safeguarding Children	35	0	0	35
Summary of Children Services	70	0	0	70
Corporate Services				
Finance & IT				
Council Tax & Business Rates	61	28	3	92
Housing & Council Tax Benefit	36	7	3	46
Property & Procurement				
Asset	1	0	0	1
Civic Buildings	2	0	0	2
Customer Services	58	3	0	61
Procurement	1	0	0	1
Summary of Corporate Services	159	38	6	203
Economic Development				
City Development	1	0	0	1
Leisure & Culture	1	0	0	1
Libraries	1	0	0	1
Planning, Transport & Sustainability	19	5	6	30
Skills Economy & Housing Renewal	24	6	8	38
Summary of Economic Development	46	11	14	71
Environment				
Housing Services	244	19	5	268
Regulatory Services	43	7	4	54
Street Scene & Community Safety	24	2	4	30
Waste & Fleet Transport	177	28	13	218
Summary of Environment	488	28	26	529
Health & Adult Social Care				
Provider Services	25	0	0	25
Safeguarding Adults	13	0	0	38
Summary of Health & Adult Social Care	38	0	0	38
Summary of Corporate complaints	883	77	46	968

Sourced from LAGAN via CorBusiness

Social Care Complaints

Children's Services				
Safeguarding Social Care	179			
Infrastructure	2			
Schools	32			
Total	213			
Health & Adult Social Care				
Financial Services	27			
Provider Services	28			
Safeguarding	94			
Total	149			
Summary of Social Care Complaints	362			
Grand Total	1245	77	46	968

Agenda Item 5

Appendix 2

Appendix B

Learning from Complaints

Communications

- Complaint about the email being sent anonymously from a generic email - Not to reply anonymously to email enquiries.

Environmental Health

- Complainant had been requested to remove a memorial from an un-purchased grave and felt they had not been given a reason leading to procedures for allowing memorials on un-purchased graves to be reviewed.
- Part of a customer complaint about noise nuisance related to inaccurate records and reporting as a result procedures for recording details of calls to out of hours service have been reviewed.

Highways & Parking

- Complaint that the details relating to charges in Marlands Car Park were not clear as a result sufficient signage put in place at all points of car park to advise customers of 2 tier charging structure
- Customer a disabled parking bay but been turned down. During the investigation of the complaint it was identified that there was no official guidance on the procedure for allowing disabled bays.

Planning

- Complaint included a concern that inaccurate advice had been given by Duty Planning Officer but no record had been kept as a result the process for recording duty calls to be reviewed.

Smart Cities

- Customers Smartcard stopped working. Staff checked the card and agreed that there were no signs of scratching or damage and she told staff that she always keeps the card in her purse. Smartcities will update their terms and conditions to advise how Smart cards need to be stored, including information what could cause a card to cease working.

Waste and Fleet

- Booking made for collection of bulky items but they were not out on time so not collected. Customer called to make another booking and was advised he'd have to make payment again. Customer claimed this was not made clear to him. The councils web pages have been changed along with the 'wrap up' that Actionline give to ensure that this is clear

Housing Management

- Leaseholder raised issues regarding 'Red Alert' letter relating to increased charges and relating to lease accounts. As a result 'Red Alert' have been amended to make them more prominent, internal communication have be improved, staff advised to monitor accounts when complaints being investigated.

Local Taxation

- Complaint received regarding Council Tax summons - staff attending court advised that to ensure public can attend the court hearing if they want to.
- Customer felt that it was not acceptable to send letters 2nd class giving 7 days to act to avoid losing right to pay council tax by instalments. Standard letters reviewed to make it clear by when a payment must be made to keep the right to pay by instalments.

Children's Services & Learning

Learning from complaints can be put into three categories, Individual learning, Team / Service Learning and Organisational learning. During the past year complaints have resulted in the following actions to improve future services. These include:

- Review of the school admission systems
- Review of adoption information sharing processes
- Review of administration message taking procedures in Safeguarding
- A requirement that all Play workers receive training on Accident procedures

Health & Adult Social Care

- Charges waived or refunded
- Time and trouble payment reimbursement of legal fees
- Re-assessment of need
- Adaptations being carried out
- Review of and changes to Care Package / Care Manager
- New procedures for recording of death on PARIS

- New process for payment of invoices to Providers
- Review of and changes to working practice in regard to deferred payments
- Line Management action

AFTER THE CHANGE TO THE PROCEDURE

Of the 30 Stage 2 complaints many of these were regarding Council Tax and this is because of the recent changes to procedures.

There has been an increase in the amount of complaints received within Social Care and this has been brought about by the reduction of services and staffing shortages.

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16 July 2013

By email

Ms Dawn Baxendale
Interim Chief Executive
Southampton City Council

Dear Ms Baxendale

Annual Review Letter

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2013. This year we have only presented the total number of complaints received and will not be providing the more detailed information that we have offered in previous years.

The reason for this is that we changed our business processes during the course of 2012/13 and therefore would not be able to provide you with a consistent set of data for the entire year.

In 2012/13 we received 19 complaints about your local authority. This compares to the following average number (recognising considerable population variations between authorities of a similar type):

District/Borough Councils-	10 complaints
Unitary Authorities-	36 complaints
Metropolitan Councils-	49 complaints
County Councils-	54 complaints
London Boroughs-	79 complaints

Future development of annual review letters

We remain committed to sharing information about your council's performance and will be providing more detailed information in next year's letters. We want to ensure that the data we provide is relevant and helps local authorities to continuously improve the way they handle complaints from the public and have today launched a consultation on the future format of our annual letters.

I encourage you to respond and highlight how you think our data can best support local accountability and service improvements. The consultation can be found by going to www.surveymonkey.com/s/annualletters

LGO governance arrangements

As part of the work to prepare LGO for the challenges of the future we have refreshed our governance arrangements and have a new executive team structure made up of Heather Lees, the Commission Operating Officer, and our two Executive Directors Nigel Ellis and Michael King. The Executive team are responsible for the day to day management of LGO.

The Oaks No 2
Westwood Way
Westwood Business Park
Coventry
CV4 8JB

T: 024 7682 0000
F: 024 7682 0001
W: www.lgo.org.uk

Helpline: 0300 061 0614

Since November 2012 Anne Seex, my fellow Local Government Ombudsman, has been on sick leave. We have quickly adapted to working with a single Ombudsman and we have formally taken the view that this is the appropriate structure with which to operate in the future. Our sponsor department is conducting a review to enable us to develop our future governance arrangements. Our delegations have been amended so that investigators are able to make decisions on my behalf on all local authority and adult social care complaints in England.

Publishing decisions

Last year we wrote to explain that we would be publishing the final decision on all complaints on our website. We consider this to be an important step in increasing our transparency and accountability and we are the first public sector ombudsman to do this. Publication will apply to all complaints received after the 1 April 2013 with the first decisions appearing on our website over the coming weeks. I hope that your authority will also find this development to be useful and use the decisions on complaints about all local authorities as a tool to identify potential improvement to your own service.

Assessment Code

Earlier in the year we introduced an assessment code that helps us to determine the circumstances where we will investigate a complaint. We apply this code during our initial assessment of all new complaints. Details of the code can be found at:

www.lgo.org.uk/making-a-complaint/how-we-will-deal-with-your-complaint/assessment-code

Annual Report and Accounts

Today we have also published *Raising the Standards*, our Annual Report and Accounts for 2012/13. It details what we have done over the last 12 months to improve our own performance, to drive up standards in the complaints system and to improve the performance of public services. The report can be found on our website at www.lgo.org.uk

Yours sincerely

A handwritten signature in black ink that reads "Jane Martin". The signature is written in a cursive style with a long horizontal flourish at the end.

Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

Agenda Item 6

DECISION-MAKER:	GOVERNANCE COMMITTEE			
SUBJECT:	RISK MANAGEMENT FRAMEWORK AND REPORTING			
DATE OF DECISION:	16 DECEMBER 2013			
REPORT OF:	CHIEF FINANCIAL OFFICER			
<u>CONTACT DETAILS</u>				
AUTHOR:	Name:	Peter Rogers	Tel:	023 8083 2835
	E-mail:	peter.rogers@southampton.gov.uk		
Director	Name:	Andy Lowe	Tel:	023 8083 2049
	E-mail:	andrew.lowe@southampton.gov.uk		

STATEMENT OF CONFIDENTIALITY

n/a

BRIEF SUMMARY

The Governance Committee is responsible for ensuring that an adequate and effective framework for the identification and management of key risks is in place and that appropriate action is being taken to manage risk.

RECOMMENDATIONS

- (i) To note the 'Strategic Risks' for 2013-14 (Appendix 1); and
- (ii) To note the 'Summary of Directorate Risk Registers' (Appendix 2).

REASONS FOR REPORT RECOMMENDATIONS

1. The report is presented to the Governance Committee as the member body responsible for providing independent assurance on the adequacy of the risk management framework and the internal control and reporting environment.
2. In addition, the Committee needs to satisfy itself that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. No alternative options have been considered.

DETAIL (Including consultation carried out)

4. The Council is committed to ensuring that there is a structured and consistent approach to managing its key business risks that seeks to optimise the balance between risk and reward, recognising that actions to mitigate or manage risks need to be proportionate.
5. A robust process is in place which requires that both the Council Management Team ("CMT") and the individual Directorate Management Teams ("DMTs") identify the key risks for the forthcoming period and undertake periodic reviews of those risks in order to be satisfied that they are

being managed appropriately.

6. CMT is responsible for identifying the Council's strategic risks. This process is informed by:
 - A review of the Strategic Risks in the previous period;
 - The challenges, opportunities and priorities in the Council Plan;
 - The Directorate Risks, in terms of common themes or issues; and
 - A review of 'Core Cities' Strategic Risk Registers (as a benchmarking tool).
7. Similarly, the directorate risks are identified by the respective DMTs and are informed by the challenges, opportunities and priorities in their directorate or service business plans.
8. CMT meets at least three times per annum, at appropriate points in the year, to review both the strategic and directorate risks. The purpose of these 'risk review workshops' is to ensure that the key strategic risks are being managed effectively and that they remain both relevant and appropriate. CMT is also provided with oversight of the directorate risks in order to enable them to reflect on whether, or how, they relate to the strategic risks.
9. The individual DMTs review their respective risk registers on a similar basis and frequency .
10. The format of the risk registers has changed from an 'action plan' style format to more of an 'assurance style' report. This follows a discussion at the 'Risk Review Workshop' in June whereby CMT expressed a view that a more assurance based approach would be helpful in terms of providing them with a more accessible overview of the key risks.
11. The revised approach was developed and presented to CMT in September. The new format was fully endorsed at this meeting and the new 'Strategic Risk Assurance Report' was reviewed by CMT at the November 'Risk Review Workshop'. It was considered that the new format was a helpful and significant development in terms of providing CMT with a more effective oversight of the status of the key risks.
12. The new report format is intended to provide a more intuitive approach and has also been adopted in respect of the directorate risks.
13. It is recognised that however that, as this is a new approach, it may need to be further refined over time in order to ensure that it continues to meet the business need.

RESOURCE IMPLICATIONS

Capital/Revenue

14. None

Property/Other

15. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

16. The Accounts and Audit (England) Regulations 2011 require the Council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.

Other Legal Implications:

17. None

POLICY FRAMEWORK IMPLICATIONS

18. None

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	
------------------------------------	--

SUPPORTING DOCUMENTATION

Appendices

1.	Strategic Risk Assurance Report 2013-14 (v8)
2.	Summary – Directorate Risk Registers 2013-14

Documents In Members’ Rooms

1.	n/a
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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Strategic Risk Assurance Report

LIKELIHOOD	Very High	A					
	High	B			14	02	
	Significant	C			05 08	03	
	Low	D			09 11 12	10 07	
	Very Low	E			06 13		
	Almost impossible	F					
RISK RATING MATRIX			5	4	3	2	1
			Negligible	Marginal	Significant	Critical	Catastrophic
			IMPACT				

Report Version: 8

Report Date:

5th December 2013

Period:

Q3 - Dec 2013

No	Strategic Risk - Description
01	CLOSED [see Version Control page for information].
02	Failure to address the ongoing significant financial pressures (£60m in the next three years) in a sustainable way and to enable service provision to be on a proactive rather than reactive basis
03	The council is unable to manage the tension between customer demand/expectations and the need to implement service reductions in a way that does not create pressures in other areas.
04	CLOSED - merged with a reworded SRR03 [see Version Control page for information]
05	Major incident or service disruption leading to delivery failure that significantly impairs or prevents the Council's ability to deliver key services and/or statutory functions
06	Potential for community tensions
07	Maintaining a robust safeguarding people culture across the People Directorate
08	Reduced capacity, resilience and spread of skills to be flexible, responsive and to deliver services, priorities and support organisational change
09	The need for close strategic and collective alignment of the Cabinet Member and Council Management Team Group to take forward and implement key decisions
10	Failure to comply with the revised health and safety systems that are now in place to manage risks or any future legislative requirements in relation to health and safety.
11	Lack of leadership and management capacity and capability, supported by necessary changes in practice to achieve the necessary transformation.
12	Failure to achieve the necessary changes in management practices, IT, and how accommodation is used will prevent delivery of the flexible working agenda.
13	Failure to ensure the City Council's information is held and protected in line with Information Governance policies and procedures, leading to a fine from the Information Commissioners Office (ICO)
14	The processes in place to safeguard the sensitive and personal information that the Directorate holds regarding Clients/Residents does not meet legislative requirements and/or best practice guidance leading to misuse/data breaches/data loss and potential monetary fines from the Information Commissioners Office

Risk Scoring and assessment criteria

LIKELIHOOD		IMPACT				
		5	4	3	2	1
Very High	A	Yellow	Red	Red	Red	Red
High	B	Yellow	Yellow	Red	Red	Red
Significant	C	Yellow	Yellow	Yellow	Red	Red
Low	D	Green	Yellow	Yellow	Yellow	Red
Very Low	E	Green	Green	Yellow	Yellow	Yellow
Almost impossible	F	Green	Green	Green	Green	Green
RISK RATING MATRIX		IMPACT				
		Negligible	Marginal	Significant	Critical	Catastrophic

LIKELIHOOD (Probability)	
A - Very High	Highly likely to occur
B - High	Will probably occur
C - Significant	Might occur
D - Low	Could occur but unlikely
E - Very Low	May only occur in exceptional circumstances
F - Almost impossible	Highly unlikely to occur

		IMPACT (Consequence)				
		5 - Negligible	4 - Marginal	3 - Significant	2 - Critical	1 - Catastrophic
Service delivery / key priorities		No noticeable effect	Some temporary disruption to a single service area/ delay in delivery of one of the council's objectives	Regular disruption to one or more services/ a number of corporate objectives would be delayed or not delivered	Severe service disruption on a directorate level / many corporate priorities delayed or not delivered	Unable to deliver most priorities / statutory duties not delivered
Financial Impact		Loss or loss of income < £10k	Loss or loss of income £10k < £500k	Loss or loss of income £500k < £5m	Loss or loss of income £5m < £10m	Loss or loss of income >£10m
Reputation		Internal review	Internal scrutiny required to prevent escalation	Local media interest. Scrutiny by external committee or body	Intense public, and media scrutiny	Public Inquiry or adverse national media attention

RISK DESCRIPTION

Failure to address the ongoing significant financial pressures (£60m in the next three years) in a sustainable way and to enable service provision to be on a proactive rather than reactive basis.

RISK OWNER

Dawn Baxendale

RISK SCORE

Initial B2

CURRENT B2

Target C3

LIKELIHOOD IMPACT

High Critical

EXPECTED KEY CONTROLS

1. Medium Term (3 year) priority led financial plan which is subject to periodic review.

2. Significant redesign and transformation that will help manage demand and reduce costs in the future.

3. External funding opportunities identified together with any ongoing revenue costs quantified.

4. High spending low performing services identified (comparator/benchmark).

5. Identification and communication of significant in year budget variances and forthcoming pressures.

SOURCE(S) OF ASSURANCE

Medium Term Financial Plan to be agreed by the Council in 2014.

Regular monitoring by Overview and Scrutiny Management Committee.

Transformation programme plan with projected cost reduction, supported by robust programme and project management being developed.

Quarterly monitoring of the transformation programme will be implemented. Transformation and Improvement Board in place.

Effective mechanism in place to identify and seek external funding opportunities.

Monitoring of spend and achievements or outcomes, approved income targets and service external funding.

Part of performance management framework and its monitoring mechanism.

Regular monitoring of capital and revenue budgets, reported to Council Management Team and Cabinet.

Significant pressures identified through regular monitoring of budgets and work plans and the estimates process reported to CMT and Cabinet.

ASSURANCE LEVEL

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2	<p>Following a review of the Capita contract, an extension of 5 years to 2022 was approved by Full Council and Cabinet on the 20th Nov 13. The new arrangements come into effect in December 2013. The key drivers of the negotiation process were the need to achieve flexibility and realise savings. The savings are "baked" into the new contract and will be realised on commencement of the revised contract.</p> <p>Revised Governance arrangements have been developed and agreed as part of the new Capita contract.</p>
2	

6. Review of existing significant commercial partnership working arrangements.

<p>1 - Substantial assurance There is clear evidence of a robust and effective process, framework or activity that is operating effectively.</p>		<p>3 - Limited assurance Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity</p>	<p>4 - No assurance There is no, or insufficient, evidence of an appropriate policy, framework or activity.</p>
<p>2 - Adequate assurance There is evidence of a sound process or framework in place however there are some inconsistencies or gaps</p>			

RISK No: SRR03

Version No: 8

Last updated: 05/12/2013

KEY STRATEGIC RISK AREA Capacity / Workforce Planning

RISK DESCRIPTION

The council is unable to manage the tension between customer demand/expectation and the need to implement service reductions /new service delivery methods in a way that does not create pressures in other service areas.

RISK OWNER

Dawn Baxendale

RISK SCORE

Initial C2

CURRENT

Target D3

LIKELIHOOD IMPACT

Significant Critical

EXPECTED KEY CONTROLS

1. Management of customer expectation – re communication of current and future budget pressures.

2. Identification of ‘areas / key drivers’ where increase in demand is anticipated.

3. Alternative service delivery options identified and understood (Digital by design approach to service delivery)

4. Identification of services that customers see as a priority and/or of significant value (inc options for charging).

5. Robust and comprehensive impact assessment on all service reduction which includes identification of any consequential impact on other services or stakeholders and / or any significant unintended consequences.

6. Identify and cost for the provision of minimum statutory duties / services.

SOURCE(S) OF ASSURANCE

Ongoing communication and consultation programme to raise awareness of council priorities and challenges.

Budget consultation exercise and evidence that the feedback has informed the final decisions.

Southampton Profile is updated regularly to reflect any changes and will inform Council Plan refresh in July 2014.

Service 'Blueprints' updated annually to reflect changes.

Monitoring take up of digital communication channels and ensuring that those who do not have access still get necessary services by analysis (evidence from customer feedback and 'Stay Connected')

Approval and implementation of updated Council Plan in July 2013 and Transformation Strategy underpinned by Medium Term Financial Plan.

City Survey in Summer 2014 and customer feedback (including complaints) on service standards.

Impact assessment and feedback from other service areas and partners.

Risk management / mitigating actions identified and implementation monitored by the Council Management Team.

Transformation Strategy and Action Plan including annual Service Blueprint updates.

ASSURANCE LEVEL

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7. Awareness and communication of services where clients are able to get information on services (council and other providers).

Ongoing communications to increase awareness and understanding of the Transformation Plan for services delivered by the People Directorate in partnership with other agencies.

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<p>1 - Substantial assurance There is clear evidence of a robust and effective process, framework or activity that is operating effectively.</p>	<p>2 - Adequate assurance There is evidence of a sound process or framework in place however there are some inconsistencies or gaps</p>	<p>3 - Limited assurance Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity</p>	<p>4 - No assurance There is no, or insufficient, evidence of an appropriate policy, framework or activity.</p>
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RISK NO: SRR05

Version No: 8

Last updated: 05/12/2013

KEY STRATEGIC RISK AREA Business Continuity /
Emergency Planning

RISK DESCRIPTION

Major incident or service disruption leading to delivery failure that significantly impairs or prevents the Council's ability to deliver key services and/or statutory functions.

RISK OWNER

Stuart Love

RISK SCORE

Initial C3

CURRENT

C3

Target

D3

LIKELIHOOD IMPACT

Significant Significant

EXPECTED KEY CONTROLS

1. Business Continuity Plans are in place for key service areas and are tested periodically.

2. Range of Emergency Response plans in place to address or respond to legal or statutory obligations.

3. IT Disaster Recovery Plan that covers IT hardware resilience and applications/systems that support key services and is tested periodically.

4. A process to monitor both the performance and financial standing of key suppliers [including both significant commercial partners and other suppliers of key services e.g. joint commissioning of social care services].

SOURCE(S) OF ASSURANCE

Reports of Emergency Planning and Business Continuity Manager to Emergency Planning and Business Continuity ("EP & BC") Management Board which are minuted and action plans approved.

Report to EP & BC Management Board of learning from dealing with live incidents and test exercises.

Report of Emergency Planning and Business Continuity Manager to EP & BC Management Board.

Report of outcome of any corporate, or exercise with other agencies, to EP & BC Management Board, Southampton Joint Health Protection Forum & HIOW Local Resilience Forum.

Regular reports from IT (Client and Capita) on planning for incidents as well as feedback on learning points following major incidents.

Report to EP & BC Management Board of learning from dealing with live incidents and test exercises.

IT Disaster Recovery Plan in place that covers the 8 key applications as agreed by the Council Management Team. The IT DR Plan is tested annually in conjunction with Capita and users. A report is then prepared for the Head of IT to confirm that all systems were available in a disaster environment. An action plan is also produced to ensure the process continues to evolve.

All Providers are required to provide evidence of Business Continuity Plans as part of the tender and contract award process. Significant issues such as winter and heat wave planning are communicated to providers. Contract monitoring is in place and quality audits undertaken at least annually.

ASSURANCE LEVEL

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2	<p>All key commercial contracts (Capita, Highways and Street Lighting, Skills and Learning programmes) have Strategic Boards (involving both Members and CMT). Each contract is subject to an internal audit review (on average every 18 months).</p> <p>Reports from Contract Management team to EP & BC Management Board.</p>
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1 - Substantial assurance		4 - No assurance
There is clear evidence of a robust and effective process, framework or activity that is operating effectively.	There is evidence of a sound process or framework in place however there are some inconsistencies or gaps	There is no, or insufficient, evidence of an appropriate policy, framework or activity.
2 - Adequate assurance	3 - Limited assurance	
There is evidence of a robust and effective process, framework or activity that is operating effectively.	Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity	

RISK DESCRIPTION

Potential for community tensions.

RISK OWNER

Suki Sitaram

RISK SCORE

Initial D3

CURRENT

Target D3
E4

LIKELIHOOD IMPACT

Low

Significant

EXPECTED KEY CONTROLS

1. SCC's role in managing the 'likelihood and impact' of community tension unrest clearly identified, understood and articulated together with the roles and responsibilities of other agencies.

2. Cross council mechanism to monitor community tensions with key indicators in respect of community tension / unrest.

3. Arrangement in place to gauge both the level of community tension / unrest and to identify the potential 'triggers'.

4. Employees are aware of their responsibilities to report any issues.

SOURCE(S) OF ASSURANCE

Some information in place regarding responses from Council Services such as Community Safety, Housing and other agencies should tensions arise.

Use of Community Task Co-ordinating Groups (CTCGs) to monitor community tensions with key indicators in respect of community tension / unrest.

Information and feedback about community tensions from various sources including external stakeholders and front line services.

Safe City Partnership, Connect and Council through the Community Safety operational team.

CTCG trigger for direct council intervention / action.

Communication or briefing targeted at appropriate front line staff / customer facing services when issues arise.

ASSURANCE LEVEL

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1 - Substantial assurance

There is clear evidence of a robust and effective process, framework or activity that is operating effectively.

2 - Adequate assurance

There is evidence of a sound process or framework in place however there are some inconsistencies or gaps

3 - Limited assurance

Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity

4 - No assurance

There is no, or insufficient, evidence of an appropriate policy, framework or activity.

RISK DESCRIPTION

Maintaining a robust safeguarding people culture across the People Directorate.

RISK OWNER

Alison Elliott

RISK SCORE

Initial D3

CURRENT C2

Target D3

LIKELIHOOD **IMPACT**

Significant **Critical**

EXPECTED KEY CONTROLS

1. Robust Safeguarding Policy aligned with good practice and including clearly defined roles and responsibilities which is subject to regular review.

2. Communication and training to ensure that all relevant staff and other key partners fully understand the Safeguarding legislation and procedures that underpin this.

3. Early assessment and planning in place for safeguarding concerns across Children's and Adult's Social Care.

4. Safeguarding concerns identified by and reported to the Council are reviewed and communicated as appropriate both internally and with other agencies.

SOURCE(S) OF ASSURANCE

Safeguarding Adults (Multiagency Policy published May 2013).

Safeguarding Policy for Children including publication of threshold document which will inform early help and Children's Social Care statutory services.

Southampton Safeguarding Adults Board in place.

Southampton Local Safeguarding Children Board ("LSCB") in place along with a LSCB Business Plan that outlines priority areas and associated actions to be taken by the LSCB in 2013/14.

Range of safeguarding modular training available to staff from all agencies which is monitored by the relevant boards.

Multi-agency Safeguarding Working Groups in place that underpin the work of the Safeguarding Boards.

Multi-Agency Safeguarding Hub ("MASH") in place and operating for Children's Social Care by April 2014. Single assessment currently in place.

Safeguarding in Provider Settings Team in place. Safeguarding Adults team planned to oversee all individual safeguarding situations from April 2014. Strong links with Integrated Commissioning Unit quality team which is overseeing the quality of all provider organisations.

Safeguarding Adults reporting and investigation process involves all appropriate agencies. Provider services safeguarding list is maintained and available to all partner agencies.

ASSURANCE LEVEL

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	The MASH will bring together staff from the council and key agencies to further improve the early identification of safeguarding concerns.	2
5. Robust assessment of current and future staffing requirement with a contingency arrangement in place in respect of unforeseen pressures or staff shortages.	Adult Social Care remodelling is based on assessment of current and future need and to manage future staff reductions. Children's Transformation Improvement Plans, informed by OFSTED requirements, are in place and being overseen by workstreams reporting to the Transformation and Improvement Board.	3
1 - Substantial assurance There is clear evidence of a robust and effective process, framework or activity that is operating effectively.	2 - Adequate assurance There is evidence of a sound process or framework in place however there are some inconsistencies or gaps	3 - Limited assurance Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity
4 - No assurance There is no, or insufficient, evidence of an appropriate policy, framework or activity.		

RISK NO: SRR08

Version No: 8

Last updated: 05/12/2013

KEY STRATEGIC RISK AREA Capacity / Workforce Planning

RISK DESCRIPTION

Reduced capacity, resilience and spread of skills to be flexible, responsive and to deliver services, priorities and support organisational change.

EXPECTED KEY CONTROLS

1. Workforce Strategy re succession planning, staff development, flexible workforce etc.
Identification of future business needs / skills.

SOURCE(S) OF ASSURANCE

There is currently a lack of an agreed plan and an associated lack of resources. Both are under review.

Status of actions will be reported to the Transformation and Improvement Board and the Council Management Team ("CMT").

The operating model for HR is currently being reviewed to improve delivery of the Workforce Strategy and related workstreams.

Establishing and resourcing the Workforce Strategy and related workstreams is underway.

RISK OWNER

Mark Heath

RISK SCORE

Initial C3

CURRENT C3

Target C3

LIKELIHOOD IMPACT

Significant Significant

ASSURANCE LEVEL

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2. Identified workstreams with progress reviewed and challenged by board/senior management.

4. Effective workforce relations with the unions.

5. Effective workforce relations with staff

Union meetings and business covered in these regular meetings to be more systematic.

Communication / sharing of information and documentation reflects genuine consultation approach.

Management Development and Performance Management are proposed in Workforce Strategy.

Discussions on staff engagement plans have commenced between HR, Communications and the Unions.

1 - Substantial assurance			
There is clear evidence of a robust and effective process, framework or activity that is operating effectively.	2 - Adequate assurance There is evidence of a sound process or framework in place however there are some inconsistencies or gaps	3 - Limited assurance Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity	4 - No assurance There is no, or insufficient, evidence of an appropriate policy, framework or activity.

RISK No: SRR09

Version No: 8

Last updated: 05/12/2013

KEY STRATEGIC RISK AREA Partnership Working

RISK DESCRIPTION

The need for close strategic and collective alignment of the Cabinet Member and Council Management Team Group to take forward and implement key decisions.

RISK OWNER

Dawn Baxendale

RISK SCORE

Initial C3

CURRENT

Target C3

LIKELIHOOD IMPACT

Significant

EXPECTED KEY CONTROLS

1. Clear and agreed 'strategic vision'.
2. Joint CMT / Cabinet Member meetings to formulate, review, consider the 'strategic vision'.
3. Clear decision log and monitoring of the implementation of key decisions

SOURCE(S) OF ASSURANCE

- Agreed Medium Term priorities are reflected in the Council Plan approved in July 2013.
- Monthly joint meetings to consider progress and issues.
LGA facilitator to enable group development.
- Developing as a team, with a one council approach and demonstration of changing behaviours.

ASSURANCE LEVEL

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1 - Substantial assurance

There is clear evidence of a robust and effective process, framework or activity that is operating effectively.

2 - Adequate assurance

There is evidence of a sound process or framework in place however there are some inconsistencies or gaps

3 - Limited assurance

Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity

4 - No assurance

There is no, or insufficient, evidence of an appropriate policy, framework or activity.

RISK DESCRIPTION

Failure to comply with the revised health and safety systems that are now in place to manage risks or any future legislative requirements in relation to health and safety.

RISK OWNER

Mark Heath

RISK SCORE

Initial B2

CURRENT C2

Target D2

LIKELIHOOD **IMPACT****Significant** **Critical****EXPECTED KEY CONTROLS**

1. Periodic exceptions report identifying the areas of non compliance.

2. Robust Health and Safety culture is in place.

3. Escalation process and/or sanctions in the event of continued non compliance.

SOURCE(S) OF ASSURANCE

Exceptions identified via Info Exchange. A monthly report is received from Capita H&S. This will be developed further once Info Exchange is fully rolled out.

Exception report are sent to the Head of Property and Procurement who then presents a quarterly report to the Council Management Team ("CMT") on H&S.

Relaunch of the H&S management structure, new soon to be launched training packages, new H&S Committee and Board. Commitment for H&S Manager to attend CMT on a quarterly basis, new steering group on 'Wellbeing in the Workplace', new H&S databases.

Job descriptions for managers to be reviewed to make them more accountable in terms of their responsibilities for actioning and enforcing H&S actions.

Any non-compliance is escalated to CMT on an 'as and when' basis. The H&S Manager attends Directorate Management Teams and can raise issues directly with senior management.

In schools, non-compliance is escalated to the Children Services Team and the respective headteacher. Reports show that H&S audits have been carried out on the schools.

ASSURANCE LEVEL

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4. Senior manager oversight in terms of compliance.

Governance arrangements are in place and comprise the H&S Committee which involves the Trade Unions and the reformed H&S Board (from Nov 13) which involves H&S (both client and Capita) and the key Heads of Service as regards H&S.

Non compliance is picked up through the Info Exchange reporting process and via the monitoring of e-learning packages.

JCGs highlight any issues or areas of non-compliance.

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1 - Substantial assurance	There is clear evidence of a robust and effective process, framework or activity that is operating effectively.
2 - Adequate assurance	There is evidence of a sound process or framework in place however there are some inconsistencies or gaps
3 - Limited assurance	Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity
4 - No assurance	There is no, or insufficient, evidence of an appropriate policy, framework or activity.

RISK DESCRIPTION

Lack of leadership and management capacity and capability, supported by necessary changes in practice and behaviour to achieve the necessary transformation.

EXPECTED KEY CONTROLS

1. Transformation strategy and plan (bringing together the different strands in directorates) is approved, understood, owned and implemented.
2. Key drivers and required output of the 'organisational change' understood and agreed.
3. Necessary skill set, in respect of those charged with leading or driving organisational change, identified.
4. Type and level of resources required, in respect of those charged with leading, driving or supporting organisational change, identified.
5. Appropriate communications with staff, unions and other stakeholders so that the need for change is recognised, embraced and supported.

SOURCE(S) OF ASSURANCE

Transformation Strategy and Plan for a 'one council' programme of action is being developed. Ongoing communications to secure ownership and raise awareness.

HR Transformation Strategy and Plan being developed.

Key deliverables / milestones identified and monitored by the Transformation and Improvement Board.

HR Transformation Strategy and plan being developed.

Skills needs and gaps are being identified and actions will be taken to address them.

Resource and capacity of those leading and supporting the Transformation Programme is assessed and actions taken.

Plan to be agreed re resources and appropriate learning and development in order to progress and support the HR Transformation Strategy.

A range of communication tools are in place and are effective (staff survey and feedback).

Use of YAMIMA communication tool and hits on the intranet micro site.

ASSURANCE LEVEL

4

4

3

4

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1 - Substantial assurance

There is clear evidence of a robust and effective process, framework or activity that is operating effectively.

2 - Adequate assurance

There is evidence of a sound process or framework in place however there are some inconsistencies or gaps

3 - Limited assurance

Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity

4 - No assurance

There is no, or insufficient, evidence of an appropriate policy, framework or activity.

RISK OWNER

Suki Sitaram

RISK SCORE

Initial C3

CURRENT

Target C3

LIKELIHOOD IMPACT

Significant

Significant

RISK DESCRIPTION

Failure to achieve the necessary changes in management practices, IT, and how accommodation is used will prevent delivery of the flexible working agenda.

RISK OWNER

Mark Heath

RISK SCORE

Initial C3

CURRENT

Target D2

LIKELIHOOD

Significant

3. Project plans agreed and in place with periodic progress reports to those charged with delivery of the required outcomes including an escalation process.

4. Mobile / flexible working options are deliverable, reflect the current and future business need and have staff, management and union support.

EXPECTED KEY CONTROLS

1. Clear ownership and accountability in terms of delivery of the required outcomes.

2. The required outcomes and timescales agreed between all of the key stakeholders with any immovable deadlines clearly identified.

SOURCE(S) OF ASSURANCE

Working Environment Transformation (WET) Programme is in place (chaired by the Director of Corporate Services) and meets monthly.

Project Sponsor and Programme Manager in place and 'theme leads' appointed for Accommodation, IT and HR.

Terms of Reference for the Board have been finalised.

Agree Risk Register for the Project is in place.

All key stakeholders are involved in the Project Board and the associated Project Team.

Detailed project plans are being drafted for consideration for interdependencies and funding.

A project plan is maintained by the Programme Manager and is reviewed at the Board each fortnight.

The WET Board will escalate any issue to the Transformation and Improvement Board as and when necessary.

Current HR policies are being revised to support the cultural change needed to facilitate the move to increased mobile and flexible working. The policies are Smart Spaces - Smarter Working, Clear Desk - Clear Screen, Work Life Balance. Will be considered by CMT in Dec 2013.

A range of IT initiatives currently being worked on which are designed to enable the new ways of working to take effect. These include the introduction of wireless technology, roaming profiles, laptops being wireless enabled with 3G is in place, all tablets wireless or 3G and the introduction of the Bring Your Own Device scheme.

ASSURANCE LEVEL

3

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1 - Substantial assurance There is clear evidence of a robust and effective process, framework or activity that is operating effectively.	2 - Adequate assurance There is evidence of a sound process or framework in place however there are some inconsistencies or gaps	3 - Limited assurance Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity	4 - No assurance There is no, or insufficient, evidence of an appropriate policy, framework or activity.
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RISK DESCRIPTION

Failure to ensure the City Council's information is held and protected in line with Information Governance polices and procedures, leading to a fine from the Information Commissioners Office (ICO).

EXPECTED KEY CONTROLS

1. Robust Information Governance Policy aligned with good practice and subject to regular review.

2. Communication/training to ensure that all relevant staff fully understand the Policy.

3. Process to monitor or review both understanding/compliance.

4. Breaches or potential breaches reported, collated and reviewed.

SOURCE(S) OF ASSURANCE

Freedom of Information ("FOI") and Data Protection ("DP") policies are in place and reviewed regularly.

A senior solicitor is the lead for Information Governance across the organisation and is supported by a Information Compliance Officer ("ICO"). Senior Information Risk Officers ("SIROs") are in place for each Directorate.

FOI & DP learning packages available on the intranet and promoted via the weekly bulletin however the take up of this training remains low.

Regulation of Investigatory Powers Act ("RIPA") Training: Annual mandatory training is provided for all authorising officers and ad hoc training for front line staff.

FOI and DP stats are reported quarterly by the SIROs to their Directorate Management Teams with an annual report submitted to the Governance Committee setting out the statistics for FOIs, DP, and RIPA activity.

Statistics re take up of the e-learning to be collated and discussed with the SIROs. Lack of resources prevents pro-active spot checks of current practices/update of training across all areas. This is a major task given the size of the organisation and the number of people that regularly handle data.

All breaches are investigated by a senior solicitor who produces a remediation report containing recommendations of good practice and sets out actions and target dates for completion which are followed up by the lead solicitor.

RISK OWNER

Mark Heath

RISK SCORE

Initial D3

CURRENT D3

Target E3

LIKELIHOOD **IMPACT**

Low Significant

ASSURANCE LEVEL

1

1

3

1

2

3

1

	<p>The Council self reports significant breaches to the ICO and details of ICO findings are discussed at the quarterly joint meeting between the senior solicitor, the Information Compliance Officer and the SIROs.</p> <p>Breach log and reporting procedure in place. Reporting form is being refreshed and relaunched.</p> <p>The SIROs meet each quarter with the senior solicitor and ICO to discuss DP/FOI compliance, quality and DP breaches.</p>	1
<p>5. Appropriate guidance and/or sources of information, advice or support available.</p>	<p>All relevant policies and guidance are on the intranet under the Information Governance page.</p> <p>The lead senior solicitor will provide face to face training sessions if asked. This facility possibly needs to be publicised and the need to do the e-learning training made mandatory.</p>	2
<p>1 - Substantial assurance There is clear evidence of a robust and effective process, framework or activity that is operating effectively.</p>	<p>2 - Adequate assurance There is evidence of a sound process or framework in place however there are some inconsistencies or gaps</p>	3
	<p>3 - Limited assurance Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity</p>	4 - No assurance
		There is no, or insufficient, evidence of an appropriate policy, framework or activity.

RISK No: SRR14

Version No: 8

Last updated: 19/11/2013

KEY STRATEGIC RISK AREA Information Governance

RISK DESCRIPTION

The processes in place to safeguard the sensitive and personal information that the People Directorate holds regarding Clients/Residents does not meet legislative requirements and/or best practice guidance leading to misuse/data breaches/data loss and potential monetary fines from the Information Commissioners Office.

EXPECTED KEY CONTROLS

1. Information Governance Statement of Compliance approval is gained based on an honest self assessment of our current management standards.
2. Learning from data breaches is captured and utilised to improve processes and educate staff of their obligations under the Data Protection Act and related legislative and organisational requirements.
3. The organisation ensures that staff, partners and residents are offered the maximum opportunity to understand the legal, organisational and moral obligations there are associated with holding and processing sensitive personal data.
4. A Caldicott Guardian is appointed and an appropriate SIRO, Information Asset Owner hierarchy is in place to support the variety of interactions and activities involved in holding and processing sensitive personal data.
5. The appropriate Information Sharing Protocols, Data sharing agreements, Privacy notices, system access controls and consent to share are in place.

SOURCE(S) OF ASSURANCE

Completion of annual review and assurance level awarded by Health and Social Care Information Centre.

Senior Information Risk Officer ("SIRO") manages breaches in direct liaison with Corporate Legal Team. Report taken to Directorate Management Team quarterly.

Adult Social Care breaches are reported on Information Governance Statement of Compliance and Level 2 'Serious Incident Requiring Investigation' ("SIRI") are reported to the Information Commissioner.

E-learning modules are in place and undertaken by staff on an annual basis.

Staff with professional obligations understand their own codes of practice in relation to Information Governance.

Caldicott Guardian registered. SIRO in place and currently undertaking professional Information Governance qualification.

Information Asset Register is in place.

Documents in place, reviewed and up to date.

ASSURANCE LEVEL

2

2

2

3

2

3

3

RISK OWNER

Alison Elliott

RISK SCORE

Initial	B3
CURRENT	B3
Target	D4
LIKELIHOOD	IMPACT
High	Significant

NOTE: This risk has been escalated from the People Directorate Risk Register (Nov13)

<p>1 - Substantial assurance There is clear evidence of a robust and effective process, framework or activity that is operating effectively.</p>	<p>2 - Adequate assurance There is evidence of a sound process or framework in place however there are some inconsistencies or gaps</p>	<p>3 - Limited assurance Evidence of inconsistent application and/or critical weakness(es) within the policy, framework or activity</p>	<p>4 - No assurance There is no, or insufficient, evidence of an appropriate policy, framework or activity.</p>
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Version Control

VERSION HISTORY						
Version No	Reviewed by	Review date		Version No	Reviewed by	Review date
Initial	Management Board of Directors	01/05/12		6	Council Management Team	13/09/13
1	Management Board of Directors	15/05/12		7	Council Management Team	19/11/13
2	Management Board of Directors	03/07/12				
3	Governance Committee	25/11/12				
4	Management Board of Directors	26/11/12				
5	Council Management Team	06/06/13				

SIGNIFICANT CHANGES TO STRATEGIC RISK REGISTER

Version	RISK /COMMENTS	ACTION
V4 Review 26/11/12	The impact of national policies / trends on key service priorities or objectives is not identified or assessed sufficiently early	Deleted: Not a key risk.
	Failure to address the ongoing financial pressures in a sustainable way	Reworded: as per SRR02
	Maintaining a robust safeguarding culture whilst reducing capacity (Children) / Maintaining a robust safeguarding culture whilst reducing capacity (Adults).	Deleted: Risks deleted and replaced by SRR07
	The need for close strategic and collective alignment of the Cabinet Member Group and the Leadership Group to take forward and implement key decisions.	Added: New risk
	Delivery of the local authority's public health responsibilities (post April 2013) is not integrated or aligned with existing processes and procedures.	Added: New risk
V5 Review 06/06/13	Delivery of the local authority's public health responsibilities (post April 2013) is not integrated or aligned with existing processes and procedures. All mitigating actions delivered. (SRR01)	Closed –
	Failure to ensure effective systems are in place to manage health and safety risks. Risk reworded see SRR10.	Closed -
	Failure to comply with the revised health and safety systems that are now in place to manage risks (SRR10)	Added: New risk
	Leadership capacity/capability to drive change forward is not developed sufficiently to realise organisational change (SRR11)	Added: New risk
	Failure to achieve the necessary changes in management practices, IT, and how accommodation is used will prevent delivery of the flexible working agenda (SRR12)	Added: New risk
	Failure to ensure the City Council's information is held and protected in line with Information Governance policies and procedures, leading to a fine from the Information Commissioners Office (ICO). (SRR13)	Added: New risk
V6 Review 13/09/13	New Risk Assurance Reporting format agreed and to be adopted going forward.	Reformatted risk report
V7 Review 19/11/13	The council is unable to manage customer demand/expectations or maintain standards which impacts on both reputation and community engagement across the city (SRR03) & Service reductions may result in increased demand in other areas where current levels are unsustainable (SRR04) merged to create new risk (SRR03)	Reworded: as per SRR03

<p>The processes in place to safeguard the sensitive and personal information that the Directorate holds regarding Clients/Residents does not meet legislative requirements and/or best practice guidance leading to misuse/data breaches/data loss and potential monetary fines from the Information Commissioners Office. Escalated from the People Directorate Risk Register (SRR14)</p>	<p>Added: New risk</p>
<p>Lack of leadership and management capacity and capability, supported by necessary changes in practice and behaviour to achieve the necessary transformation. to drive change forward is not developed sufficiently to realise organisational change</p>	<p>Reworded: as per SRR11</p>

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Directorate Risk Register - Summary (December 13)

No	Directorate	Description of Risk	Current Risk Score	Likelihood	Impact	Target Risk Score
Red Rated Directorate Risks						
1	Corporate Services	Increased costs and loss of income as a result of the Land Registry Prototype (migration of the Local Land Charges Service)	B3	High	Significant	E3
2	Place	Risk of not being able to identify financially sustainable models of operation for Museums, Art Galleries and Libraries.	B3	High	Significant	C3
3	People	The processes in place to safeguard the sensitive and personal information that the Directorate holds regarding Clients/Residents does not meet legislative requirements and/or best practice guidance leading to misuse/data breaches/data loss and potential monetary fines from the Information Commissioners Office	B3	NOTE: Escalated to the Strategic Risk Register for oversight by the Council Management Team (Nov 2013).		
4	Place	Health and Safety arrangements not actively monitored and lessons learned from incidents not properly applied	C2	Significant	Critical	D2
Amber Rated Directorate Risks						
5	Corporate Services	There is insufficient capacity to deliver both the directorate key priorities in addition to responding to increasing demand for advice/support from other directorates in this period of significant change	C3	Significant	Significant	C3
6	Corporate Services	Failure to deliver the changes to the electoral registration system needed to introduce Individual Electoral Registration (IER) particularly through the public engagement phase such that large numbers of genuine electors cease to be on the electoral register	C3	Significant	Significant	E4
7	Place	Insufficient progress on VIP Regeneration projects (City Centre and Estates) leading to reputational damage, lack of economic growth and/or continuation of sub standard Council housing in some areas.	C3	Significant	Significant	D3
8	Place	Unable to deliver ECO or district Energy plans leading to continued high heating and other energy costs with carbon reductions not achieved and fuel poverty continuing at current or higher levels	C3	Significant	Significant	C3

9	People	The Providers that the People Directorate works with are unable to fulfil their contractual/framework/spot purchase obligations due to service failure/poor service design/errors in practice	C3	Significant	Significant	D3
10	People	The failure of services/design of services/errors in practice/inability to share information leads to the death or significant harm of an individual/individuals currently in receipt of Council support/eligible for support/resident of the City, under current legislation.	C3	Significant	Significant	D3
11	People	The resources available to the Directorate financially/capital assets/staffing are not adequate to provide minimum/current levels/future/statutory service levels	C3	Significant	Significant	C3
12	People	The Directorate is unable to carry out day to day activities due to a major incident/service based incident/emergency situation that diverts staff and other resources	D2	Low	Critical	D4
13	Place	Unable to fully deliver Waste Transformation Programme leading to future additional budget pressures and missed targets for recycling/landfill reduction.	D2	Low	Critical	D3
14	Corporate Services	Corporate management failure to deliver mobile/flexible working in a timely manner to enable the vacation of Marlands House leading to the need to rent another building or incur significant capital costs in making changes to the Civic (if time allows).	D3	Low	Significant	E3
15	Corporate Services	The required/expected savings and performance outcomes from the Partnership with Capita are not delivered.	D3	Low	Significant	D3
16	Transformation and Performance	Insufficient re-skilling and apprenticeships created to meet the emerging needs of the future growth sectors of the City economy.	D3	Low	Significant	D3
17	Corporate Services	The Disposal Programme is unable to realise anticipated capital receipts or deliver the required level of income based upon the strategy agreed with the Administration/CMT	E3	Very Low	Significant	E3
Green Rated Directorate Risks						
18	Place	Delays or barriers to introducing HMO Licensing schemes resulting in continued poor housing conditions in parts of the private rented sector.	E4	Very Low	Marginal	E4
NEW RISKS / RISKS YET TO BE SCORED						
19	Corporate Services	Failure to deliver savings from the centralisation of the sub £100k procurement spend	NEW			

Agenda Item 7

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	REVISIONS TO CONSTITUTIONAL ARRANGEMENTS		
DATE OF DECISION:	16 DECEMBER 2013		
REPORT OF:	HEAD OF LEGAL AND DEMOCRATIC SERVICES		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Richard Ivory	Tel: 023 8083 2794
	E-mail:	Richard.ivory@southampton.gov.uk	
Director	Name:	Mark Heath, Director of Corporate Services	Tel: 023 8083 2371
	E-mail:	Mark.heath@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

This report has been submitted to the Governance Committee for three reasons. Firstly, at the request of Full Council following its meeting of 25th April 2013 when it considered a report into the allegations surrounding a press release issued by the Council in May 2012 following the resignation of Councillor Morrell from the Executive. Council requested that the Governance Committee review the relevant constitutional arrangements and make any recommendations to Full Council as appropriate.

Further, following on from the annual constitutional changes considered by Annual Council in May it requested that it revisit the arrangements for call in and cabinet reconsideration post elections.

Additionally, revisions to the Member and Officers Protocol flowing from recommendations of a recent Employment and Appeals Panel are tabled for consideration.

RECOMMENDATIONS:

- (i) to note the work undertaken by officers since the Council meeting on 25th April 2013 in relation to revisions to the Media Protocol (Appendix 1) and to Member training;
- (ii) To note the progress made on revised member training arrangements and recommends Council accepts the revisions to the Member and Officer Protocol as attached at Appendix 2;
- (iii) That the proposals regarding call ins post elections be recommended to Council.

REASONS FOR REPORT RECOMMENDATIONS

1. The Governance Committee on 23rd September 2013, in its role as custodian of constitutional arrangements considered reports from the Head of Legal, HR

and Democratic Services in relation to the first year of the new Members' Code of Conduct under the Localism Act 2011 and a revised Member Training and Development Programme. In this report a revised Media Protocol is submitted for information. It is believed that the actions taken by officers and agreed by Governance Committee fully accord with the issues raised by Full Council at its meeting on 25th April 2013 and have subsequently be addressed and implemented.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. All options have been considered in the paper as detailed in the narrative below.

DETAIL (Including consultation carried out)

Matters arising from the Extraordinary Council meeting

3. As indicated broadly in the summary above, on 25th April 2013 Full Council considered a report of the Council's Director of Corporate Services and Monitoring Officer together with the report of the independent investigator, Richard Lingard concerning an independent investigation into allegations surrounding a press release issued by the Council in May 2012 following the resignation of Councillor Keith Morrell from the Executive.
4. After lengthy consideration, the Council resolved as follows:
 - i. That the report of the Monitoring Officer be noted;
 - ii. That the report of the Monitoring Officer be referred to the Governance Committee to consider:
 - a. Whether or not the current constitutional arrangements, protocols and/or guidance are robust and adequate;
 - b. Making any recommendations for changes for such arrangements to Full Council as appropriate; and
 - c. Whether the current training and development arrangements for officers and members should be revised.
5. Members will be aware that the matter referred to in the item before Full Council on 25th April 2013 specifically related to behaviours and circumstances that were undertaken under the old Code of Members' Conduct which was revoked on 30th June 2012 when the Localism Act 2011 came into force. Accordingly, a new Members' Code of Conduct was adopted by Full Council in July 2012 and, therefore, the Council has in place a new and different Code which continues to follow the Nolan Principles but accords with the parameters of the Localism Act 2011 which is far more constrained than the previous Code which was implemented pursuant to the Local Government Act 2000.
6. The Council has adopted a Code which it feels is suitable to its circumstances within the parameters of the new legislation which includes removal by law of many of the sanctions available to the authority should there be significant breaches.
7. The Head of Legal, HR & Democratic Services submitted a full report to Governance Committee on 23rd September 2013 detailing the first year of

operation of the new Code and after consideration of the report the Governance Committee resolved that no further changes at this point were needed to the Code of Conduct. It is not suggested that any changes at this stage are warranted arising from the matters specifically discussed at Full Council on 25th April 2013. However, members may wish to discuss this at the Governance Committee.

Media Protocol

8. Moreover, one of the more specific issues that Full Council previously considered was in relation to the Members' understanding and compliance with the adopted Media Protocol and Officer / Member Protocol.
9. As a result of those issues the Communications Manager, together with LGA peer support, has revised the Media Protocol and to ensure that it meets current Council needs. This is attached at Appendix 1. This is broadly a guidance and operational document and does not require adoption by Full Council as part of the Constitution as this would make it difficult to change at short notice should it be necessary to adapt to local circumstances, but it is placed before Governance Committee for its consideration to ensure that it meets the Council's practical needs.
10. The Media Protocol describes the collective responsibility for speed of response and sign off on all media enquiries. It clarifies roles and responsibilities, highlights the need for information sharing, and establishes a clear sign off process for both print/web based requests and interview requests for broadcast media. It emphasises the need to respond to media enquiries in a timely manner, the need for named deputies and highlights the requirement to understand preferred contact methods and access to smart phones for reading releases and statements on the go. It categorises media enquiries into categories A, B, C and D, recognising that not all enquiries are the same. It also clarifies the routing of all media enquiries within the organisation which should always be directed to communications@southampton.gov.uk, 023 8083 2000, or 07901 008786.

Member and Officer Protocol

11. In summary, it is considered by the Head of Legal and Democratic Services that all matters referred to in the concerns of Full Council in April 2013 have been addressed as much as they can be by virtue of revising the appropriate Protocols and bringing these to the attention of officers and Members. However, what is not in the gift of officers is to ensure compliance. Whilst the protocols, procedures and codes adopted by the Council are robust, sensible, proportionate and should be relatively easily understood, officers cannot legislate for anyone, officer or member, breaching those protocols. Should that happen there are sanctions in place, such as the law permits.
12. It is, therefore, believed, that everything that reasonably could be done has been done and that at this point in time, no further action or revisions to protocols is required save for the revised Media Protocol as indicated.

Matters arising from the Employment and Appeals Panel

13. On 2nd October 2013, the Employment and Appeals Panel heard a grievance from two employees relating to the unauthorised release to the media of

personal (salary) information held by the Council. As a result certain recommendations are proposed as requested by the Panel.

14. The management investigation into the grievance established this personal information had been shared with a Member following a legitimate request by that Member for information. The information was then disseminated by the Member to another group of Members without the knowledge or consent of the author. While the investigation concluded that no breach of the Council's Constitution or rules relating to sharing information with Members had taken place, nor was there any breach of the Data Protection Act arising from sharing that information, it is clear that the subsequent release of that information by persons unknown to the media was unlawful and a clear breach of confidence. As the Council could not identify the person who released the information to the media no formal action could be taken in this regard. The employees appealed the findings of the initial investigation report and, at the stage 1 hearing, management determined there was some uncertainty over the level of personal information that was requested or that needed to be provided to comply with the initial Member request. This led to management suggesting recommendations to Governance Committee regarding strengthening the existing text within the Protocol on Officer / Member Relations.
15. The employees appealed further to the Employment and Appeals Panel. The decision of the Employment and Appeals Panel upheld the initial investigation and stage 1 findings, including the recommendations to Governance Committee.
16. The recommendation is to amend the Protocol on Officer / Member Relations to include a requirement that:
 - a. Any Member request for personal information or personal data about an individual employee (rather than a general group of employees as a whole) should only be supplied where there is a demonstrable need for that Member to have the information at that level of detail in order to carry out their duties as a Member of the Council. Any such requests should be referred to and considered by the Head of Strategic HR who may if necessary refer the request to the Monitoring Officer.
 - b. In cases where such information is to be released the Head of Strategic HR will specifically remind the Member that the information is confidential, subject to the protection of the Data Protection Act 1998 and confirm the necessary measures for handling that data in order to keep it confidential and ensure that it is not further disclosed to any other person or body either within or external to the Council.
17. It should be noted that in parallel to the grievance process, the Information Commissioner's Office (ICO) investigated the matter and decided that the Council's data protection security measures were adequate and that the Council had complied with the requirements of the Data Protection Act 1998.
18. While the Council's procedures and processes have been upheld as lawful and adequate to meet the requirements of the Data Protection Act and its own Constitution, in light of this particular case it is felt that the opportunity to

further improve council processes should be taken by introducing appropriate checks and balances such as those in the recommendations above. There will also be a need for further data protection training for Members and officers following any amendment to the Protocol on Officer and Member Relations.

Call In arrangements post elections but before the next Council meeting

19. At Annual Council the proposals as below were considered:

“The Leader has requested that if following either annual or a by election the political control of the authority changes as a direct result that the Constitution is revised so that no significant decisions can be taken by Council, the Executive, or by Executive Members through delegated powers during the period between annual elections and the AGM. The concern is that the Council’s arrangements need to ensure that there is no “democratic deficit” which to the public would appear to show political bias and limited legitimacy in the circumstances when one political party (whichever party that is) may have lost control of the Council. The revisions are attached on Appendix 2.

Such changes will not affect the Council’s ability to react to any time limited or emergency matters, in the rare event that they should they arise as there are existing adequate powers under the Officer Scheme of Delegation to permit the Chief Executive, Director of Corporate Services or Head of Legal, HR and Democratic Services to act.

The desire to do so has come as a result of the circumstances relating to the Rom TV outsourcing review which was due to be considered by Overview and Scrutiny Management Committee on 11th April 2013 but was deferred until after the AGM. The Governance Committee has considered the specific issue and recommended revisions as detailed below:

PERIODS BETWEEN ELECTIONS

“If, following either annual elections or a by election, the political control of the authority changes, as a direct result no meetings of Council can be called, or the Urgent Business Sub Committee convened to enable significant decisions to be taken until the next meeting of Council.

Such changes will not affect the Council’s ability to react to any time limited or emergency matters, in the rare event that they should they arise as there are existing powers under the Officer Scheme of Delegation to permit the Chief Executive, Director of Corporate Services or Head of Legal, HR and Democratic Services to act.”

20. It was resolved that the matter be revisited by Governance Committee as part of the next round of annual revisions. Officers have revisited what can

practically be done to ensure that the “democratic deficit” referred to in the original report to Council is addressed. The difficulty is devising a revised solution is that by law call ins are permitted after any Executive decision is made. It is, therefore, the timing of the original decision, the call in and then the timing of the subsequent Cabinet meeting to reconsider (should this be needed) that causes the potential issue. Whilst the last scheduled meeting before an election could take place well before the election there is no guarantee, for a variety of reasons, that the matter would be ultimately disposed of before the election. The only guarantee that the matter will not be decided upon after call in is by putting in place a local arrangement so no Cabinet meeting can take place during this interregnum. That remains the only option which at law will work and in practice meets the “democratic deficit” concern and therefore remains the recommendation.

RESOURCE IMPLICATIONS

Capital/Revenue

21. None.

Property/Other

22. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

23. Localism Act 2011, S101 Local Government Act 1972

Other Legal Implications:

24. None.

POLICY FRAMEWORK IMPLICATIONS

25. None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	None
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SUPPORTING DOCUMENTATION

Appendices

1.	Media Protocol
2.	Member and Officer Protocol – draft revisions

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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Protocol objectives

1. To clarify roles and responsibilities.
2. To highlight the need for information sharing between service areas, Cabinet Members and other affected teams /partner organisations prior to briefing Communications on requirements.
3. To establish a clear sign-off process on all communications relating to the media including invites, releases and statements.
4. To gather and update information from councillors and officers on their preferred methods of contact when signing off time sensitive media relations activities.
5. To highlight the importance of a named deputy for when officers and councillors are on holiday, sick or out of the office.
6. To highlight the need to respond to media enquiries in a timely manner – often within the same day to meet lunchtime or evening media slots/print deadlines.



Routing all media enquiries

All media enquiries should be directed to the Communications team via the following methods;
communications@southampton.gov.uk, 023 8083 2000 or 07901 008786.

Media enquiries can come into any part of council, especially to Cabinet Members, CMT members, managers, Democratic Services and PAs to the councillors. When this occurs enquiries should always be passed back to the Communications team to manage. Media enquiries should not be directed to email addresses of individual officers within the Communications team - the generic email and phone number above must always be used.



Collective responsibility for speed of response and sign off

All Cabinet Members, CMT members, Heads of Service and managers will need to be contacted by the Communications team in relation to media enquiries, often at short notice. It is therefore important that in these circumstances individuals preferred methods of contact, their ability to read releases on mobile phones, and their deputies are known by the Communications team. It is essential that the names of deputies are provided to ensure periods of holiday, sickness and absence do not delay media response times. It is the responsibility of CMT, Heads of Service and managers to ensure they provide this information to communications.



Media enquiry categories

Category A

Request relates to a topic with implications for serious reputational damage such as a major incident. Approved response required from Leader and/or Chief Executive within one hour. Response to be copied to Director of Corporate Services, Chief Financial Officer, and Assistant Chief Executive.

Category B

Request relates to a topic with implications for some reputational damage or is an opportunity to promote a high profile council initiative. Answer is not currently in the public domain. Approved response required from CMT member or relevant Cabinet Member within four hours. Response to be copied to Director of Corporate Services and Assistant Chief Executive.

Category C

Request relates to a topic without a risk for significant reputational damage, or is not related to a council priority. Approved response required by CMT member or relevant Cabinet Member within 24 hours.

Category D

Request relates to information already in the public domain or to a pre-approved statement. Communications to issue response, then notify the appropriate CMT member and relevant Cabinet Member that this has been done.

Southampton City Council: Media Protocol



Protocol for managing requests from print/web based press

ENQUIRY:

The on-duty Senior Communications Officer (SCO) takes an enquiry from the media, logs it on Vuelio (a media relations management system) and advises the relevant Cabinet Member, CMT member and senior manager that a statement needs to be supplied and the time-frame for response.

INFORMATION GATHERING:

The service area provides feedback to the enquiry within the appropriate timescale for the category of enquiry (between one and 24 hours), where possible in written bullet points. Any accompanying tables or additional data should be provided along with an explanation.

RESPONSE:

The on duty SCO drafts a release based on the information provided. The on duty SCO will also draft a statement from the lead Cabinet Member for the service area. On occasion, statements may be attributed to council officers if they are operational and service-related. The relevant Cabinet Member and CMT member should approve of this approach. Statements should never be attributed to a council officer/ council spokesperson if they are policy related. The exception to this rule is during the pre election period when CMT members and senior managers will be the default spokespersons.

CIRCULATION & SIGN OFF:

When seeking sign off for a release the SCO will aim to email it first to the relevant senior manager and CMT member for approval prior to going to the Cabinet Member for approval. Due to very short time scales this is not always possible and therefore it is also acceptable to send releases to a Cabinet Member at the same time as a senior manager and CMT member. If the subject matter is cross cutting the senior manager must tell the SCO who else to copy the release to for comment and approval i.e. other senior managers, partners etc. If the release could present a reputational risk it must be submitted to the Leader, Chief Executive, Head of Legal and Democratic Services, Chief Financial Officer, and Assistant Chief Executive for comment and approval. Wherever possible all approvals must be confirmed by email.

ISSUING TO THE MEDIA:

Once a statement or release is approved by all necessary parties the on duty SCO will issue it to the media via Vuelio. The system will also send a copy to Council's Management Team and Cabinet for information.



Protocol for managing requests for interviews from broadcast media

ENQUIRY:

The on-duty SCO takes a request from the media for an interview and advises the Cabinet Member, CMT member and senior manager. In some circumstances the CMT member or senior manager will be requested for interview. This should only occur when the Cabinet Member desires support or when the matter is purely operational. Council officers should not speak to the media on any policy related subjects or issues. Email confirmation from the Cabinet Member that they are happy for a council officer to be interviewed on their own must be obtained.

INFORMATION GATHERING:

The senior manager briefs the on duty SCO, CMT member and Cabinet Member on the topic providing relevant written material. If the subject matter presents a reputational risk, the senior manager must ensure all material provided to the on duty SCO has been checked with the Chief Executive, Head of Legal and Democratic Services, and Chief Financial Officer.

INTERVIEW ORGANISATION, PREPARATION, & TRAINING:

Once the Cabinet Member, CMT member or senior manager has agreed to do an interview, the on duty SCO works with their PAs to organise and communicate the agreed time and location. Where required, the Communications Manager will organise additional media training for individuals.

INTERVIEW & DEBRIEF:

The agreed individual undertakes the interview with the media. The on duty SCO may not be able to attend the interview in person due to other communications commitments. The interviewee reports back to the on duty SCO after the interview to de-brief how it went. This can be done by email.

Note: The term Cabinet Member includes the Leader of the Council for enquiries relating to their portfolio area.

Protocol on Member / Officer Relations

Introduction and Principles

- 1.1 The purpose of this Protocol is to guide Members and Officers of the Council in their relations with one another in such a way as to ensure the smooth running of the Council.
- 1.2 Given the variety and complexity of such relations, this Protocol does not seek to be either prescriptive or comprehensive. It simply offers guidance on some of the issues which most commonly arise. It is hoped, however, that the approach which it adopts to these issues will serve as a guide to dealing with other circumstances.
- 1.3 This Protocol is to a large extent a written statement of current practice and convention. It seeks to promote greater clarity and certainty. If the Protocol is followed it should ensure that Members receive objective and impartial advice and that Officers are protected from accusations of bias and any undue influence from Members.
- 1.4 It also seeks to reflect the principles underlying the respective Codes of Conduct which apply to Members and Officers. The shared object of these codes is to enhance and maintain the integrity (real and perceived) of local government and the Codes, therefore, demand very high standards of personal conduct.
- 1.5 This Protocol is a local extension of the Members' and Employees' Codes of Conduct. Consequently, a breach of the provisions of this Protocol may also constitute a breach of those Codes.
- 1.6 This Protocol should be read in conjunction with the Members' and Employees' Codes of Local Government Conduct, the Council's Constitution and any guidance issued by the Governance Committee and/or Monitoring Officer.

Allegations of Member or Officer Misconduct: Responses by Members or Officers as appropriate

- 2.1 In a situation where a Member identifies that an Officer may have committed a breach of the Council's disciplinary rules and procedures, s/he shall draw the issue to the attention of the Chief Executive (Head of Paid Service) who, following consultation with the Head of Legal, HR & Democratic Services, will ensure that the appropriate action is taken.
- 2.2 In respect of an Officer who believes a Member has breached the Members' Code of Conduct, they should:
 - a. not offer any opinion or judgement upon that conduct to the Member;
 - b. they must advise the Monitoring Officer immediately of the circumstances, facts, their belief and the rationale behind it, including supplying all and any documentation; and
 - c. they should not comment further on the issue to any other Officer or Member without the prior consent of the Monitoring Officer.

These provisions are to protect both the Member and Officer, avoid Officers from

becoming unduly involved in allegations of Member misconduct at an inappropriate level and to ensure that any investigation that may need to be carried out by the Monitoring Officer or other agency, is not in any way fettered or damaged.

The Relationship: General Points

- 3.1 Both Councillors and Officers are servants of the public and they are indispensable to one another. But their responsibilities are distinct. Councillors are responsible to the electorate and serve only so long as their term of office lasts. Officers are responsible to the Council. Their job is to give advice to Councillors and the Council, and to carry out the Council's work under the direction and control of the Council, the Executive, their committees and subcommittees.
- 3.2 At the heart of the Code, and this Protocol, is the importance of mutual respect. Member / Officer relationships are to be conducted in a positive and constructive way. Therefore, it is important that any dealings between Members and Officers should observe standards of courtesy and that neither party should seek to take unfair advantage of their position or seek to exert undue influence on the other party.
- 3.3 Inappropriate relationships can be inferred from language / style. To protect both Members and Officers, Officers should address Members as "Councillor XX / Mr or Madam Mayor / Sheriff" save where circumstances clearly indicate that a level of informality is appropriate, eg a one to one between a Head of Service and their respective Cabinet Member.
- 3.4 A Member should not raise matters relating to the conduct or capability of an Officer in a manner that is incompatible with the objectives of this Protocol. This is a long-standing tradition in public service. An Officer has no means of responding to such criticisms in public. If a Member feels s/he has not been treated with proper respect, courtesy or has any concern about the conduct or capability of an Officer, and fails to resolve it through direct discussion with the Officer, s/he should raise the matter with the respective Head of Service of the Division. The Head of Service will then look into the facts and report back to the Member. If the Member continues to feel concern, then s/he should report the facts to the Director who heads the Directorate concerned, or if, after doing so, is still dissatisfied, should raise the issue with the Chief Executive who will look into the matter afresh. Any action taken against an Officer in respect of a complaint, will be in accordance with the provisions of the Council's Disciplinary Rules and Procedures.
- 3.5 An Officer should not raise with a Member matters relating to the conduct or capability of another Officer or to the internal management of a Section / Division / Directorate at or in a manner that is incompatible with the overall objectives of this Protocol.
- 3.6 Where an Officer feels that s/he has not been properly treated with respect and courtesy by a Member, s/he should raise the matter with his/her Head of Service, Director or the Chief Executive as appropriate, especially if they do not feel able to discuss it directly with the Member concerned. In these circumstances the Head of Service, Director or Chief Executive will take appropriate action either by approaching the individual Member and/or group leader or by referring the matter to the Head of Legal, HR & Democratic Services in the context of the Governance Committee considering the complaint.

The Relationship: Officer Support to Members: General Points

- 4.1 Officers are responsible for day-to-day managerial and operational decisions within the authority and will provide support to both the Executive and all Councillors in their several areas.
- 4.2 Certain statutory officers – the Chief Executive, the Monitoring Officer and the Chief Financial Officer – have specific roles. These are addressed in the Constitution. Their roles need to be understood and respected by all Members.
- 4.3 The following key principles reflect the way in which the officer core generally relates to Members:
 - ◆ all officers are employed by, and accountable to the authority as a whole;
 - ◆ support from officers is needed for all the authority's functions including Full Council, Overview and Scrutiny, the Executive, individual Members representing their communities, etc;
 - ◆ day-to-day managerial and operational decisions should remain the responsibility of the Chief Executive and other officers;
 - ◆ the authority will seek to avoid potential conflicts of interest for officers arising from the separation of the Executive and Overview and Scrutiny role; and
 - ◆ all officers will be provided with training and development to help them support the various Member roles effectively and to understand the new structures.
- 4.4 On occasion, a decision may be reached which authorises named Officers to take action between meetings following consultation with a Member or Members. It must be recognised that it is the Officer, rather than the Member or Members, who takes the action and it is the Officer who is accountable for it.
- 4.5 It is important that all Members, in exercising their functions as a Councillor, take appropriate legal, financial and professional officer advice, particularly about contractual matters. In order to ensure the highest standards of conduct are maintained at all times in relation to this important area of the Council's functions, additional guidance on Best Practice for Member Conduct during a Procurement Exercise is laid out in Appendix D.
- 4.6 Generally, all Members – whether Executive or otherwise – should consider, when invited to / attending a meeting, whether or not minutes should be taken and/or an officer should be present. It is a matter for Members' judgement whether this is necessary / appropriate, but factors such as whether any commitment is likely to be given on behalf of the Council and/or whether any complex financial, legal or procurement issues may be discussed will be relevant in deciding that. In such situations, Members are generally recommended to have an officer present and to ensure that contemporaneous minutes are taken and, where appropriate, shared with the other parties present to ensure that an accurate record is maintained. It will, however, be a case of judgement on each and every occasion as to how and when this principle is applied.
- 4.7 Finally, it must be remembered that Officers within a Division or Directorate are accountable to their Head of Service and Director and that whilst Officers should always seek to assist a Member, they must not, in so doing, go beyond the bounds of whatever authority they have been given by their Head of Service or Director.

The Relationship: Officer Support: Members and Party Groups

- 5.1 It must be recognised by all Officers and Members that in discharging their duties and responsibilities, Officers serve the Council as a whole and not any political group, combination of groups or any individual Member of the Council.
- 5.2 There is now statutory recognition for party groups and it is common practice for such groups to give preliminary consideration to matters of Council business in advance of such matters being considered by the relevant Council decision making body. Officers may properly be called upon to support and contribute to such deliberations by party groups but must at all times maintain political neutrality. All Officers must, in their dealings with political groups and individual Members, treat them in a fair and even-handed manner.
- 5.3 The support provided by Officers can take many forms. Whilst in practice such Officer support is likely to be in most demand from whichever party group is for the time being in control of the Council, such support is available to all party groups
- 5.4 Certain points must, however, be clearly understood by all those participating in this type of process, Members and Officers alike. In particular:
 - 5.4.1 Officer support must not extend beyond providing information and advice in relation to matters of Council business. Officers must not be involved in advising on matters of party business. The observance of this distinction will be assisted if Officers are not present at meetings or parts of meetings, when matters of party business are to be discussed;
 - 5.4.2 party group meetings, whilst they form part of the preliminaries to Council decision making, are not empowered to make decisions on behalf of the Council. Conclusions reached at such meetings do not therefore rank as Council decisions and it is essential that they are not interpreted or acted upon as such; and
 - 5.4.3 similarly, where Officers provide information and advice to a party group meeting in relation to a matter of Council business, this cannot act as a substitute for providing all necessary information and advice to the relevant Committee or Sub-Committee when the matter in question is considered.
- 5.5 Special care needs to be exercised whenever Officers are involved in providing information and advice to a party group meeting which includes persons who are not Members of the Council. Such persons are not bound by the National Code of Local Government Conduct (in particular, the provisions concerning the declaration of interests and confidentiality) and for this and other reasons, Officers may not attend and/or give advice to such meetings.
- 5.6 Officers must respect the confidentiality of any party group discussions at which they are present in the sense that they should not relay the content of any such discussion to another party group.
- 5.7 Whilst any Member may ask a relevant Head of Service, Director or the Chief Executive for written factual information about a Directorate or service, such requests must be reasonable and not seek information relating, for instance, to case work of a similar nature, eg Social Services, employment, etc. Requests will be met subject to any overriding legal considerations (which will be determined by the Head of Legal, HR & Democratic Services), or if the recipient of any request considers the cost of

providing the information requested or the nature of the request to be unreasonable. If a Member requesting such information is dissatisfied by such a response, s/he should raise the matter in the first place with the relevant Director, and if still dissatisfied should raise the matter with the Chief Executive who will discuss the issue with the relevant Group Leader(s).

- 5.8 Requests for information about generic group employee matters such as divisional structures, the overall cost of service provision for a group of employees etc should be considered in the normal way as set out above. Heads of Service, Directors or the Chief Executive should ensure that any information supplied does not contain any personal information (within the meaning of the data Protection Act 1998) relating to individual employees such as salary, grade, Trade Union affiliation etc.
- 5.9 Requests for personal information about specific employees or where the group of employees is so small that individual employees personal details are likely to be revealed should only be considered where a Member has a demonstrable need for such detailed personal information in order to carry out the business of the Council and they could not carry out that business without the information being supplied in a redacted form. Any such request must be accompanied by the Members reasons for requiring the information and must be forwarded to the Head of HR for determination (following consultation with the Council's Data Protection Officer and / or Monitoring Officer as appropriate).
- 5.10 All information held by the Council, in whatever form, is confidential to the Council unless and until such confidentiality is waived by the Proper Officer and subject to the requirements of the Data Protection Act 1998. Officers and elected Members are responsible for ensuring that personal information and data is only handled and processed in accordance with the provisions of the Act and to familiarise themselves with their obligations under the Act accordingly. Officers or Members who require advice or assistance in relation to their duties under the Data Protection Act 1998 should take advice from the Head of Legal, HR & Democratic Services or the Corporate Legal Team as appropriate.
- 5.11 In relation to budget proposals:
 - a. the Administration shall be entitled to confidential information / discussions with Officers regarding options and proposals. These will remain confidential until determined by the Administration or until published in advance of Committee / Council meetings, whichever is the earlier; and
 - b. the opposition groups shall also be entitled to confidential information / discussions with Officers to enable them to formulate alternative budget proposals. These will remain confidential until determined by the respective opposition groups or until published in advance of Committee / Council meetings, whichever is the earlier.
- 5.12 As part of the Budget process, Officers may be called upon to give advice on budgetary proposals, wherever they may emanate from (once political confidentiality has been lifted). This is in addition to the "normal" rights that any member has to seek advice "in confidence" from Officers. In addition, Officers may feel it appropriate to offer advice to individuals, groups or all Members. In doing so, they should be aware of the need to remain impartial. It is appropriate and indeed, in certain circumstances, necessary that as a matter of professional judgement, if a proposed course of action is imprudent, that Officers should advise the Members of the Authority that this is so. It would, however, be for the Officer to decide how and when to do so, subject to the general rules outlined in paragraph 5.10 below. This is

without prejudice to issues of legality and financial administration which are covered by specific duties placed on the Chief Financial Officer and Monitoring Officer.

- 5.13 In view of the need to ensure that the professional integrity of Officers is not impugned, deliberately or inadvertently, the following principles will be applied (although they may be departed from by the Chief Executive, Monitoring Officer or Chief Financial Officer as and when appropriate given their specific statutory duties):
- a. any advice or information provided to any Member(s) in writing will be marked 'strictly confidential', signed and dated by the responsible Officer and shall follow the guidelines set out in Appendix B;
 - b. generally, such advice / information will be provided to the Group Leaders, unless there are over-riding considerations associated with the statutory responsibilities of the Head of Paid Service / Chief Financial Officer / Monitoring Officer which would warrant the advice being shared with all Members;
 - c. Group Leaders and Members who received such advice will treat such advice as strictly confidential to the Council and will ensure that, if such advice is further shared or disseminated within their groups, their groups understand that the advice is confidential to the Council and not to be disclosed further under any circumstances.
 - d. Officers will also provide, as appropriate, briefings for either Group Leaders and/or all Members as requested by the Group Leaders and/or determined by the Chief Executive, Chief Financial Officer and/or Monitoring Officer prior to the Budget on any particular issues or matters which those Officers, as a matter of professional judgement, consider should properly be drawn to Members' attention.

The over-riding obligation will be to ensure that the integrity of the administration of public affairs is maintained. The prime responsibility of Officers in the matter of any challengeable decision arises in advising Members of the Council before decisions are reached. It is incumbent, in these circumstances, for Councillors to be fully advised on the legal and financial consequences of any proposed course of action.

- 5.14 It must not be assumed by any party group or Member that any Officer is supportive of any policy or strategy developed because of that Officer's assistance in the formulation of that policy or strategy.
- 5.15 Any particular cases of difficulty or uncertainty in this area of Officer advice to party groups should be raised with the Chief Executive who will discuss them with the relevant group leader(s).

The Relationship: Officer Support: The Executive

- 6.1 It is clearly important that there should be a close working relationship between Executive Members and the Officers who support and/or interact with them. However, such relationships should never be allowed to become so close, or appear to be so close, as to bring into question the Officer's ability to deal impartially with other Members and other party groups.
- 6.2 Whilst Executive Members will routinely be consulted as part of the process of drawing up proposals for consideration or the agenda for a forthcoming meeting, it must be recognised that in some situations an Officer will be under a professional

duty to submit a report. Similarly, a Head of Service or other senior Officer will always be fully responsible for the contents of any report submitted in his/her name. This means that any such report will be amended only where the amendment reflects the professional judgement of the author of the report. This is to be distinguished from a situation where there is a value judgement to be made. Any issues arising between an Executive Member and a Head of Service in this area should be referred to the Chief Executive for resolution in conjunction with the Leader of the Council.

- 6.3 The Executive and its members have wide ranging leadership roles. They will:
- ◆ lead the community planning process and the search for Best Value, with input and advice from Overview and Scrutiny Committees, area committees and any other persons as appropriate;
 - ◆ lead the preparation of the local authority's policies and budget;
 - ◆ take in-year decisions on resources and priorities, together with other stakeholders and partners in the local community, to deliver and implement the budget and policies decided by the Full Council; and
 - ◆ be the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- 6.4 Where functions which are the responsibility of the Executive are delegated to Officers or other structures outside the Executive, the Executive will nevertheless remain accountable to the Council, through Overview and Scrutiny Committees, for the discharge of those functions. That is to say, the Executive will be held to account for both its decision to delegate a function and the way that the function is being carried out.
- 6.5 Under Executive Arrangements, individual Members of the Executive will, for the first time, be allowed to formally take decisions. The Executive and Cabinet members must satisfy themselves that they are clear what exactly they can and cannot do.
- 6.6 The Council has put in place mechanisms / protocols which ensure that (as with the Council, its Committees and Sub-Committees, and the Executive and its Committees) an individual Executive Member seeks advice from relevant Officers before taking a decision within her or his delegated authority. This includes taking legal advice, financial advice and professional officer advice (particularly about contractual matters) as well as consulting the Monitoring Officer where there is doubt about vires.
- 6.7 As a result of the particular issues arising during contractual discussions, particular guidance has been provided for all Members at Appendix D to this Officer / Member Protocol. Whilst this guidance is predominantly aimed at Executive Members, who will largely be the Members directly involved in discussions with potential tenderers / contractors / sub-contractors during the course of a procurement exercise, it is not exclusively aimed at Executive Members – it is specifically aimed at all Members, and for that reason, all Members should be aware that their conduct during a procurement exercise should follow the guidance in Appendix D.
- 6.8 Decisions taking by individual Members of the Executive give rise to legal and financial obligations in the same way as decisions taken collectively. Therefore, Members of the Executive should always be aware of legal and financial liabilities (consulting the Monitoring Officer and Chief Financial Officer as appropriate) which will arise from their decisions. To ensure effective leadership for the local authority and the communities it serves, there are arrangements to ensure co-ordination of

and having responsibility for Executive decisions including those made by individuals.

- 6.9 Officers will continue to work for and serve the local authority as a whole. Nevertheless, as the majority of functions will be the responsibility of the Executive, it is likely that in practice many Officers will be working to the Executive for most of their time. The Executive must respect the political neutrality of the Officers. Officers must ensure that, even when they are predominantly supporting the Executive, that their political neutrality is not compromised.
- 6.10 In organising support for the Executive, there is a potential for tension between Chief Officers and Cabinet Members with portfolios. All Members and Officers need to be constantly aware of the possibility of such tensions arising and both Officers and Members need to work together to avoid such tensions and conflicts existing or being perceived.

The Relationship: Officer Support: Overview and Scrutiny

- 7.1 Overview and Scrutiny is an important constituent part of effective democracy and the Council's constitutional arrangements. Officers have lead and significant role in making it effective. However, it is not Overview and Scrutiny's role to act as a disciplinary tribunal in relation to the actions of Members or Officers. Neither is it the role of Officers to become involved in what would amount to disciplinary investigations on a Panel's behalf. This is the Chief Executive's function alone in relation to staff, the Monitoring Officer's and the Governance Committee as regards the conduct of Members. This means:
- ◆ Overview and Scrutiny's questioning should not be directed to the conduct of individuals, not in the sense of establishing the facts about what occurred in the making of decisions or implementing of Council policies, but with the implication of allocating criticism or blame;
 - ◆ in these circumstances, it is for the Chief Executive to institute a formal enquiry, and Overview and Scrutiny may ask (but not require) him to do so.
- 7.2 Overview and Scrutiny should not act as a "court of appeal" against decisions or to pursue complaints by individuals (Councillors, Officers or members of the public) as other procedures exist for this. These are internal, eg the Corporate Complaints Procedure, and external / statutory, eg Local Government Ombudsman or appeal to the Courts. That said,
- ◆ Overview and Scrutiny may investigate the manner in which decisions are made but should not pass judgements on the merits of a decision in individual cases;
 - ◆ they can comment, however, on the merits of a particular policy affecting individuals.
- 7.3 It would be unfair to invite someone to appear before a Panel without telling them in general terms what they will be asked, or not giving them adequate time to prepare. Overview and Scrutiny ought to provide written questions ("Indicative Topics") beforehand, so that the answers can form the basis of the questioning and discussion. In addition, speakers ought to be told the general line that further questioning is likely to take. Questioning should not stray outside the subject area that the Panel had previously indicated.
- 7.4 The Overview and Scrutiny Handbook contains guidelines as to the procedure at

Evidence Meetings, and guidance for Members and Officers.

7.5 Overview and Scrutiny are, however, entitled to the following:

- a. the level and extent of questioning, and the depth to which Overview and Scrutiny Members may probe Officers is dependent upon the seniority of the Officers present – accordingly when calling Officers to give evidence, Members may wish to consider the level and nature of the Officer they wish to have before them in the light of the line of questioning they wish to follow;
- b. Officers may be asked to give a professional opinion, and Officers may be asked to give alternative options. Officers may not confine themselves solely to justifying either the position of or the advice that they gave to the Executive, although in giving options, it is to be expected that they will explain the rationale for the advice that they gave and if the advice given to the Executive reflects, in their professional opinion, the best option, to justify that;
- c. it is appropriate for Members of Overview and Scrutiny to ask Officers to explain and justify advice given to Members, whether on the Executive or otherwise, prior to decisions being taken, and to justify decisions Officers have taken under delegated powers;

7.6 Officers are expected:

- a. to maintain political impartiality at all times when commenting on the Cabinet's / Council's policies and actions;
- b. to be prepared to explain and justify advice given to Members, including members of the Executive and the Council prior to decisions being taken and to justify decisions they themselves have taken under the Scheme of Delegation;
- c. to ensure that an Officer of sufficient seniority appears before the relevant meeting in the light of the indicative topics supplied by Overview and Scrutiny in advance;

- d. where requested to provide information to Scrutiny, eg on alternative options. to provide that information in as a comprehensive and timely fashion as if the request had come from the Executive.
- e. to respond to questions from Members in an open, constructive and helpful manner;
- f. not to mislead or be economical with the truth.

Support services to Members and Party Groups

- 8.1 The only basis on which the Council can lawfully provide support services (eg, stationery, typing, printing, photo-copying, transport etc) to Members is to assist them in discharging their role as Members of the Council. Such support services must therefore only be used on Council business. They should never be used in connection with party political or campaigning activity or for private purposes.

Members' Access to Information and to Council Documents

- 9.1 Members have the ability to ask for information pursuant to their legal rights to information. This right extends to such information, explanation and advice as they may reasonably need in order to assist them in discharging their role as a Member of the Council. This can range from a request for general information about some aspect of the Council's activities to a request for specific information on behalf of a constituent. Such approaches should normally be directed to the Head of Service or another senior Officer of the Division concerned. Requests for employee related information (whether group of employees or individual employees) must be treated in accordance with paragraphs 5.8 – 5.10 above. In cases of doubt, Members should approach the Head of Legal, HR & Democratic Services for assistance.
- 9.2 As regards the legal rights of Members to inspect Council documents, these are covered partly by statute and partly by the common law.
- 9.3 Members will find set out in Appendix C guidance on their rights to obtain information. The law in this area is complex, legislation including the Access to Information provisions of the Local Government Act 1972, the Data Protection Act 1998 as well as the Local Government Act 2000 have all had an impact. However, the Freedom of Information Act 2000 will have an even greater impact, and could potentially provide Members with a single route through which to obtain information in support of their work, whatever their role within the authority. The guidance note set out in Appendix C maps the hierarchy of rights of Members to information, but should be read in combination with the contents of the Constitution, most particularly the Access to Information Procedure Rules which cover the statutory obligations of the authority in terms of information and its relationship with the decision-making process.
- 9.4 In relation to business of the Executive, by virtue of Regulation 16 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012:
- i. where there is a meeting (eg Cabinet) and there is a document which is in the possession / under the control of the Executive relating to the business to be conducted at that meeting, that document shall be available for inspection at least five clear days before that meeting;

- ii. where the decision is made at a private meeting by a Cabinet Member or is a Key Decision delegated to an Officer, the document shall be available either after the meeting closes or when the decision is made;
- iii. there are savings for exempt and confidential material and any document that contains advice provided by a political advisor or assistant.

9.5 Finally, any Council information provided to a Member is deemed to be information provided in confidence, is subject to the protections afforded by the Data Protection Act 1998 and must only be used by the Member for the purpose for which it was provided, ie in connection with the proper performance of the Member's duties as a Member of the Council. Therefore, for example, early drafts of Committee reports / briefing papers are not suitable for public disclosure and should not be used other than for the purpose for which they were supplied. This point is emphasised in paragraph 2(1)(d) of the Members' Code of Conduct:

"2. General Obligations

(1) *When acting in your role as a member of the authority –*

- a. ...;
- b. ...
- c. ...;
- d. **do not** disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where—
 - i. you have the consent of a person authorised to give it;
 - ii. you are required by law to do so;
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or
 - iv. the disclosure is-
 - (aa) reasonable and in the public interest; and
 - (bb) made in good faith and in compliance with the reasonable requirements of the authority; and
 - (cc) you have consulted the Monitoring Officer prior to its release.
- e. ..."

Failure to observe this obligation or disclosure of confidential information may amount to a breach of the Code of Conduct. Failure to safeguard and protect the confidentiality of personal information within the meaning of the Data Protection Act 1998 may result in prosecution of the Authority and / or any individual Officer or Member by the Information Commissioner and the imposition of significant monetary penalties.

Correspondence and Advice

- 10.1 Members seeking advice from officers shall be entitled to assume that such advice is given under "Chatham House rules" in terms of disclosure to other Members, unless otherwise agreed with the officer(s) concerned.
- 10.2 Correspondence between an individual Member and an Officer should not normally be copied (by the Officer) to any other Member. In other words, a system of "silent copies" should not be employed.
- 10.3 Official letters on behalf of the Council should normally be sent in the name of the appropriate Officer, rather than in the name of a Member. It may be appropriate in

certain limited circumstances (eg, representations to a Government Minister) for a letter to appear in the name of a Cabinet Member or the Leader or the Leaders of all political groups represented on the Council by agreement, but this should be the exception rather than the norm. Letters which, for example, create legal obligations or give instructions on behalf of the Council should never be sent out in the name of a Member, Executive or otherwise.

- 10.4 Correspondence received by Democratic Services from the public with a request that it is either copied to Members and/or forwarded to Members will, subject to any overriding legal considerations, be forwarded / copied.
- 10.5 Officers responding to members queries should do so in a timely manner, and in accordance with the agreed standards for replying to letters and E mails from Members. Namely:
 - a. Members will receive an acknowledgement within two working days of the date of the enquiry, to include the name and contact details of the officer dealing with the enquiry (subject to leave, etc);
 - b. a response will be given as soon as possible but not later than 10 working days of the date of the enquiry. If it is not possible to give a detailed response within 10 working days, the councillor should be informed within that period of the date by which they can expect to receive the information requested and be given a reason for the delay.

Democratic Services, provides an alternative route whereby Members may make enquiries or request information from officers within the authority. Any Member may pass an enquiry to Democratic Services who will then refer it to the appropriate officer and follow it up as necessary. Members can expect to be updated as to progress by the officer responsible for replying to the request.

Publicity and Press Releases

- 11.1 Local authorities are accountable to their electorate. Accountability requires local understanding. This will be promoted by the Authority, explaining its objectives and policies to the electors and rate-payers. In recent years, all local authorities have increasingly used publicity to keep the public informed and to encourage public participation. Every Council needs to tell the public about the services it provides. Increasingly, local authorities see this task as an essential part of providing services. Good, effective publicity aimed to improve public awareness of a Council's activities is, in the words of the Government, to be welcomed.
- 11.2 Publicity is, however, a sensitive matter in any political environment because of the impact it can have. Expenditure on publicity can be significant. It is essential, therefore, to ensure that local authority decisions on publicity are properly made in accordance with clear principles of good practice. The Government has issued a Code of Recommended Practice on Local Authority Publicity. It is appended to this Officer / Member Protocol (Appendix A). The purpose of the Code is to set out such principles. The Code affects the conventions that should apply to all publicity at public expense and which traditionally have applied in both central and local government. The Code is issued under the provisions of the Local Government Act 1986 as amended by the Local Government Act 1988 which provides for the Secretary of State to issue Codes of Recommended Practice as regards the content, style, distribution and cost of local authority publicity, and such other matters as s/he thinks appropriate. That section requires that all local authorities shall have regard to

the provisions of any such Code in coming to any decision on publicity.

- 11.3 Officers and Members of the Council will, therefore, in making decisions on publicity, take account of the provisions of this Code. If in doubt, Officers and/or Members should initially seek advice from the Head of Communications who will refer the matter to the Monitoring Officer / Head of Legal, HR & Democratic Services, if necessary / appropriate. Particular care should be paid to any publicity used by the Council around the time of an election. Particular advice will be given on this by the Monitoring Officer / Head of Legal, HR & Democratic Services as appropriate.

Involvement of Ward Councillors

- 12.1 Whenever a public meeting is organised by the Council to consider a local issue, all the Members representing the Ward or Wards affected should as a matter of course, be invited to attend the meeting. Similarly, whenever the Council undertakes any form of consultative exercise on a local issue, the Ward Members should be notified at the outset of the exercise. More generally, Officers should consider whether other policy or briefing papers, or other topics being discussed with an Executive Member, should be discussed with relevant Ward Members. Officers should seek the views of the appropriate Executive Member(s) as to with whom and when this might be done.

Conclusion

- 13.1 Mutual understanding, openness on these sorts of sensitive issues and basic respect are the greatest safeguard of the integrity of the Council, its Members and Officers.

Officer / Member Protocol

- 14.1 This version was approved by the Council as part of the Constitution in May 2013.
- 14.2 Copies of the Protocol will be issued to all Members as part of the Constitution upon election.
- 14.3 Questions of interpretation of this Protocol will be determined by the Head of Legal, HR & Democratic Services.

Appendix A

THE CODE OF RECOMMENDED PRACTICE ON LOCAL AUTHORITY PUBLICITY

Introduction

1. This code applies to all local authorities in England specified in section 6 of the Local Government Act 1986 and to other authorities in England which have that provision applied to them by other legislation. Where the term “local authorities” is used in this code it should be taken as referring to both those categories of authority. References to “the Act” are to the Local Government Act 1986.
2. Local authorities are required by section 4(1) of the Act to have regard to the contents of this code in coming to any decision on publicity. Section 6 of the Act defines publicity as “any communication in whatever form, addressed to the public at large or a section of the public”. The code therefore applies in relation to all decisions by local authorities relating to paid advertising and leaflet campaigns, publication of free newspapers and newsheets and maintenance of websites – including the hosting of material which is created by third parties.
3. Nothing in this code overrides the prohibition by section 2 of the Act on the publication by local authorities of material which in whole or in part appears to be designed to affect public support for a political party. Paragraphs 21 to 24 offer some guidance for local authorities on the management of publicity which may contain or have links to party political material.

Principles

4. Publicity by local authorities should:-
 - be lawful
 - be cost-effective
 - be objective
 - be even-handed
 - be appropriate
 - have regard to equality and diversity
 - be issued with care during periods of heightened sensitivity

Lawfulness

5. Local authorities should ensure that publicity complies with all applicable statutory provisions. Paid-for advertising must comply with the Advertising Standards Authority’s Advertising Codes.
6. Part 3 of the Communications Act 2003 prohibits political advertising on television or radio. Local authorities must ensure that their publicity does not breach these restrictions.
7. Section 125 of the Political Parties, Elections and Referendums Act 2000 places a specific restriction on the publication by a local authority of material relating to a referendum under Part 7 of that Act, during the period of 28 days immediately before the referendum is held.

8. Regulation 5 of the Local Authorities (Conduct of Referendums) (England) Regulations 2007 (S.I. 2007/2089) prohibits local authorities from publishing material in the 28 days immediately before a referendum which expresses support for, or opposition to a particular answer to a referendum question relating to the constitutional arrangements of the authority.
9. Regulation 15 of the Local Authorities (Referendums, Petitions and Directions) (England) Regulations 2000 (S.I. 2000/2852) prohibits local authorities from incurring expenditure to publish material which appears designed to influence people in deciding whether or not to sign a petition relating to the constitutional arrangements of the authority, or to assist others to publish such material.

Cost-effectiveness

10. In relation to all publicity, local authorities should be able to confirm that consideration has been given to the value for money that is being achieved, including taking into account any loss of potential revenue arising from the use of local authority-owned facilities to host authority publicity.
11. In some circumstances it will be difficult to quantify value for money, for example where the publicity promotes a local amenity which is free to use. In such a case authorities should be able to show that they have given thought to alternative means of promoting the amenity and satisfied themselves that the means of publicity chosen is the most appropriate.
12. If another public authority, such as central government, has issued publicity on a particular topic, local authorities should incur expenditure on issuing publicity on the same matter only if they consider that additional value is achieved by the duplication of that publicity. Additional value might be achieved if locally produced publicity gives a local context to national issues.
13. The purchase of advertising space should not be used as a method of subsidising voluntary, public or commercial organisations.
14. Local authorities should consider whether it is appropriate to seek advice from economic analysts, public relations experts or other sources of expert advice before embarking on a publicity campaign involving very large expenditure.

Objectivity

15. Local authorities should ensure that publicity relating to policies and proposals from central government is balanced and factually accurate. Such publicity may set out the local authority's views and reasons for holding those views, but should avoid anything likely to be perceived by readers as constituting a political statement, or being a commentary on contentious areas of public policy.
16. Any publicity describing the council's policies and aims should be as objective as possible, concentrating on the facts or explanation or both. Local authorities should not use public funds to mount publicity campaigns whose primary purpose is to persuade the public to hold a particular view on a question of policy. It is acceptable for local authority publicity to correct erroneous material which has been published by other parties, despite the fact that the material being corrected may have been published with the intention of influencing the public's opinions about the policies of the authority. Such publicity should seek to explain the facts in an objective manner.

17. Where paid-for advertising is used by local authorities, it should be clearly identified as being advertising. Paid-for advertising, including advertisements for the recruitment of staff, should not be used in any publication owned or controlled by a political party.
18. Advertisements for the recruitment of staff should reflect the tradition of political impartiality of local authority employees and should not (except in the case of advertisements relating to the appointment of staff pursuant to section 9 of the Local Government and Housing Act 1989 (assistants for political groups)) refer to any political activities or affiliations of candidates.

Even-handedness

19. Where local authority publicity addresses matters of political controversy it should seek to present the different positions in relation to the issue in question in a fair manner.
20. Other than in the circumstances described in paragraph 34 of this code, it is acceptable for local authorities to publicise the work done by individual members of the authority, and to present the views of those individuals on local issues. This might be appropriate, for example, when one councillor has been the “face” of a particular campaign. If views expressed by or attributed to individual councillors do not reflect the views of the local authority itself, such publicity should make this fact clear.
21. It is acceptable for local authorities to host publicity prepared by third parties – for example an authority may host a blog authored by members of the authority or a public forum on which members of the public may leave comments. Maintenance by a local authority of a website permitting the posting of material by third parties constitutes a continuing act of publication by that local authority which must accordingly have a system for moderating and removing any unacceptable material.
22. It is generally acceptable for local authorities to host publicity, such as a blog, which itself contains links to external sites over which the local authority has no control where the content of those sites would not itself comply with this code. This does not amount to giving assistance to any person for the publication of material which local authorities are not permitted to publish. However, particular care must be taken by local authorities during the period before elections and referendums to ensure that no breach of any legal restriction takes place. It may be necessary to suspend the hosting of material produced by third parties or public forums which contain links to impermissible material during such periods.
23. It is acceptable for publicity containing material prepared by third parties and hosted by local authorities to include logos of political parties or other organisations with which the third parties are associated.
24. It is acceptable for publicity produced or hosted by local authorities to include a logo associated with a particular member of the authority, such as a directly elected mayor, or leader of the authority. Publicity material produced by local authorities relating to a particular member must not seek to affect public support for that individual.
25. Where local authorities provide assistance to third parties to issue publicity they should ensure that the principles in this code are adhered to by the recipients of that assistance.

Appropriate use of publicity

26. Local authorities should not incur any expenditure in retaining the services of lobbyists for the purpose of the publication of any material designed to influence public officials, Members of Parliament, political parties or the Government to take a particular view on any issue.
27. Local authorities should not incur expenditure on providing stands or displays at conferences of political parties for the purpose of publicity designed to influence members of political parties to take a particular view on any issue.
28. Local authorities should not publish or incur expenditure in commissioning in hard copy or on any website, newsletters, newssheets or similar communications which seek to emulate commercial newspapers in style or content. Where local authorities do commission or publish newsletters, newssheets or similar communications, they should not issue them more frequently than quarterly, apart from parish councils which should not issue them more frequently than monthly. Such communications should not include material other than information for the public about the business, services and amenities of the council or other local service providers.
29. Publicity about local authorities and the services they provide should be freely available to anyone who wishes to receive such information in a format readily accessible and understandable by the person making the request or by any particular group for which services are provided.
30. All local authority publicity should clearly and unambiguously identify itself as a product of the local authority. Printed material, including any newsletters, newssheets or similar publications published by the local authority, should do this on the front page of the publication.

Equality and diversity etc

31. Publicity by local authorities may seek to influence (in accordance with the relevant law and in a way which they consider positive) the attitudes of local people or public behaviour in relation to matters of health, safety, crime prevention, race relations, equality, diversity and community issues.
32. Local authorities should consider how any publicity they issue can contribute to the promotion of any duties applicable to them in relation to the elimination of discrimination, the advancement of equality and the fostering of good relations.

Care during periods of heightened sensitivity

33. Local authorities should pay particular regard to the legislation governing publicity during the period of heightened sensitivity before elections and referendums – see paragraphs 7 to 9 of this code. It may be necessary to suspend the hosting of material produced by third parties, or to close public forums during this period to avoid breaching any legal restrictions.
34. During the period between the notice of an election and the election itself, local authorities should not publish any publicity on controversial issues or report views or proposals in such a way that identifies them with any individual members or groups

of members. Publicity relating to individuals involved directly in the election should not be published by local authorities during this period unless expressly authorised by or under statute. It is permissible for local authorities to publish factual information which identifies the names, wards and parties of candidates at elections.

35. In general, local authorities should not issue any publicity which seeks to influence voters. However this general principle is subject to any statutory provision which authorises expenditure being incurred on the publication of material designed to influence the public as to whether to support or oppose a question put at a referendum. It is acceptable to publish material relating to the subject matter of a referendum, for example to correct any factual inaccuracies which have appeared in publicity produced by third parties, so long as this is even-handed and objective and does not support or oppose any of the options which are the subject of the vote.

Appendix B
Guidelines for Council-wide Briefing Notes

1. This Guidance applies to briefing notes issued on a Council-wide basis associated with / during the Budget process.
2. All Officer advice should always take account of and follow the general guidance set out in this Officer / Member Protocol and the Council's Constitution.
3. Specific advice is contained in this Officer / Member Protocol as to Council-wide briefing notes issued as part of / during the Budget process at paragraphs 5.9 and 5.10 and this should be followed.
4. The content of any briefing notes issued on a Council-wide basis associated with / during the Budget process, should follow this guidance as to its contents:
 - a. Topic;
 - b. Provenance - who requested the note be produce (advice may be reactive or pro-active – so it may be an Officer decision that this advice was needed to be placed before Members – in which case state who made that decision;
 - c. What is the current Council policy?
 - d. What is professional officer advice – including what are the ramifications of the current Council policy and any possible / proposed changes to that?
 - e. Who is the author of the briefing note?
 - f. The note should be dated.
5. Any such Council-wide briefing notes associated with the Budget process should, if not written by the relevant Directors, be cleared with them as well as the Chief Financial Officer.
6. Before being issued, any Council-wide briefing notes associated with the Budget process should be cleared with the Chief Executive.

Members should be left in no doubt as the provenance of any Council-wide briefing notes associated with / issued during the Budget process, and should be clear what is Officer professional advice regarding the ramifications of policy options / decisions.

Appendix C
COUNCILLORS' ACCESS TO INFORMATION
– A HIERARCHY OF RIGHTS

Introduction

1. The rights of access to information by Councillors is a complex mix of legislation available to Councillors and the public alike, legislation specific to local government and “common law rights” given to Councillors by the Courts. This Guidance endeavours to provide some guidelines for Members through this “maze”. Members may also seek advice “in confidence” from the Head of Legal, HR & Democratic Services.
2. For general rights of access available to the public, please see the Access to Information Procedure Rules as set out in the Council's Constitution.

What is the Hierarchy of Rights?

4. The law relevant to access to information by Councillors includes the following:
 - (1) **The Freedom of Information Act 2000.** This makes non-personal information freely available to all, with only limited exceptions.
 - (2) **The Data Protection Act 1998.** This relates to personal information, and generally makes this non-disclosable except in certain circumstances.
 - (3) Local Government Legislation
 - (a) **Access to Information provisions of the Local Govt Act 1972.** This gives the public access to Committee Minutes and Agenda, and to background material relevant to those documents.
 - (b)
 - (i) Other legislation (Local Government (Executive Arrangements (Meetings and Access to Information) Regulations 2012)) ensures that Members are entitled to material relevant to public / private meetings of the Leader and Cabinet (and decision making by individual portfolio holders).
 - (ii) However, these rights do not apply to draft documents, to the advice of a political advisor or to most exempt/confidential information (unless such information is needed for the work of the Scrutiny Committee).
 - (4)
 - (c) “Common Law Rights” (derived from Court judgements) give Members the right to inspect Council documents insofar as this is reasonably necessary to enable a Member to perform his/her duties as a Councillor – this is known as the “need to know” basis.
 - (d) However, Members do not have any right to “a roving commission” through Council documents – mere curiosity is not sufficient.

Navigating the Hierarchy of Rights

Freedom of Information Act 2000

5. (1) (a) In broad terms, if the information being sought by a Member is non-personal, then the Freedom of Information Act 2000 allows access to most Council documentation.¹
- (b) The first port of call for information under the Freedom of Information Act is the Council's Publication Scheme. This is located most conveniently on the Council's website <http://www.southampton.gov.uk/council-partners/accesstoinfo/foi/publicationscheme/> and sets out most of the Council's published material. This information can be accessed and used without any further reference to the Council. The remainder of this note assumes that the information being sought by a Councillor is **not** available under the Publication Scheme.
- (2) The Freedom of Information Act would allow access to information about the construction of a new leisure facility (which is likely to be non-personal information) - but note the possible "block" to obtaining this information (see paragraphs 4(3) and (4) below) but could not be used to gain access to information about a named individual's record of housing waiting list applications – this latter is covered by the Data Protection Act 1998 (see Section 6 below).
- (3) In certain circumstances, access to documentation via the Freedom of Information Act can be "blocked", although most of the "blocks" are subject to a "public interest test". So, for example:-
 - (a) Releasing commercially sensitive information to a member of the public is not likely to be in the public interest.
 - (b) Whereas (subject to the usual rules of confidentiality), it is likely to be in the public interest to release such information to a Councillor.
- (4) Examples of blocks ("exemptions") under the Freedom of Information Act are:
 - (a) Work in progress (draft reports, for example) need not be disclosed.
 - (b) Information subject to a data-sharing protocol (eg. between all member organisations of the Crime and Disorder Partnership) should not be released until all organisations have each agreed to disclosure. This is to ensure that crime & disorder and fraud investigations are not prejudiced.
 - (c) Commercially sensitive information.

¹ *Strictly speaking, if there are rights of access to information under other legislation, then the Freedom of Information Act 2000 does not apply. However, for the purposes of simplicity and to develop common access to information procedures for both Councillors and the public alike, this note assumes that Freedom of Information Act-like principles apply to Councillors as well as to members of the public. In this way, we can start with wide, general powers of access only narrow down into more specific powers when strictly necessary.*

- (d) Where, in the opinion of a designated officer (who is to be the Monitoring Officer) disclosure of information would or would likely to inhibit the free and frank provision of advice, the free and frank exchange of views for the purposes of deliberation, or would otherwise prejudice or would be likely otherwise to prejudice the effective conduct of public affairs. This exemption is also subject to the public interest test.
- (5) If the rights outlined above are not sufficient to provide a Councillor with the information he needs, then it is necessary to navigate further down this hierarchy.

Data Protection Act 1998

- 6. (1) If the information sought by a Councillor relates to an identified living individual, then the Data Protection Act applies.
- (2) There are 2 classes of Data Protection – “normal” personal information and “sensitive personal information”. Sensitive personal information includes:-
 - (a) Racial or Ethnic Origin
 - (b) Religious beliefs
 - (c) Trade Union membership
 - (d) Physical or Mental health
 - (e) Actual or alleged criminal offences and criminal records
 - (f) Sexual life
 - (g) Political opinions.
- (3) (a) Where “normal” personal information is involved, unless additional consent has been granted by the individual concerned, information about an individual can only be used for the purposes for which that information was obtained.
- (b) Councillors have the same rights as Council employees to access personal information.²
- (c) Putting the above together, a Councillor who needs to have information about a named individual’s housing waiting list application² may do so. However (unless the individual concerned has given a specific or general consent) the same information could not be used for purposes concerned with (say) Council Tax or Housing Benefits.
- (4) (a) The Council has a duty to ensure that personal information disclosed to Members using the above procedures is used strictly for the purposes for which it is disclosed and that Members will keep the information secure and confidential (and then disposed of in a similarly careful manner).
- (b) Councillors must observe the Code of Conduct and all the provisions of the Constitution. Officers will automatically assume that Councillors

² and the Councillor concerned must have a “need to know”, and not just be “curious” – see paragraph 4(4) above.

will treat personal information in accordance with the previous paragraph.

- (5) (a) Where “sensitive” personal information is involved (see paragraph 5(2) above) then more rigorous procedures are necessary:-
 - (i) Either explicit consent of the person concerned must be obtained; or
 - (ii) If this is not practicable, Members must complete a form under the Data Protection (Processing of Sensitive Personal Data) (Elected Representatives) Order 2002.
 - (b) Paragraphs 4(4), 5(3) and (4) above, of course, apply to “sensitive” personal information as they do to “normal” personal information.
- (6) If the rights outlined above are not sufficient to provide a Councillor with the information he needs, then it is necessary to navigate further down this hierarchy.

Access to Information Provisions of the Local Government Act 1972 / Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012

7. (1) In effect, the rights available to Councillors through the Freedom of Information Act and the Data Protection Act will begin to override both older legislation such as the Local Government Act 1972 and also older common law rights.³
- (2) (a) Where a Councillor cannot obtain the disclosure of information under the Freedom of Information Act (because, say, commercial confidentiality is too sensitive to permit it, or because of implications for fraud investigations) or the Data Protection Act (because a Councillor cannot establish a need to know the information, or because a Councillor wants to use the information in a context different to that for which the information was gathered) then the information may still become available to Members at a later date via Committee agenda, and the right to see background material associated with such an agenda.
 - (b) Once a matter has reached the stage where it is before a Committee / Cabinet, then members of that Committee / Cabinet would have a “need to know” all relevant information; and other Councillors would be able to use the usual Access to Information provisions.
- (3) (a) Councillors also have additional rights of access to material in the possession/control of the Leader and Cabinet (rather than Council officers) relating to public/private meetings of the Cabinet or to any decision taken by an individual portfolio holder.
- (b) However, the above rights **do not apply** to draft documents, to the advice of a political advisor or to most categories exempt/confidential

³ But see Footnote 1

information (unless the Scrutiny Committee require such exempt / confidential information as part of actions / decisions it is scrutinising).

General

8. (1) Material from Legal Services (where Legal Services is providing legal advice to one of its in-house clients at the Council) may be non-disclosable due to legal professional privilege.
- (2) Information supplied under the Data Protection Act 1998 must not be used or disclosed for political purposes.
- (3) (a) Requests for Information under the control of Officers should normally be made to the relevant Head of Service.
(b) Requests for information under the control of the Leader and Cabinet should normally be made to the Leader and/or the relevant Portfolio Holder.
- (4) (a) Councillors must not put undue pressure on Officers to release information to which the Councillor is not entitled to have access.
(b) Should a Head of Service need advice as to whether information can be released to a Councillor s/he should contact the Head of Legal, HR & Democratic Services.
(c) The additional access to information rights given to Councillors are to allow them to do their jobs as Councillors. Confidential or exempt information should only be used in appropriate circumstances, in accordance with the proper performance of their duties as Councillors. Information should only be passed between Councillors if both Councillors can demonstrate a "need to know".
- (5) (a) Any complaints by a Councillor about the non-disclosure of information should be made in writing to the Head of Legal, HR & Democratic Services whose decision shall be final as far as the Council is concerned.
(b) However, if the Councillor remains dissatisfied, the Councillor may be able (under FOI) to refer the matter to the Information Commissioner.

Appendix D

BEST PRACTICE GUIDANCE ON CONDUCT FOR MEMBERS DURING A PROCUREMENT EXERCISE

A. BACKGROUND

1. Under the City Council's Code of Conduct for Members, a Member must not, amongst other things, in his/her official capacity or any other circumstance, conduct him or herself in a manner which could reasonably be regarded as bringing his/her office or the authority into disrepute, nor do anything which compromises or which is likely to compromise the impartiality of those who work for, or on behalf of, the Council.
2. In the context of a procurement exercise, this would include taking any action which could, in the opinion of the Monitoring Officer or Chief Financial Officer, compromise the objective handling of the tendering processes and lead to (or likely to expose the Council to) a successful legal challenge.
3. Tendering procedures are highly complex and there are risks involved in the failure to comply with the UK and European legislation. This guidance is intended to assist in raising awareness of the risks and to ensure that proper procedures are in place to minimise such risks.

B. LEGAL CONTEXT

4. When awarding contracts, the City Council is subject to the requirements of administrative law, contractual law, EU requirements on non-discrimination and free movement of goods and services, general common law principles and the specific rules on public procurement discussed below.
5. The public procurement remedies procedures are based upon the provisions of the 'Remedies Directive' (Directive (EEC) 665/89), the provisions of which were implemented into UK law in the Works, Supplies and Services Regulations (the Regulations'). There is a general statutory obligation under the regulations for contracting authorities to comply with the public procurement rules. There are also specific provisions which establish the procedures for remedy where an aggrieved contractor, supplier or service provider suffers, or is at risk of suffering, some form of loss due to non-compliance by the contracting authority with the procurement rules.
6. Enforcement of the procurement rules operate both at the EU and at the national level. The national courts or tribunals in each member state are empowered to take measures to remedy any violation of the law and to compensate for loss. At the EU level, the Commission can commence proceedings against the national government concerned under the EC Treaty if any contracting authority breaches the rules. In the UK, the obligation to comply with the provisions of the Regulations in relation to contracts that fall within the ambit of those regulations is considered in law to be a 'duty' owed to providers.
7. Non-compliance with EU law is not a criminal offence, but it can give rise to a breach of statutory duty and will open the Council to a legal challenge by way of Judicial Review and/or claim for damages. If a Member's action(s) or inaction(s) have caused the same, the member may have acted beyond his/her powers and/or be in breach of the Code of Conduct for Members. In such event, the Monitoring Officer will refer the matter to the Governance Committee for determination by way of a written complaint

against the relevant Member(s). Ultimate sanction is disqualification from office and/or civil action in damages.

8. If a corrupt practice or other criminal activity is alleged or discovered under the Prevention of Corruption Acts or Bribery Act 2010 against a Member or Officer, the Monitoring Officer will consider how the Police may be used to help safeguard and protect the interests of the Council.

C. BEST PRACTICE GUIDANCE

9. In light of the inherent risks involved in a failure to comply with legal requirements affecting tendering procedures, Members / Officers should have regard to the following:

- 9.1 Communication (including any information, instruction, or response) from and to the City Council and Tenderers (or potential Tenderers or potential sub-contractors to Tenderers) involved in a procurement process must be clear, duly recorded, appropriate and understood by the parties;

- 9.2 Tenderers / sub-contractors are always advised not to arrange or participate in any meeting(s) or other form of communication with any Member(s) or Officer(s) of the City Council that has not been arranged under and in accordance with any specific guidance/protocol issued in relation to the procurement process in question. As a general rule, where no such specific guidance/protocol has been issued, such meetings or other form of communication should not take place without the written consent of the Monitoring Officer and the Chief Financial Officer;

- 9.3 Where an existing supplier / sub-contractor to the City Council seeks a meeting or other form of communication with a Member - ostensibly about matters related only to the existing supply - and that existing supplier / sub-contractor may potentially be or is, at that time, also a Tenderer / sub-contractor in relation to either a planned / foreseen procurement process or an ongoing procurement process of which the Member ought reasonably to be aware of, the Member should decline to meet or otherwise ensure that a sufficiently senior officer is present at such meeting to safeguard the probity and propriety of the Council's actions or inactions;

- 9.4 Any meeting between any Tenderer / sub-contractors and a Member or Officer of the City Council, should be kept to an absolute minimum, as the risk of allegation(s) of fraud and/or corrupt practices is a high possibility and one to be avoided. Any meetings that do take place with Tenderers / sub-contractors must be contemporaneously minuted / noted and, in the exceptional event that a one-to-one meeting does take place, the contemporaneous minutes / notes of the meeting must be provided to the Head of Procurement within three days of the meeting, for the file, so as to protect and safeguard the relevant Member / Officer from any unwarranted accusations; and

- 9.5 Confidential information relating to any Tenderer / sub-contractor (or prospective Tenderer or sub-contractor) must remain confidential, unless the Courts or the law orders otherwise. Where any Member or Officer is in any doubt about whether a meeting or other form of communication with a Tenderer / sub-contractor is appropriate or permitted, s/he should seek guidance from the Monitoring Officer and Chief Financial Officer.

Agenda Item 8

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	ANTI FRAUD AND CORRUPTION POLICY STATEMENT AND STRATEGY		
DATE OF DECISION:	16 DECEMBER 2013		
REPORT OF:	CHIEF INTERNAL AUDITOR		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Neil Pitman	Tel: 023 8083 4616
	E-mail:	Neil.pitman@southampton.gov.uk	
Director	Name:	Mark Heath	Tel: 023 8083 2371
	E-mail:	Mark.heath@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

Southampton City Council has a duty to protect the public funds under its control against fraud and corruption. In administering its responsibilities the Council is committed to the highest standards of accountability, openness and integrity through ensuring adherence to legal requirements and the rules, policies and procedures that promote the principles of good governance.

The updated Anti Fraud and Corruption Policy Statement and Strategy (Appendix 1 and 2) is presented to Members in accordance with the requirements of the Governance Committee's terms of reference, and in particular *'the scope and effectiveness of the internal control systems established by management to identify, assess, manage and monitor financial and nonfinancial risks (including measures to protect against, detect and respond to fraud)'*.

RECOMMENDATIONS:

- (i) To approve the Anti Fraud and Corruption Policy Statement and Strategy as attached Appendix 1 and 2.

REASONS FOR REPORT RECOMMENDATIONS

1. In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and constitutional terms of reference the Governance Committee is required to consider arrangements in respect of anti fraud and corruption.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None

DETAIL (Including consultation carried out)

3. The Council's Anti Fraud and Corruption Policy Statement and Strategy set out for Members and employees of the Council the key principles and

approach to countering fraud and corruption.

4. The strategy document sets out the key principles in minimising the risk of fraud and corruption and defines the roles and responsibilities of members and officers in the prevention and detection of fraud and corruption.
5. The Anti Fraud and Corruption Policy Statement and Strategy were last presented to Members in 2008. In accordance with good practice, the policy Statement and Strategy has been subject to annual review to reflect the latest professional guidance and legislative change.
6. To ensure the Governance Committee's continued awareness and engagement in corporate arrangements for anti fraud and corruption, the revised policy statement and strategy are enclosed (Appendix 1 and 2). Changes to the revised Anti Fraud and Corruption Policy Statement and Strategy to that previously reported include:
 - Legislative updates – Bribery Act 2010, Accounts and Audit Regulations (England) 2011 (Public Sector Internal Audit Standards);
 - Professional guidance – Managing the Risk of Fraud (CIPFA), Local Government Fraud Strategy – Fighting Fraud Locally (NFA);
 - Enhanced emphasis – recruitment, officer responsibility / ownership and sanctions
 - Focus – prevention and deterrence; and
 - Endorsement – Chief Executive and Leader
7. The Council believes strongly in the honesty and integrity of its Members and employees and has achieved a reputation for maintaining effective systems of control. The Council will not tolerate fraud, corruption or other irregularities regardless of the perpetrator. The Council is therefore determined to prevent, deter and detect all forms of fraud and corruption committed against it and to take appropriate action where fraud or corruption is detected. The attached Policy Statement and Strategy provide the framework within which the Council will work to maintain their commitment to deter and combat fraud and corruption.

RESOURCE IMPLICATIONS

Capital/Revenue

8. None

Property/Other

9. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

10. In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and constitutional terms of reference the Governance Committee is required to consider arrangements in respect of anti fraud and corruption.

Other Legal Implications:

11. None

POLICY FRAMEWORK IMPLICATIONS

12. None

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	
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SUPPORTING DOCUMENTATION

Appendices

1.	Anti Fraud and Corruption Policy Statement
2.	Anti Fraud and Corruption Policy Strategy

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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Anti Fraud and Anti Corruption Policy Statement

The Council is committed to the highest possible standards of openness, probity and accountability and recognises that the electorate need to have confidence in those that are responsible for the delivery of services. A fraudulent or corrupt act can impact on public confidence in the Council and damage both its reputation and image. This effect may often exceed the significance or value of the act itself.

This policy statement sets out the Council's approach and commitment to the prevention and detection of fraud or corruption and should be considered in conjunction with the Council's Anti Fraud and Corruption Strategy.

The policy statement applies to all employees, elected members and others who work for or on behalf of the Council.

The following principles summarise the Council's commitment to the elimination of fraud and corruption. The Council will:

Culture: seek to create a zero tolerance culture to fraud and corruption;

Deterrence: work closely with the police and other appropriate external agencies to combat fraud or corruption and support national and local initiatives against fraud or corruption;

Prevention: seek to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses;

Detection: provide appropriate mechanisms for employees to voice their genuine concerns and protect those who do so;

Investigation: adopt formal procedures to investigate fraud or corruption when it is suspected;

Sanctions: deal robustly with perpetrators of fraud or corruption and have no hesitation in referring cases to the police where it is appropriate to do so;

Redress: take all reasonable measures in relation to seeking redress in respect of money defrauded

The management of fraud risk is the responsibility of everybody in the Council and the Council expects all its employees and elected members to lead by example.

Signed:

Signed:

Chief Executive

Leader of the Council

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ANTI-FRAUD AND CORRUPTION STRATEGY

Managing the Risk of Fraud

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1 Foreword

- 1.1 The public sector in the United Kingdom maintains high standards of ethics and has a good reputation for protecting the public purse. Sound systems of public accountability are vital to effective management and in maintaining public confidence.
- 1.2 Southampton City Council (hereafter referred to as the Council) is determined to discharge its responsibilities to safeguard public funds and is committed to fighting fraud and corruption whether attempted from inside or outside of the Council. The Council is committed to the highest ethical standards and requires Members, Officers and all other staff to comply with the seven principles of public life (Appendix A), the Council's Anti-fraud and corruption policy statement; codes of conduct, internal policies, procedures and relevant legislation.
- 1.3 The Council believes strongly in the honesty and integrity of its Members and employees and has achieved a reputation for maintaining effective systems of control. The Council also expects that all outside individuals and organisations, including suppliers, contractors and claimants, will act towards the Council with honesty and integrity. The Council will not tolerate fraud, corruption or other irregularities, regardless of the perpetrator. The Council is therefore determined to prevent, deter and detect all forms of fraud and corruption committed against it and take appropriate action where fraud or corruption is detected.
- 1.4 The Council's commitment to protecting public funds is set out in the Anti-Fraud and Corruption Policy Statement which has been endorsed by the Chief Executive and Leader of the Council.

2 Introduction

- 2.1 The purpose of the Anti-Fraud and Corruption Strategy is to put into place mechanisms that will prevent, deter and detect fraud and corruption. The strategy summarises the responsibilities of Members, Chief Officers and employees and outlines the process to be followed where there is suspicion of financial irregularity.
- 2.2 The strategy is designed to:
 - promote the prevention of fraud and corruption;
 - help people detect fraud and corruption; and
 - explain what we will do if we identify cases of fraud and corruption.
- 2.3 Irregularities include theft, fraud, corruption and bribery.

Definitions

Theft is “the dishonest appropriation of property belonging to another with the intention of permanently depriving the other of it” (Theft Act 1968).

Fraud is “the intentional distortion of the financial statements or other records by a person internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain” (CIPFA).

Corruption is “the offering, giving, soliciting or acceptance of an inducement or rewards which may influence the action of another person” (CIPFA).

Bribery is “the inducement or reward offered, promised or provided to gain personal, commercial regulatory or contractual advantage” (CIPFA).

Irregularity may also include failure to comply with Financial Regulations, Standing Orders, national and local codes of conduct, Health and Safety Regulations and all other relevant laws and legislation that result in an avoidable loss to the Authority.

3 Key Principles and Culture

- 3.1 Honesty, openness and integrity are at the core of the Council’s ethos, which positively encourages a culture that will not tolerate fraud and corruption. Staff are expected and are positively encouraged, to raise any concerns relating to fraud and corruption of which they become aware.
- 3.2 These can be raised in any way as set out in the guidance provided in the Council’s Duty to Act (Whistleblowing) Policy. This sets out the means by which Members and employees may raise any concerns that they have on issues associated with the Council’s activities. Whichever route is chosen, individuals can be assured that concerns raised in good faith will be fully investigated and, wherever possible, be dealt with in confidence.

- 3.3 The Anti-Fraud and Corruption Strategy endorses and adopts the seven principles of public life (Appendix A).
- 3.4 We also expect that people and organisations we deal with will act with honesty towards us.
- 3.5 We would expect and encourage any person, whether or not they work for us, to tell us about any fraud or corruption that they are aware of.
- 3.6 We will take all relevant and necessary action against any member, employee, individual or organisation falling short of these standards in their dealings with or on behalf of the Council.

4 Prevention

4.1 The Council has a range of interrelated policies and procedures that provide a corporate framework to counter fraudulent activity. These have been formulated in line with appropriate legislative requirements and professional best practice, and include:

- Codes of Conduct for members and officers
- Constitutional Procedure Rules
- Accounting procedures and records
- Sound internal control systems, including specific service area legislative requirements
- Effective internal audit
- Effective recruitment and selection procedures
- Disciplinary Procedure
- Complaints Policies
- Fraud and Corruption Response Plan
- Duty to Act (Whistleblowing) Policy
- Training
- Anti Money Laundering Policy
- Bribery Act Policy

4.2 In addition, the Council is subject to external scrutiny from a variety of bodies. These include the Local Government Ombudsman, External Audit, Central Government Departments and Parliamentary Committees, HMRC and external inspectorates. Internal overview is overseen by those charged with governance responsibilities.

Recruitment

- 4.3 The Council recognises that employees are often the first line of defence in preventing fraud. A key preventative measure is therefore the effective recruitment of employees.
- 4.4 Employee recruitment is undertaken in accordance with the Council's policies for Recruitment and Selection. Written references should be obtained before formal employment offers are made, wherever possible regarding the known honesty and integrity of potential employees. In this regard temporary employees should be treated in the same manner as permanent employees.
- 4.5 Recruitment and selection also covers the checking of identity and right to work in the UK of all potential employees. Some posts, due to the nature of the work also require a Disclosure and Barring Service check to identify whether any potential employee has a criminal record and if this would conflict with the post applied for.
- 4.6 All management and employees must abide by the Officer's Code of Conduct, which sets out requirements on personal conduct. Where applicable, employees are also expected to follow the codes of conduct laid down by their respective professional institutes.

Employee responsibilities

- 4.7 Employees should always be aware of the possibility that fraud, corruption and theft may exist in the workplace and have a duty and a right to share any concerns that they may have with management or through the Duty to Act (Whistleblowing) Policy.
- 4.8 The Council has in place disciplinary procedures for all employees. Those found to have breached the Code of Conduct will be dealt with in accordance with these procedures. Where criminal activity within the workplace is suspected or found, the matter will be referred to the police for investigation and possible prosecution. In addition, recompense will be sought from those who are found to have carried out fraudulent acts.
- 4.9 Under the Council's Constitutional arrangements, employees must operate within Section 117 of the Local Government Act 1972, regarding the disclosure of financial interests in contracts relating to the Council, or the non-acceptance of any fees, gifts, hospitality or any other rewards, other than their proper remuneration. The Bribery Act 2010 makes it an offence to request, agree to receive, or accept a bribe. It is also an offence to offer, promise or give a bribe.
- 4.10 Council policies and procedures support compliance with the Bribery Act. Member's and Officer's Codes of Conduct, set out the acceptable

conduct for both members and employees. Through the codes' strong ethical framework; along with transparency and scrutiny in decision making, clear procurement rules and committees, the Council aims to ensure that employees and members comply with anti-bribery legislation. Non compliance by an employee or member may be perceived as bringing the Council into disrepute or using their office for personal gain. It may result in disciplinary action being taken.

Responsibilities of Managers

- 4.11 Managers at all levels within the Council have a responsibility to ensure that there are sound systems of internal control.
- 4.12 As a general control measure, Managers should implement agreed management actions arising from internal audit work within appropriate timescales.
- 4.13 Managers must report all suspicions of theft, fraud and irregularity to the Chief Internal Auditor immediately.
- 4.14 Managers are responsible for ensuring that staff are aware of Financial Regulations, Contract Procedure rules and the Officer's Code of Conduct and that these are being followed. Managers should ensure that staff know how to deal with concerns at work and that staff are aware of the Duty to Act (Whistleblowing) Policy.
- 4.15 For contracted out services and partnership arrangements, managers should determine the risk of fraud and corruption and incorporate appropriate controls and safeguards within tender documentation, contracts and partnership agreements.

Responsibilities of the Monitoring Officer

- 4.16 The Monitoring Officer is appointed by the Council under Section 5 of the Local Government Act 1989. The Monitoring Officer is responsible for ensuring lawful and fair decision making.
- 4.17 If the Monitoring Officer is of the opinion that any decision or omission would give rise to either unlawfulness or maladministration, the Monitoring Officer has a duty to either ensure that the situation is rectified or after consulting with the Chief Executive and Head of Finance and IT (s151 Officer) report on the matter to full Council. In the event of the latter, the effect of the Monitoring Officer's report will be to stop the act or omission until full Council has considered the matter.
- 4.18 The Head of Legal and Democratic Services is authorised by the Council to commence, defend or participate in, any legal proceedings in any case, where necessary, to give effect to the decisions of the Council, or in any case where the Head of Legal and Democratic Services considers it necessary to protect the Council's interests.

Responsibilities of Members

- 4.19 The elected Members of the Council have a duty to protect the funds and assets of the Council from all forms of abuse. This is achieved through the issue of the Anti- Fraud and Corruption Policy Statement and implementation of this strategy, the effectiveness of which shall be monitored by those charged with governance responsibilities.
- 4.20 Members must maintain the highest standards of accountability and probity and therefore must comply, at all times, with the Members' Code of Conduct.
- 4.21 The Members' Code of Conduct sets out what is required of Members when acting in their official capacity, or when acting as a representative of the Council. Because of their position Members should not use, or be perceived to use, their office for personal gain, and should ensure that their actions are not perceived to bring the Council into disrepute.
- 4.22 These matters and other guidance are specifically brought to the attention of members at their induction and through regular updates and training and are detailed on the Members page on the intranet. They include rules on the declaration of potential areas of conflict between members' council duties and responsibilities, and any other areas of their personal or professional lives.

Responsibilities of contractors, suppliers, customers and members of the public

- 4.23 The Council shall expect that contractors are able to demonstrate, through the tendering process, that they have adequate systems of control to ensure the prevention and detection of fraud and corruption in relation to services provided on behalf of the Council.
- 4.24 Suppliers, customers and members of the public are also encouraged to report concerns.

Responsibilities of partnerships and voluntary organisations

- 4.25 All partnerships and joint working arrangements that are in receipt of Council funding or resources shall be expected to demonstrate appropriate mechanisms for control. Partnership agreements should refer to the adopted Financial Regulations and Codes of Conduct, which govern the partners and to the internal audit arrangements.
- 4.26 Voluntary organisations should be encouraged to follow the standards set by the Council and the Council's Anti-Fraud and Corruption Strategy should be made available where the voluntary organisation is in receipt of grant funding.

Internal Control Systems

- 4.27 The Council has Financial Regulations and Procedures Rules, Accounting Procedures, and various rules and Codes of Conduct in place. Employees are obliged to comply with these requirements when dealing with Council matters.
- 4.28 The Head of Finance and IT has a statutory responsibility under Section 151 of the Local Government Act 1972, to ensure proper arrangements are made for the Council's financial affairs. In addition, under the Accounts and Audit (England) Regulations 2011, the Council is required to maintain an adequate and effective internal audit of its financial records and systems of internal control.
- 4.29 The Council has sound financial systems and procedures, which incorporate efficient and effective internal controls. Managers are responsible for maintaining effective internal controls within their areas of responsibility including the prevention and detection of fraud and other illegal acts. Internal Audit will monitor and report upon these controls.

Responsibilities of Internal Audit

- 4.30 In accordance with 'proper practices' (Public Sector Internal Audit Standards) internal audit are responsible for developing a risk based plan. The audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements which should be approved by senior management and the Governance Committee.
- 4.31 In accordance with the annual plan, Internal Audit will review the Council's systems and where necessary, will agree with the appropriate level of management actions to mitigate identified risk and enhance the control environment. Whilst internal audit are not responsible for the identification of fraud, when conducting their reviews, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls. Internal Audit shall be responsible for assessing whether agreed actions arising from significant risks identified have been implemented.
- 4.32 The Chief Internal Auditor shall provide an annual audit opinion on the adequacy of the Council's internal controls and provide an annual assurance statement to the relevant Member Committee on the overall effectiveness of the Council's framework of internal control, highlighting

any serious weaknesses. The Chief Internal Auditor or representative will be in attendance to present these findings.

5 Detection and Investigation

5.1 It is the responsibility of management to maintain good control systems and procedures, and to ensure that all employees comply with the instructions contained therein.

5.2 Investigations are carried out in response to referrals of potential fraud. The scope of fraud and irregularity that should be referred to Internal Audit for investigation should not be limited to that which has a direct financial impact, but anything that could have a damaging or undermining effect on the Council.

5.3 In addition proactive exercises target areas identified as being at a high risk from fraud.

5.4 All suspected irregularities which could be instances of fraud should be reported to Internal Audit. This is essential to our approach to fraud and corruption and ensures:

- consistent treatment of information regarding fraud and corruption
- proper investigation by an independent and experienced audit team
- the optimum protection of the Council's interests

5.5 Where appropriate managers must report allegations swiftly, to senior management, and where appropriate, support the Council's disciplinary procedures.

5.6 When information relating to potential fraud or corruption is obtained, it is reviewed and subject to a risk assessment. Some referrals do not warrant further investigation whilst others may be better dealt with as management issues; or a full investigation may be needed.

5.7 Depending on the nature and extent of the information obtained, Internal Audit will work closely with:

- appropriate levels of management
- Human Resources
- Other agencies, such as the police, and other local Authorities

This is to ensure that all allegations and evidence supplied are properly investigated and reported upon, and that where possible, losses are recovered for the Council. Where appropriate this will include the use of Proceeds of Crime legislation.

- 5.8 The Council's Duty to Act (Whistleblowing) Policy provides clear guidance for individuals to raise any concerns of malpractice within the Council, without the fear of being penalised or victimised. The Council will take appropriate action to protect any one who has raised a concern in 'good faith'.
- 5.9 The Procedure deals with the reporting of fraud or alleged fraud through formal channels. It also includes making disclosures to external bodies if there is an unsatisfactory outcome to a disclosure made internally. Council schools are required to have their own Whistleblowing Policies.
- 5.10 Where it is found that a Council employee has been involved in fraudulent activity they will be subject to disciplinary procedures.
- 5.11 Where financial non-compliance and wrongdoing is discovered relating to employees, members, or grant aided external organisations, the matter may be referred to the police. Such decisions will be made by the Monitoring Officer or their nominated deputy. Referral to the police will not prevent action under the disciplinary procedure.
- 5.12 The Council's External Auditor also has powers to independently investigate fraud and corruption.

6 Deterrence

- 6.1 There are a number of ways in which we deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside or outside of the Council. These include:
- Publicising the fact that the Council will not tolerate fraud and corruption by promoting this at every appropriate opportunity, e.g. statements in contracts, forms and in publicity literature.
 - Acting quickly, efficiently, and decisively when fraud and corruption is suspected and proven, e.g. the termination of contracts, the dismissal and prosecution of offenders.
 - Taking action to recoup the maximum recoveries (including losses and costs) e.g. through agreement, court action, penalties, insurance, superannuation etc. Where appropriate the Proceeds of Crime Act will be used to maximise the penalty suffered by the fraudster, and the level of recovery by the Council.
 - Having sound internal control systems, that still allow for innovation and calculated risk, to create maximum opportunities for the Council whilst minimising the potential for fraud and corruption.

- 6.2 It is the responsibility of senior management to communicate the Anti-Fraud and Corruption Policy Statement to management and employees and to promote a greater awareness of fraud within their respective areas.

7 Conclusion

- 7.1 The Council sets and maintains high standards and a culture of honesty, openness and integrity. This strategy fully supports the Council's desire to maintain an authority free from fraud and corruption.
- 7.2 The Council has in place a network of systems and procedures to assist in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in techniques to both prevent and detect fraudulent or corrupt activity that may affect its operation.
- 7.3 The Council will maintain a continuous review of all these systems and procedures through Internal Audit.

8 Review

- 8.1 The monitoring of the overall progress of the Council's Anti-Fraud Strategy will be the responsibility of the Chief Internal Auditor, as part of the monitoring of the Internal Audit Annual Plan.
- 8.2 Reporting on significant issues arising from fraud and corruption investigative work will be incorporated within the Internal Audit reports presented to the Governance Committee.
- 8.3 This strategy will be reviewed annually by the Chief Internal Auditor, with any significant changes reported for approval by the Governance Committee.

Appendix A – The Seven Principles of Public Life

The Principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, courts and probation services. Non departmental Public Body, and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

- *Selflessness* – Holders of public office should act solely in terms of the public interest.
- *Integrity* - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- *Objectivity* - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- *Accountability* - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- *Openness* - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- *Honesty* – Holders of public office should be truthful.
- *Leadership* - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

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Agenda Item 9

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT		
DATE OF DECISION:	16 DECEMBER 2013		
REPORT OF:	CHIEF INTERNAL AUDITOR		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Neil Pitman	Tel: 023 8083 4616
	E-mail:	Neil.pitman@southampton.gov.uk	
Director	Name:	Mark Heath	Tel: 023 8083 2371
	E-mail:	Mark.heath@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

Under the Accounts and Audit (England) Regulations 2011 the Council is required, at least once a year, 'to conduct a review of the effectiveness of its internal audit'. The purpose of this paper is to provide the Governance Committee with an overview of the measures currently in place to monitor and maintain internal audit effectiveness.

RECOMMENDATIONS:

- (i) approve the review conducted in assessing the 'Effectiveness of the System of Internal Audit';
- (ii) endorse the action plan generated from the assessment against the Public Sector Internal Audit Standards and Local Government Application Note.

REASONS FOR REPORT RECOMMENDATIONS

1. In accordance with the Accounts and Audit (England) Regulations 2011 and proper internal audit practices (Public Sector Internal Audit Standards & Local Government Application Note), the Governance Committee is required to receive a report on the effectiveness of the system of internal audit.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None

DETAIL (Including consultation carried out)

3. The Accounts and Audit (England) Regulations 2011 - S6 states:

'(1) A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

'(3) A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit.'

4. With effect from 1 April 2013 the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) together supersede the 2006 CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (the 2006 Code) as proper practices.
5. The PSIAS encompass the mandatory elements of the Global Institute of Internal Auditors (IIA Global) International Professional Practices Framework (IPPF) as follows:
 - Definition of Internal Auditing;
 - Code of Ethics; and
 - International Standards for Professional Practice of Internal Auditing

2012/13 Review

6. Proper practices relevant to 2012/13 (the 2006 Code) recommended that:

'The Head of Internal Audit should have in place a performance management and quality assurance framework to demonstrate that the internal audit service is:

- *Meeting its aims and objectives;*
- *Compliant with the Code*
- *Meeting internal quality standards*
- *Effective, efficient, continuously improving; and*
- *Adding value and assisting the organisation in achieving its objectives.'*

7. Each of these attributes remain and are further expanded on under the PSIAS / LGAN. Compliance against *'the 2006 Code'* was confirmed as part of the 2012/13 annual report and opinion presented to the Governance Committee in July 2013. As such for the purposes of this review, it was considered opportune to assess compliance of the internal audit service against the significantly more comprehensive PSIAS / LGAN.

Meeting aims and objectives

8. Internal audits aims and objectives are defined within local and wider departmental business plans.
9. Objectives are continuously measured, monitored and formally reviewed as part of the Chief Internal Auditor's Individual Performance Plan (IPP) assessment and appraisal.

Compliance with proper practices (PSIAS / LGAN)

- 10. The 'Local Government Application Note for the United Kingdom - Public Sector Internal Audit Standards' provides a checklist that has been developed to enable periodic self-assessment as part of the Quality Assurance and Improvement Programme. It incorporates the requirements of the PSIAS as well as the Application Note in order to provide comprehensive coverage of both documents.
- 11. The LAGN states 'the foundation of an effective internal audit service is compliance with standards and proper practices'.
- 12. To maintain independence in the self assessment process, the Chief Internal Auditor provided an initial assessment against the checklist accompanied by documentary evidence to support relevant compliance. The Deputy Monitoring Officer (Hampshire County Council) then considered each of the Standards for compliance concluding '*I am satisfied that this is an accurate assessment of the internal audit function*'.
- 13. The summary of the assessment against the 341 Standards highlights:

Compliant			
Yes	Partial	No	N/A
298	1	1	41

- 14. In areas of 'partial' or 'no' compliance an action plan has been put in place to stimulate improvement (Appendix 1).

Meeting internal quality standards

- 15. A comprehensive and up-to-date framework is in place and available to all staff to provide guidance on quality standards in carrying out day-to-day audit work in compliance with proper practices.
- 16. A system of quality checks is in place to ensure all internal audit work is appropriately supervised and reviewed throughout all audits to monitor progress, assess quality and coach staff.
- 17. Audit Services operate a quality system (ISO 9001) which covers all our audit reviews including irregularity reviews.
- 18. The use of audit management software (MK Insight) enables performance management information to be more readily available, and provides a consistency to the audit process followed.

Effective, efficient and continuously improving

- 19. On 1 February 2012 Southampton City Council entered into a collaborative partnership with Hampshire County Council for the provision of internal audit

services to form the Southern Internal Audit Partnership.

20. The development of the Southern Internal Audit Partnership brings together the professional discipline of internal audit across partnering organisations.
21. The Partnership has grown since its formation and currently includes five local authorities. The Partnership also provides services to a range of clients including Hampshire Police and Crime Commissioner / Hampshire Constabulary, Hampshire Fire & Rescue Service, Hampshire Pension Fund, the University of Winchester and 12 Further Education establishments.
22. Realised benefits since the introduction of the partnership include pooled expertise, economies of scale, flexibility and resilience.
23. The team operate a modern risk based audit approach, focusing on medium and high priority areas within the audit universe.
24. The risk-based Internal Audit Plan ensures it:
 - aligns with the Council's objectives;
 - is proportionate and focused; and
 - adds maximum value to the organisation
25. The annual audit plan remains fluid and responsive should the risk environment change during the year.
26. The internal audit team have adopted a matrix style approach, by using a resource pool of multi disciplinary auditors capable of forming into teams as audit projects determine. This approach ensures an appropriate level of independence in the rotation of audit reviews and the avoidance of over reliance on individual areas of expertise.
27. The audit report format ensures a focused and value adding document, appropriate to its target audience.

Adding value and assisting the organisation in achieving its objectives

28. The Risk-based Audit Plan demonstrates intended audit coverage aligned to the Council's objectives.
29. One of the key deliverables for internal audit is to provide independent and objective assurance to management on the adequacy or otherwise of the effectiveness of the framework of risk management, control and governance designed to support the achievement of their objectives.
30. This in itself can be viewed as providing added value to the organisation, however there are a number of other dimensions to the work of internal audit that add value to the organisation:
 - Assess and report risk exposure;

- Improve opportunities to achieve organisational objectives;
 - Identify over control and opportunities for efficiencies; and
 - Identify operational improvements
31. The 'Progress Report' presented to each meeting of the Governance Committee demonstrates how management is responding to the issues and risks highlighted by internal audit's work and that management actions in response to audit observations are properly implemented on a timely basis.
32. Formal client feedback is sought in respect of each audit assignment conducted by means of a "client feedback survey". For the period 2012/13 the % of positive customer responses to the 'Quality Appraisal Questionnaire' was 94%.

Role of the Governance Committee

33. The Governance Committee plays an essential role in the effectiveness of the system of internal audit through its function to monitor, review and report on the way in which governance is exercised within the Council, particularly with regard to:
- receipt and consideration of reports on internal audit strategy, planning and delivery, including the Chief Internal Auditor's Annual Report and Opinion;
 - view on internal assurances of governance practice and to be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it; and
 - consideration of the Council's compliance with its own and other published standards and controls.

RESOURCE IMPLICATIONS

Capital/Revenue

34. None

Property/Other

35. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

36. The Accounts and Audit (England) Regulations 2011 state 'a relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

Other Legal Implications:

37. None

POLICY FRAMEWORK IMPLICATIONS

38. None

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	
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SUPPORTING DOCUMENTATION

Appendices

1.	Public Sector Internal Auditing Standards Action Plan
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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Agenda Item 9

Appendix 1

Summary of Compliance against the Public Sector Internal Audit Standards

Section	Standard	Compliant				Total
		Yes	Partial	No	N/A	
1	Definition of Internal Auditing	3	-	-	-	3
2	Code of Ethics	13	-	-	-	13
3	Attribute Standards					
3.1	Purpose, Authority and Responsibility	23	-	-	-	23
3.2	Independence and Objectivity	28	-	1	5	34
3.3	Proficiency and Due Professional Care	18	-	-	3	21
3.4	Quality Assurance and Improvement Programme	19	-	-	8	27
4	Performance Standards					
4.1	Managing the Internal Audit Activity	44	1	-	2	47
4.2	Nature of Work	28	-	-	3	31
4.3	Engagement Planning	46	-	-	12	58
4.4	Performing the Engagement	23	-	-	-	23
4.5	Communicating Results	48	-	-	7	55
4.6	Monitoring Progress	3	-	-	1	4
4.7	Communicating the Acceptance of Risks	2	-	-	-	2
Total		298	1	1	41	341

**Public Sector Internal Auditing Standards
Action Plan – Partial Compliance**

Standard	Compliant	Comment	Action	Responsible Officer	Implementation Date
4.1 - Managing the Internal Audit Activity					
Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	Partial	The audit planning process seeks to establish other sources of assurance; however, no formal mapping exercise is undertaken.	Audit planning for 2014/15 will commence in December 2013. Internal audit will develop a formal framework to record other sources of assurance and ensure this feeds into risk assessments as part of annual planning and at an individual assignment level.	Chief Internal Auditor	February 2014

**Public Sector Internal Auditing Standards
Action Plan – No Compliance**

Standard	Compliant	Comment	Action	Responsible Officer	Implementation Date
3.2 - Independence and Objectivity					
Does the board: e) approve decisions relating to the appointment and removal of the CAE	No	The Local Authorities (Standing Orders) (England) Regulations 2001 govern procedures in respect of the appointment & dismissal of certain senior officers. By virtue that the Chief Internal Auditor reports directly to the Director of Corporate Resources this post falls within the ambit of a 'senior officer'. The County Council's Standing Orders require any Appointment Committee to comprise of at least two Executive Members	To continue to follow existing County Council Standing Orders and procedures in the appointment and dismissal of the Chief Internal Auditor	-	-

**Public Sector Internal Auditing Standards
Action Plan – Not Applicable**

Standard	Compliant	Comment	Action	Responsible Officer	Implementation Date
3.2 - Independence and Objectivity					
Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?	N/A	There have been no known instances where an internal auditor has used information for personal gain	-	-	-
If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?	N/A	There have been no known instances of real or apparent impairment of independence or objectivity.	-	-	-
If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?	N/A	The Chief Internal Auditor has no operational responsibilities outside of the internal audit function.	-	-	-
If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
Where there have been significant additional <u>consulting</u> services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014

Standard	Compliant	Comment	Action	Responsible Officer	Implementation Date
3.3 - Proficiency and Due Professional Care					
Do internal auditors exercise due professional care during a consulting engagement by considering the:					
a) Needs and expectations of clients, including the nature, timing and communication of engagement results?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
b) Relative complexity and extent of work needed to achieve the engagement's objectives?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
c) Cost of the consulting engagement in relation to potential benefits?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
3.4 - Quality Assurance and Improvement Programme					
Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	N/A	The PSIAS was introduced in April 2013. There was no requirement for the results of the QAIP and progress against the improvement plan as part of the 2012/13 Annual Report and Opinion. The annual report did provide assurances of compliance with the Code.	The results of the QAIP and improvement plans will be included within the 2013/14 Annual Audit Report and Opinion.	Chief Internal Auditor	June 2014

Standard	Compliant	Comment	Action	Responsible Officer	Implementation Date
Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?	N/A	The requirement for an external assessment (to be undertaken every 5 years) is new. The PSIAS took effect from 1 April 2013; as such there is no requirement to have completed an external assessment until 31 March 2018.	The Chief Internal Auditor will present a paper to Senior Management and the Board exploring the options, form, timing and scope of the external assessment.	Chief Internal Auditor	April 2014
Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?	N/A	The requirement for an external assessment (to be undertaken every 5 years) is new. The PSIAS took effect from 1 April 2013; as such there is no requirement to have completed an external assessment until 31 March 2018.	The Chief Internal Auditor will present a paper to Senior Management and the Board exploring the options, form, timing and scope of the external assessment.	Chief Internal Auditor	April 2014
Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?	N/A	The requirement for an external assessment (to be undertaken every 5 years) is new. The PSIAS took effect from 1 April 2013; as such there is no requirement to have completed an external assessment until 31 March 2018.	The Chief Internal Auditor will present a paper to Senior Management and the Board exploring the options, form, timing and scope of the external assessment.	Chief Internal Auditor	April 2014
Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	N/A	The requirement for an external assessment (to be undertaken every 5 years) is new. The PSIAS took effect from 1 April 2013; as such there is no requirement to have completed an external assessment until 31	The Chief Internal Auditor will develop a formal terms of engagement for the external assessor or assessment team	Chief Internal Auditor	To be determined with Senior Management and the Board on discussion of the paper to be presented in April

Standard	Compliant	Comment	Action	Responsible Officer	Implementation Date
		March 2018.			
<p>Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?</p> <p>Competence can be determined in the following ways:</p> <p>a) experience gained in organisations of similar size</p> <p>b) complexity</p> <p>c) sector (ie the public sector)</p> <p>d) industry (ie local government), and</p> <p>e) technical experience.</p> <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>	N/A	<p>The requirement for an external assessment (to be undertaken every 5 years) is new.</p> <p>The PSIAS took effect from 1 April 2013; as such there is no requirement to have completed an external assessment until 31 March 2018.</p>	The Chief Internal Auditor will undertake due diligence checks on prospective external assessors / assessment teams to ensure credibility,, competence and independence.	Chief Internal Auditor	To be determined with Senior Management and the Board on discussion of the paper to be presented in April
How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?	N/A	<p>The requirement for an external assessment (to be undertaken every 5 years) is new.</p> <p>The PSIAS took effect from 1 April 2013; as such there is no requirement to have completed an external assessment until 31 March 2018.</p>	The Chief Internal Auditor will undertake due diligence checks on prospective external assessors / assessment teams to ensure credibility,, competence and independence.	Chief Internal Auditor	To be determined with Senior Management and the Board on discussion of the paper to be presented in April
Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.	N/A	<p>The requirement for an external assessment (to be undertaken every 5 years) is new.</p> <p>The PSIAS took effect from 1 April 2013; as such there is no requirement to have completed an external assessment until 31 March 2018.</p>	The Chief Internal Auditor will undertake due diligence checks on prospective external assessors / assessment teams to ensure credibility,, competence and independence.	Chief Internal Auditor	To be determined with Senior Management and the Board on discussion of the paper to be presented in April

Standard	Compliant	Comment	Action	Responsible Officer	Implementation Date
4.1 - Managing the Internal Audit Activity					
Are consulting engagements that have been accepted included in the risk-based plan?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	N/A	Internal audit is not provided by an external service provider.	-	-	-
4.2 - Nature of Work					
Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
Are internal auditors alert to other significant risks when undertaking consulting engagements?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014

Standard	Compliant	Comment	Action	Responsible Officer	Implementation Date
4.3 - Engagement Planning					
For consulting engagements, have internal auditors established an understanding with the engagement clients about the following:					
a) Objectives?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
b) Scope?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
c) The respective responsibilities of the internal auditors and the client and other client expectations?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
For significant consulting engagements, has this understanding been documented?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014

Standard	Compliant	Comment	Action	Responsible Officer	Implementation Date
Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014

Standard	Compliant	Comment	Action	Responsible Officer	Standard
During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
During consulting engagements, were internal auditors alert to any significant control issues?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
4.5 - Communicating Results					
Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following:					
a) The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved?	N/A	Occasion has not arisen whereby non-conformance with PSIAS has impacted on an engagement.	-	-	-
b) The reason(s) for non-conformance?	N/A	Occasion has not arisen whereby non-conformance with PSIAS has impacted on an engagement.	-	-	-
c) The impact of non-conformance on the engagement and the engagement results?	N/A	Occasion has not arisen whereby non-conformance with PSIAS has impacted on an engagement.	-	-	-

Standard	Compliant	Comment	Action	Responsible Officer	
Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014
Does the annual report incorporate the following:					
g) A statement on conformance with the PSIAS?	N/A	The PSIAS was introduced in April 2013. There was no requirement for a statement of conformance with PSIAS to be included as part of the 2012/13 Annual Report and Opinion. The annual report did provide assurances of compliance with the Code.	A statement of conformance with PSIAS a will be included within the 2013/14 Annual Audit Report and Opinion.	Chief Internal Auditor	June 2014
h) The results of the QAIP?	N/A	The PSIAS was introduced in April 2013. There was no requirement for results of the QAIP to be included as part of the 2012/13 Annual Report and Opinion.	Results of the QAIP will be included within the 2013/14 Annual Audit Report and Opinion.	Chief Internal Auditor	June 2014
i) Progress against any improvement plans resulting from the QAIP?	N/A	The PSIAS was introduced in April 2013. There was no requirement for progress against improvement plans to be included as part of the 2012/13 Annual Report and Opinion.	Progress against improvement plans will be included within the 2013/14 Annual Audit Report and Opinion.	Chief Internal Auditor	June 2014

Standard	Compliant	Comment	Action	Responsible Officer	
4.6 - Monitoring Progress					
Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	N/A	To date internal audit have not undertaken any consultancy engagements.	A consultancy protocol to be compiled in anticipation of future consultancy engagements to conform with PSIAS	Chief Internal Auditor	April 2014

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Agenda Item 10

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	EXTERNAL AUDIT – ANNUAL AUDIT LETTER		
DATE OF DECISION:	16 DECEMBER 2013		
REPORT OF:	CHIEF INTERNAL AUDITOR		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Neil Pitman	Tel: 023 8083 4616
	E-mail:	Neil.pitman@southampton.gov.uk	
Director	Name:	Mark Heath	Tel: 023 8083 2371
	E-mail:	Mark.heath@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

The Annual Audit Letter presents the key issues arising from the external auditors statutory audit of the Council's 2012/13 financial statements and the assessment of arrangements to achieve value for money in the Council's use of resources.

RECOMMENDATIONS:

- (i) to note the external auditors Annual Audit Letter.

REASONS FOR REPORT RECOMMENDATIONS

1. Under the statutory Code of Audit Practice, the external auditors are required to issue a report to those charged with governance, summarising the conclusions from their audit work.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None.

DETAIL (Including consultation carried out)

3. Under Regulation 27 of the Accounts and Audit (England) Regulations 2011 the Annual Audit letter must be published and reported to Members of the Council.
4. The Annual Audit letter attached at Appendix 1 sets out the external auditors conclusions of the Council's 2012/13 accounts.
5. The Annual Audit Letter confirms:
 - o an unqualified opinion on the Authority's 2012/13 financial statements;
 - o an unqualified value for money conclusion
6. The Annual Audit Letter, as attached, has been discussed and agreed with the appropriate officers.
7. The external auditor will be in attendance at the Committee meeting to

answer any questions.

RESOURCE IMPLICATIONS

Capital/Revenue

8. None

Property/Other

9. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

10. Local Government Act 1999

Other Legal Implications:

11. None

POLICY FRAMEWORK IMPLICATIONS

12. None

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	
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SUPPORTING DOCUMENTATION

Appendices

1.	Annual Audit Letter – Year ending 31 March 2013
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Documents In Members' Rooms

1.	None
----	------

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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Southampton City Council

Year ending 31 March 2013

Annual Audit Letter

October 2013



EY

Building a better
working world



Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB
Tel: + 44 2380 382000
Fax: + 44 2380 382001
ey.com

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB
Tel: + 44 2380 382000
Fax: + 44 2380 382001
ey.com
SOUTHAMPTON
HAMPSTON IN PEOPLE

The Members
Southampton City Council
Civic Centre
Southampton
Hampshire
SO14 7 LY

25 October 2013

Dear Members,

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of Southampton City Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with governance of Southampton City Council in the following reports:

Southampton City Council Audit Results
Report for the year ended 31 March 2013

Issued 11 September 2013 and presented to
members of the Governance Committee on
23 September 2013

The matters reported here are the most significant for the Authority.

I would like to take this opportunity to thank the officers of Southampton City Council for their assistance during the course of our work.

Yours faithfully

Kate Handy
For and behalf of Ernst & Young LLP
Enc



Contents

1. Executive summary	1
2. Key findings.....	3
3. Control themes and observations	6

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan we issued on 28 June 2013 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of Southampton City Council for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland)	On 30 September 2013 we issued an unqualified audit opinion in respect of the Authority.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 30 September 2013 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Governance Committee) communicating significant findings resulting from our audit.	On 11 September 2013 we issued our report in respect of the Authority. We presented our report to the 23 September 2013 committee meeting.
Report to the National Audit Office (NAO) on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the NAO on 3 October 2013. There were no issues to highlight to the NAO.
Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA/ SOLACE guidance.	No issues to report.

Executive summary

Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit. No issues to report.

Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act. No issues to report.

Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission. On 3 October 2013 we issued our audit completion certificate.

2. Key findings

2.1 Financial statement audit

We audited the Authority's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 30 September 2013.

Authority's financial statements

In our view, the quality of the process for producing the accounts, including the supporting working papers was of a high standard.

We did not identify any significant risks in relation to our 2012/13 audit. The findings in relation to the one area of risk included in our Audit Plan are set out below.

Other financial statement risks:

Risk of misstatement due to fraud and error:

Issue:

- ▶ Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk

Finding:

- ▶ We carried out the procedures highlighted in our Audit Plan, and had no findings to report.
-

There were a few identified numeric and typographical errors in the draft financial statements. All of these were adjusted during the course of our work. We do not consider any of these to be significant and therefore we have not provided further details of these amendments.

We reported a non-material uncorrected error within the financial statements which Management decided not to amend. In our view the £556k included in the New Deal for Communities creditor in the 2011/12 accounts rather than earmarked reserves, is not sufficiently material to justify a Prior Period Adjustment. The Governance Committee agreed with Management, and approved the financial statements without this correction.

The working papers presented in support of your financial statements were of a high standard.

2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2012/13 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience; and

- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We did not identify any significant risks in relation to the value for money conclusion. We are also required to evaluate whether any information has come to our attention that indicates a lack of proper arrangements for corporate performance and financial management against the criteria in the Audit Commission's Code of Audit Practice.

We issued an unqualified value for money conclusion on 30 September 2013.

Areas of focus:	Key findings
Financial resilience	<ul style="list-style-type: none"> ▶ The Authority has managed its financial performance during 2012/13, delivering savings totalling £13.6m and a surplus of £7.4m for the year. It has a clear view of the size of the financial challenge it faces. Budget savings to be delivered in 2013/14 total £16.5m. The published medium term financial plan predicts a budget gap of £19.3m in 2014/15, increasing by £17.4m to £36.7m in 2015/16. The projections take account of future changes in funding and the financial impact of new legislation. ▶ However, a recent review by a corporate peer challenge team concluded that while "there is an appetite from members and staff to make things better; there is limited clarity about how to change, and a lack of urgency". ▶ The Authority has identified savings, efficiencies and additional income to meet its budget gap in 2013/14. However, the peer challenge team recommended that you introduce a three year priority led financial planning horizon. ▶ Therefore, while you have proper arrangements for securing financial resilience for the foreseeable future you need to take action to secure financial resilience over the medium term to longer term. ▶ The Authority has responded positively to the peer review, holding meetings with the Cabinet before developing a three year financial plan.
Economy, efficiency and effectiveness	<ul style="list-style-type: none"> ▶ The Authority monitors the performance of its services and continues to seek alternative ways of service delivery that meet users needs in an efficient and effective manner. ▶ Consultation has been held with users, partners and stakeholders to help shape the delivery of services that are relevant and effective. ▶ The Authority continues to challenge itself, public and private sector partners on service performance and costs, for example through contract negotiations with Capita and by inviting the LGA to carry out a peer review. ▶ Nevertheless, the peer review team concluded that you need to "refocus your transformation programme so it is council wide and enables the organisation to deliver the Council Plan and medium term financial plan".

2.3 Objections received

We have received no objections to the Authority's 2012/13 financial statements from members of the public.

2.4 Whole of government accounts

We reported to the National Audit Office on 3 October 2013 in relation to the accuracy of the consolidation pack the Authority is required to prepare for the whole of government accounts.

We did not identify any areas of concern.

2.5 Annual governance statement

We are required to consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance.

We completed this work and did not identify any areas of concern.

2.6 Use of other powers

We identified no issues during our audit that would necessitate using powers under the Audit Commission Act 1998, including reporting in the public interest.

3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we communicate to those charged with governance at the Authority, as required, significant deficiencies in internal control.

There were no matters that we identified during the 2012/13 audit that we concluded are of sufficient importance to merit being reported.

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Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

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