

Governance Committee

Monday, 13th November,
2017
at 5.00 pm

PLEASE NOTE TIME OF MEETING

Committee Room 1 - Civic Centre

This meeting is open to the public

Members of the Committee

Councillor Barnes-Andrews (Chair)
Councillor Keogh (Vice-Chair)
Councillor Inglis
Councillor Jordan
Councillor Noon
Councillor O'Neill
Councillor Parnell

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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.

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

Public Representations At the discretion of the Chair, members of the public may address the meeting on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda

The Southampton City Council Strategy (2016-2020) is a key document and sets out the four key outcomes that make up our vision.

- Southampton has strong and sustainable economic growth
- Children and young people get a good start in life
- People in Southampton live safe, healthy, independent lives
- Southampton is an attractive modern City, where people are proud to live and work

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

Mobile Telephones:- Please switch your mobile telephones to silent whilst in the meeting

Use of Social Media:- The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

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.

Dates of Meetings: Municipal Year 2017/18

2017	2018
12th June	12th February
24th July	23rd April
13th November	
11th 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](#)

Rules of Procedure

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

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.

DISCLOSURE OF INTERESTS

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

DISCLOSABLE PECUNIARY 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 an, '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

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 MEETINGS (INCLUDING MATTERS ARISING)** (Pages 1 - 10)

To approve and sign as a correct record the Minutes of the meeting held on 24th July 2017 and to deal with any matters arising, attached.

To approve and sign as a correct record the Minutes of the Employment and Appeal Panels held on 21st June and 12th July 2017, attached.

To approve and sign as a correct record the Minutes of the Joint Employment Panel for the Appointment of a Joint Director of Public Health with Portsmouth City Council held on 31st October 2016, attached.

5 **SOUTHAMPTON CITY COUNCIL COMPLAINTS ANNUAL REVIEW 2016/17** (Pages 11 - 28)

Report of the Service Director: Legal and Governance, outlining the Complaints received and dealt with by the City Council in 2016/17.

6 **QUARTERLY HUMAN RESOURCES STATISTICS** (Pages 29 - 32)

Report of the Service Director: Human Resources and Organisational Development detailing the quarterly statistics.

7 **EXTERNAL AUDIT - ANNUAL AUDIT LETTER 2016/17** (Pages 33 - 56)

Report of the External Auditor detailing the Annual Audit Letter 2016/17.

8 **STRATEGIC RISK REGISTER 2017-18** (Pages 57 - 118)

Report of the Service Director for Finance and Commercialisation detailing the Council's Strategic Risks for 2017-18

9 ANNUAL GOVERNANCE STATEMENT 2016-17 ACTIONS: STATUS REPORT
(Pages 119 - 126)

Report of the Service Director for Finance and Commercialisation summarising the status of the agreed actions to address the 'significant governance issues' identified in the 2016-17 Annual Governance Statement.

10 TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS MID YEAR REVIEW 2017/18 (Pages 127 - 156)

Report of the Service Director: Finance and Commercialisation providing an update on the Treasury Management Strategy and Prudential Limits that were approved by Council in February 2017.

11 PENSION FUND POSITION STATEMENT (Pages 157 - 162)

Report of the Service Director for Finance and Commercialisation providing further detail on the Council's Pension Fund Liability.

12 INTERNAL AUDIT PROGRESS REPORT 2017-18 (Pages 163 - 172)

Report of the Chief Internal Auditor detailing internal audit progress report for 2017/18.

13 EXCLUSION OF THE PRESS AND PUBLIC

Chair to move 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 Appendix 1 to the following item based on Categories 3, 4 and 7A of paragraph 10.4 of the Access to Information Procedure Rules.

The information contained therein is potentially exempt as it relates to information about council contracts and contractors which may be deemed to be confidential. Having applied the public interest test it is not appropriate to disclose this information.

14 SOUTHAMPTON GUILDHALL CONTRACT (Pages 173 - 186)

Report of the Service Director: Digital and Business Operations outlining the Southampton Guildhall Contract.

Friday, 3 November 2017

Service Director, Legal and Governance

GOVERNANCE COMMITTEE

MINUTES OF THE MEETING HELD ON 24 JULY 2017

Present: Councillors Barnes-Andrews (Chair), Keogh (Vice-Chair), Inglis, Noon and O'Neill

Apologies: Councillors Jordan and Parnell

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

RESOLVED: that the minutes for the Committee meeting on 12th June 2017 be approved and signed as a correct record.

14. **ANNUAL REPORT ON THE MEMBERS' CODE OF CONDUCT**

The Committee received and noted the report of the Service Director: Legal and Governance detailing the Annual Report on the Members' Code of Conduct for 2016/17 and providing oversight of the new code, a summary of the complaints received and any action taken.

15. **ANNUAL GOVERNANCE STATEMENT 2016-17**

The Committee considered the report of the Chief Financial Officer detailing the final draft of the Annual Governance Statement 2016/17 as detailed in Appendix 1 of the report which the Council was required to develop and publish in accordance with the Accounts and Audit Regulations.

The Committee particularly noted the additional wording that had been added to pages 19, 23 and 24 of the first draft of the Annual Governance Statement which had been presented to the June meeting of the Committee and which was highlighted in bold.

RESOLVED: that the final draft of the Annual Governance Statement for 2016/17 as detailed in Appendix 1 of the report be approved.

16. **FINANCIAL STATEMENTS FOR 2016/17**

The Committee considered the report of the Section 151 Officer detailing the Financial Statements for 2016/17 which were required in accordance with the Accounts and Audit Regulations 2015.

The Committee noted that External Auditors Ernst & Young had commenced an Annual Audit on 5th June which was completed on 14th July and the report detailed findings to date, noted in the draft annual audit of any major changes to the Financial Statements arising from the annual audit.

The Committee noted that following the annual audit there were no material changes or effect on the Financial Statements and paragraphs 6 to 9 and appendix 1 of the report provided the revisions that had been made to the Statement of Accounts. Particular reference was made to the entries regarding the HRA which were now dealt with by Corporate Finance opposed to service areas and the pension deficit. In relation to the pension deficit the Committee requested that a detailed position statement be submitted to the next meeting for consideration.

RESOLVED:

- (i) That the changes to the Financial Statements 2016/17 as a result of the annual audit as detailed in paragraphs 6 to 9 and appendix 1 of the report be noted; and
- (ii) That the audited Financial Statements 2016/17 be approved; and
- (iii) That a report be submitted to the next meeting of the Committee providing a detailed position statement on the Pension Fund.

17. INTERNAL AUDIT PROGRESS REPORT

The Committee received and noted the report of the Chief Financial Auditor providing an internal audit progress report for the period 1st April – 10th July 2017 in accordance with the Public Sector Internal Audit Standards.

18. RISK MANAGEMENT DEVELOPMENT PLAN - STATUS REPORT

The Committee received and noted the report of the Service Director Finance and Commercialisation providing a progress report on the Risk Management Development Plan and a status report as detailed in appendix 1 of the report.

19. EXTERNAL AUDIT - AUDIT RESULTS REPORT

The Committee received and noted the report of External Auditors Ernst Young detailing the Audit Results as set out in appendix 1 of the report.

The Committee particularly noted that within section 4 of the report an audit difference had been identified relating to capital and revenue recharges, however this would not be corrected and would be addressed in the Letter of Representation detailed in minute 20 below. In addition the Committee noted that there had been no objections from members of the public and no independence issues and in comparison to the previous year's audit the authority "was in a good place".

20. EXTERNAL AUDIT LETTER OF REPRESENTATION

The Committee considered the report of the External Auditor Ernst Young regarding the Letter of Representation which was required to declare to the auditor that in so far as the signatory was aware that all relevant matters had been declared to the auditor and where appropriate presented in the financial statements.

The Committee noted the revised Letter of Representation circulated at the meeting which had an additional paragraph under A5 which related to the capital and revenue recharges identified in the external audit results and provided the reason for the difference identified not being corrected as it was immaterial to the financial statement taken as a whole. The remainder of the Letter of Representation remained the same as that circulated with the papers for the meeting.

RESOLVED: that the revised Letter of Representation be approved.

21. **DIRECT PAYMENTS**

The Committee received and noted the report of the Service Director: Adults, Housing and Communities detailing actions that had been taken to address concerns raised in the internal audit review of direct payments which had given an opinion of “no assurance”.

The Committee noted that a robust action plan was in place to respond to the internal audit opinion and that Full Council had at its meeting on 19th July 2017 approved an additional £350,000 to establish a dedicated direct payments team which would support delivery of the management action plan and would be funded during 2017/18 by a Government grant.

The Committee requested that a workshop be arranged for all Members of the Council to provide an oversight of the processes for Adult Social Care Direct Payments and the customer’s journey.

22. **PROCUREMENT (SUB £100K) UPDATE**

The Committee considered the report of the Service Director: Digital and Business Operations detailing Procurement sub £100k spend and the findings of an audit of below £100k procurement activities in 2016/17, associated issues and the remedial actions to be taken.

RESOLVED:

- (i) That the report be noted; and
- (ii) That a progress report be presented to the Committee in January 2018.

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SOUTHAMPTON CITY COUNCIL
EMPLOYMENT AND APPEALS PANEL

MINUTES OF THE MEETING HELD ON 21 June 2017

Present: Councillors Noon (Chair), B Harris, White, Taggart, Wilkinson and Whitbread

Apologies: Councillor Derek Burke

1. **ELECTION OF VICE-CHAIR**

RESOLVED: that Councillor B Harris be elected as Vice-Chair for the 2017/2018 Municipal Year.

2. **MINUTES OF THE PREVIOUS MEETINGS (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Panel meeting on 22nd March 2017 be approved and signed as a correct record.

3. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED: that the Chair moved 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 Agenda Items 7 and 8.

Confidentiality was based on Categories 1, 2 and 3 of paragraph 10.4 of the Access to Information Procedure Rules. The information contained therein was potentially exempt as it related to individual personal details and information held under the Data Protection Act 1998. Having applied the public interest test it was not appropriate to disclose this information as the individuals' legal expectation of privacy outweighed the public interest in the exempt information.

4. **REDUNDANCY PAYMENTS TO SCHOOL STAFF OAKWOOD PRIMARY SCHOOL**

The Panel considered the confidential report of the Service Lead; Education and Early Help and the Governing Body of Oakwood Primary School seeking redundancy payments to school staff.

RESOLVED:

- (i) That the Panel confirmed that the current policy had been correctly applied in reaching the individual calculations set out in the confidential Appendix 1 to the report; and

- (ii) That the individual payments from the central budget in accordance with the Council's statutory duty to make payment if the current policy had been correctly applied and in accordance with the Schools Finance Scheme be authorised.

5. **APPEAL AGAINST DISMISSAL**

The Panel considered the confidential report seeking the Panel's consideration in regard to an appeal against dismissal from an individual.

RESOLVED: that the appeal be dismissed.

SOUTHAMPTON CITY COUNCIL
EMPLOYMENT AND APPEALS PANEL
MINUTES OF THE MEETING HELD ON 12 JULY 2017

Present: Councillors Noon (Chair), B Harris (Vice-Chair), Burke, Taggart, Wilkinson and Whitbread

Apologies: Councillor Ivan White

6. **MINUTES OF THE PREVIOUS MEETINGS (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Panel meeting on 21st June 2017 be approved and signed as a correct record.

7. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED: that the Chair moved 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 Agenda Items 6 and 7.

Confidentiality was based on Categories 1, 2 and 3 of paragraph 10.4 of the Access to Information Procedure Rules. The information contained therein was potentially exempt as it related to individual personal details and information held under the Data Protection Act 1998. Having applied the public interest test it was not appropriate to disclose this information as the individuals' legal expectation of privacy outweighed the public interest in the exempt information.

8. **REDUNDANCY AND/OR PREMATURE RETIREMENT PAYMENTS TO SCHOOL STAFF WOODLANDS COMMUNITY COLLEGE**

The Panel considered the confidential report of the Service Lead; Education and Early Help and the Governing Body of Woodlands Community College seeking redundancy and/or premature retirement payments to school staff.

RESOLVED:

- (i) That the Panel confirmed that the current policy had been correctly applied in reaching the individual calculations set out in the confidential Appendix 1 to the report; and
- (ii) That the individual payments from the central budget in accordance with the Council's statutory duty to make payment if the current policy had been correctly applied in (i) above and in accordance with the Schools Finance Scheme be authorised.

9. **APPEAL AGAINST DISMISSAL**

The Panel considered the confidential report seeking the Panel's consideration in regard to an appeal against dismissal from an individual.

RESOLVED: that the appeal be dismissed.

JOINT EMPLOYMENT PANEL FOR THE APPOINTMENT OF A JOINT DIRECTOR OF
PUBLIC HEALTH WITH PORTSMOUTH CITY COUNCIL

MINUTES OF THE MEETING HELD ON 31 OCTOBER 2016

Present: Councillors Shields (Chair) and White, Southampton City Council
Councillors Stubbs and Sanders, Portsmouth City Council

1. **EXCLUSION OF PRESS AND PUBLIC**

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 minute 1 below based on Categories 1, 2 and 3 of paragraph 10.4 of the Access to Information Procedure Rules.

The information contained therein is exempt as it relates to individual personal details and information held under the Data Protection Act 1998. Having applied the public interest test it is not appropriate to disclose this information as the individuals' legal expectation of privacy outweighs the public interest in the exempt information.

2. **APPOINTMENT OF JOINT DIRECTOR OF PUBLIC HEALTH FOR SOUTHAMPTON
AND PORTSMOUTH**

The confidential report of the Chief Executive was considered regarding the appointment to the post of Joint Director of Public Health for Southampton City Council and Portsmouth City Council.

RESOLVED: that Jason Horsley be appointed to the position of Joint Director of Public Health for Southampton City Council and Portsmouth City Council.

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Agenda Item 5

DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		SOUTHAMPTON CITY COUNCIL COMPLAINTS REVIEW 2016/2017	
DATE OF DECISION:		13 November 2017	
REPORT OF:		SERVICE DIRECTOR; LEGAL AND GOVERNANCE	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Mark Naylor, Customer Relations Manager	Tel: 023 80 833154
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STATEMENT OF CONFIDENTIALITY			
N/A			
BRIEF SUMMARY			
<p>This report summarises the type and number of complaints received from the 1 April 2016 and 31 March 2017 together with the Local Government Ombudsman annual review for the same period</p> <p>Overall complaints registered with the council have decreased by 21%</p> <p>Corporate complaints have decreased by 12%</p> <p>Adult Services complaints have decreased by 23%</p> <p>Children and Families complaints have decreased by 40%</p>			
<p>The Customer Relations Team, based in Legal and Governance, administers complaints from all areas within the Council that the service area has been unable to resolve at point of contact (Stage 1) alongside and responsible to the Service Lead: Legal Services Partnership who acts as the Council's single point of contact for Local Government and Housing Ombudsman complaints.</p>			
RECOMMENDATIONS:			
	(i)	That the report be noted and to offer any feedback on governance or performance relating to the complaints function to inform future service delivery.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	<p>To update members of this Committee on performance trends and any learning points arising out of complaints made by the public via the Council's complaints procedures during 2016/2017. Identifying these issues assists the Council in understanding where things have "gone wrong" in the past year in order to improve service delivery.</p> <p>This report is presented to Governance Committee for information and feedback purposes.</p>		

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. **N/A.** The Local Government Ombudsman requires the Council to report and consider complaints trends and outcomes annually with members and senior management.

DETAIL (Including consultation carried out)

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. At the conclusion of a complaints investigation, the complainant is advised that if they are not satisfied with the outcome, they may pursue their complaint to the Local Government Ombudsman (LGO) or the Housing Ombudsman (HO). This provides the customer with an entirely independent source of redress if they remain aggrieved. The Council works closely with the LGO or HO to resolve outstanding complaints where appropriate.

Corporate Complaints (01 April 2016 and 31 March 2017)

5. From 1 April 2016 to 31 March 2017 the council recorded 312 corporate complaints. This represents a 12% decrease on the 355 complaints recorded in 2015/2016. 51 Complaints (16%) required investigation at stage two of the process, compared to 48 (13.5%) in 2015/2016.

6. Continuing with an "immediate service recovery" ethos adopted two years ago, customer facing areas have been able to decrease the number of complaints recorded by taking immediate effective action on receipt of an issue from a member of the public. Where immediate action is not possible or the issue is identified as a continuing failure within the service area, matters are recorded as complaints and enter the complaints procedure and therefore recorded as such.
- By adopting this approach, members of the public are receiving an immediate resolution to the issue, which is generally what is required.

7. Table 1 below lists the five areas with the highest proportion of complaints for 2016/2017

TABLE 1

Rank of 5 Areas with the highest proportion of complaints

2016/2017		2015/2016		2014/2015	
Housing Services	35%	Housing Services	39%	Housing Services	21%
Libraries	21%	City Services (waste management)	24%	City Services (waste management)	12%
Capita Delivered	18.5%	Local Taxation	16%	Local Taxation	8%
City Services (waste management)	12.5%	Capita Delivered	12%	Capita Delivered	6%
Planning	5.9%	Planning	1%	Planning	3%

It is not unusual for the largest service area involved in direct delivery (usually housing) to

feature high in the percentage of complaints received due to the sheer number of customers they interact with. This is broadly comparable to the picture nationally. An increase in complaints around libraries relates directly to the restructure of library provision. Complaints about Capita delivered services have also increased consistently over the last three years. Conclusions and commentary on service areas is set out below.

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 previous two years.

TABLE 2

Category	2016/2017	2015/2016	2014/2015
Discrimination	0.9%	0.5%	0%
Misinformation	4.8%	4.2%	2%
Charges	2.9%	6.2%	2%
Speed	0%	3.3%	1%
Behaviour	12.2%	16.3%	8%
Performance	53.2%	53.2%	29%
Avoidable Contact	2.2%	0.2%	1%
Disagree with Decision	7.3%	7.6%	12%

Complaints which cover more than one category are not included (therefore, total not 100%)

8.

Table 3 below provides a breakdown of this Council's performance in relation to complaints compared to 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. The systems and processes that individual councils have in place are based on LGO/HO guidance and are tailored to individual council structures. Comparison 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 and demonstrates that, per head of population, dissatisfaction with Council services remains low.

TABLE 3

Authority	Corporate Complaints received 2016/2017	Corporate Complaints received 2015/2016	Corporate Complaints received 2014/2015	Population	Complaints per head of adult population 2016/2017
Southampton	312	355	1104	249,500	0.00012
Portsmouth	489	465	474	207,100	0.00018
Brighton	1500	Not Held	1701	277,500	0.00054
Plymouth	2169	1865	Not Held	258,808	0.00084
Bristol	8009	5504	2201	442,740	0.01800

9.

Table 4 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. Where this situation occurs the complainant will be contacted and a revised completion date agreed.

TABLE 4

	Working days to close 2016/17		Working days to close 2015/2016		Working days to close 2014/2015	
Stage	< 20 days	> 20 days	< 20 days	> 20 days	< 20 days	> 20 days
1	78%	22%	75%	25%	86%	14%
	< 20 days	> 20 days	< 20 days	> 20 days	< 20 days	> 20 days
2	98%	2%	92%	8%	92%	8%

10. Children and Families (Social Care) Complaints 01 April 2016 to 31 March 2017

Children and Families complaints are classified according to the following definitions:

- Social care complaints are those investigated under the Children and Families Social Care Complaints Policy (which reflects statutory regulations);
- All other Children and Families complaints are investigated using the Council's Corporate Complaints Policy (mainly Education and some Early Years areas);

11. The Council recorded 99 (84 Statutory and 15 Corporate) complaints regarding Children's Social Care. This represents a 40% decrease on the 168 (157 Statutory and 11 Corporate) received in 2015/2016 and reflects a significant body of work undertaken by Children and Families working with and through the Customer Relations Team to improve front line and service managers ability to resolve matters earlier at point of contact.

12. The majority of those going on to be registered as complaints continue to be resolved at the first stage of the procedure through work by managers and staff in the service supported by advice and guidance from the Customer Relations Team as required. Where resolution is not possible at stage 1 (statutory), the Council's Customer Relations Manager A) commissions an Independent Investigator (external to the Council who is responsible for investigating the complaint) or B) allocates the investigation to a member of the Customer Relations Team under the guidance of the Customer Relations Manager and C) an Independent Person (whose role is to oversee the investigation to ensure fairness and that the children involved in the process are represented), to look into complaints at Stage 2 of the procedure.

13. 8 statutory complaints (9.5 %) plus 2 corporate complaints (13 %) required investigation at stage two of the process, compared to 5 (3%) combined total in 2015/2016.(10% combined total in 16/17).

14. Table 5 compares the last three years statutory complaints which progressed to Stage 2.

TABLE 5

Independent Investigation of Complaints (Stage 2 Statutory)

Year	No of Stage 1 Complaints	Percentage (number progressing to Stage 2)
2016/2017	84	9.5 % (8)
2015/2016	157	2.9% (5)
2014/2015	235	1.97% (5)

15.	If the complainant still remains dissatisfied after Stage 2 completion they can request a Stage 3 Independent Review Panel or, if both the Local Authority and the Complainant believe the dissatisfaction that remains is not resolvable at a stage three panel the matter can be referred directly to the LGO.																																
16.	<p>Table 6 shows a comparison in the total number of contacts (complaints, representations, comments and compliments) received over the last three years.</p> <p>This is unlikely to be a true reflection of the number of compliments received by staff but recording is historically an issue. All staff are encouraged to send copies of compliments 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.</p> <p>Professional to professional compliments are not recorded, in line with professional to professional complaints non recording under the complaints policy For example where a Head Teacher complains regarding a persistent delay in providing documents for a meeting for example, the matter will be referred directly to the Service Director of the area concerned. It will not be recorded as a complaint</p> <table border="1" data-bbox="336 786 1535 1171"> <thead> <tr> <th colspan="4" style="background-color: black; color: white;">TABLE 6</th> </tr> <tr> <th></th> <th>2016/2017</th> <th>2015/2016</th> <th>2014/2015</th> </tr> </thead> <tbody> <tr> <td colspan="4">Record Type</td> </tr> <tr> <td>Complaints</td> <td>99</td> <td>168</td> <td>235</td> </tr> <tr> <td>Comments</td> <td>0</td> <td>0</td> <td>7</td> </tr> <tr> <td>Referrals</td> <td>0</td> <td>2</td> <td>0</td> </tr> <tr> <td>Compliments</td> <td>3</td> <td>15</td> <td>8</td> </tr> <tr> <td>Total</td> <td>102</td> <td>185</td> <td>250</td> </tr> </tbody> </table>	TABLE 6					2016/2017	2015/2016	2014/2015	Record Type				Complaints	99	168	235	Comments	0	0	7	Referrals	0	2	0	Compliments	3	15	8	Total	102	185	250
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17.	<p>Table 7 provides a breakdown of complaints by complaint issue and type. As most complaints relate to more than one issue, this approach to breaking them down allows us to maximise our learning from them. The majority of complaints relate to either service provision, individual staff or poor communication. The high staff turnover in this service area may be a contributing factor.</p> <table border="1" data-bbox="336 1449 1535 2027"> <thead> <tr> <th colspan="2" style="background-color: black; color: white;">TABLE 7</th> </tr> <tr> <th>Complaint Reason / Issue</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Communication/Information</td> <td>15</td> </tr> <tr> <td>Unhappy with social worker</td> <td>38</td> </tr> <tr> <td>Unhappy with service provided/received</td> <td>13</td> </tr> <tr> <td>Disagree with LAC review/court report/Decision made</td> <td>22</td> </tr> <tr> <td>Financial Issues</td> <td>6</td> </tr> <tr> <td>School Admissions</td> <td>1</td> </tr> <tr> <td>Special Educational Needs (SEND)</td> <td>3</td> </tr> <tr> <td>Bullying/Exclusions</td> <td>0</td> </tr> <tr> <td>School Related Services</td> <td>1</td> </tr> <tr> <td>TOTAL</td> <td>99</td> </tr> </tbody> </table>	TABLE 7		Complaint Reason / Issue	Number	Communication/Information	15	Unhappy with social worker	38	Unhappy with service provided/received	13	Disagree with LAC review/court report/Decision made	22	Financial Issues	6	School Admissions	1	Special Educational Needs (SEND)	3	Bullying/Exclusions	0	School Related Services	1	TOTAL	99								
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18.	Table 8 shows an overall increase in compliant response rates (within policy timescales) to complaints in Children and Families in 2016/2017.																																

TABLE 8

Overall Performance Report - 01/04/2014 to 31/03/2017

Record Type	Acknowledgement (< 3 days)			Full Response (< 10 days)		
	2016/17	2015/16	2014/15	2016/17	2015/16	2014/15
Childrens Services Statutory						
Stage 1 complaint	100%	100%	99.5%	55.2%	48.4%	73.5%
Childrens Services (Learning Services) Corporate						
	Acknowledgement (< 3 days)			Full Response (<20 days)		
Stage 1 complaint	93.3%	100%	92.9%	86.7%	76.9%	75.0%
Complaint Outcomes 2016/2017						
Stage 1	Upheld	Partially Upheld	Not Upheld	Stopped / Withdrawn		
Stage 1 (Statutory)	18	20	42	1		
Stage 1 (Corporate)	9	1	5	0		
Stage 2 (Statutory)	2	2	7	0		
Stage 2 (Corporate)	0	1	1	0		
Stage 3 (Statutory)	0	0	0	0		
Total	29	24	55	1		
Remedies used						
Type	Number					
Apology / Advice given	7					
Explanation	47					
Apology + Explanation	24					
Review process / policy	2					
Training needs	0					
Reimbursement of Expenses / Funding agreed	1					
Meeting offered / taken place	2					
School place offered	0					
In court process / arena	1					
Gone to Appeal	0					
Review of Case Handling	1					
Improve communication	2					
Change of social worker	3					

19.	<p>Adults Services (Social Care) Complaints</p> <p>Adult Care complaints are dealt with under the standard complaint procedure (there is no separate policy as with Children and Families).</p> <p>The Council recorded 59 complaints regarding Adult Social Care. This represents a 23% decrease on the 77 complaints received in 2015/2016.</p> <p>8 complaints (13.5%) required investigation at stage two of the process, compared to 4 (5%) in 2015/2016.</p> <p style="text-align: center;">TABLE 5</p> <p style="text-align: center;">Investigation of Complaints (Stage 2)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">No of Stage 1 Complaints</th> <th style="text-align: center;">No of Stage 2 Complaints</th> <th style="text-align: center;">Percentage (number progressing to Stage 2)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2016/2017</td> <td style="text-align: center;">59</td> <td style="text-align: center;">8</td> <td style="text-align: center;">13.5%</td> </tr> <tr> <td style="text-align: center;">2015/2016</td> <td style="text-align: center;">77</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5.2%</td> </tr> <tr> <td style="text-align: center;">2014/2015</td> <td style="text-align: center;">113</td> <td style="text-align: center;">3</td> <td style="text-align: center;">2.65%</td> </tr> </tbody> </table>	Year	No of Stage 1 Complaints	No of Stage 2 Complaints	Percentage (number progressing to Stage 2)	2016/2017	59	8	13.5%	2015/2016	77	4	5.2%	2014/2015	113	3	2.65%								
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20.	<p>Table 6 provides a breakdown of complaints by complaint issue and highlights some of the major themes contained with the complaints received. The issues raised can be classified in ten specific ways.</p> <p>NB. Some complaints cross over one or more categories which explains why the total number of complaints received differs from the total in the below table.</p> <p style="text-align: center;">TABLE 6</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Reason / Issue for complaint</th> <th style="text-align: center;">No of Issues</th> </tr> </thead> <tbody> <tr> <td>Disabled Parking Badge</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Eligibility Criteria</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Finance</td> <td style="text-align: center;">13</td> </tr> <tr> <td>Information/ Communication</td> <td style="text-align: center;">6</td> </tr> <tr> <td>Miscellaneous: Housing</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Environment</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Policy and Procedure</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Unhappy with Care Manager / Social Worker</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Provider Services</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Unhappy with service</td> <td style="text-align: center;">22</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: center;">55</td> </tr> </tbody> </table> <p>The majority of complaints were regarding service provision and finance.</p>	Reason / Issue for complaint	No of Issues	Disabled Parking Badge	1	Eligibility Criteria	5	Finance	13	Information/ Communication	6	Miscellaneous: Housing	0	Environment	0	Policy and Procedure	1	Unhappy with Care Manager / Social Worker	5	Provider Services	2	Unhappy with service	22	TOTAL	55
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21.	TABLE 7					
	ASC AND CORPORATE COMPLAINTS BY SERVICE AREA (2016/2017)					
	Specific Service Area					
	Safeguarding	1				
	Single Point Access (SPA)	5				
	Disabled Parking Badges	7				
	Hospital Discharge Team	7				
	Long Term Team Two	3				
	Learning Disabilities	9				
	Reablement Team / Support Planning Team	1				
	External Provider – Domiciliary Care	3				
	External Provider – Residential Care	1				
	Internal Provider – Domiciliary	0				
	Finance (All)	17				
	West Care + Support	5				
East Care + Support	6					
22.	Complaint Outcomes 2016/2017					
	TABLE 8					
	Stage	Upheld	Partially Upheld	Not Upheld	Stopped / Withdrawn	Safeguarding Investigation
	Stage 1	29	9	22	1	0
	Stage 2	1	2	4	1	0
	Total	30	11	26	2	0
23.	<p>Adult Social care complaints are assessed by risk level. Complaints are classified as medium or high risk as follows:</p> <ul style="list-style-type: none"> ▪ <i>Medium risk</i> - 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. ▪ <i>High risk</i> - 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. ▪ These risk levels will affect the pathway and timescale of how we deal with these complaints. (See Table 9). 					

24.

Under the combined adult social care / corporate complaints procedure, the council aims to send complainants a full reply within 20 working days if possible, or if the matter is more complicated, this can be extended and the complainant informed. 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 9

Overall Performance Report – 1 April 2016 to 31 March 2017

	Acknowledgement Within 3 days			Full Response Within 20 days			Full Response Over 20 days		
	2016/17	2015/16	2014/15	2016/17	2015/16	2014/15	2016/17	2015/16	2014/15
Adult Statutory									
Stage 1	100%	100%	100%	50.9%	42.9%	58.7%	49.1%	57.2%	41.3%
Adult Corporate				Full Response Within 20 days			Full Response Over 20 days		
Stage 1	100%	100%	100%	83.3%	63.6%	70.0%	16.7%	36.4%	30.0%

TABLE 10

Remedies used at Stage One

Type	Number
Apology	10
Apology + Explanation	13
Change of Service Provider	0
Explanation	26
Reimburse / Credit Charges	2
Review Decision made	2
Review of Care Package	0
Review Process / Policy	2
Review Systems used prior to invoicing run	0
Complaint Stopped / Withdrawn	1
Waive Charges	3
TOTAL	59

25.	<p>CONCLUSIONS</p> <p>Overall the total number of complaints recorded by the council in 2016/2017 decreased by 21%. It is believed that a more robust and immediate response to complaint issues by members of the public, when they first contact the council, is responsible for the overall decrease in recorded complaints.</p> <p>Corporate</p> <p>Recorded complaints decreased by 12 %</p> <p>Stage 1 response within target time (20 days) has increased to 78% compliance rate.</p> <p>Stage 2 response within target time (20 days) has increased to 98% compliance.</p> <p>Children and Families</p> <p>Complaints decreased by 40%</p> <p>Stage 1 response within target time saw an increase to 55%</p> <p>Stage 2 response (independent investigation) remained static.</p> <p>Adults</p> <p>Complaints decreased by 23%</p> <p>Stage 1 response within target time saw an increase in performance to 50.9%.</p> <p>Stage 2 response within target time increased to 83.3%.</p>
26.	<p>Learning from Complaints</p> <p>Whilst many issues are unique to a particular complaint, some highlight deficiencies in policy and process. They also highlight good or poor practice within individual teams or services.</p> <p>In both Children and Families and Adult Social Care, the Respond complaints recording system automatically generates an improvement plan for the investigating officer to complete when the complaint is finalised. This improvement plan is then used to drive change. Implementation is monitored by service managers in the particular service.</p> <p>In all other areas of the Council, the complaints are recorded on the Lagan system. This does not generate an improvement plan and service areas are relied upon to follow through on investigator recommendations.</p> <p>Both the Lagan and Respond systems are due to be replaced with a council wide IT system.</p> <p>Neither Lagan nor Respond have been updated since at least 2012. in the expectation of a replacement system. The date for new system implementation is not known, however initial scoping has taken place with an emphasis on feedback/lessons learned and an audit trail incorporated in the system to allow easy and successful tracking and implementation of findings and recommendations from complaint investigation.</p>

During 2016/17, all Council policies in relation to complaints have been reviewed and updated where necessary as part of the annual review of the Customer Relations Team service provision. The updates have attempted to reflect the change in council structure and process (as the Transformation Project continues) and also reflect findings by the LGO and HO in respect of both Southampton related complaints referred to them and also generic National learning as a result of cases from other areas of the country.

Manager / Team Leader training in complaints handling has been completed again in 2016 to update existing Manager / Team leaders and provide guidance for new staff in the area of complaints. As a result of feedback from participants a new e learning package has now been completed for publication in Autumn 2017 and new scenario based workshops replace the training (jointly delivered by Learning and Development and Customer Relations Team staff in 2017).

The most significant issue recorded as cause for complaint continues to be communication, especially with individuals but also to a lesser extent, with individual departments. The introduction of the IVR telephone system in 2016 caused numerous comments to be received by the Council. As a result of the feedback the IVR is being modified and updated during 2017.

The Web refresh during 2016 again caused a number of comments to be made by the public. The Web team are very proactive in responding to comments and as with the IVR, tweaks and updates continue to be made.

Other than communication and contact issues, there were no identified themes running through any Service within the council as a result of complaints.

Corporate and Adult Services remain the first point of contact for those with complaints through the website. This has proved successful in the service areas being able to deal with a large proportion of matters immediately (or within three days) to the satisfaction of the member of the public, negating the need for formal recording and investigation of a complaint.

The only Children and Families area where direct submission from the website exists is Education Services. A project is ongoing in respect of direct submission complaints to the remainder of Children and Families which is targeted to go live before or in conjunction with the new council wide complaints software mentioned earlier.

In any event the direct submission will be implemented in March 2018.

Adult Social Care;

The initial impact of the Care Act 2014 introduction continues to be felt, but the initial issues of care reviews, changes in funding arrangements and the like have been dealt with by the service during 2015 and 2016 and the number of complaints generated by the new Act seen in 2015 have not been in the same quantity in 2016.

Finance

The number of finance issues raised in respect of the Council administering payments, invoices etc. has reduced, as the awareness of the issues with the automatic (Agresso) system are dealt with during a larger council project in regard financial systems. The reorganised finance teams working under one Service Lead continue to improve their response to initial enquiries, resulting in less feedback with regard to communicating with these areas.

Parking/Abandoned vehicles

Two specific, albeit single unrelated complaints, regarding abandoned vehicles in 2016/17 led to a review of the Abandoned Vehicle Policy. The lessons learned concerned activities of the Council Civil Enforcement Officers issuing repeat notices to a vehicle before referring the matter as an Abandoned vehicle. This was dealt with by briefing staff, both office bound and on patrol.

Housing

Despite the number of complaints recorded in the Housing area of business, the findings of complaints remain in the area of communications and interpretation of policy in a number of the public's unique complaint circumstances.

A number of policies have been reviewed in this area of business for example mutual exchange policy and the erection of private satellite dishes on council blocks already having community (council provided) satellite television services.

Libraries

Libraries have never featured highly in Complaint Report figures at the Council. However, as can be seen in Table 1 of the report, the service features highly in the corporate complaint figures. This reporting year saw the reorganisation of the Library service and closure or rationalisation of services on some sites. This included reduced opening hours, less telephone contact and renewal services for books etc. moving to a more online process. Despite initially high numbers the service complaints have settled considerably in the latter half of the reporting year.

Planning

Planning have seen an increase in the number of formal complaints recorded. Planning have gone through a significant restructure and issues have been identified in respect of the service that can now be offered by the limited resources remaining. Management review is taking place to address the themes of the planning complaints.

Waste Management

Waste management continue to be proactive in response to issue raised in regards to missed bin collections and flytipping (where this falls under their remit). Processes are in place to deal with missed bin collections and where matters are correctly notified to the Council missed bins and the like are collected within two working days. Missed bins are not recorded as complaints unless there is a systematic or persistent failure.

Hence complaints in the area of Waste management are low.

In respect of the recently introduced "Alternative Weekly Collection" for household refuse, a proactive management process was in place before, during and after the AWC implementation. Whilst numerous comments about the AWC policy were received actual missed collections and the like did not receive complaints and the change process was implemented well.

The actual number of issues raised in respect of Waste Management has actually dropped.

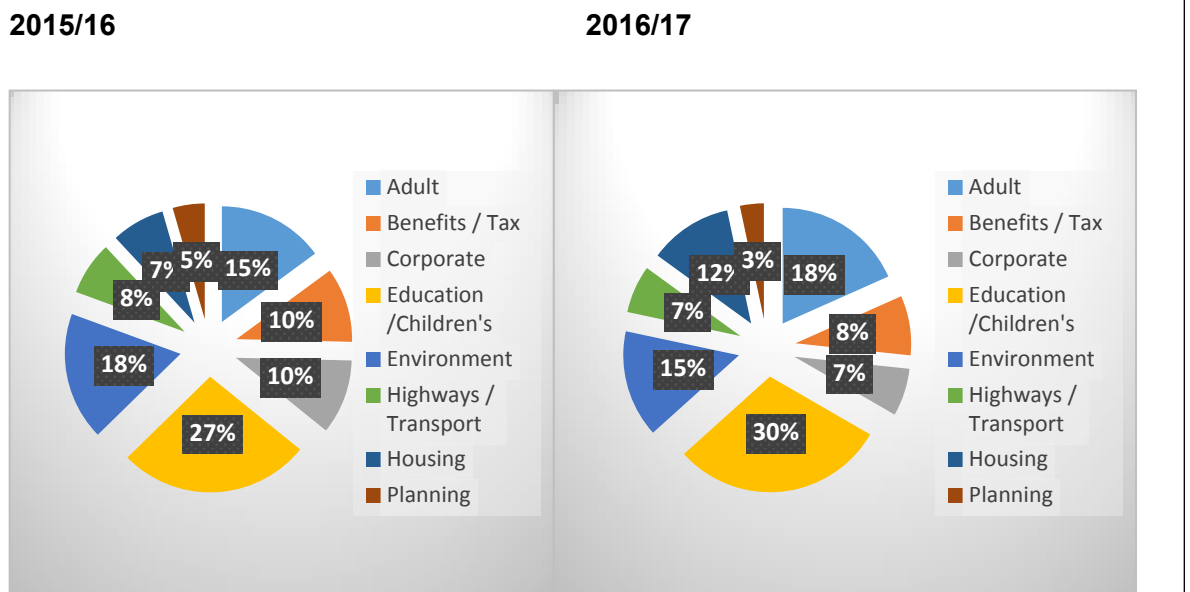
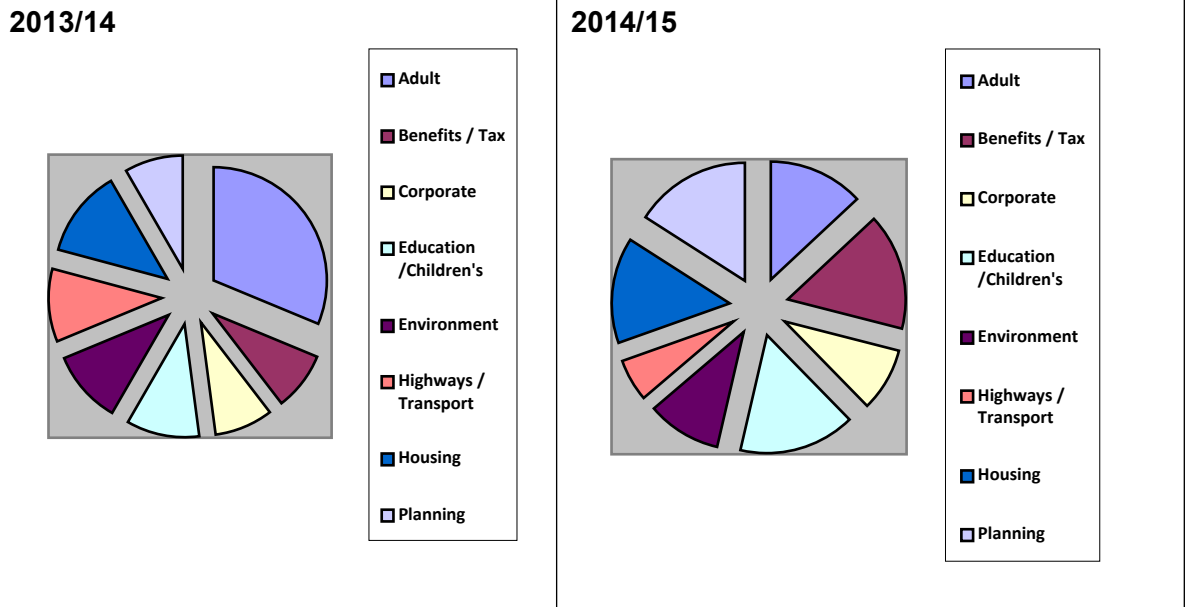
Children and Families

	<p>The number and type of complaints with regard to C and F vary. The theme with complaints is very strongly associated with timeliness and communications.</p> <p>Attempts to register complaints by members of the public regarding court process continues to increase as the withdrawal of Legal Aid funding continues to have an impact. Members of the public seek to complain to the Council when matters are about to be or have been adjudicated by a court. Court matters are exempt from the Complaints Process.</p> <p>Unique to Children and Families (as the Complaints process is governed by the Childrens Act 1989) is the fact that the Stage two investigation process is undertaken by an independent Investigator. Until 2016/17 all stage two Childrens complaints were allocated to an Investigator not employed by or associated with the Council. The average invoice for a stage two Independent Investigator is £2831.70.</p> <p>The term Independent Investigator is defined (in simple terms) under the Act, as a manager from a department other than Childrens Services or a person external to the Authority.</p> <p>In 2016/17 the CRT manager assessed each request for a stage two Independent Investigation. Of the 11 requests (complaints initially registered between 1.4.16 and 31.3.17), seven were felt suitable for internal independent investigation.</p> <p>The investigations were undertaken by the Customer Relations Team staff (who undertake all other stage two investigation on behalf of the Council) reporting directly to the Customer Relations Manager.</p> <p>The undertaking of these seven investigations saved £19,821.90 in external fees.</p> <p>The time spent on these investigations by Customer Relations Team staff was made available as a result of the majority of initial complaint enquiries being directed to the service areas (via the WEB or the IVR).</p> <p>When the new complaints IT system is implemented (date to be announced) and the direct routing of initial complaints and concerns in Childrens Services is implemented (March 2018), it is foreseen that the CRT will take on more stage two Childrens complaint investigations, thus increasing the savings further.</p> <p>Mediation roles are also being explored for CRT staff, to prevent escalation of complaints to stage two and beyond to the LGO/HO. These options will be looked at post implementation of the new systems mentioned.</p> <p>There will be investigations/escalations that the CRT manager feels should be externally investigated for a variety of reasons and therefore this option will always be considered and exercised where necessary.</p>
<p>27.</p>	<p>Local Government Ombudsman (LGO) Complaints</p> <p>LGO complaints, the final ‘independent’ stage for all complaints processes, are dealt with by the Service Lead: Legal Services Partnership on behalf of the Council. The LGO (the Commission for Local Administration in England) provides an independent review of all complaints falling within their jurisdiction.</p> <p>In an effort to simplify outcomes for complainants the LGO has in recent years moved from findings of ‘Maladministration’ and ‘Injustice’ to a more commonly understood term ‘fault’. If ‘Fault’ is found a complaint is recorded as upheld, even if the Council has already taken steps to remedy that fault and the LGO is satisfied with the remedy offered by the Council.</p> <p>All findings are now reported on the LGO website within 3 months of the decision being published.</p> <p>Statutory reports still remain the highest ‘fault’ finding the LGO can make. These require the Council’s Monitoring Officer to prepare a report for consideration at full Council</p>

following a period of statutory publication of the findings. Council's that fail to co-operate with the LGO or any of their findings may be subject to Judicial Review.

	2016/17	2015/16	2014/15
Complaints received	60	67	69
Decisions made	58	65	70
Statutory Reports	0	0	0
Upheld	5 (50%)	7	7
Not Upheld	5(50%)	5	8
Closed / Invalid etc.	18	19	25
Premature referrals	30	34	30

28. LGO Complaints received by Area



29.

Details of Complaints Upheld

Of the complaints upheld by the LGO last year, 1 related to education, 1 children's social care, 1 planning, 1 housing and 1 HMO licensing.

The education matter related to a failure by a school to recruit and retain teachers for deaf children allocated to their hearing impaired unit. The Council was culpable as a result of failing to meet the statutorily assessed needs of the child for such provision by failing to either ensure the school provided the appropriate qualified staff or moving the child to other provision that could meet his needs / finding an alternative way to meet his needs within a reasonable time. The Ombudsman recognised there was a national shortage of qualified teachers for this type of provision but nonetheless took the view that the Council should have acted sooner to meet the statutory assessed need by alternative means. The Council apologised for the failing, reassessed need and arranged a change of placement from September 2017 and paid £1200 compensation for the time during which his needs were not met to secure additional support to enable him to make good on the provision he did not receive while a recruitment process for a teacher was underway.

The Children's social care complaints related to care proceedings and turnover of social workers working with a family, the number of changes to those support arrangements which led to service failings, failure to adequately address complaints at an early stage of the complaints procedure, keep an audit trail of actions taken to resolve the complaint or meet with the complainant or to offer an appropriate remedy together with failure to implement a remedy in a timely fashion after independent investigation leading to further delays and complaints. There were also failings around the quality of the apologies issue to the complainant post complaint which were resolved by reissuing a more detailed apology and explanation. Compensation of £1000 was recommended together with a contribution to the complainants legal costs if she could demonstrate unreasonable delays by the Council which led to increased legal representation costs in the court proceedings. A separate complaint about incorrect disclosure of a document to an incorrect email address was deemed outside the LGO's jurisdiction and referred to the Information Commissioner for action (which has been addressed and resolved separately through that route).

The Planning complaint related to a the construction of the new West Quay cinema and food outlets and the Council's delays in taking enforcement action to deal with complaints from a nearby household around breach of conditions by the contractor relating to hours of work and noise and disturbance arising as a result. An explanation of the Council's processes and apology for the delay was deemed to be an appropriate remedy.

The housing matter concerned an individual seeking to move property on mutual exchange and the size of the property they were eligible for under such an exchange / whether or not the service knew or ought to have known she was pregnant and taken that into account in assessing eligibility to a particular size of property. The Council agreed to review its policy criteria in light of this matter.

The HMO licensing complaint related to the compulsory licensing of properties within a certain area and how an application after the deadline for receipt of application was dealt with. The Ombudsman dismissed the majority of the complaint and upheld the Council's policy and process, including its differential charging policy for late applications, but found the Council had unreasonably delayed in issuing the license after the property had been inspected for some months as a result of a backlog of instructions within business support services. An apology for the delay was considered an adequate remedy.

Nationally in 2016/17 the LGO registered 16,863 complaints (down from 19,702 complaints last year), and upheld 54% of them (rising from 51% last year). Within this the largest area for complaints was Children's & Education, followed by Adult Social Care and

Planning. The Housing Ombudsman service operates separate from the LGO (who now only deals with limited policy matters relating to Housing) with the Housing Ombudsman dealing with 'landlord' related tenant complaints and there remains a significant backlog of complaints with that service with many months delay before complaints reach the Council for either mediation through the Ombudsman or investigation by their service. The figures in relation to Housing Ombudsman complaints and the true picture in relation to those that remain outstanding is in significant doubt as it was last year.

30. So how does Southampton compare?

The table below shows how Southampton performs against key local and unitary comparators. This is an edited snapshot of total number of complaints and % upheld and is not intended to give more than a brief overview of comparative pressures / performance. More detail, and statistics for all other Councils, is included in the LGO Annual Report referred to above.

	2016/17 Complaints	% Upheld	2015/16 Complaints	% Upheld
Bournemouth	49	44%	66	50%
Bristol	156	56%	183	64%
Brighton & Hove	134	67%	123	39%
Hampshire	92	63%	119	71%
Plymouth	98	56%	102	61%
Portsmouth	42	58%	52	40%
Southampton	60	50%	67	58%

Full details of both the Council's annual performance letter and the LGO Annual Review can be viewed on www.LGO.org.uk

31. Learning from Complaints

Communications

- Feedback used to form consultation and implementation of the Web Refresh project
- Changes made to voice recognition IT system

Highways & Parking

Enforcement Policy and letters sent to residents regarding dropped kerb requirements reviewed after customer complaints highlighted issues which appeared out of step with other similar council policy

- As a result of large number of major road projects outside the city boundary (which effected residents within the city due to the diversion etc., information distributed to alert residents to the complaint contact details for the respective companies and agencies for direct complaint management, rather than be referred after being received by the Council

Local Taxation

- Wording of standard letters reviewed due to complaints about apparent abruptness of the letters

<u>Children's Services</u>	
<p>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:</p> <ul style="list-style-type: none"> • Review of the SEND application and process systems • Review of Police Disclosure information requests to speed up system and get offenders to court quickly thereby safeguarding child victims in a timely manner. Internal telephone system refined so that duty officers can intercept office calls and all social workers instructed to give out direct office and mobile telephone numbers to aid direct contact with service users. 	
<u>Health & Adult Social Care</u>	
<ul style="list-style-type: none"> • Charges waived or refunded • Time and trouble payment reimbursement of legal fees • Review of and changes to Care Package / Care Manager • Mental Health assessment and process forms reviewed. Communications forms an on-going part of service area accessibility. • 	
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
32.	None
<u>Property/Other</u>	
33.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
34.	S.111 Local Government Act 1972 and s.1 Localism Act 2011.
<u>Other Legal Implications:</u>	
35.	Individual complaints touch on a wide variety of Council duties and powers which are taken into account (alongside pervasive legislation such as the Equalities Act 2010) when reviewing and responding to customer complaints and areas of service recovery or improvement.
RISK MANAGEMENT IMPLICATIONS	
36.	None in relation to this report. No major issues or areas of concern for the Council as a whole highlighted in this year's review however individual complaints are risk assessed on a case by case basis.
POLICY FRAMEWORK IMPLICATIONS	
37.	The complaints function is exercised wholly in accordance with the Council's Policy Framework.
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	N/A

<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
	None
Documents In Members' Rooms	
	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
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)
	None

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	QUARTERLY HR STATISTICS		
DATE OF DECISION:	13 NOVEMBER 2017		
REPORT OF:	SERVICE DIRECTOR HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Janet King	Tel: 023 8083 2378
	E-mail:	Janet.king@southampton.gov.uk	
Chief Executive:	Name:	Dawn Baxendale	Tel: 023 8083 4428
	E-mail:	dawn.baxendale@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

None. This report contains no personal information relating to specific individuals.

RECOMMENDATIONS:

- i. To note the Quarter 1 and Quarter 2 2017/8 HR statistics as requested.

REASONS FOR REPORT RECOMMENDATIONS

1. The Governance Committee requested quarterly, Council wide information on key employment data covering disciplinaries, dismissals, and referrals to the police, suspensions and grievances. A format for the information was agreed with the Committee for reports from November 2017 onwards.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None.

DETAIL (Including consultation carried out)

3. **Quarter 1:** In the period April-June 2017 the Council had: 1 Final Written Warning; a total of 4 dismissals (2 on disciplinary grounds, 2 as a result of service restructures), no referrals to the police, no suspensions and 4 grievance resolutions.
Quarter 2: In the period July- September 2017 the Council has had no Final Written Warnings; a total of 5 dismissals (2 on disciplinary grounds, 1 on a failure to successfully complete a probationary period and 2 as a result of service restructures); no referrals to the police; 1 grievance resolution and 1 current suspension.
4. All matters are supported by the HR Advisor to the service area to ensure application of correct policies and procedures and consistency of practice. The monitoring will help identify any specific areas or issues of concern which require additional investigation or support.

RESOURCE IMPLICATIONS

Capital/Revenue

5. None

Property/Other

6. Not applicable.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

7. S.101 Local Government Act 1972 and associate employment legislation

Other Legal Implications:

8. None

POLICY FRAMEWORK IMPLICATIONS

9. None

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	None
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SUPPORTING DOCUMENTATION

Appendices

1.	Q1 and Q2 table of data
----	-------------------------

Documents In Members' Rooms

	None
--	------

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out?	No
--	----

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 - Quarterly Governance Stats

Quarter 1 (April '17 - June '17)														
Service Area	Disciplinaries			Dismissals							Commentary	Resolutions	Suspensions	
	Final WW	Dismissed	Referral to Police	Total Dismissals	Capability	Disciplinary	Health	Probation	Restructures	Other		Step 3 Resolutions	Total Suspensions	Length of Suspensions
Adults, Housing & Communities	0	2	0	0	0	2	0	0	0	0		1	0	
Children & Families	0	0	0	0	0	0	0	0	0	0		0	0	
Digital & Business Operations	0	0	0	0	0	0	0	0	0	0		0	0	
Finance & Commercialisation	0	0	0	0	0	0	0	0	0	0		0	0	
Growth	0	0	0	0	0	0	0	0	0	0		3	0	
Human Resources & Org Development	0	0	0	0	0	0	0	0	0	0		0	0	
Intelligence Insight & Communications	0	0	0	0	0	0	0	0	0	0		0	0	
Legal & Governance	0	0	0	0	0	0	0	0	0	0		0	0	
Public Health	0	0	0	0	0	0	0	0	0	0		0	0	
Quality & Integration	0	0	0	0	0	0	0	0	0	0		0	0	
Transactions & Universal Services	1	0	0	0	0	0	0	0	2	0		0	0	
Southampton City Council (Total)	1	2	0	0	0	2	0	0	2	0		4	0	

Quarter 2 (July '17 - Sept. '17)														
Service Area	Disciplinaries			Dismissals							Commentary	Resolutions	Suspensions	
	Final WW	Dismissed	Referral to Police	Total Dismissals	Capability	Disciplinary	Health	Probation	Restructures	Other		Step 3 Resolutions	Total Suspensions	Length of Suspensions
Adults, Housing & Communities	0	1	0	0	0	1	0	0	0	0		0	0	
Children & Families	0	0	0	0	0	0	0	0	1	0		0	0	
Digital & Business Operations	0	0	0	0	0	0	0	0	0	0		0	0	
Finance & Commercialisation	0	0	0	0	0	0	0	0	0	0		0	1	Suspension from 28th Sept. to date
Growth	0	1	0	0	0	1	0	0	0	0		0	0	
Human Resources & Org Development	0	0	0	0	0	0	0	0	0	0		0	0	
Intelligence Insight & Communications	0	0	0	0	0	0	0	0	0	0		0	0	
Legal & Governance	0	0	0	0	0	0	0	0	0	0		0	0	
Public Health	0	0	0	0	0	0	0	0	0	0		0	0	
Quality & Integration	0	0	0	0	0	0	0	0	0	0		0	0	
Transactions & Universal Services	0	0	0	0	0	0	0	1	1	0		1	0	
Southampton City Council (Total)	0	2	0	0	0	2	0	1	2	0		1	1	

Quarter 3 (Oct. '17 - Dec. '17)														
Service Area	Disciplinaries			Dismissals							Commentary	Resolutions	Suspensions	
	Final WW	Dismissed	Referral to Police	Total Dismissals	Capability	Disciplinary	Health	Probation	Restructures	Other		Step 3 Resolutions	Total Suspensions	Length of Suspensions
Adults, Housing & Communities														
Children & Families														
Digital & Business Operations														
Finance & Commercialisation														
Growth														
Human Resources & Org Development														
Intelligence Insight & Communications														
Legal & Governance														
Public Health														
Quality & Integration														
Transactions & Universal Services														
Southampton City Council (Total)														

Quarter 4 (Jan. '18 - Mar. '18)														
Service Area	Disciplinaries			Dismissals						Resolutions	Suspensions			
	Final WW	Dismissed	Referral to Police	Total Dismissals	Capability	Disciplinary	Health	Probation	Restructures	Other	Commentary	Step 3 Resolutions	Total Suspensions	Length of Suspensions
Adults, Housing & Communities														
Children & Families														
Digital & Business Operations														
Finance & Commercialisation														
Growth														
Human Resources & Org Development														
Intelligence Insight & Communications														
Legal & Governance														
Public Health														
Quality & Integration														
Transactions & Universal Services														
Southampton City Council (Total)														

Agenda Item 7

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	EXTERNAL AUDIT – ANNUAL AUDIT LETTER 2016-17		
DATE OF DECISION:	13 NOVEMBER 2017		
REPORT OF:	EY LLP (EXTERNAL AUDITOR)		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Helen Thompson	Tel: 02380 382099
	E-mail:	HThompson2@uk.ey.com	
Director	Name:	Mel Creighton	Tel: 02380 834897
	E-mail:	Mel.creighton@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
<p>The National Audit Office’s Code of Audit Practice requires auditors to prepare an annual audit letter and issue it to each audited body. The annual audit letter summarises key findings from across the range of the auditor’s work and responsibilities under statute and the Code. It covers the work carried out by auditors since the previous letter was issued. It provides a clear, readily understandable commentary on the results of the auditor’s work and highlights any issues that the auditor wishes to draw to the attention of the public. The annual audit letter is a public facing document and is written for a wider audience because it must be published by the audited body.</p>			
RECOMMENDATIONS:			
	(i)	To note the Annual Audit Letter 2016-17 as attached Appendix 1.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	The National Audit Office’s Code of Audit Practice requires auditors to prepare an annual audit letter and issue it to each audited body.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	None.		
DETAIL (Including consultation carried out)			
3.	See ‘brief summary’ section and appendix 1.		
RESOURCE IMPLICATIONS			
<u>Capital/Revenue</u>			
4.	None.		
<u>Property/Other</u>			
5.	None.		

LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
6.	Audit work is undertaken in accordance with the requirements of the Local Audit & Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments Ltd, auditing standards and other professional requirements.
Other Legal Implications:	
7.	None.
RISK MANAGEMENT IMPLICATIONS	
8.	None.
POLICY FRAMEWORK IMPLICATIONS	
9.	None.
KEY DECISION?	No.
WARDS/COMMUNITIES AFFECTED:	None directly.
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Annual Audit Letter for the year ended 31 March 2017.
Documents In Members' Rooms	
1.	None.
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.	No.
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No.
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.

Southampton City Council

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP

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Appendix 1

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Public Sector Audit Appointments Ltd (PSAA) have issued a “Statement of responsibilities of auditors and audited bodies”. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between 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 ‘Terms of Appointment (updated September 2015)’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter 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.

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Southampton City Council (the Council) following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's: ▶ Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception: ▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was reported to the 24 July 2017 Governance Committee.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.	Our audit report on the financial statements was issued on 31 July 2017.
	Our certificate was issued on 17 October 2017. We could only formally conclude the audit and issue an audit certificate once we had completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. Our certificate was issued on the same day that this work was concluded.

Once the work is concluded, we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Helen Thompson
Executive Director
For and on behalf of Ernst & Young LLP

Purpose



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the 24 July 2017 Governance Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.



Responsibilities

Responsibilities

Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with our Audit Plan and is conducted in accordance with the National Audit Office's Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ on the 2016/17 financial statements; and
 - ▶ on the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ if the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ any significant matters that are in the public interest;
 - ▶ any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ if we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. We had no issues to report.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial Statement Audit

Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report. Our detailed findings were reported to the 24 July 2017 Governance Committee.

The key issue identified as part of our audit was as follows:

Significant Risk	Conclusion
<p>Management override of controls</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>We completed our planned procedures and identified no errors, omissions or inappropriate transactions.</p> <p>Our testing identified no indication of either management bias or the override of controls.</p>

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £12.6 million, which is 2% of gross revenue expenditure reported in the accounts. We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	We agreed with the Governance Committee that we would report to the Committee all unadjusted audit differences in excess of £0.63 million.

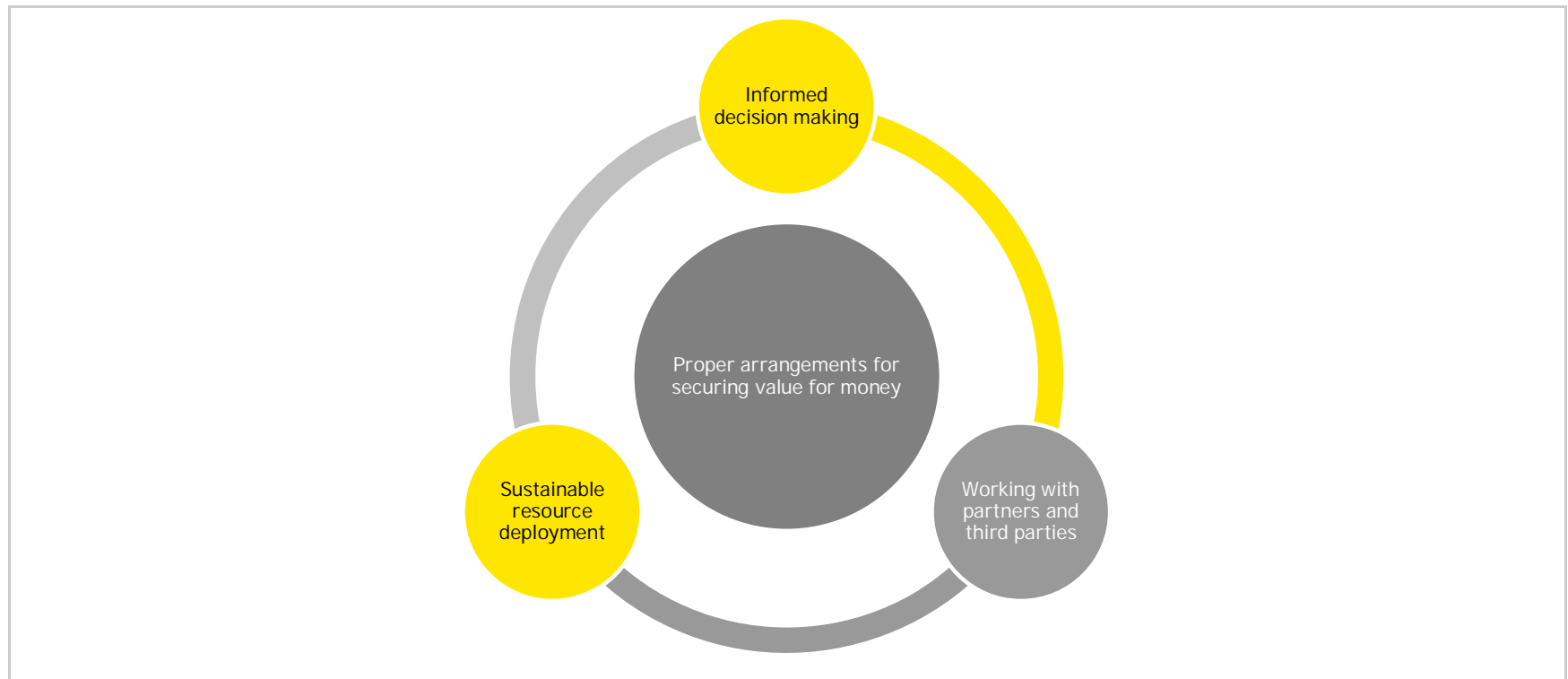
Value for Money

Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- take informed decisions;
- deploy resources in a sustainable manner; and
- work with partners and other third parties.



Our audit identified the following key findings in relation to the Council's arrangements for deploying resources in a sustainable manner, namely the Council's ability to deliver the savings required to support the sustainable delivery of services.

Key Findings

The 2016/17 financial outturn reported a portfolio overspend against budget a draw from the General Fund of £0.35 million in 2017/18.

The largest portfolio overspend was in Health and Adult Social Care. This was consistently identified and monitored in corporate financial monitoring reports throughout the year. Appropriate linkages were in place with the risk register and mitigating actions and controls put in place to manage the overspend.

The Council achieved £25.4 million of its 2016/17 saving plan of £31.2 million. This represents 81% of the target. The Council's quarterly corporate financial monitoring reports, taken to Cabinet, consistently forecast an accurate projection of the expected savings: £23.8 million in Q1, £25.8 million in Q2 and £26.0 million in Q3. Progress against savings plans was appropriately monitored by Service Directors and the Council's Management Team. Scorecards were prepared monthly for both, including RAG rating of individual savings schemes. We have reviewed the most significant areas contributing to the £5.8 million shortfall and are satisfied that any implications have been appropriately built into the February 2017 Medium Term Financial Strategy (MTFS) and 2017/18 budget.

We have reviewed the Council's MTFS and arrangements to deliver its planned savings in 2017/18. The Council has identified a revised need for savings of £19.6 million in 2017/18. We have reviewed the process to identify and agree detailed savings plans for 2017/18 and found it to be robust. As in 2016/17, appropriate arrangements are in place to ensure accountability and good governance through monitoring of savings by Service Directors, the Council's Management Team and Cabinet. Any shortfall in delivering these savings plans could be offset against earmarked reserves held by the Council, such as the £26.7 million MTFS reserve that has prudently been set aside for this purpose.

Based on the factors and considerations set out above, we consider that the Council continues to have appropriate arrangements in place to deliver services sustainably.

We issued an unqualified value for money conclusion.

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

A malfunction with the validation processes in the DCLG's consolidation pack prevented the Council from electronically signing the return before the deadline of 30th September 2017. The Council had provided the draft return to the DCLG in advance of this deadline and requested their assistance to resolve the malfunction. Once the issue was resolved, we certified the return on 17 October 2017.

We had no issues to report.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

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

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We did not identify any issues that require statutory reporting under Section 24 of the Local Audit and Accountability Act 2014.

Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Governance Committee. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, 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 are required to communicate to you significant deficiencies in internal control identified during our audit. We identified no significant deficiencies in internal control beyond those already reported by Internal Audit and included within the Annual Governance Statement.

A close-up photograph of a person's face as they look through a pair of black binoculars. The person's eyes are focused on the lenses. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Focused on your future".

Focused on your
future

Focused on your future

Area	Issue	Impact
<p>Earlier statutory deadline for production and audit of the financial statements from 2017/18</p>	<p>The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.</p>	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>As auditors, nationally we have:</p> <ul style="list-style-type: none"> • Issued a thought piece on early closedown; • As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales; and • Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017. <p>To prepare for this change both we and the Council have targeted achievement of the earlier deadlines in 2016/17. This clearly represents significant progress.</p> <p>Moving forward, we will need to continue to work together collaboratively to ensure we streamline processes to allow us to more comfortably deliver to these timescales.</p>

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

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ED None

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ey.com

Agenda Item 8

DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		STRATEGIC RISK REGISTER 2017-18	
DATE OF DECISION:		13 th NOVEMBER 2017	
REPORT OF:		SERVICE DIRECTOR: FINANCE & COMMERCIALISATION	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Peter Rogers	Tel: 023 8083 2835
	E-mail:	peter.rogers@southampton.gov.uk	
Director	Name:	Mel Creighton	Tel: 023 8083 4897
	E-mail:	mel.creighton@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
N/A			
BRIEF SUMMARY			
<p>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. The Strategic Risk Assurance Report details the council's key strategic risks identified together with an assessment of the adequacy of controls in place to manage the risks and any further required actions.</p>			
RECOMMENDATIONS:			
The Governance Committee is asked to:			
	(i)	To note the process in place in respect of the identification, management and review of the Council's strategic risks (as summarised in paragraphs 4-8).	
	(ii)	To note the Strategic Risk Assurance Report 2017-18 (Appendix 1)	
REASONS FOR REPORT RECOMMENDATIONS			
1.	This 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 has a structured approach to managing its' key strategic risks which requires that the Council Management Team ("CMT") consider and identify the key strategic risks for the forthcoming annual period.		
5.	<p>The identification of the council's strategic risks is informed by a review of:</p> <ul style="list-style-type: none"> • The strategic risks identified in the previous period in terms of whether they are still relevant and appropriate; 		

	<ul style="list-style-type: none"> • The 'Southampton City Council Strategy 2016-2020' in terms of key risks associated with the delivery of council outcomes and priorities; • The Strategic Risk Registers of 'Core Cities' (where available) in order to compare, contrast and benchmark the council's strategic risks against peer authorities; • Any significant service or operational risks arising from internal or external inspection reports, or identified by Service Directors, that are appropriate to be escalated to the Strategic Risk Assurance Report for CMT oversight; • Any significant new or emerging risks, arising from either internal or external factors such as new legislation.
6.	The Strategic Risks are then required to be reviewed and updated by the nominated 'risk owner' on a quarterly basis. This review process is undertaken via either the Strategy or Operations Hub Management Team's as appropriate who review the risks in terms of the controls and mitigating actions that are in place, or are planned. They also consider whether there any new or emerging risks arising from either internal or external factors. The updated 'end of quarter' document is then circulated to CMT for noting.
7.	The 'assurance style' format of the report is intended to present the risks in an accessible way and to prompt an informed discussion as to whether the type and range of 'actions/controls in place' are appropriate and whether the associated 'levels of assurance' are acceptable. It also provides a 'direction of travel' in terms of how the risks are being managed over the period.
8.	The format of the report has been incrementally developed to ensure that it continues to meet the business need, noting that risks are now explicitly aligned to Council's key outcomes and that there is now reference to the portfolio to which the risk applies.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
9.	Any resource implications as a result of actions required to mitigate the risks need to be taken into account when setting the budget each financial year. The Medium Term Financial Strategy includes a section which sets out the sums allocated within reserves and balances to mitigate these risks where required.
<u>Property/Other</u>	
10.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
11.	The Accounts and Audit (England) Regulations 2015 Part 2 Section 3A(c) required the Council to have in place a 'sound system of internal control which includes effective arrangements for the management of risk'.
<u>Other Legal Implications:</u>	
12.	None
RISK MANAGEMENT IMPLICATIONS	
13.	There are no significant risks in relation to the report itself noting that the appendix provides detailed information in respect of how the identified key strategic risks are being managed.

POLICY FRAMEWORK IMPLICATIONS		
14.	None	
KEY DECISION?	No	
WARDS/COMMUNITIES AFFECTED:	N/A	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Strategic Risk Assurance Report 2017-18 Q2	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at: N/A		
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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Strategic Risk Assurance Report 2017-18



LIKELIHOOD	Almost Certain	A								
	Likely	B			07	09	10			
	Possible	C			05	06	08	01	03	04
	Unlikely	D			12		02			
	Very Unlikely	E					11			
RISK RATING MATRIX			5	4	3	2	1			
			Minor	Moderate	Significant	Major	Extreme			
			IMPACT							

Report Version

07

Report Date

Oct-17

Period

Q2: 17-18

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No	Strategic Risk - Description	Risk Owner	Current assessment of the risk		Risk Score - DoT			
			Likelihood	Impact	2016-17		2017-18	
					Q3	Q4	Q1	Q2
01	Failure to address the significant and ongoing financial pressures in a sustainable way and to enable service provision to reflect key strategic outcomes and be aligned with the associated budget envelopes.	Council Management Team	Possible	Major	Red	Red	Red	Red
02	Major incident or service disruption (including serious health protection threats) leading to delivery failure that significantly impairs or prevents the Council's ability to deliver key services and/or statutory functions	Service Director - Transactions & Universal Services	Unlikely	Major	Yellow	Yellow	Yellow	Yellow
03	Failure to safeguard vulnerable adults resulting in a preventable incident	Service Director - Housing, Adults & Communities	Possible	Extreme	Red	Red	Red	Red
04	Failure to safeguard children resulting in a preventable incident	Service Director - Children & Families	Possible	Extreme	Red	Red	Red	Red
05	Failure to meet our health and safety responsibilities	Health & Safety Board	Possible	Significant	Yellow	Yellow	Yellow	Yellow
06	Failure to ensure the City Council's information is held and protected in line with Information Governance policies and procedures	Service Director - Legal & Governance	Possible	Significant	Yellow	Yellow	Yellow	Yellow
07	The council is unable to respond appropriately or sufficient quickly to significant changes in service demand arising from changes in the welfare system	Service Director - Children & Families Service Director - Housing, Adults & Communities	Likely	Significant	-	-	NEW	Red
08	Delivery of services via 'alternative service delivery models' fails to deliver the required outcomes in terms of sustainability and cost effectiveness.	Strategy Hub Management Team	Possible	Significant	-	-	NEW	Yellow
09	Failure to ensure an effective and sustainable adult social care system	Service Director - Housing, Adults & Communities	Likely	Major	Red	Red	Red	Red
10	Failure to ensure an effective and sustainable children's social care system	Service Director - Children & Families	Likely	Major	Red	Red	Red	Red
11	Failure to undertake reasonable actions and /or to provide timely and appropriate communications to key stakeholders following the Grenfell Tower Fire.	Service Director - Housing, Adults & Communities	Very unlikely	Major	-	-	NEW	Yellow
12	The impact of organisational change and service redesign solutions, whilst delivering savings, create other unplanned for pressures and challenges	Organisational Design Board	Unlikely	Significant	-	-	NEW	Yellow

Appendix 1

Agenda Item 8



Risk Scoring and assessment criteria

LIKELIHOOD	Almost Certain	A					
	Likely	B					
	Possible	C					
	Unlikely	D					
	Very Unlikely	E					
	RISK RATING MATRIX			5	4	3	2
			Minor	Moderate	Significant	Major	Extreme
			IMPACT				

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LIKELIHOOD (Probability)	
A - Almost Certain > 95%	Highly likely to occur
B - Likely	Will probably occur
C - Possible 50%	Might occur
D - Unlikely	Could occur but unlikely
E - Very Unlikely < 5%	May only occur in exceptional circumstances

IMPACT (Consequence)					
	5 - Minor	4 - Moderate	3 - Significant	2 - Major	1 - Extreme
Service delivery (key outcomes/ priorities)	<i>No noticeable effect</i>	<i>Some temporary disruption to a single service area/ delay in delivery of one of the council's key strategic outcomes or priorities</i>	<i>Regular disruption to one or more services/ a number of key strategic outcomes or priorities would be delayed or not delivered</i>	<i>Severe service disruption on a services level with many key strategic outcomes or priorities delayed or not delivered</i>	<i>Unable to deliver most key strategic outcomes or priorities / statutory duties not delivered</i>
Financial	<i>Loss or loss of income < £10k</i>	<i>Loss or loss of income £10k - £499k</i>	<i>Loss or loss of income £500k - £4.99m</i>	<i>Loss or loss of income £5m - £9.99m</i>	<i>Loss or loss of income >£10m</i>
Reputation	<i>Internal review</i>	<i>Internal scrutiny required to prevent escalation</i>	<i>Local media interest. Scrutiny by external committee or body</i>	<i>Intense public, and media scrutiny</i>	<i>Public Inquiry or adverse national media attention</i>

RISK No: SRR01	Last updated: 09/10/2017	OUTCOME	A sustainable council		
RISK DESCRIPTION [Budget Finance]			RISK SCORE	LIKELIHOOD	IMPACT
Failure to address the significant and ongoing financial pressures in a sustainable way and to enable service provision to reflect key strategic outcomes and be aligned with the associated budget envelopes.			CURRENT	C - Possible	2 - Major
			Target 	D - Unlikely	2 - Major
RISK OWNER	Council Management Team				
PORTFOLIO(S)	Finance				

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17				2017-18				MITIGATING ACTIONS / COMMENTS
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
1. Assessment of the council's overall short, medium and longer term financial position	a <ul style="list-style-type: none"> 'Medium Term Financial Strategy ('MTFS') 2016/17 - 2020/21 in place (agreed by Full Council in Feb 2016) The 'financial model' subject to quarterly update and review. 	2	1	1	1					<ul style="list-style-type: none"> A further update of the MTFS was presented to Cabinet and Full Council in February 2017. It will be presented again in February 2018. Any in-year changes reported as part of quarterly corporate monitoring to Cabinet The updated model will reviewed in Nov 2018.
2. Identification and communication of significant in year budget variances and forthcoming pressures, and identify clear actions	b <ul style="list-style-type: none"> Monitoring of capital (monthly) and revenue (monthly) budgets, reported to Council Management Team (monthly) and Cabinet (Quarterly). 'Financial Scorecards' for CMT, each Service Director and each Portfolio. Capital reported to the Capital Board on a 	2	1	1	1					
	c <ul style="list-style-type: none"> Action plans to address any significant in year budget variances are agreed with CMT with the progress of agreed actions reported to CMT monthly. <ul style="list-style-type: none"> Where required there are 'intensive care' meetings with SLT. The monitoring and review of significant budget variances is undertaken via the 'scorecards' which include whether an action plan to address the variance is in place and/or necessary. 	2	1	1	1					



	d	<ul style="list-style-type: none"> • Delivery of agreed in year budget savings reported to CMT on a monthly basis via a 'Savings Tracker'. • A summary is provided in the form of a 'RAG 	2	1	1	2	<ul style="list-style-type: none"> • Assurance level reflects that 'RAG status' slide pack is to be reintroduced as part of monthly report to CMT.
3. Identification and delivery of new savings/income opportunities	e	<ul style="list-style-type: none"> • Process in place for all savings proposals to be captured and assessed at the earliest opportunity. • In year 'business as usual' savings are identified by service areas and are a part of the output from the new business planning process 	2	1	1	1	<ul style="list-style-type: none"> • Savings plans in place and agreed with appropriate monitoring arrangements in place (as referred to in the above 'Sources of Assurance')
	g	<ul style="list-style-type: none"> • A review of the deliverable budget savings for 2018-19 is to be undertaken. This is reliant on service areas being able continue to put forward new and further savings/income opportunities. 	2	2	2	3	
	h	<ul style="list-style-type: none"> • 2019-20 plan in place to deliver £8.6m of savings 	3	2	2	2	
	i	<ul style="list-style-type: none"> • Savings plans for 2020-21 (£8.5m savings) to be ramped up in terms of development 	3	3	2	2	
4. Service budgets are profiled and aligned with agreed Council outcomes	j	<ul style="list-style-type: none"> • Budgets are aligned with council agreed outcomes and priorities (Outcome Based Budgeting) which form a key part of the budget 	3	2	2	2	<ul style="list-style-type: none"> • Outcome Plans are being further refined to ensure that they are explicitly aligned with both key priorities and outcome plans.
5. Identification of services essential to the continued operation of the council, and alignment of services with the Council's agreed outcomes	k	<ul style="list-style-type: none"> • The new operating model is explicitly aligned with Council's agreed outcomes which, in turn, reflects essential and priority services. • Services will be however be kept under review to ensure that the Council continues to invest in, and pursue activity in line with, these and/or developing, outcomes. 	2	2	2	2	<ul style="list-style-type: none"> • Phase 3 of the operating model restructure process is now being implemented and rolled out across service areas and will be complete by March 2018. • Phase 3 for Children and Families, Growth (Infrastructure and Planning) complete by end of October 2017.

<p>6. Dedicated, suitably experienced and sufficient resource to lead, support, facilitate and oversee ongoing change related programmes and projects</p>	<p>l</p> <ul style="list-style-type: none"> • Programme Management Office (PMO) is responsible for managing major strategic change projects and programmes across the council. • The PMO is developing into a 'Centre of Excellence for Project, Programme, and Portfolio Management' (P3M) supported by specialism in Change Management. • Development of the PMO arose out of Phase 2 Organisational Design programme. 	<p>2 2 3 2</p>	<ul style="list-style-type: none"> • 100% pass rate on Association for Project Management (APM) training for team members. • Revised structure and target operating model going to Organisational Development board 02/10 • Temporary Project Support Officer resource recruitment in train.
<p>7. Strategic Service Partners involved with, or responsible for, delivery of change programmes and projects have the necessary skills and experience to support, identify and deliver sustainable savings or income generation opportunities</p>	<p>m</p> <ul style="list-style-type: none"> • The relationship with, and performance of, Strategic Service Delivery partners is managed via the relevant 'client team' or the Contract Management Team. • The Strategic LATCo Board, the relevant Cabinet Members together with strategic monitoring boards such as the Capital Board have a role in terms of overseeing and monitoring progress and performance. 	<p>3 2 2 2</p>	
<p>8. Progress and delivery of both the overall Programme and individual transformation projects regularly reported to a senior manager/member board with slippage or variances clearly identified and associated action plans to address.</p>	<p>n</p> <ul style="list-style-type: none"> • Progress and delivery of the overall programme and individual projects is in the first instance monitored via the Programme Boards and either the relevant Cabinet Member or the Strategic LATCo Board as appropriate. • Quarterly updates provided to OSMC which also receives additional detailed presentations on any projects of particular interest to Members from time to time. • Any transformation initiatives that are likely to call upon investment funding requirements are also subject to presentation and scrutiny at Capital Board 	<p>1 1 2 2</p>	<ul style="list-style-type: none"> • Standardised governance, reporting and processes being developed.
<p>9. Identification and assessment of high priority and other projects that are anticipated to deliver significant cashable benefit</p>	<p>o</p> <ul style="list-style-type: none"> • Opportunities for savings form an integral part of the new business planning and budget setting processes. 	<p>2 2 1 1</p>	

<p>10. Assessment of those services where increase in demand is anticipated together with identification of key risk indicators.</p>	<p>p • The development of outcome based budgets focuses on initiatives and changes to the services in order to reduce demand.</p>	<p>2</p>	<p>2</p>	<p>2</p>	<p>2</p> <p>• Outcome and business plans are being worked on and will feed into the February Budget report.</p>
<p>11. Opportunities for additional viable and sustainable income generating activities are identified and implemented</p>	<p>q • A 'Commercialisation Team' is being established with responsibility for both the identification and assessment of income generating activities.</p>	<p>-</p>	<p>NEW</p>	<p>3</p>	<p>3</p> <p>• SLT is currently considering the most appropriate 'target operating model'.</p>
<p>12. Service charges and fees are set at the appropriate level and all charges and fees from income generating services are collected. Payments to suppliers and other external third parties are made on time and therefore avoid additional interest payments or charges</p>	<p>r • A Commercial Strategy and Policy is being developed which will set out the key principles, main considerations and overall approach in terms of developing a pricing and charging structure</p>	<p>-</p>	<p>NEW</p>	<p>2</p>	<p>2</p> <p>• A Commercial Strategy has been drafted and is currently being considered by SLT.</p>
	<p>s • There is a robust invoicing and income collection process in place.</p>	<p>-</p>	<p>NEW</p>	<p>1</p>	<p>2</p> <p>• End Q2 figures: • Income collection £56m against annual target of £85m; • Average day sales outstanding (days) 100 against target of 90; • Debt more than 12 months old 13% (against target of 25%), £238k written off.</p>
	<p>t • Payments stats / information on overdue invoices issued by Accounts Payable and Client Monies Team to CMT through the MOP.</p>	<p>-</p>	<p>NEW</p>	<p>2</p>	<p>2</p> <p>• Position as of Sept 17 is 96% within the stated payment terms (avg terms = 20 days). • New data will be available as of end of October through the supplier portal. It is expected to see a drop in figures due to all non agreso invoices being included.</p>
<p>13. There is clear and effective leadership in terms of the will and commitment of leaders to recognise, embrace and deliver sustainable organisational and service delivery change.</p>	<p>u • There is strong and clear focus by CMT, Cabinet, TIB and overall support from service management in respect of the need to secure both the required annual savings and for the council to benefit from the wider organisational change. There is also regular engagement and discussion with opposition</p>	<p>2</p>	<p>1</p>	<p>1</p>	<p>1</p>

<p>14. Understanding of future staffing levels and required attributes and skill set which is then reflected in individual staff development and organisational workforce planning arrangements</p>	<p>v</p> <ul style="list-style-type: none"> • New Performance Management Framework agreed which is intended to ensure that all staff are working to deliver the Council Strategy and other key strategies which are then translated into outcome plans, service based business plans and individual and/or team objectives. <ul style="list-style-type: none"> • Workforce Strategy and Plan, approved by Full Council in 2016, will seek to address issues around the need for more a formal, robust and consistent approach to succession planning, for key posts and/or a spread of skills to avoid over reliance on any particular individual. 	-	NEW	2	2	<ul style="list-style-type: none"> • A revised Annual Performance review framework is in place and has been rolled out across the Council for 2017 appraisals. This includes performance contracts for all staff and goals and targets for quarterly review for the year ahead and "golden thread" links to council outcomes and behaviours. • The Workforce Strategy is being implemented through a comprehensive HR and OD work plan with governance through an HR Org Dev Board. • The Org Design Board established confirmed principles for future change and this are being applied for all restructures and supported by HR Advisory service. • Workforce plan data collection now in place to help inform planning; apprentice programme in place.
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1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</p>	<p>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent</p>	<p>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</p>	<p>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</p>

RISK No: SRR02		Last updated: 04/10/2017	OUTCOME	A sustainable council		
RISK DESCRIPTION [Business Continuity / Emergency Planning]				RISK SCORE	LIKELIHOOD	IMPACT
Major incident or service disruption (including serious health protection threats) leading to delivery failure that significantly impairs or prevents the Council's ability to deliver key services and/or statutory functions.				CURRENT	D - Unlikely	2 - Major
RISK OWNER: Mitch Sanders				Target 	D - Unlikely	2 - Major
PORTFOLIO(S): Environment & Transport						

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17				2017-18				MITIGATING ACTIONS / COMMENTS
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
1. Business Continuity Plans are in place for key service areas that are tested and reviewed on a periodic basis.	a. <ul style="list-style-type: none"> Corporate BC Plan and 12 Service BC Plans are in place. This follows development with management teams in 2015. The alerting mechanism within the Corporate BC Plan was last successfully tested in March 2016. 	2	2	2	2	2	2	2	2	<ul style="list-style-type: none"> 7 of the 10 planned reviews of Service BC plans and testing, using the new BC Plan Exercise Toolkit, were completed by end Q2 2017. Programme pushed back to December 2017 target due to incident response demands on EP team (primarily move-to-critical and post-Grenfell recovery) Expectation is 'Substantial Assurance' when the workshops have been completed and plans updated in September 17.
	b. <ul style="list-style-type: none"> Any significant learning point arising from dealing with live incidents and test exercises are reported to the Emergency Planning & Business Continuity ("EPBC") Management Board 	1	1	1	1	1	1	1	1	<ul style="list-style-type: none"> Several services have activated their BC plan in response to disruption, including IT disruption and associated alerting. The current round of exercise will also be used to raise awareness amongst staff.
2. Range of Emergency Response plans in place to address or respond to legal or statutory obligations.	c. <ul style="list-style-type: none"> Full range of emergency response plans are in place [and published on Sharepoint] with periodic reports from the Emergency Planning and Business Continuity Manager to EPBC Management Board regarding the status of the plans. The SCC Pandemic Influenza Plan, SCC Oil and Chemical Pollution Plan, SCC Rest Centre Plan and joint-SCC and PCC REPPIR plan have been reviewed and updated. 	1	1	1	1	1	1	1	1	<ul style="list-style-type: none"> All plans are current and aligned with good practice however work is underway to align SCC and PCC's suite of plans to enable better efficiency when maintaining, training and exercising. The Heatwave and Coldweather plans have been updated on this basis. LRF Pandemic framework updated and STAC plan reviewed. Plan being developed for the emerging threat of vector borne diseases transmitted via non native Mosquito

	<p>d</p> <ul style="list-style-type: none"> • Corporate or joint exercises undertaken with other agencies on a periodic basis with the outcome reported to the EPBC Management Board, Southampton Joint Health Protection Forum & Hampshire & Isle of Wight Local Resilience Forum (HIOW LRF). • Exercises in 2016: Rest Centre exercise involving SCC's Emergency Support Team / Exercise Polemos: the multi-agency response to an active shooter incident / Exercise Golden Fox : a demonstration of the tactical response to a nuclear emergency as per the Reactor Emergency Plan / Exercise Aceso : a large-scale multi-agency exercise focussed on pandemic influenza. • Exercises in 2017: Contingency communications exercises the tested facilities at City Depot / Exercise Winner : Multi-agency operational exercise focussed on interoperability at a major aviation incident / Exercise Diesel : SCC Emergency Control Centre exercise resulting in improvements in control centre arrangements. 		1	1	1	1	<ul style="list-style-type: none"> • Forthcoming exercises are HIOW LRF LIVEX scheduled for October 2017 and FOXWATER January 2018
<p>3. An adequate number of suitable officers have been trained, with arrangements to ensure that they are available, to undertake roles required during the council's response to an emergency</p>	<p>e</p> <ul style="list-style-type: none"> • Adequate numbers of suitable officers in place to undertake Duty Gold role on Emergency Duty Rota. The rota arrangements are well tested and have been in place since Nov 2013. • The Local Resilience Forum holds 2 Strategic Coordinating Group training sessions a year as part of its training programme and all rota participants at this level are required to attend. • All officers employed under the Chief Officers' contract are contractually required to participate in the emergency rota and have all received 1:1 training on their role. 		1	1	1	1	<ul style="list-style-type: none"> • Two officers attended the 2016 multi-agency Strategic Coordinating Group training sessions hosted by the Local Resilience forum and two have attended the 2017 sessions to date. • Ongoing with sessions scheduled for this month, October and November 2017

f	<ul style="list-style-type: none"> • Adequate numbers of suitable officers in place to undertake Duty Silver role on Emergency Duty Rota. • All have received 1:1 training on their role. • The Local Resilience Forum holds 2 Tactical Coordinating Group training sessions a year as part of its training programme and all rota participants at this level are required to attend. 	2	1	1	1	<ul style="list-style-type: none"> • <i>Two officers attended the 2017 multi-agency Tactical Coordinating Group training sessions hosted by the Local Resilience forum to date.</i> • <i>Ongoing with sessions scheduled for this month, October and November 2017</i>
g	<ul style="list-style-type: none"> • Adequate numbers of suitable officers in place to undertake Duty Bronze role on Emergency Duty Rota • All officers have received suitable training and equipment to undertake the role. • These arrangements have been tested during the response to several live incidents (c.4/year). 	1	1	1	1	
h	<ul style="list-style-type: none"> • Adequate numbers of suitable officers in place and available to undertake Emergency Planning Duty Officer role on Emergency Duty Rota • All have received suitable training and equipment to undertake the role. • These arrangements have been tested during the response to many live incidents (c.60/pa). 	1	1	1	1	<ul style="list-style-type: none"> • <i>A new joint Emergency Planning Duty Officer ('JEPDO') cadre of six experienced EP officers from SCC and PCC went live on 1st July 2017.</i> • <i>JEPDO has successfully dealt with 10 incident responses since.</i>



<p>4. The risk of significant flooding within the city and its potential impact is identified with appropriate physical controls and associated response plans in place that are reviewed and tested periodically.</p>	<p>i</p> <ul style="list-style-type: none"> • HIOW LRForum has a comprehensive Multi-Agency Flood Plan ('MAFP') in place detailing the arrangements in response to a significant flood incident. The plan is due for review in May 2018. • The Southampton-specific information within the MAFP (part 3) is owned by SCC. • Southampton Joint Flood Management Board (JFMB) in place and includes key stakeholders including SCC, Southern Water, Environment Agency, ABP and Network Rail. • JFMB meets prior to winter to highlight needs for management over the winter months, and in spring to learn from incident/issues from the winter months. • Planning applications for development (existing and new) are reviewed to meet a number of criteria and policy to ensure that development is appropriate and does not put people or property at unnecessary risk. • Flood incidents reported to and/or picked up by the SCC Flood Risk Management Team and investigated where deemed necessary. This recording has improved over the last 4 years with information on 2000+ floods ranging from blocked gullies to major/internal flooding. • Flood risk reductions schemes in place in specific locations to reduce impact of tidal flooding to residential properties together with flood action group and flood plan. 	-	-	NEW	2	<ul style="list-style-type: none"> • Surface water flooding is currently being monitored through the Surface Water Hotspot study to collate information that can be used to develop future schemes for implementation to areas identified at risk of surface water flooding. • Joint work involving partners including Balfour Beatty and Southern Water is ongoing to identify areas where flooding can be resolved with 'quick fixes' or where a longer term plan is required is currently ongoing. A list of 22 hotspot areas identified is currently being worked through • Implementation of property level protection underway to 27 residential properties identified as at significant risk. This is in addition to 14 previously protected in 2015. • Flood Plan for St Denys will be updated and tested on completion of current project end of 2017, early 2018. • The SCC Flood Risk Management Team is being reviewed with the aim of a new structure being in place by end Q4 17-18.
<p>5. IT Disaster Recovery Plan that covers IT hardware resilience and applications / systems that support key services and is tested periodically, with the plan itself subject to periodic reviews to ensure that it remains aligned with business need.</p>	<p>j</p> <ul style="list-style-type: none"> • IT Disaster Recovery Plan in place that covers 8 key applications as agreed by the Council Management Team. • A full technical test of DR was completed in Apr 16. A full invocation test was completed in Nov 16 with all applications except one (Cold Harbour - Domiciliary care) being made available within the 72 hour restoration period. 	3	2	2	2	<ul style="list-style-type: none"> • A further test is being considered for Autumn 2017

	<p>k</p> <ul style="list-style-type: none"> The list of automatically recovered systems included in the IT Disaster Recovery Plan needs to be reviewed to ensure that it remains aligned with the business need. <p>l</p> <ul style="list-style-type: none"> Regular reports from IT (Client and Capita) on planning for incidents as well as feedback on learning points following major incidents. 	-	-	NEW	3	<ul style="list-style-type: none"> Agreed that a review of the list of automatically recovered IT systems should be urgently undertaken and will be progressed via the Service Director - Digital and Business Operations. Current list of DR applications is as follows: Corporate SQL / Exchange / Outlook / Cold Harbour – Domiciliary Care / PARIS – Health and Social Care / Port Health – (CNS & SCC) / HMIS – Housing Northgate iWorld Housing / Academy (Revenues, B-Rates & Benefits) / AD Domain Services / Asbestos Reporting System / Community Alarm System.
<p>6. Appropriate controls are in place to manage the risk of a cyber security incident and/or to respond in an appropriate manner</p>	<p>m</p> <ul style="list-style-type: none"> 'Defence in Depth' principle is used terms of minimising the risk of a cyber security attack with multi-layer firewalls and Intrusion Prevention system. Web filtering protects users from malicious sites with malware scanning with a web firewall to protect council web applications and malware detection in end points. There is also email filtering with ability to examine attachments and URLs in a sandbox environment to assess the risk. A cyber security incident would be managed in accordance with the procedure set out in the corporate business continuity plan. The plan activation would be initiated by IT, who would contact the emergency planning duty officer, who would brief the duty director and chief executive and convene an extraordinary CMT meeting (plus relevant technical experts) to review the situation and direct the SCC response. 	-	-	NEW	2	<ul style="list-style-type: none"> Where possible these controls are up to date and quarterly tasks are raised within the IT Service Management Tool. New threats would be identified and assessed via the scans (at least quarterly) carried out against public-facing infrastructure. Similar scans are carried out on the internal network to identify any new threats. Annual scans/assessments of both internal and external infrastructure is undertaken by a 3rd party company for the council's PSN/PCI requirements. Any issues are reported to the security team and incidents/tasks raised in Service Manager/V-Fire. In the event of successful cyber attack, whilst there is a not a formal Security Incident process in place, the Councils standard Major Incident process (fire, flooding, major network outage etc..) would be followed. There is a need to test the corporate (business continuity) response by way of table top exercise. This will be arranged after the service level table top exercises (on a loss of systems scenario) are complete (End Q3). This may lead to a 'cyber attack' section being added to the corporate BCP. This would be guided by IT and CMT.

<p>7. 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].</p>	n	<ul style="list-style-type: none"> All key commercial contracts have Strategic Boards (involving both Members and CMT) with the more minor/less risky contracts having quarterly contract monitoring meetings. Strategic meetings and operational / contract management meetings and governance take place as specified in the contracts. 	1	1	1	1	<ul style="list-style-type: none"> Meetings take place as per contract specifications
	o	<ul style="list-style-type: none"> In respect of key commercial contracts a process is in place which is designed to ascertain the current financial standing of key partner organisations on a cyclical basis. This is used as a tool to assess and mitigate risks to the council. The process, which is run on an annual basis (unless significant mid-term issues are identified), 'rates' each organisation according to the risks to the Council and will be reviewed at Strategic Board level 	1	1	1	1	<ul style="list-style-type: none"> The process was last rerun in Q4 16-17. Not due until Q4 17-18. Capita financial standing being more actively monitored
	p	<ul style="list-style-type: none"> All social care contracts have a Contracts Officer assigned to manage the monitoring and review processes, with Commissioners taking ultimate responsibility for the overall management of contracts. The ICU has dashboard for contract monitoring which provides an overview of each contract which enables new contract monitoring processes to be consistently applied enabling more efficient monitoring and management of contracted services. Where a provider holds multiple contracts for care and support services, these are normally allocated to a single commissioning lead to enable strategic oversight of key suppliers and market share-related risks. 	2	2	2	2	<ul style="list-style-type: none"> Terms of inclusion for residential and nursing homes in the city have been updated and adopted by all local providers; programme of work ongoing to get the new terms signed by out of area providers used by the LA as well.

8. Robust and resilient arrangements are in place to support the SCC Public Health response to a serious health protection threat	q	<ul style="list-style-type: none"> • SCC Public Health would provide a timely and appropriate response in the event of a serious health protection threat. • The Science and Technical Advice Cell ("STAC") plan, managed and owned by Public Health England ("PHE") would assess the resources that might be required and how this would be provided. 	2	2	2	2	<ul style="list-style-type: none"> • <i>HLOW LRF STAC plan was updated June 2017. Training is provided September 2017.</i>
	r	<ul style="list-style-type: none"> • A response plan, in the form of The Local Health Resilience Partnership "Health Protection Incident and Outbreak Plan" is in place (published in August 2015 and links to other partners/agencies [refresh due in 2018]). 	2	2	2	2	<ul style="list-style-type: none"> • <i>A local Standard Operating Procedure was developed in Q4 2016/17 to increase SCC's resilience in response and communications.</i> • <i>This new Standard Operating Procedure increases resilience and consistency in the sharing of this information by standardising distribution lists and inclusion of a 24hr Duty Officer resource.</i>
	s	<ul style="list-style-type: none"> • Local and National level public health surveillance is led by PHE. • SCC Public Health team works locally and nationally with PHE on understanding the level of threat from existing and new types of emergency. 	2	2	2	2	

1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<i>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</i>	<i>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or reliable.</i>	<i>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</i>	<i>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</i>

RISK No: SRR03		Last updated: 20/10/2017	OUTCOME	People live safe, healthy, independent lives		
RISK DESCRIPTION [Safeguarding]				RISK SCORE	LIKELIHOOD	IMPACT
Failure to safeguarding vulnerable adults resulting in a preventable incident				CURRENT	C - Possible	1- Extreme
RISK OWNER: Paul Juan				Target 	C - Possible	1- Extreme
PORTFOLIO(S): Housing and Adult Care						

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17		2017-18		MITIGATING ACTIONS / COMMENTS
		Q3	Q4	Q1	Q2	
1. Robust Safeguarding Policy aligned with good practice and including clearly defined roles and responsibilities which is subject to regular review.	<p>a</p> <ul style="list-style-type: none"> Multi Agency Safeguarding Adults Policy and Guidance in place (2nd edition published in 2016 to reflect the changes introduced in the revised Care Act 2014). Local Policy and Practice Guidance updated in 2016/17 and published on Intranet ('Safeguarding Adults'). The policy, guidance and toolkit has been developed by the Local Safeguarding Adults Boards (4LSAB) covering Hampshire and the Isle of Wight. The policy will next be reviewed in January 2019. The Local Safeguarding Adults Board (LSAB) maintains oversight of a review cycle and quality assurance. <p>b</p> <ul style="list-style-type: none"> LSAB in place noting that the activities and functions of the board were reviewed in 2016/17 and found to be Care Act compliant. The chair (in place since April 2017) also chairs Portsmouth LSAB and is chair of the national board for LSABs. SCC key partner in the Board's activities and meetings, and linking with partner organisations. Designated SCC Adult Safeguarding Manager in place. Southampton LSAB Strategic Plan 2016-18 was refreshed in March 2017 with actions monitored by the LSAB. 	2	2	1	1	
		2	2	2	2	<ul style="list-style-type: none"> The Chair has conducted a review of the Southampton LSAB taking into account the findings of a peer review and noting that there was no substantive response to the peer review report by the previous chair. This review has been completed and delivery of an action plan is being overseen by a task and finish group reporting to the LSAB Independent Chair.



	<p>c • Content of SCCs Strategic Risk in respect of 'safeguarding' to be shared with the LSAB</p>				<p>NEW</p>	
<p>2. Communication and training to ensure that all relevant staff and other key partners fully understand the Safeguarding legislation and procedures that underpin this. In addition, all staff understand what is expected of them in terms of when and how concerns should be reported.</p>	<p>d • Safeguarding Training forms part of the corporate training offer which includes targeted and mandatory elements with all new social workers required to undertake mandatory training and assessed for competency.</p> <ul style="list-style-type: none"> • The Principal Social Worker for Adults is the lead on training. • There are close working relationships with the CCG's Quality Assurance team on joint safeguarding activity . with both organisations working closely with the Care Quality Commission • The Adult Safeguarding Team Manager regularly attend ADASS training days to ensure that SCC remains compliant. • The ASC team have rolled out a comprehensive training programme for all social care staff in adults which covers core competencies. This has been rolled out to our other professions including Occupational Therapy and our partners such as Solent and University Hospitals of Southampton. This approach has been adopted by the LSAB with the same approach to training sponsored for all relevant professionals with a significant adult safeguarding role in the city. 	<p>2</p>	<p>2</p>	<p>2</p>	<p>2</p>	<ul style="list-style-type: none"> • <i>The Principal Social Worker for Adults is new in post</i> • <i>The learning pathways have been developed with learning and development needs picked up as part of the new Annual Performance Review process</i>

<p>3. Early assessment and planning in place for responding to safeguarding concerns across Adult's Social Care.</p>	<ul style="list-style-type: none"> • Safeguarding Adults Team oversees all individual safeguarding situations and has strong links with Integrated Commissioning Unit quality team which oversees the quality of all provider organisations. • Additional resources have been invested in Investigation officers providing greater capacity to review safeguarding issues across all sectors of the provider market place. The team has been able to retain staff with the required skills, knowledge and experience and this is effective. • An Internal Audit 'Safeguarding Adults' review in May 16 concluded that only 'Limited Assurance' could be given however all actions were implemented by Q4 - 16/17. 	<table border="1"> <tr> <td style="background-color: red; color: white; text-align: center;">3</td> <td style="background-color: red; color: white; text-align: center;">3</td> <td style="background-color: yellow; text-align: center;">2</td> <td style="background-color: yellow; text-align: center;">2</td> </tr> </table>	3	3	2	2	<ul style="list-style-type: none"> • <i>The actions arising out of the thematic audit of Making Safeguarding Personal, which was undertaken at the request of the LSAB, are being progressed via a sub group of the LSAB chaired by the Interim Lead for Safeguarding Adults.</i> • <i>Progress in respect of the action plan is reported to the LSAB on a quarterly basis.</i>
3	3	2	2				

<p>4. Safeguarding concerns identified by and reported to the Council are reviewed and communicated as appropriate both internally and with other agencies including those arising from SCC provided services.</p>	<p>f</p> <ul style="list-style-type: none"> • Safeguarding Adults reporting and investigation process involves all appropriate agencies. • Safeguarding Adults team to continue to develop its focus of working with other organisations across the City to improve and develop safeguarding practice. • Provider services Safeguarding List is maintained and available to all partner agencies. This is subject to external assessment by the LSAB monitoring and evaluation sub group and periodic audits. • Safeguarding is a key area at joint management board for the integrated reablement service. This ensures the Community Independence Team and Urgent Response Service routinely make referrals. 	<p>2</p>	<p>2</p>	<p>3</p>	<p>3</p>	<ul style="list-style-type: none"> • <i>The ASC team has reviewed all of the current Pathways that can be used for individuals and professionals to access care and support in the City including the services that are currently being integrated with Solent Health Care Trust as part of the Rehabilitation and Reablement project and the re-designed Single Point of Access Service (SPA) (this work is ongoing and scheduled for implementation in 2017/18 Q3.</i> • <i>A critical weakness is the level of confidence in the partnership arrangements with Southern Health over mental health services in terms of routine safeguarding referrals being made. This is however being addressed through a new Partnership Board which is overseeing implementation of a revised s.75 partnership agreement between the council and Southern Health.</i> • <i>Following this action to review the partnership arrangements and safeguarding approach, locums have been appointed to cover vacant posts pending finalisation of an updated s.75 partnership agreement.</i>
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<p>5. Robust assessment of current and future staffing requirement with a contingency arrangement in place in respect of unforeseen pressures or staff shortages.</p>	<p>g</p> <ul style="list-style-type: none"> Restructure of Adult Social Care teams as part of the phase 3 reorganisation is based on assessment of current and future need, to manage future staff reductions and to further develop partnership working with other organisations and develop broader resilience 	<p>3 2 3 3</p>	<ul style="list-style-type: none"> Sufficient resources are in place to prioritise urgent work and to maintain review performance however, waiting time for assessments has increased in some areas. This is to be addressed via the phase 3. organisational restructure with the formal consultation period commencing on 9th October 17. The mobile version of the Paris case management system is unstable and so has not yet enabled full realisation of savings associated with the Digital Transformation programme. This is being addressed through a system upgrade which is underway. The new in house review team is making progress in terms of the improved productivity that is needed in order to deliver a sustainable review programme.
<p>6. Deprivation of Liberty Safeguards ('DoLS') applications are completed promptly and processed in accordance with statutory timescales including those cases needing renewal of a deprivation of liberty</p>	<p>h</p> <ul style="list-style-type: none"> Additional resource has been moved in to the team from the DoLS grant and a risk based approach is used to prioritise DoLS applications. The DoLS programme is delivering in accordance with the risk based plan and this is overseen by the Service Lead, Safeguarding with reports to the LSAB. Performance is included on the Adult Social Care monthly scorecard, which is reported at CMB and AHC management team. 	<p>3 3 3 3</p>	<ul style="list-style-type: none"> Although performance is improving, DoLS applications are sometimes not being authorised within stated timescales (seven days for an urgent application and 21 days for a standard application). Revisions to the DoLS policy are being made to take account of the Law Commission's draft Bill.
	<p>i</p> <ul style="list-style-type: none"> Once allocated and assessed, the process followed for individual cases complies with the DoLS requirements. DoLS applications are checked and monitored with service managers then checking the quality and ensuring they are compliant. Best Interest Assessors (BIAs) receive extensive training and quality assurance mechanisms are in place. 	<p>2 1 1 1</p>	

1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p><i>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</i></p>	<p><i>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or reliable.</i></p>	<p><i>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</i></p>	<p><i>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</i></p>



RISK No: SRR04		Last updated: 22/09/2017	OUTCOME	Children and young people get a good start in life		
RISK DESCRIPTION [Safeguarding]				RISK SCORE	LIKELIHOOD	IMPACT
Failure to safeguard children resulting in a preventable incident				CURRENT	C - Possible	1- Extreme
				Target 	C - Possible	1- Extreme
RISK OWNER	Hilary Brooks					
PORTFOLIO(S)	Children's Social Care					

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17				2017-18		MITIGATING ACTIONS / COMMENTS		
		Q3	Q4	Q1	Q2	ASSURANCE LEVEL				
		1. Robust Safeguarding Policy aligned with good practice and including clearly defined roles and responsibilities which is subject to regular review.	a	<ul style="list-style-type: none"> Safeguarding Policy for Children in place Southampton Local Safeguarding Children Board ('LSCB') Policies & Procures Manual updated in June 2017 and subject to annual review . 					2	2
	b	<ul style="list-style-type: none"> LSCB Business Plan outlines priority areas and associated actions to be taken by the LSCB for the period 2015-2018. The business plan sets out the inter agency priorities for safeguarding children and are monitored by the board of the LSCB The status of the actions identified in the plan are reported to the LSCB 				2	2	2	2	
	c	<ul style="list-style-type: none"> Content of SCCs Strategic Risk in respect of 'safeguarding' to be shared with the LSCB 				-	-	-	NEW	

<p>2. Communication and training to ensure that all relevant staff and other key partners fully understand the Safeguarding legislation and procedures that underpin this. In addition, all staff understand what is expected of them in terms of when and how concerns should be reported.</p>	<p>d</p> <ul style="list-style-type: none"> • All new social workers undertake mandatory training and are assessed for competency. • Level 3 Safeguarding Training programme is monitored and evaluated through the LSCB including attendance levels. • Level 2 Safeguarding Training is monitored and evaluated through the LSCB Training Sub Group. • Training is under the remit of the Workforce Development Manager (Practice Educator) who is able to monitor needs and take up. • Safeguarding Training forms part of the corporate training offer which includes targeted and mandatory elements. • QA oversight of the safeguarding training by the Service Manager and Principal Social Worker and the outcomes this has on service delivery. 	<p>2</p>	<p>2</p>	<p>2</p>	<p>2</p>	
<p>3. Safeguarding concerns identified by, and reported to, the Council are reviewed, communicated and escalated as appropriate both internally and with other agencies.</p>	<p>e</p> <ul style="list-style-type: none"> • Multi-Agency Safeguarding Hub ("MASH") in place which brings together, in one location, staff from the council and a range of other key agencies to further improve the early identification and response to safeguarding concerns. • MASH deals with a range of issues in respect of preventative and target intervention alongside managing high risk Child Protection. 	<p>2</p>	<p>2</p>	<p>2</p>	<p>2</p>	<ul style="list-style-type: none"> • <i>An independent external review of the MASH has been undertaken which focussed on demand management and the process in terms of how initial referrals are managed with the findings reported to the Children's' Improvement Board and the Transformation Board.</i> • <i>Reporting highlighted need to ensure that the most qualified staff managed the initial referrals. This has now been implimented and is having a positive impact on demand management.</i>

<p>4. The approach and arrangement in respect of 'Children's Safeguarding' is validated by external inspection agencies?</p>	<p>f</p> <ul style="list-style-type: none"> • Ofsted Inspections are undertaken in accordance with the 'Framework and evaluation schedule for the inspection of services for children in need of help and protection, children looked after and care leavers' . • All local authorities are inspected within a three-year period. In addition, ad hoc smaller, more focussed reviews may be undertaken. • Ofsted undertook a review of Special Educational Needs and Disability (SEND) in Jan 2017. The subsequent report issued by Ofsted was positive and did not include an action plan. 	<p>NEW</p> <p>2 2 2</p>	<ul style="list-style-type: none"> • A Peer review (undertaken by colleagues from other local authorities) is scheduled to be undertaken in November. This review is expected to focus on Quality Assurance and interaction with staff.
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1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</p>	<p>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or reliable.</p>	<p>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</p>	<p>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</p>

RISK No: SRR05		Last updated 05/10/2017	OUTCOME	A sustainable council		
RISK DESCRIPTION [Health and Safety]				RISK SCORE	LIKELIHOOD	IMPACT
Failure to meet our health and safety responsibilities				CURRENT	C - Possible	3 - Significant
				Target 	D - Unlikely	3 - Significant
RISK OWNER	Health & Safety Board					
PORTFOLIO(S)	Leaders					



EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17				2017-18		MITIGATING ACTIONS / COMMENTS
		Q3	Q4	Q1	Q2	Q1	Q2	
1. Roles, responsibilities and accountabilities of staff at all levels are defined and understood including the role of members	a	<ul style="list-style-type: none"> H&S Policy : Statement of Intent' signed by Directors as are the other key polices on the major H&S risks [Fire and Water Quality]. 		2	2	3	2	<ul style="list-style-type: none"> Following a discussion at the Asbestos Management Group the previous Asbestos Policy and associated 'Safe Working Procedure' is to be amalgamated into a single 'policy and arrangements' document.
	b	<ul style="list-style-type: none"> The standard job description for managers requires that "The post holder is required to be familiar with the Council's Health and Safety Policy and be aware of and observe any part of the policy related specifically to the duties and responsibilities of the post". H&S training needs are identified at the point of employment with line managers responsible for identifying further and ongoing H&S training needs including refresher training. 		2	1	1	1	<ul style="list-style-type: none"> Responsibilities in respect of H&S are reflected in the new Performance Contracts
	c	<ul style="list-style-type: none"> Governance arrangements comprise the H&S Board which involves H&S (both client and Capita) and the Joint Consultative Group ('JCG') meetings involving the unions and management with individual service areas. There is also a standalone Asbestos Management Group which is chaired by the Health, Safety and Wellbeing Manager. 		2	2	1	2	<ul style="list-style-type: none"> The role and remit of the H&S Board has been reviewed and formal 'terms of reference' for the Board have been agreed. Consideration is being given as to whether it is necessary to have a standalone H&S Committee and, if so, whether this role might be able to delivered via an existing forum. Water Quality Management Group being established

	<p>d</p> <ul style="list-style-type: none"> • Designated and trained Fire Wardens in place within Civic Centre. The fire evacuation procedure is managed through Civic Building Services and is tested twice annually. • Town Sergeants currently respond to first aid incidents for members of the public in the civic buildings. • The current Safe Working Procedure ('SWP') requires that local managers are responsible for the provision of first aiders in their service areas. 	<table border="1"> <tr> <td>-</td> <td>-</td> <td>NEW</td> <td>3</td> </tr> </table>	-	-	NEW	3	<ul style="list-style-type: none"> • A review of the adequacy, provision and co-ordination of first aiders within Civic Centre is currently being undertaken. • Any subsequent revisions to the arrangements will need to be reflected in the associated SWP
-	-	NEW	3				
<p>2. Appropriate health & safety guidance, training, policies and procedures are in place and in accessible format and are subject to periodic review.</p>	<p>e</p> <ul style="list-style-type: none"> • All policies and procedures are published on the intranet and are updated at least annually or as changes come in, major changes are consulted on. • All SWPs are reviewed every two years. 	<table border="1"> <tr> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> </table>	1	1	1	1	
1	1	1	1				
	<p>f</p> <ul style="list-style-type: none"> • Full suite of e-learning courses available as well as a range of bespoke courses primarily aimed at the higher risk activities (e.g. waste management, trades etc.). 	<table border="1"> <tr> <td>2</td> <td>2</td> <td>2</td> <td>2</td> </tr> </table>	2	2	2	2	<ul style="list-style-type: none"> • There is no central monitoring of take-up of the e-learning training however the Annual Performance Review processes is intended to incorporate a review of all training needs including H&S
2	2	2	2				
<p>3. Minimum level of knowledge and competency identified relevant to roles and responsibilities which is reflected in the H&S training that individuals' are required to undertake.</p>	<p>g</p> <ul style="list-style-type: none"> • Update of required training (including refresher training) is able to be monitored by line managers via the Learning & Development Portal. • Local training records also held within service areas. 	<table border="1"> <tr> <td>3</td> <td>3</td> <td>3</td> <td>3</td> </tr> </table>	3	3	3	3	<ul style="list-style-type: none"> • A Training Needs Analysis - 'Corporate Training Matrix' / 'Schools Training Matrix' is being developed. This tool is intended to aid managers in identifying what courses they or their staff need to attend.
3	3	3	3				
	<p>h</p> <ul style="list-style-type: none"> • Essential Health & Safety Management training is provided for all SCC managers and supervisors (this was originally via a H&S Management Academy Programme launched in May 2016) 	<table border="1"> <tr> <td>3</td> <td>3</td> <td>3</td> <td>3</td> </tr> </table>	3	3	3	3	<ul style="list-style-type: none"> • The number of managers and supervisors successfully completing the H&S Management Academy programme in 2016 was lower than anticipated (circa 40%). • A revised and less rigid approach to the 'academy' format is being developed with approval to be sought in Q3.
3	3	3	3				

<p>4. Senior manager oversight in terms of compliance with H&S responsibilities.</p>	i	<ul style="list-style-type: none"> H&S Board report to CMT on a quarterly basis highlighting any areas of significant concern together with an end of year report . 	1	1	2	2	<ul style="list-style-type: none"> The 'report' will be in the form of the 'Strategic Risk' that refers to H&S recognising that the content will need to be reviewed and adjusted to ensure that all key issues are adequately reflected. A revised self audit tool to be used by all service areas when available. HSS to undertake audits of the operational areas based on intelligence and time frame from last known audit
	j	<ul style="list-style-type: none"> JCGs highlight any issues or areas of non-compliance as do the Union H&S Committee. Any non-compliance is escalated to CMT on an 'as and when' basis. SCC H&S Manager attends Directorate Management Teams (as required) and can raise issues directly with senior management. 	2	2	2	2	<ul style="list-style-type: none"> Escalation within the wider council is considered to be effective as does the JCG items. The position within schools is less robust as the level of control that the council is able to exert is more limited. The H&S Board will however be seeking an overview regarding the
	k	<ul style="list-style-type: none"> The majority of schools buy into the H&S SLA (11 Gold, 34 Silver, 7 Bronze). All maintained schools have a basic H&S compliance audit which is repeated over the 3 year period. Concerns are escalated back to the school with serious concerns being escalated to H&SS team and H&S manager. 	2	2	2	2	<ul style="list-style-type: none"> The roles and responsibilities for overseeing the arrangements in schools needs to be reviewed and formalised. The role is currently being shared between Capital Assets, Corporate H&S Manager and Capita H&S.
<p>5. Contractors, and other service providers with whom the council (including individual schools) engages with, have robust H&S arrangements that are adhered to and reflect the council's approach to H&S.</p>	l	<ul style="list-style-type: none"> A risk rating system is being devised by H&S as part of the 'Safe Working Procedure ('SWP') - Control of Contractors and Suppliers'. 	3	3	3	3	<ul style="list-style-type: none"> Consultation of revised SWP ends 30/09/17. Propose ratification of SWP via the H&S Board unless consultation feedback necessitates significant amendments.

<p>6. The council's standard contract wording makes explicit reference to minimum H&S requirements and includes provision for SCC to undertake ad hoc or unannounced reviews of arrangements or on-site operations</p>	<p>m</p> <ul style="list-style-type: none"> • New SWP in respect of 'Control of Contractors and Suppliers' is being developed and will reflect minimum requirements regarding health and safety. • In terms of enforcement/compliance the new SWP would fall within the definition of "Standards and Policies" and consequently a contractor would be bound to comply with it. 	<p>3 3 3 3</p>	<ul style="list-style-type: none"> • Consultation of revised SWP ends 30/09/17 • Legal Services has recommended that those relevant SWPs, that a contractor is bound to comply with, are specifically flagged within the contract documentation. This is being considered.
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1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p><i>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</i></p>	<p><i>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be</i></p>	<p><i>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</i></p>	<p><i>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</i></p>

RISK No: SRR06		Last updated: 13/09/2017	OUTCOME	A sustainable council		
RISK DESCRIPTION [Information Governance]				RISK SCORE	LIKELIHOOD	IMPACT
Failure to ensure the City Council's information is held and protected in line with Information Governance polices and procedures.				CURRENT	C - Possible	3 - Significant
RISK OWNER: Richard Ivory				Target 	E - Very Unlikely	3 - Significant
PORTFOLIO(S): Leaders						

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17		2017-18		MITIGATING ACTIONS / COMMENTS
		Q3	Q4	Q1	Q2	
		ASSURANCE LEVEL				
1. A Strategic Information Governance Board is in place with agreed terms of reference, appropriate membership and reporting structure into a senior management team.	a	<ul style="list-style-type: none"> Information Governance Board ("IGB") in place with terms of reference agreed by the Council Management Team ('CMT') in July 2016 and kept under review by the Service Director - Legal and Governance ('SDLG'). SDLG reports annually to the Governance Committee and quarterly to CMT on information governance, including breaches and training compliance. 				<ul style="list-style-type: none"> IGB agreed on 11th Sept 2017 to set up a monthly GDPR Sub Group to more closely manage the changes needed to ensure compliance by May 2018.
	b	<ul style="list-style-type: none"> IGB Chaired by the Corporate Senior Information Risk Owner "SIRO" (SDLG). IGB meetings are held every six weeks and attended by the SDLG as CMT lead, the Senior Solicitor (Corporate), [IT Strategy Manager], the Caldicott Guardian, the Senior Records Officer, Information Lawyer (Data Protection Officer), Service Lead - Risk, Insurance, Assurance & Audit and the Service Lead - Customer & Employee Experience. 				<ul style="list-style-type: none"> Assurance level to remain at 2 which reflects the current absence of the IT Client post. Expect to see this score to be 1 by next quarter as an appointment is imminent.


	<p>c</p> <ul style="list-style-type: none"> • A corporate SIRO is in place with Information Asset Owners (Service Directors) trained and in place across the Council. • IAOs are accountable to both IGB and CMT for information governance compliance within their areas and are required to submit evidence of compliance on a quarterly basis to the IGB. Non-compliance will be reported to CMT. 	<table border="1"> <tr> <td>2</td> <td>2</td> <td>2</td> <td>2</td> </tr> </table>	2	2	2	2	<ul style="list-style-type: none"> • <i>There was a 95% return rate (100% in the previous quarters) from IAOs in respect of completed 'IG Compliance Checklists'.</i>
2	2	2	2				
<p>2. Information Governance ("IG") Framework is in place across the organisation which gives a structure for managing IG and ensures a level of assurance which enables the organisation to meet its regulatory requirements.</p>	<p>d</p> <ul style="list-style-type: none"> • IG Framework in place (adopted by the IGB in October 2014). • All Information Asset Owners together with Information Asset Administrators have been trained in respect of the their responsibilities. • The Data Protection Officer has met with all Information Administrators. 	<table border="1"> <tr> <td>3</td> <td>2</td> <td>2</td> <td>2</td> </tr> </table>	3	2	2	2	
3	2	2	2				
	<p>e</p> <ul style="list-style-type: none"> • An overarching IG policy in place under which all relevant polices fit. • A control list is in place and all policies due for review are tabled at each IGB as a standing agenda item. 	<table border="1"> <tr> <td>1</td> <td>1</td> <td>1</td> <td>2</td> </tr> </table>	1	1	1	2	<ul style="list-style-type: none"> • <i>There are x3 IT based policies that are due for review (July 2017) and have yet to be completed.</i>
1	1	1	2				
	<p>f</p> <ul style="list-style-type: none"> • There is an Information Asset Register ('IAR') in place with Heads of Service being the appointed 'Information Asset Owners'. • IAOs are tasked with responsibility for keeping their service area information updated and asked to account for compliance for their areas of responsibility on a quarterly basis to IGB. 	<table border="1"> <tr> <td>2</td> <td>2</td> <td>2</td> <td>2</td> </tr> </table>	2	2	2	2	<ul style="list-style-type: none"> • <i>When meeting with the Information Asset Administrators, the Data Protection Officer has sought their input and overview of each service area entry in the IAR.</i> • <i>Ensuring its accuracy and completeness is a rolling programme and is the overall responsibility for each Information Asset Owner</i>
2	2	2	2				

<p>g</p> <ul style="list-style-type: none"> • A published Retention Schedule is in place which is comprehensive and up to date. • Compliance with the retention schedule is captured in the quarterly checklists that are required to be completed by the IAOs. 	2	2	2	2	<ul style="list-style-type: none"> • <i>The compliance returns would indicate that although IAOs are aware of the requirement to review and dispose or retain records compliance is not consistent across all areas and further work is required to embed regular reviews into business as usual work.</i> • <i>There is awareness in respect of the challenges around disposal of electronic records and Capita IT are exploring the opportunities / costs in respect of data held in five key corporate systems.</i> 	
<p>h</p> <ul style="list-style-type: none"> • Actions arising from Information Commissioners Office review of the council's Information Governance arrangements (Jan 2016) have been actioned and/or given proper consideration. 	2	2	2	2	<ul style="list-style-type: none"> • <i>The remaining significant action relates to the appointment of an IT/IG lead in line with the PSN certification requirements. As referred to above this appointment is imminent and this will then allow us to report full compliance with the action plan.</i> 	
<p>i</p> <ul style="list-style-type: none"> • Privacy Impact Assessments (PIA) are in place for all new projects or policies. • Consideration of the need to conduct a PIA forms part of the decision making report template and at Gateway 1 in the project management template. • The requirement to complete PIAs forms part of the IAO quarterly checklist. 	2	2	2	2	<ul style="list-style-type: none"> • <i>It is taking time for the need for PIAs to embed into the Council's culture but greater engagement is being seen however there are pockets of non-compliance. Making staff aware of the critical importance of mandatory PIAs (or DPIAs as they are now to be known as in line with GDPR terminology) forms part of the GDPR programme of work.</i> • <i>There has been an increase in the recorded number of DPIAs since the last quarter.</i> 	
<p>3. The organisation ensures that its staff and those working on its' behalf are adequately trained in all aspects of IG.</p>	<p>j</p> <ul style="list-style-type: none"> • Training in Data Protection and Freedom of Information is mandatory for all staff and is provided through e-learning and other appropriate methods including use of training videos via You Tube in order to provide basic training for colleagues without easy access to IT. 	2	2	3	2	<ul style="list-style-type: none"> • <i>The current overall compliance rate stands at 85% overall and reflects an improved position.</i> • <i>The Learning & Development team are exploring ways of improving the compliance rate, including merging both mandatory DPA and FOI modules and ultimately, once we have confidence in the accuracy of the recording of the completions, systems access restrictions (or terminations) will be introduced for those not complying.</i>

	<ul style="list-style-type: none"> • Data breaches feature on the IAO checklist • The Corporate Legal Team is responsible for investigation of potential breaches and for liaising with the service areas with the remediation plan post breach. • All investigations and monitoring of compliance of remediation plans is performed by the Data Protection Officer. 	<table border="1"> <tr> <td>2</td> <td>2</td> <td>2</td> <td>2</td> </tr> </table>	2	2	2	2	<ul style="list-style-type: none"> • <i>The recorded number of data breaches has been in decline over the last 6 quarters and is down 30.9% in comparison to last year.</i> 								
2	2	2	2												
<p>4. Information is shared within the organisation, with partners and clients according to the Law and other statutory guidance.</p>	<ul style="list-style-type: none"> • Information sharing protocols and operational agreements are in place, registered and reviewed. • A corporate register of Information Sharing Agreements is in place and subject to regular review • The quarterly checklist requires IAOs to ensure that all necessary agreements are in place 	<table border="1"> <tr> <td>2</td> <td>1</td> <td>1</td> <td>1</td> </tr> </table>	2	1	1	1	<ul style="list-style-type: none"> • <i>It is considered that the corporate register is as complete as it can be.</i> 								
2	1	1	1												
<p>Regulatory compliance is met.</p>	<ul style="list-style-type: none"> • Public Sector Network compliance certificated. SCC is currently fully 'PSN' compliant. • Department of Health IG Toolkit complete and returned within the prescribed annual deadlines noting that a verified IG Toolkit is necessary in order to enable the council to access data held by partners and for partners to access SCC information. The required compliance is Level is 2 (range is from 0-3). • A nominated Caldicott Guardian is in place. • The Caldicott Guardian role is with the Service Director Children & Families and the Service Director Housing Adults and Communities and registration has been lodged with the Health and Social Care Information Centre. 	<table border="1"> <tr> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>3</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> </table>	1	1	1	1	3	2	1	1	1	1	1	1	<ul style="list-style-type: none"> • <i>This is reviewed annually, next review due April 2018</i> • <i>The Corporate Legal Team took control of the administration of the Toolkit on an interim basis.</i> • <i>The Toolkit was submitted before the deadline and a level 2 scoring of 83% compliance for 2016-17 was achieved (in comparison with 69% last year.)</i> • <i>Low level, informal training has been given but with more intensive training to follow.</i>
1	1	1	1												
3	2	1	1												
1	1	1	1												

<p>6. Appropriate arrangements are in place to ensure that the council is able to comply with the provisions of the new General Data Protection Regulation (GDPR) which comes into force in May 2018 noting that the GDPR:</p> <ul style="list-style-type: none"> • Replaces the current DP directive • Enshrines a single DP law across Europe • Gives enhanced rights for individuals • Imposes greater, new and more prescriptive obligations on those who process personal data • Imposes serious consequences for non-compliance 	<p>p</p> <ul style="list-style-type: none"> • An 18 month rolling action plan has been developed by Legal and Governance 2016 noting however that this is not just a 'legal' project but will involve and require both engagement and action across the Council, not least from the Information Asset Owners and Information Asset Administrators. 	NEW	3	2	3	<ul style="list-style-type: none"> • Certain corporate tasks have been completed, such as re-wording of the Council's global privacy notice, contract clauses, DPIA template. • Leadership Group and the Asset Owners have also been briefed on the GDPR and implications for the Council. • The Data Protection Officer is now attending all Management teams to offer bespoke service area assistance and advice as to what must be done to ensure compliance. Some service areas are more engaged than others. All progress will be reported to CMT and any areas of concern will be flagged and targeted. • IAOs are required to regularly report on progress by way of the quarterly checklist and by introduction of a new monthly service by service template. • An IGB GDPR sub group is to be established to monitor progress of service areas between now and GDPR implementation.
	<p>q</p> <ul style="list-style-type: none"> • GDPR awareness programme to be developed and delivered in order that the Council is fully prepared for immediate and full implementation on 25th May 2018. 	NEW	3	2	2	<ul style="list-style-type: none"> • As above. An all staff awareness programme is currently being worked on and rolled out. • Updated Staff Stuff pages have been rolled out Management teams have been briefed and asked to cascade message to all staff in service areas.

1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</p>	<p>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or reliable.</p>	<p>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</p>	<p>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</p>

RISK No: SRR07		Last updated: 17/10/2017	OUTCOME	A sustainable council		
RISK DESCRIPTION [Demand Management]				RISK SCORE	LIKELIHOOD	IMPACT
The council is unable to respond appropriately or sufficient quickly to significant changes in service demand arising from changes in the welfare system				CURRENT	Likely	Significant
RISK OWNER: Hilary Brooks / Paul Juan				Target	Possible	Significant
PORTFOLIO(S): Finance						



2016-17		2017-18	
Q3	Q4	Q1	Q2

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	ASSURANCE LEVEL		MITIGATING ACTIONS / COMMENTS
1. <i>Appropriate business intelligence arrangements are in place to predict, track, identify and communicate significant changes in demand.</i>	a. <ul style="list-style-type: none"> Monitoring undertaken quarterly on the number of residents affected by each of the major reforms with quarterly statistics collated where available. Welfare Reform Monitoring Group in place and annual report on Local Impacts of Welfare Reforms produced. This is a city-wide, multi-agency group which works together to co-ordinate the local response to welfare change. 	-	-	NEW 2 <ul style="list-style-type: none"> Where information is available it is used to assess pressures. The DWP has confirmed funding for 2017/18 for Universal Credit, Core Funding, Discretionary Housing Payment (DHP), and New Burdens.
2. <i>The impact of anticipated changes in demand is reflected in both business planning and budgeting arrangements.</i>	b. <ul style="list-style-type: none"> The potential for significant changes in demand is reflected in 'Children & Families' and the 'Housing & Adults' business plans. Impact of changes that affect the HRA (in particular the 1% annual reduction in and Business Plan has been assessed and communicated to Councillor and CMT. The budget in 2016/17 catered for the 1% rent reduction for the first two years (2016/17 & 2017/18). 	-	-	NEW 2 <ul style="list-style-type: none"> The HRA budget has been to the Cabinet Member responsible for Housing, and has been to CMT and is going through the process now for approval. During the next year we will be looking at the following two years where the 1% rent reduction equates to a total of £7.4 million.

	<p>c</p> <ul style="list-style-type: none"> • Exercise, with other stakeholder agencies including anti-poverty services, Supporting People providers and advice services to identify additional service demand. 	-	-	NEW	2	<ul style="list-style-type: none"> • Additional and ongoing funding of up to £185K per annum allocated for local welfare support. • Evidence of increased demand on implementation of universal credit full service. • SCC funding to voluntary sector including advice services is moving from grants to contracts. • Welfare Reform Monitoring Group continues to work with agencies to identify pressure points and gaps in current provision. • Additional funding provided from DWP for Universal Credit for 2017/18 for Assisted Digital and Personal Budgeting Support.. This has been used to increase the level of advice support
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<p>3. Resources are able to be deployed /redeployed to meet service delivery pressures</p>	<p>d</p> <ul style="list-style-type: none"> • Systems are in place to respond to in-year increases in demand. • There are also arrange of interventions and measures in place intended to manage future demand including 'edge of care services', early help and early years. • Additional capacity is in place for the Housing Income Team in preparation for the implementation of Universal Credit in order to support tenants noting and recognising that under Universal Credit gross benefits will be paid direct to tenants (thereby 	-	-	NEW	2	<ul style="list-style-type: none"> • 7 new FTE have been secured to cover the new collection activities needed to recover debts from the 11,000 tenants who previously received their benefits net of rent (£40M per annum paid direct to SCC – no collection required and no cost incurred) • The number of Social Rented Sector notifications is twice the level predicted so to minimise the impact on available resource, some automation options are currently being explored.
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1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</p>	<p>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or reliable.</p>	<p>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</p>	<p>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</p>

RISK No: SRR08		Last updated: 19/09/2017	OUTCOME	A sustainable council		
RISK DESCRIPTION [Alternative Service Delivery Models]				RISK SCORE	LIKELIHOOD	IMPACT
Delivery of services via 'alternative service delivery models' fails to deliver the required outcomes in terms of sustainability and cost effectiveness.				CURRENT	C - Possible	3 - Significant
RISK OWNER: Strategy Hub Management Team				Target 	D - Unlikely	4- Moderate
PORTFOLIO(S): Finance						

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17		2017-18		MITIGATING ACTIONS / COMMENTS
		Q3	Q4	Q1	Q2	
		ASSURANCE LEVEL				
1. Clear and robust process in place in respect of the consideration and approval of all alternative service delivery proposals	a. <ul style="list-style-type: none"> All alternative service delivery proposals commence through CMT before going to Strategy and Commissioning Board, then through CMB and then to Council . Assurances are through relevant meeting notes. 	-	-	NEW	1	
2. All proposals include financial, legal and risk considerations which have been developed, reviewed and signed off by the relevant areas.	b. <ul style="list-style-type: none"> Formal decision making report template in place via modgov system. System requires that all reports are subject to sign-off from finance and legal before a report progresses. 	-	-	NEW	3	<ul style="list-style-type: none"> For reports generated outside of the modgov system there is not a robust process in terms of sign-off. There is currently inconsistent use of the new 'risk management implications' section within the corporate report template.
3. Where required or appropriate, consultation with key stakeholders has been undertaken with the output being used to shape the service delivery proposal or model.	c. <ul style="list-style-type: none"> All alternative service delivery proposals are progressed through Finance, Legal and also the Communications team to ensure that any need for consultation has been considered. 	-	-	NEW	2	<ul style="list-style-type: none"> Appropriate programme management office pathways have recently been developed in order to ensure that stakeholders are consulted, and that financial and legal risks have been considered.

<p>4. Robust governance arrangements are in place in terms of how the arrangement is monitored in terms of delivery of outcomes, performance, cost etc.</p>	<p>d • Governance will be through having a Service Director for the alternative delivery model on CMT.</p> <p>• Outcomes may be monitored through the key performance indicators and reports to the</p>	-	-	-	NEW	<p>• Governance arrangements and associated processes and procedures are currently being developed in respect of the LATCo.</p> <p>• These arrangements are intended to form a model for future 'alternative service delivery' proposals.</p>
<p>5. The role of service delivery partners is clearly defined together with the basis on which payment is predicated.</p>	<p>e • Assurance would be through contractual arrangement and / or Memorandum of Understanding</p>	-	-	-	NEW	
<p>6. Contractual arrangements include sufficient scope to cater for either significant changes in demand and/or the type of service required going forward including extending or exiting the arrangement</p>	<p>f • Assurance would be through contractual arrangement and / or Memorandum of Understanding</p>	-	-	-	NEW	
<p>7. Where a service is to be delivered by a third party, any Council residual statutory or legal responsibilities are defined and understood.</p>	<p>g • Assurance would be through contractual arrangement and / or Memorandum of Understanding</p>	-	-	-	NEW	
<p>8. There is an appropriate process for review of the contractual agreements and the partnerships</p>	<p>h • Periodic reviews in the performance and outcomes of the contract areas, and through break clauses in the formal contracts.</p>	-	-	-	NEW	

1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</p>	<p>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or</p>	<p>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</p>	<p>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</p>

RISK No: SRR09		Last updated: 23/10/2017	OUTCOME	People live safe, healthy, independent lives		
RISK DESCRIPTION [Budget/Finance/Service Delivery]				RISK SCORE	LIKELIHOOD	IMPACT
Failure to ensure an effective and sustainable adult social care system				CURRENT	B - Likely	2 - Major
RISK OWNER: Paul Juan				Target 	C - Possible	2 - Major
PORTFOLIO(S): Housing and Adult Care						

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17				2017-18				MITIGATING ACTIONS / COMMENTS
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
1. Assessment of future service demand (and projected cost) together with an understanding of demand indicators or triggers	<p>a</p> <ul style="list-style-type: none"> 'Joint Strategic Needs Assessment' for the city is in place An agreed Better Care Fund Plan (BCF) is in place which contains a detailed review and interpretation of the demographics of the city. <p>b</p> <ul style="list-style-type: none"> Regular comparisons are made with our nearest neighbours via a CIPFA Benchmarking group with any significant or unexplained variances reviewed as necessary The council is also now participating in ADASS national and regional comparator groups. 	2	2	2	2	2	2	2	2	<ul style="list-style-type: none"> A public health analyst has updated the model and an update of the JSNA is underway The model is being used to support budget monitoring and forecasting during weekly "intensive care" budget meetings.
2. Appropriate range of preventative / early intervention actions to seek to manage and/or reduce future demand	<p>c</p> <ul style="list-style-type: none"> A Better Care Fund local plan has been developed by the Council and Southampton City Clinical Commissioning Group ("CCG") as a part of the Better Care Fund. The Plan focusses on prevention and early intervention and building on the role of individuals in their own health and wellbeing. There is a detailed Assurance Framework for the Better Care fund and within it, it has reference to the risk, key controls in place and progress in managing and mitigating identified risks. 	2	2	2	2	2	2	2	2	<ul style="list-style-type: none"> There is a Better Care fund monthly budget review meeting between SCC and the CCG at CFO level with reports on progress with each of the schemes. The assurance framework is reported monthly to the CCG and Council. The plan has recently been revised to incorporate the Improved Better Care Fund (IBCF) with reports to Commissioning Partnership Board and Integration Board.



<p>d</p> <ul style="list-style-type: none"> • Southampton Information Directory ("SID") has been developed which provides information and support for adults and those that are caring for them. The SID signposts a wide range of support and self help options that are available. 	-	3	3	3	<ul style="list-style-type: none"> • <i>The system is not regularly updated and the Council Management Team and Integrated Commissioning Unit have an action plan to address this.</i> • <i>Additional resources have been invested from the IBCF to update this key system.</i>
<p>e</p> <ul style="list-style-type: none"> • Integrated Health and Social Care Rehabilitation / Reablement Service for the city, designed to help people maintain or regain their ability and confidence to live at home, commenced in June 2016. • Effectiveness of this service is overseen by the Integration Board. • Board recommended changes to the Partnership Management Board and monitoring arrangements which were implemented in 2017/18 Q1 and are providing additional assurance 	2	2	3	3	<ul style="list-style-type: none"> • <i>The Integration Board will be requested to give an opinion on the effectiveness of this service in Q4 17-18 , which will identified issues or provide additional assurance.</i>
<p>f</p> <ul style="list-style-type: none"> • An 'integrated person centred care work programme' is in place with one of the main areas of focus being on 'prevention and early intervention' • Principal Social Worker for Adults in post to support the programme 	-	2	3	3	<ul style="list-style-type: none"> • <i>The effectiveness of this will be assessed by the newly formed Adult Social Care Transformation Board during Q4 17-18.</i>
<p>g</p> <ul style="list-style-type: none"> • Independent Living Board in place who are responsible for overseeing the developing assistive technology and extra care housing provision (four Extra Care Housing complexes). 	2	2	3	3	<ul style="list-style-type: none"> • <i>Independent Living Board scheduled to agree a strategy/commissioning approach in Q4 17-18 that will have mechanisms to provide the required assurance.</i> • <i>Weekly intensive care meetings include monitoring of the uptake of telecare installations which is behind trajectory and not able to evidence savings yet. A 'deep dive' exercise to look at telecare is to take place and this will result in detailed action plans being developed.</i>

<p>3. Eligibility criteria that is clearly defined in terms of social care needs and health needs that is rigorously enforced</p>	<p>h</p> <ul style="list-style-type: none"> • The Care Act introduced a set of National Eligibility Criteria which all Local Authorities must adhere to when completing a new assessment of unmet need or a re-assessment of need. • All Care Management teams have received the necessary training with refresher courses available. • Paris assessments now enable practitioners to record their judgements against the eligibility criteria contained in the Care Act and associated guidance. 	<p>3 2 2 2</p>	<ul style="list-style-type: none"> • <i>Principal Social Worker (PSW) for Adults post recently appointed to. Part of work plan is to undertake a quality audit.</i>
<p>4. Robust processes and policies to ensure that both accurate and timely bills are issued to clients and that maximum client contributions are collected /recovered.</p>	<p>i</p> <ul style="list-style-type: none"> • The Care Act has introduced new opportunities for charging and full cost recovery. 	<p>2 3 3 3</p>	<ul style="list-style-type: none"> • <i>Significant progress has been made in Q3 to reconcile the Paris case management system with the Agresso financial management system and these two systems now work in terms of reconciliation of data.</i> • <i>Additional resource has been deployed in the Care Placement Service to improve the process and these arrangements have been extended until March 2018.</i> • <i>The Council's digital transformation programme is designing an end to end solution that will provide assurance that this risk is appropriately managed, but this will not now be implemented until later in 2017/18. Delivery of this programme has slipped and is being re-baselined. In the meantime, a policy change has been implemented and savings being achieved are monitored by ASC</i>
<p>5. Regular review and reassessment process to ensure that service provision meets clients needs</p>	<p>j</p> <ul style="list-style-type: none"> • A dedicated internal review team is in place. • Reviews are subject to quality assurance and the programme is overseen by the Improvement Board. 	<p>2 2 3 3</p>	<ul style="list-style-type: none"> • <i>The dedicated review team has completed 1,200 overdue reviews.</i> • <i>The transition to a Council team with a sustainable review model was completed in Q1 2017/18 and productivity levels are improving. Review performance is monitored at fortnightly Improvement Board meetings.</i>

<p>6. Direct Payments process with required controls to ensure the correct amounts are paid according to an individual's assessed social care needs and financial assessment</p>	<p>k • There is an accountable CMT lead and clear process and procedures which are followed by all involved in the customer journey.</p>	<p>- - 4 3</p>	<ul style="list-style-type: none"> • Internal audit report published on 14 June 2017 gave an opinion of "no assurance". • Management action plan endorsed by SLT is being implemented and will, in the opinion of internal audit, serve to mitigate risk and provide required assurance. • At the time of writing, no actions are overdue for completion. • Progress was reported to Governance Committee on 24 July 2017. Progress against the action plan is monitored at monthly intensive care meetings and the Programme Management Office (PMO) is supporting. Several workshops for stakeholders have been held to fundamentally redesign the process, including a Members' workshop on 2 October 2017.
<p>7. Robust and regular budget monitoring and review process including review and challenge re third party service provider costs</p>	<p>l • Robust process in place across all ASC teams comprising a three stage process which runs monthly in conjunction with colleagues from the Finance and the Integrated Commissioning Unit. • A challenge and review panel meets every week and every new package of care requested is scrutinised by a Service Manager before a placement and cost are agreed.</p>	<p>1 2 2 2</p>	<ul style="list-style-type: none"> • The panel has been extended to consider all requests for funded packages of care as part of an "intensive care" management approach. This has been extended in 2017/18 and is being expanded to include adult mental health teams.

	<p>m • Delivery of savings action plan to bring budget into line</p>	3	3	4	3	<ul style="list-style-type: none"> • <i>Adult Social Care is subject to "intensive care" / Recovery Board meetings.</i> • <i>There is currently no assurance in the service's ability to achieve required savings in 2017/18 and an adverse variance of £5.56M is forecast for 2017/18.</i> • <i>Budget delivery plans are being urgently reviewed, quantities data is being collated to evidence savings achieved and forecast and the transformation plan is being re-written.</i> • <i>The service is subject to weekly "intensive care" meetings from 25 July 2017, chaired by the Chief Executive.</i> • <i>A comprehensive tracker is used to monitor performance and Cabinet Members for Finance and Housing and Adult Social Care attend the meetings on a monthly basis.</i> • <i>Risk is mitigated by additional £4.98M resources through Better Care Fund, approved by Full Council on 19 July 2017 and overseen by the Integration Board.</i>
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1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p><i>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</i></p>	<p><i>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or reliable</i></p>	<p><i>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</i></p>	<p><i>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</i></p>

RISK No: SRR10		Last updated: 04/07/2017	OUTCOME	Children and young people get a good start in life		
RISK DESCRIPTION [Budget/Finance/Service Delivery]				RISK SCORE	LIKELIHOOD	IMPACT
Failure to ensure an effective and sustainable children's social care system				CURRENT	B - Likely	2 - Major
RISK OWNER: Hilary Brooks				Target 	C - Possible	2 - Major
PORTFOLIO(S): Children's Social Care						

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17				2017-18		MITIGATING ACTIONS / COMMENTS		
		Q3	Q4	Q1	Q2	Q3	Q4			
1. Assessment of current and future service demand (and projected cost) together with an understanding of the underlying demand triggers	a	<ul style="list-style-type: none"> Internal and external multi-agency panels look at demand in terms of both Looked After Children and the capacity and support available from the Early Help & Early Years Service. 				3	2	2	2	<ul style="list-style-type: none"> Actions taken following the work undertaken by the external independent consultant (Professor Thorpe) in terms of better managing the 'front door' demand are beginning to have a positive impact. 2016-17 spend was in line with the budget and 2017-18 forecast spend position on target.
	b	<ul style="list-style-type: none"> Financial plan and projections (including the spend in respect of 'looked after children') have been developed as part of the 4 year financial plan. Budget position is closely monitored recognising the challenges regarding the costs associated with Looked After Children. 				3	3	2	2	
2. Appropriate range of preventative / early intervention actions that seek to manage and/or reduce future interventions	c	<ul style="list-style-type: none"> Multi-agency work, co-ordinated by the Early Help & Early Years Service, with partners such as public health, housing, education including 'Early Help' and 'Sure start'. 				2	2	2	2	
	d	<ul style="list-style-type: none"> The capacity and resources to deliver a range of appropriate 'preventative/early intervention' services is under constant review in order to reflect the fluid position regarding demand Service Director and relevant Service Leads review the position in respect of supply and demand on a monthly basis 				2	2	2	2	<ul style="list-style-type: none"> Regular review process in place and effective in terms of both monitoring and managing capacity and resources.

<p>3. Intervention criteria that is aligned with good practice, clearly defined and communicated and applied on a consistent basis.</p>	e	<ul style="list-style-type: none"> • Document reviewed annually by the LSCB with threshold criteria applied to all referrals. This document is part of the LSCB multi agency guidance. • Support Guidance for Referrers - The Southampton 'Continuum of Need' which introduces four levels of intervention for the City. 	2	2	2	2	
	f	<ul style="list-style-type: none"> • The threshold criteria is applied effectively across all children's social care in order to ensure that children and families receive the services and to enable SCC to prioritise those in greatest need. • The Quality Assurance mechanism and auditing reviews cases to identify that the threshold applied consistently and is in line with the policy. 	2	2	2	2	
<p>4. Robust assessment of current and future staffing requirement with a contingency arrangement in place in respect of unforeseen pressures or staff shortages.</p>	g	<ul style="list-style-type: none"> • Children's Transformation Improvement Plans, informed by OFSTED requirements, are in place and being overseen by workstreams reporting to the Transformation and Improvement Board. • The Board scrutinizes the improvement plans, which span a 4 year period, and acts as a critical friend. 	3	3	3	3	<ul style="list-style-type: none"> • Satisfactory progress is being made in terms of delivery of the Year 1 actions within the improvement plans. • The position in respect of the recruitment and retention of staff has improved significantly with a reduction in the number of agency staff.
	h	<ul style="list-style-type: none"> • A 'Memorandum of Co-operation' in place which is a regional agreement designed to reduce the instability caused by increased social worker turnover and the costs associated with employing excessive numbers of agency staff. It also sets out aspirations to work more closely together to increase the supply of children's social workers. • 17 of the 19 local authorities in the region have pledged their support to this approach and the MoC is now operational. 	-	2	2	2	<ul style="list-style-type: none"> • There is tangible evidence of the MOC making a difference in terms of less turnaround of agency staff which, in turn, has created greater stability in the workforce. • There has been a significant reduction in the number of agency workers with recruitment managed via Hayes.

<p>5. Compliance with statutory guidance (Working together to safeguard children 2015)</p>	<p>i</p> <ul style="list-style-type: none"> • There is compliance with the statutory guidance together with associated performance management, staff supervision and escalation arrangements in place. • The Quality assurance framework., in particular the file audit process, provides evidence as to compliance with Working Together. 	<p>2 2 2 2</p>	
<p>6. The options available in respect of vulnerable children reflect both the need, range and quality of required outcomes with an associated realistic and reasonable budget provision.</p>	<p>j</p> <ul style="list-style-type: none"> • The Council is part of the South Central framework for Independent Foster Care which is a regional consortium of local authorities that provides a collaborative approach to managing the Independent Fostering Agency (IFA) market. 	<p>3 3 3 2</p>	<ul style="list-style-type: none"> • In respect of the outcomes available to looked after children, the limited availability of in-house provision creates significant budget pressure. • There is continuing pressure on the Residential Budget in terms of placements and the ICU are looking at provision. • The recruitment plan for in-house foster carers has been refreshed with a view to increasing the number of in house carers however there has been a delay in the plan being started.
<p>1 - Substantial assurance</p> <p><i>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</i></p>	<p>2 - Adequate assurance</p> <p><i>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or reliable.</i></p>	<p>3 - Limited assurance</p> <p><i>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</i></p>	<p>4 - No assurance</p> <p><i>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</i></p>



RISK No: SRR11		Last updated: 17/10/2017	OUTCOME	People live safe, healthy, independent lives		
RISK DESCRIPTION [Health and Safety]				RISK SCORE	LIKELIHOOD	IMPACT
Failure to undertake reasonable actions and /or to provide timely and appropriate communications to key stakeholders following the Grenfell Tower Fire.				CURRENT	E -Very Unlikely	2- Major
RISK OWNER: Paul Juan				Target	E -Very Unlikely	2- Major
PORTFOLIO(S): Housing and Adult Care						

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17				2017-18				MITIGATING ACTIONS / COMMENTS	
		ASSURANCE LEVEL				ASSURANCE LEVEL					
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
1. Fire Risk Assessments reviewed are updated (risk based approach) this should include: <ul style="list-style-type: none"> Ensuring that all findings are understood and outstanding actions are completed; Undertaking a review of fire evacuation and emergency plans to ensure they are still relevant; Ensuring that all fire safety equipment and systems are maintained. 	a	• Single repository for fire risk assessments in place and held within Capital Assets.	-	-	NEW	2	-	-	-	-	<ul style="list-style-type: none"> Contract in place with 3SFire to undertake Fire Risk Assessments on behalf of SCC.
	b	• Capital Assets monitor findings and are responsible for ensuring that, in all cases, an appropriate response is provided.	-	-	NEW	3	-	-	-	-	<ul style="list-style-type: none"> Role and responsibilities of the council's H&S Board to be formalised in terms of assurance in respect of fire risk assessments. A new Risk Compliance Manager post has been identified in the new Capital Assets structure. This post will be responsible for ensuring that SCC capital assets remain compliant, including actions arising from fire risk assessments. Interim arrangements are in place to review and manage the backlog of actions using a risk based approach.
	d	• Review of 'stay put' policy undertaken by the Task and Finish Group	-	-	NEW	1	-	-	-	-	<ul style="list-style-type: none"> Letter issued to all residents in Tower Blocks confirming the 'stay put' policy should be followed.
	e	• Capital Assets are undertaking planned passive fire safety check inspections in all tower blocks.	-	-	NEW	2	-	-	-	-	<ul style="list-style-type: none"> Report of issues and observations to be provided for consideration and action as necessary.

<p>2. Relevant findings or any changes are communicated to residents or other key stakeholders. Where actions are required of residents or there are changes in responsibilities, actions or procedures these must be communicated effectively and validation received that these are understood.</p>	<p>f • Tower Block Task & Finish Group established in order to co-ordinate and direct the actions, response and communication with residents and other stakeholders. Group chaired by Chief Operating Officer and comprises officers from relevant areas and includes representation from HFRS.</p>	<p>- - NEW 2</p>	<p><i>Task & Finish Group has co-ordinated a range of actions taken including:</i></p> <ul style="list-style-type: none"> • <i>Tenant drop in sessions to provide update, information and reassurance;</i> • <i>Communication to tenants to provide update, information and reassurance; and</i> • <i>Internal communication to staff to provide update and information.</i>
<p>3. Review of building, construction and materials.</p> <ul style="list-style-type: none"> • Existing buildings checked, including the testing of existing cladding systems. • Construction and refurbishment contracts reviewed to establish type of cladding system used. • Any concerns around the cladding systems or fire risk assessments should be raised with your local Fire Service and the Department for Communities and Local Government (DCLG) to formulate guidance on future steps. 	<p>g • Checking on all external cladding on SCC housing stock and other high rise housing blocks in the city undertaken in conjunction with HFRS.</p>	<p>- - NEW 1</p>	<ul style="list-style-type: none"> • <i>Exercise completed no issues identified</i> • <i>Appropriate returns and communications with the Department for Communities and Local Government (DCLG) on cladding and related fire safety issues.</i>
<p>4. Consider the role that passive and active fire protection measures have the building fire strategy.</p>	<p>h • Agreed programme to install sprinkler systems in council high rise housing blocks</p>	<p>- - NEW 2</p>	<ul style="list-style-type: none"> • <i>Sprinkler retrofit programme in place with installation works in progress.</i> • <i>Associated information and communication to relevant tenants including use of a sprinkler demonstration unit and a 'show flat with the installation in place'.</i>
	<p>i • Fire stopping in tower blocks being reviewed as part of passive fire safety check programme.</p> <ul style="list-style-type: none"> • Communication to contractors re importance of fire stopping? 	<p>- - NEW 2</p>	<ul style="list-style-type: none"> • <i>Letter issued to media communication companies re fire stopping.</i> • <i>Reference to the importance of fire stopping included in future works contracts .</i>

	<p>j</p> <ul style="list-style-type: none"> • Management and maintenance of fire doors reviewed as part of passive fire safety check programme. • Monthly inspection of tower blocks undertaken which includes fire doors. 	-	-	NEW	3	<ul style="list-style-type: none"> • A programme to review and, where considered necessary, install new fire doors in high rise housing blocks is being undertaken. • Dialogue with leaseholders is required in order to ensure that all fire doors in a block are compliant.
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1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p><i>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</i></p>	<p><i>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or reliable.</i></p>	<p><i>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</i></p>	<p><i>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</i></p>

RISK No: SRR12		Last updated: 20/10/2017	OUTCOME	A sustainable council										
RISK DESCRIPTION [Budget Finance]				RISK SCORE	LIKELIHOOD	IMPACT								
The impact of organisational change and service redesign solutions, whilst delivering savings, create other unplanned for pressures and challenges				CURRENT	D - Unlikely	3 - Significant								
RISK OWNER: Organisational Design Board				Target 	D - Unlikely	3 - Significant								
PORTFOLIO(S): Leaders			<table border="1"> <tr> <td colspan="2">2016-17</td> <td colspan="2">2017-18</td> </tr> <tr> <td>Q3</td> <td>Q4</td> <td>Q1</td> <td>Q2</td> </tr> </table>				2016-17		2017-18		Q3	Q4	Q1	Q2
2016-17		2017-18												
Q3	Q4	Q1	Q2											

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	ASSURANCE LEVEL				MITIGATING ACTIONS / COMMENTS
1. Robust organisational and service redesign processes that includes appropriate prompts to ensure that proposals are sustainable in terms of delivery of savings whilst maintaining an appropriate level of customer service.	a <ul style="list-style-type: none"> Organisational Design ('OD') Board in place comprising SLT together with Service Director HR and OD Project Advisor - to oversee and approve any major change in line with the agreed Operating Model 'Design Principles' established for future change have been agreed and are in place. Lessons learned from previous restructures used to inform further transformation; key stakeholders review each restructure with the CSO and HR to determine any lessons to take forward for future plans. 	-	-	NEW	2	
2. Organisational and service redesign solutions are approved by a senior manager group that has organisation wide oversight.	b <ul style="list-style-type: none"> OD Board in place and established with organisation design principles agreed. Applied for all restructures and supported by HR Advisory service Section 188 document issued 	-	-	NEW	2	<ul style="list-style-type: none"> The organisation design principles are the criteria to be used by those designing services and teams to guide the development and evaluation of new structures.

<p>3. Organisational and service redesign proposals are developed in consultation with all key internal stakeholders.</p>	<p>c</p> <ul style="list-style-type: none"> • 'Restructure communication and engagement plans are standard; Cabinet Member and trade union briefing of proposals ; face to face staff briefings; one to one meetings; end proposals published • OD Board to be satisfied that key stakeholders have been appropriately identified and that the likelihood of a potential unintended consequence is minimised. This is helped by a new standard format for S188 and summary of affected posts and by the OD Board having the overview of all proposals for approval. • Papers to the OD Board need to include a section that identifies other services that may be impacted by the proposed changes; this is communicated via SLT to their managers and discussed with trade unions ahead of any proposals being approved. 	-	-	NEW	2	
<p>4. <i>The rationale for significant change is clearly communicated to all stakeholders</i></p>	<p>d</p> <ul style="list-style-type: none"> • All S188 documents are issued via face to face briefings for affected staff and trade union reps. • Documents are sent to Cabinet and Opposition Members and uploaded to intranet pages - including all presentation slides; • Affected staff are offered one to one meetings and HR Advisors support the whole process • Feedback is used to inform final proposals which are then communicated prior to implementation. 	-	-	NEW	2	

5. *Proposals for digitisation or automation of aspects of service delivery are robust in terms of current and future costs.*

- Technical solution proposed by Capita is agreed by Service Director.
- Financial case including contingency provision is agreed by Finance, Service Director and CMT/SLT as appropriate. Funding is secured.
- Project management is in place, allowing for procurement, consultation and implementation as required.
- Project governance and reporting requirements are agreed by Service Director.


-	-	NEW	2	
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1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<i>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</i>	<i>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or</i>	<i>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</i>	<i>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</i>

Version Control

VERSION HISTORY						
Version No	Reviewed by	Review date		Version No	Reviewed by	Review date
01	CMT	30/06/15		06	Council Management Team	25/07/17
02	CMT	22/09/15		07	Strategy Hub Management Team	22/08/17
03	Council Management Team	13/10/15		07	Operations Hub Management Team	09/10/17
03	Cabinet / CMT	09/11/15		07	CMT (virtual)	23/10/17
03	Governance Committee	09/11/15		07	Governance Committee	13/11/17
04	CMT	26/01/16				
05	CMT (virtual)	28/02/17				

Version	NEW & EMERGING RISKS INCLUDING ANY SIGNIFICANT CHANGES	ACTION
1	SRR3 - SAFEGUARDING : Risk to be amended to refer separately to 'Adults' and 'Childrens' Safeguarding (two risks SRR3a & SRR3b)	AMEND
	NEW SRR8 - New risk re 'Sustainable Adults Social Care System'	ADD
	NEW SRR9 - New risk re 'Sustainable Childrens Social Care System'.	ADD
	EMERGING RISKS (to be reviewed and considered at end of Q2) - Community Tensions / Investment in School Property / Combined authority	NOTE
2	SRR3a/3b - Potential impact should be assessed as 'extreme' (as opposed to major)	AMEND
	Definition of 'Assurance Levels' revised to make more explicit reference to delivery of outcomes	AMEND
	EMERGING RISKS (to be reviewed and considered at end of Q3) - Community Tensions / Investment in School Property / Combined authority	NOTE
	Comments' column to be amended to refer to 'Mitigating Actions/Controls'	AMEND
4	SRR02 - Risk description amended to make reference to 'serious public health threats'	AMEND
	SRR3a/b - Risk description amend to make reference to 'preventable incident' and 'controls and sources of	AMEND
	SRR08/09 - Risk description amend to make reference to the wider social care system as opposed to only referred to financial sustainability with controls and sources of assurance aligned	AMEND
	SRR01 - Risk description amended to ' <i>...enable service provision to reflect key strategic outcomes and be aligned with the associated budget envelopes</i> ' as opposed to ' <i>...enable service provision to be on a proactive rather than reactive basis</i> '	AMEND
	SRR07 - Risk description amended to refer to service partners being aligned with new operating model and new service delivery requirements.	AMEND
6	Risks aligned to 'council priorities'	AMEND
	Portfolio's added	AMEND
	Risks Renumbered	AMEND
7	SRR01 - amended to include Cyber Risk and Flood Risk	AMEND
	SRR05 - Agreed that it was appropriate for the H&S Board to assume responsibility for this risk (from Service Director - HR)	AMEND
	SRR07 - The council is unable to quantify the financial impact on both vulnerable individuals and key council services arising from implementation of welfare reforms [OPS HUB : TO REVIEW & CONSIDER REPLACING WITH THIS RISK WITH A RISK AROUND 'DEMAND MANAGEMENT']	AMEND
	SRR08 - Risk deleted "Service partners and/or suppliers may not be sufficiently flexible or aligned with the council's future service delivery requirements and operating model" and replaced with reworded risk	AMEND
	SRR11 - New risk added	ADD
	SRR11 - New risk added	ADD

RISK No: SRR08		Last updated: 18/07/2017	OUTCOME	A sustainable council		
RISK DESCRIPTION [Contract Management / Commissioning]				RISK SCORE	LIKELIHOOD	IMPACT
Service partners and/or suppliers may not be sufficiently flexible or aligned with the council's future service delivery requirements and operating model [STRATEGY HUB] : TO REDRAFT RISK TO REFER TO ALTERNATIVE SERVICE DELIVERY MODELS DELIVERING REQUIRED OUTCOMES IN TERMS OF COST, SERVICE AND SAVINGS].				CURRENT	C - Possible	3 - Significant
RISK OWNER				Target	D - Unlikely	3 - Significant
RISK OWNER		Rob Harwood				
PORTFOLIO(S)						

RISK CLOSED



2016-17		2017-18	
Q3	Q4	Q1	Q2

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	ASSURANCE LEVEL				MITIGATING ACTIONS / COMMENTS
1. Where appropriate, there is standard contract wording to reflect the need for specifications and/or outputs to be able to be adjusted quickly and easily	Contract change notices and variation notices available to allow us to change the service needs as required. The ability to invoke contract changes exists and is proven to work.	1	1	1		<i>Standard Terms and Conditions used if appropriate. More major and complex contracts have bespoke Agreements which allow contract changes to be made, although it should be noted that the process for making contract changes is often neither 'quick' or 'easy'. The CCN process is working well and is invoked as and when contract changes are required.</i>
2. The performance of key partners is managed and reviewed throughout the duration of the contract	Performance indicators ("PIs") are in place for all key service partnerships and are monitored by the Supplier Experience Team on a monthly basis with a review and escalation process in place. The PI information would be used to inform the overall annual review of performance.	1	1	1		<i>Supplier performance frameworks for the Strategic contracts is monitored by the Supplier Performance team on a risk basis and reported through the appropriate governance structure. In addition at its meeting in June 2017 the Governance Committee agreed that it will now receive annual reports of the key partner contracts and undertake in depth analysis of core contracts such as the O2 Guildhall or a rolling basis.</i>

	<p>A range of information and market intelligence activities, both formal and informal, are undertaken in order to understand changes, developments or trends in the wider marketplace and to provide an assessment and understanding of the availability, cost, and quality of services in both the short and longer term. Intelligence is used to identify in gaps and pressures in the market and is used to develop commissioning intentions and/or BAU recovery plans as required.</p>	2	2	2	<p><i>Intelligence demonstrates that home care and nursing care for people with dementia are current areas of weakness/ pressure and action plans are in place to address these.</i></p>
	<p>Quality in domiciliary, residential and nursing care providers assured by programme of regular reviews undertaken by commissioning leads using contract KPIs and additional by the ICU quality team using CQC standardised criteria.</p>	2	2	2	<p><i>Contracts are subject to quarterly contract monitoring and formal review before contract expiry to determine future commissioning intentions. An action plan is in place to ensure sustainability in the local home care market.</i></p>
<p>3. The definition and criteria of a key service partner has been agreed and is reflected in the level of scrutiny and oversight required by either the ICU or the Contract Management Team</p>	<p>Risk based approach to contract management that reflects financial, service delivery and reputational exposure to SCC</p>	3	3	3	<p><i>This is being implemented (for non-ICU contracts) as part of the new Supplier Experience approach and the process to define and describe this has been completed as part of the SSP contract reset. Further sub-contract mechanisms are being finalised to categorise contracts as Strategic (managed by Supplier Experience), Key (managed by Capita with oversight from Supplier Experience) or Business As Usual (overseen by Capita and sampled by Supplier Experience). This process is well progressed and on schedule to complete on time (end of Q2 17-18)</i></p>

4. The scope, range and cost of services available in the market reflects, and is aligned with, the council's current and future service requirements and operating model	<p>Appropriate market making or alternative service delivery options are considered or undertaken where market capacity and/or resilience is limited. Market research is undertaken in order to assess and understand those commissioned services where there is either limited capacity or reliance on a limited number of suppliers.</p> <p>In addition, 'cost of care' research/benchmarking is undertaken annually in Q3 to ensure that inflationary pressures are accounted for when setting budgets for the coming year. The output is then used to inform development of the council's Market Position Statement ("MPS").</p>	2	2	2	<p><i>SCC published care home rates home have been increased this year at a rate higher than inflation to account for the NMW increase. Additional supplier rate uplifts have been negotiated by exception using an open book accounting process. ICU working closely with Capital Assets to deliver plans for growing the local supply of Extra Care housing.</i></p>
	<p>MPS is published on the council's website and shared with key suppliers. The MPS acts as a statement of how both the council and the CCG are collectively seeking to shape the local health and social care market in a manner that is best suited to the needs of the local population and sustainable within the context of available resources.</p>	2	2	2	<p><i>MPS 2015-18 in place which ensures that the Council is compliant with its duties under The Care Act 2014. This requires local authorities to promote the diversity, quality and sustainability of local care services. A new MPS will be developed and published in 2018.</i></p>

1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<p><i>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</i></p>	<p><i>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or</i></p>	<p><i>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</i></p>	<p><i>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</i></p>

RISK No: SRR07		Last updated: 30/06/2017	OUTCOME	People live safe, healthy, independent lives		
RISK DESCRIPTION [Welfare Reform]				RISK SCORE	LIKELIHOOD	IMPACT
The council is unable to quantify the financial impact on both vulnerable individuals and key council services arising from implementation of welfare reforms [OPERATIONS HUB : TO REVIEW AND CONSIDER REPLACING WITH THIS RISK WITH A RISK AROUND 'DEMAND MANAGEMENT']				CURRENT	C - Possible	3 - Significant
				Target 	C - Possible	3 - Significant
RISK OWNER	Mike Harris					
PORTFOLIO(S)						

RISK CLOSED

EXPECTED KEY CONTROLS	SOURCE(S) OF ASSURANCE	2016-17		2017-18		MITIGATING ACTIONS / COMMENTS
		Q3	Q4	Q1	Q2	
1. The scope and nature of the reforms is clearly understood.	Working with key partners to develop and co-ordinate implementation timetable and assess local impacts. Multi-agency 'Welfare Reforms Monitoring Group' in place to oversee local response.	3	3	3		<i>On 22 February 2017, Southampton became a Universal Credit Full Service area. This means many more claimants will now be UC. This affects people of working age on low income who make a new claim for benefit or have a change of circumstance. SCC have worked with DWP to train local frontline staff and have developed a range of communications to inform and assist residents affected. There have been some issues experienced locally with the implementation. A series of meetings have been set up to enable agencies to come together to identify and resolve issues. This will become the Universal Credit Working Group.</i>
2. The number and type of residents that are likely to be most significantly affected by the reforms is understood	Monitoring undertaken quarterly on the number of resident affected by each of the major reforms.	2	2	2		<i>Quarterly statistics continue to be collated. These statistics are starting to identify increased referrals to local food banks and increase demand for local welfare provision utility top-ups linked to Universal Credit claims. Future reforms - including proposals relating to Local Housing Allowance - and their potential impacts will continue to be monitored.</i>

	Annual report on Local Impacts of Welfare Reforms produced.	1	1	1	<i>Draft annual report is to be circulated, it concludes that it is the cumulative impact of reforms that undermines households' resilience, income is being squeezed by the cap on benefits combined with increases in costs - with some of the 'hardest hit' being larger families, lone parent families and households with a disabled person. Many face real barriers to work.</i>
3. Responses in place to reduce welfare dependency across the city and to assist both individuals and communities to be more resilient to welfare changes	Local Welfare Reform Action Plan in place. Information made available regarding changes to welfare benefits.	3	3	3	<i>The Welfare Reforms action plan and communications plan is currently being revised and is monitored by the Welfare Reform Management Group. Key area (17/18) is Universal Credit Full Service and the co-ordinating the use of discretionary support to mitigate the negative impacts on vulnerable households.</i>
	Advice and support available for finding work, updating skills and training, people back into work, budgeting, managing debt, borrowing money and welfare benefit advice.	2	3	3	<i>A Benefit Cap toolkit was developed for frontline staff supporting residents. A local agency has secured funding for support for benefit capped households and is taking referrals for bespoke support. SCC Homelessness Outreach and Family Engagement Workers have been working closely with Benefit Cap households and have been successful in assisting them. Of 352 closed referrals, 29% were assisted into work and 10% were assisted in claiming the correct benefits and no longer be affected by the cap.</i>
4. The potential impact of the reforms, in terms of both pressure on existing council services and council income, has been assessed and communicated?	Monitoring of financial impact undertaken. Evidence from pilot areas used to assist in assessing local impacts.	2	3	3	<i>Where information is available it is used to assess pressures. Concern continues that Benefit Cap and UC will increase rent arrears (private rented and SCC) and increase risk of homelessness. The DWP has confirmed funding for 2017/18 for Universal Credit, Core Funding, Discretionary Housing Payment (DHP), and New Burdens.</i>

	Exercise, with other stakeholder agencies including anti-poverty services, Supporting People providers and advice services to identify additional service demand.	2	2	2	<i>Additional and ongoing funding of up to £185K per annum allocated for local welfare support. SCC funding to voluntary sector including advice services is moving from grants to contracts. WMRG continues to work with agencies to identify pressure points and gaps in current provision. Additional funding provided from DWP for Universal Credit for 2017/18 for Assisted Digital and Personal Budgeting Support.</i>
	Additional capacity is in place for the Housing Income Team in preparation for the implementation of Universal Credit in order to support tenants.	1	2	2	<i>7 new FTE have been secured to cover the new collection activities needed to recover debts from the 11,000 tenants who previously received their benefits net of rent (£40M per annum paid direct to SCC – no collection required and no cost incurred) but under Universal Credit gross benefits will be paid direct to tenants (requiring prompt collection intervention if the rent is to be paid before they have spent it all). However, the number of SRS notifications is twice the level predicted so to minimise the impact on available resource, some automation options are currently</i>
	Impact of changes that affect the HRA (in particular the 1% annual reduction in and Business Plan has been assessed and communicated to Councillor and CMT.	2	2	2	<i>The HRA budget has been to the Cabinet Member responsible for Housing, and has been to CMT and is going through the process now for approval. The budget in 2016/17 catered for the 1% rent reduction for the first two years (2016/17 & 2017/18). During the next year we will be looking at the following two years where the 1% rent reduction equates to a total of £7.4 million.</i>

1 - Substantial assurance	2 - Adequate assurance	3 - Limited assurance	4 - No assurance
<i>There is clear evidence of a robust and effective process, framework or activity that is operating effectively and is delivering the required outcomes.</i>	<i>There is evidence of a sound process or framework in place however there are some inconsistencies or gaps. Effective delivery of required outcomes may not always be consistent and/or reliable</i>	<i>Evidence of inconsistent application and/or critical weakness(es) within the process, framework or activity. The delivery of required outcomes is inconsistent and/or unreliable.</i>	<i>There is no, or insufficient, evidence of an appropriate policy, framework or activity. Required outcomes are not being delivered.</i>

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Agenda Item 9

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2016-17 ACTIONS: STATUS REPORT		
DATE OF DECISION:	13 th NOVEMBER 2017		
REPORT OF:	SERVICE DIRECTOR FINANCE AND COMMERCIALISATION		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Peter Rogers	Tel: 023 8083 2835
	E-mail:	peter.rogers@southampton.gov.uk	
Director	Name:	Mel Creighton	Tel: 023 8083 4897
	E-mail:	Mel.creighton@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
Not Applicable			
BRIEF SUMMARY			
The Council's 2016-17 Annual Governance Statement ('AGS') identified five 'significant governance issues' and detailed how these issues were to be addressed.			
In accordance with good practice it is appropriate for the Governance Committee to receive and note the current status of the 'planned actions' to address the significant governance issues that were identified.			
RECOMMENDATIONS:			
The Governance Committee is asked to:			
	(i)	Note the status of planned actions to address the significant governance issues identified in the 2016-17 AGS (Appendix 1).	
REASONS FOR REPORT RECOMMENDATIONS			
1.	The Governance Committee has responsibility to provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting process and the annual governance statement.		
2.	As per the report to the Governance Committee on 24 th July 2017 "in previous years, and in accordance with good practice, the Governance Committee will be provided with a mid-year update report in respect of the status of the 'Planned Actions'".		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
3.	No alternative options have been considered.		

DETAIL (Including consultation carried out)	
4.	The 2016-17 AGS was presented and approved by the Governance Committee at 24 th July 2017 meeting. The final document was then presented to the Chief Executive and Leader of the Council for signing.
5.	The AGS identified five 'significant governance issues' and, for each issue, there was an agreed 'Planned Action' detailing how the issue was to be addressed together with a named 'Responsible Officer' and 'Target Date for Completion'.
6.	An 'AGS Significant Governance Issues - Action Plan' was subsequently developed and has been updated by the 'Responsible Officers' to reflect the current position in respect of the status of the agreed actions.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
7.	Any resourcing implications of completing the actions contained within the AGS action plan will need to be contained within existing budgets to avoid causing pressures to the council's position. At this stage no implications have been identified.
<u>Property/Other</u>	
8.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
9.	The Accounts and Audit (England) Regulations 2015 require the council to adopt good governance arrangements in respect of the discharge of its functions. The above arrangement are intended to meeting those responsibilities.
<u>Other Legal Implications:</u>	
10.	None
RISK MANAGEMENT IMPLICATIONS	
11.	Implementation of the agreed actions will serve to further strengthen the overall governance / control environment within the Council.
POLICY FRAMEWORK IMPLICATIONS	
12.	None
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	Not applicable

SUPPORTING DOCUMENTATION

Appendices

1.	Annual Governance Statement 2016/17 Significant Governance Issues: Status Report
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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 and Safety Impact Assessment (ESIA) to be carried out.	No
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Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at: N/A

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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ANNUAL GOVERNANCE STATEMENT 2016/17

SIGNIFICANT GOVERNANCE ISSUES: STATUS REPORT

The following is a summary of the status of the agreed actions that were identified to address the significant governance issues were identified and recorded on the Council's Annual Governance Statement 2016-17:

	Governance Issue	Planned Action	Responsible Officer	Target Date	Status	Comments
1.	The general level of staff awareness of the existence and content of the 'Whistleblowing Duty to Act' policy, 'Anti-Fraud and Corruption Strategy' and 'Anti Money Laundering Policy' and associated responsibilities is inconsistent.	A new Induction programme is being delivered to all new entrants to SCC and an Induction Plus programme for existing staff – this includes bespoke modules for Finance and financial regulations and Legal and Democratic Services – working with the subject matter experts for content and delivery. Specific e-learning to support the policies will be added to the L and D portal during 2017.	Service Director: Human Resources & Organisational Development	Dec 2017	COMPLETED	<ul style="list-style-type: none"> • Induction in place and has been delivered to new starters and existing staff. Modules now in place for 2017/18 delivery • E-learning modules are on portal for Whistleblowing; Anti-Fraud and Corruption; Bribery; Anti Money Laundering – modules devised with subject matter expert input and are available to all through Coursebooker
2.	The Council's Code of Corporate Governance needs to be reviewed and updated in order that it is aligned with the 'Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)'.	The Code of Corporate Governance to be reviewed and updated to reflect current best practice	Service Director - Legal and Governance	April 2017	COMPLETED	<ul style="list-style-type: none"> • Revised Code of Corporate Governance presented to and approved by the Council's Governance Committee on 24th April 2017
3.	Information Governance - Not all staff have completed the core Data Protection and Freedom of Information training which is mandatory	This is an ongoing concern. It was raised as part of the annual 'Information Governance' report at Council Management Team and actions agreed including, as a last	Service Director - Legal and Governance	March 2018 <small>(revised - originally Sept 17)</small>	IN PROGRESS	<ul style="list-style-type: none"> • At the end of Q2 17-18 the overall compliance rate stands at 85% overall and reflects an improved position. • The Learning & Development team are exploring ways of

	<p>for all Council employees at induction and annually thereafter. The training made is available via e-learning together with alternative options available for those staff unable to access a computer as part of their day to day work.</p>	<p>resort, suspension of individual IT user accounts and disciplinary action.</p> <p>Equally, confidence in the core supporting data produced by HR Pay is lacking given accuracy issues. This core element must be wholly accurate before starting any disciplinary action. Part of the issue is the interface between Resourcelink and the other databases involved. This aspect is being investigated urgently by the Service Director: Human Resources & Organisational Development.</p>				<p>improving the compliance rate, including merging both mandatory DPA and FOI modules and ultimately, once we have confidence in the accuracy of the recording of the completions, systems access restrictions (or terminations) will be introduced for those not complying.</p> <ul style="list-style-type: none"> • The “target” expected by the ICO is 100% which practically is impossible to achieve. Realistically if 90% can be achieved this will make us one of the top performing authorities and is a defensible position.
<p>Page 124</p>	<p>Performance Management - Not all staff have had an annual performance appraisal. The performance appraisal process is intended to allow for priorities and objectives for the forthcoming period to be determined and agreed which, in turn, should reflect the Service / Council’s key outcomes and priorities.</p>	<p>A new Performance Management Framework has been approved and is in the process of being implemented. This new Framework is intended to ensure all staff are working to deliver the Council Strategy and other key strategies which are then translated into outcome plans, service based business plans and individual and/or team objectives. This will be delivered throughout 2017/18 taking into account the implementation of Phase 3 restructures.</p> <p>For all staff, this will be through:</p> <ul style="list-style-type: none"> • A Performance Contract for each role (linked to the job description) • Annual and quarterly targets, 	<p>Service Director – Human Resources and Organisational Development</p>	<p>March 2018</p>	<p>COMPLETED</p>	<ul style="list-style-type: none"> •The new Annual Performance review framework is in place and has been rolled out across the Council for 2017 appraisals. This includes performance contracts for all staff and goals and targets for quarterly review for the year ahead and "golden thread" links to council outcomes and behaviours. • HR Advisors sample check at management team meetings; feedback will inform 2018 revisions to process and paperwork to make more user friendly.

		<p>considered at Annual Performance Review meetings and Quarterly Performance Review meetings</p> <ul style="list-style-type: none"> • Personal Development Plans • Team meetings • Individual supervision / one to one meetings 				
5.	<p>There is need for more a formal, robust and consistent approach to succession planning, for key posts and/or a spread of skills to avoid over reliance on any particular individual.</p>	<p>Delivery of a workforce strategy and action plan is addressing the issues that are highlighted as part of the Phase 3 restructures.</p>	<p>Service Director – Human Resources and Organisational Development</p>	<p>March 2018</p>	<p>IN PROGRESS (on target)</p>	<ul style="list-style-type: none"> • The Workforce Strategy is being implemented through a comprehensive HR and OD work plan with governance through an HR OD Board. • The Org Design Board established confirmed principles for future change and this are being applied for all restructures and supported by HR Advisory service. • Workforce plan data collection now in place to help inform planning; apprentice programme in place.

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DECISION-MAKER:	GOVERNANCE COMMITTEE COUNCIL		
SUBJECT:	TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS MIDYEAR REVIEW 2017		
DATE OF DECISION:	13 NOVEMBER 2017 15 NOVEMBER 2017		
REPORT OF:	SERVICE DIRECTOR FINANCE AND COMMERCIALISATION		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Sue Cuerden	Tel: 023 8083 4153
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Director	Name:	Mel Creighton	Tel: 023 8083 4897
	E-mail:	mel.creighton@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
NOT APPLICABLE			
BRIEF SUMMARY			
<p>The purpose of this report is to inform the Governance Committee and Council of the Treasury Management activities and performance for 2017/18 against the approved Prudential Indicators for External Debt and Treasury Management and to approve any changes as a result of activity to date and updates to the capital programme.</p>			
<p>The core elements of the 2017/18 strategy were :</p> <ul style="list-style-type: none"> • To continue to make use of short term variable rate debt to take advantage of the current market conditions of low interest rates. • To constantly review longer term forecasts and to lock into longer term rates through a variety of instruments as appropriate during the year, in order to provide a balanced portfolio against interest rate risk. • To secure the best short term rates for borrowing and investments consistent with maintaining flexibility and liquidity within the portfolio. • To invest surplus funds prudently, the Council's priorities being: <ul style="list-style-type: none"> - Security of invested capital - Liquidity of invested capital - An optimum yield which is commensurate with security and liquidity. 			
<p>With overall annual expenditure in excess of £600M and an extensive capital programme, the Council is required to actively manage its cash-flows on a daily basis. The requirement to invest or to borrow monies to finance capital programmes, and to cover daily operational needs is an integral part of daily cash and investment portfolio management.</p>			

RECOMMENDATIONS:		
GOVERNANCE COMMITTEE		
It is recommended that Governance Committee:		
	i)	Note the current and forecast position with regards to these indicators and endorse any changes;
	ii)	Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.
	iii)	Notes the cost implication of the Capital Programme on the Authority as detailed in Table 5.
	iv)	Notes the proposed changes to the Prudential and Treasury Management Codes, in particular the inclusion of non-treasury investments such as commercial investments in properties in the definition of “investments” as well as loans made or shares brought for service purposes, as detailed in paragraphs 13 to 17 below.
COUNCIL		
It is recommended that Council:		
	i)	Note the current and forecast position with regards to these indicators and approve any changes;
	ii)	Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.
	iii)	Notes the cost implication of the Capital Programme on the Authority as detailed in Table 5.
	iv)	Notes the proposed changes to the Prudential and Treasury Management Codes, in particular the inclusion of non-treasury investments such as commercial investments in properties in the definition of “investments” as well as loans made or shares brought for service purposes, as detailed in paragraphs 13 to 17 below.
	v)	Continue to delegate authority to the Service Director – Finance & Commercialisation, following consultation with the Cabinet Member for Finance to approve any changes to the Prudential Indicators or borrowing limits that will aid good treasury management. For example increase the percentage for variable rate borrowing to take advantage of the depressed market for short term rates. Any amendments will be reported as part of quarterly financial and performance monitoring and in revisions to this strategy.
REASONS FOR REPORT RECOMMENDATIONS		
1.	The Treasury Management Code requires public sector authorities to determine an annual TM Strategy and formally report on their treasury activities and arrangements to full Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities, and enable those with ultimate responsibility/governance of the TM function to scrutinise and assess its effectiveness and compliance with policies and objectives.	

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	No alternative options are relevant to this report
DETAIL (Including consultation carried out)	
	CONSULTATION
3.	Not applicable
	BACKGROUND
4.	The Local Government Act 2003 introduced a system for borrowing based largely on self-regulation by local authorities themselves. The basic principle of the new system is that local authorities will be free to borrow as long as their capital spending plans are affordable, prudent and sustainable.
5.	The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice a year (mid-year and at year end).
6.	The Authority's Treasury Management Strategy for 2017/18 was approved by full Council on 12 February 2017 which can be accessed as part of the Council's Treasury Management Strategy Statement for 2017 on 15 February 2017, item 73 Prudential Limits and Treasury Management Strategy 2017/18 to 2020/21
7.	Overall responsibility for treasury management remains with the Council. No TM activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.
8.	This report: <ul style="list-style-type: none"> a) is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code; b) presents details of capital financing, borrowing, debt rescheduling and investment transactions; c) reports on the risk implications of treasury decisions and transactions; d) gives details of treasury management transactions in 2017/18 to date together with outturn forecast; and e) confirms compliance with treasury limits and Prudential Indicators.
9.	Appendix 1 summarises of the economic backdrop during the period, the financial markets and credit background against which the Council operated its treasury function and the Authority's financial adviser's (Arlingclose) assessment outlook for interest rates for the remainder of the year.

	REGULATORY UPDATES
	<u>MiFID II</u>
10.	<p>Local authorities are currently treated by regulated financial services firms as professional clients who can “opt down” to be treated as retail clients instead. But from 3rd January 2018, as a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities will be treated as retail clients who can “opt up” to be professional clients, providing that they meet certain criteria.</p> <p>Regulated financial services firms include banks, brokers, advisers, fund managers and custodians, but only where they are selling, arranging, advising or managing designated investments. In order to opt up to professional, the authority must have an investment balance of at least £10 million and the person authorised to make investment decisions on behalf of the authority must have at least one year’s relevant professional experience. In addition, the firm must assess that that person has the expertise, experience and knowledge to make investment decisions and understand the risks involved.</p>
11.	<p>The main additional protection for retail clients is a duty on the firm to ensure that the investment is “suitable” for the client. However, local authorities are not protected by the Financial Services Compensation Scheme nor are they eligible to complain to the Financial Ombudsman Service whether they are retail or professional clients. It is also likely that retail clients will face an increased cost and potentially restricted access to certain products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.</p>
12.	<p>The Authority meets the conditions to opt up to professional status and intends to do so in order to maintain their current MiFID status and have access to current range of products and to be able to continue using trading platforms when moving cash between money market funds. We have started the process of completing various questionnaires and have applied for and been granted a “LEI” (Legal Entity Identifier) which will allow us to continue to purchase and hold such instruments as bonds.</p>
	<u>CIPFA Consultations on Prudential and Treasury Management Codes:</u>
13.	<p>In February 2017 CIPFA canvassed views on the relevance, adoption and practical application of the Treasury Management and Prudential Codes and after reviewing responses launched a further consultation on changes to the codes in August with a deadline for responses of 30th September 2017.</p> <p>The Authority supported the proposed changes and replied as such to the consultations but recognises that there will be challenges in the implementation of some of the new requirements.</p>
14.	<p>The proposed changes to the Prudential Code include the requirement to production of a new high-level Capital Strategy report to full council which will cover the basics of the capital programme and treasury management. The prudential indicators for capital expenditure and the authorised borrowing limit would be included in this report but other indicators may be delegated to another committee. As the Council already has an approved Capital Strategy these requirements will have minimal impact.</p> <p>There are plans to drop certain prudential indicators, however local indicators</p>

	are recommended for ring fenced funds (including the HRA) and for group accounts. Other proposed changes include applying the principles of the Code to any subsidiaries the Authority may have.
15.	<p>Proposed changes to the Treasury Management Code include the potential for non-treasury investments such as commercial investments in properties in the definition of “investments” as well as loans made or shares brought for service purposes. Another proposed change is the inclusion of financial guarantees as instruments requiring risk management and addressed within the Treasury Management Strategy.</p> <p>Approval of the technical detail of the Treasury Management Strategy may be delegated to a committee rather than needing approval of full Council. There are also plans to drop or alter some of the current treasury management indicators.</p>
16.	<p>CIPFA intends to publish the two revised Codes towards the end of 2017 for implementation in 2018/19, although CIPFA plans to put transitional arrangements in place for reports that are required to be approved before the start of the 2018/19 financial year, which will incorporate the Strategy report that goes to Governance and Council in February.</p> <p>The Department of Communities and Local Government (DCLG) and CIPFA wish to have a more rigorous framework in place for the treatment of commercial investments as soon as is practical. It is understood that DCLG will be revising its Investment Guidance (and its MRP guidance) for local authorities in England; however there have been no discussions with the devolved administrations yet so any possible implications on revenue is not yet known.</p>
17.	There are a number of indicators where it has been discretionary to show in either the TM or capital report but under the proposals these are either no longer required or specified, and as such the Capital Expenditure and Financing table will no longer be shown in the TM report.
	SUMMARY OF TREASURY MANAGEMENT ACTIVITY DURING HALF YEAR
18.	The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) whilst working balances and useable reserves provide the resources available for investment and together are the core drivers of TM Activity. These balances were reported as part of the outturn position which went to Council on 12 June 2017 and are summarised in table 1 below together with forecast position at end of year, a breakdown of the movement on the CFR is shown in Table 11 in Appendix 2.
	Table 1: <i>Balance Sheet Summary</i>

	Balance at 31.03.2017 £M	Forecast 31.03.2018 £M	Expected Movement in Year £M		
General Fund CFR	322.56	349.28	26.72		
HRA CFR	163.25	178.14	14.89		
Total CFR	485.81	527.42	41.61		
Less: Other Debt Liabilities*	(77.18)	(74.97)	2.21		
Borrowing CFR	408.63	452.45	43.82		
Less: Usuable Reserves	(127.52)	(122.52)	5.00		
Less: Working Capital	(64.75)	(59.75)	5.00		
Net Borrowing Requirement	216.36	270.18	53.82		
<i>*finance leases, PFI liabilities and Transferred debt</i>					
19.	The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The benefits of internal borrowing are monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Our advisors, Arlingclose, assists the Authority with this 'cost of carry' and breakeven analysis.				
20.	The treasury management position as at 30th September 2017 and the change over the period is show in Table 2 below.				
Table 2: <i>Treasury Management Summary – current and forecast Loans and Investments</i>					
	1 st April 2017 Balance £M	Movement £M	30 th Sept 2017 Balance £M	Average Yield / Rate %	31 st March 2018 Estimated Balance £M
External Borrowing (Decrease)					
Public Works Loan Board (PWLB)	220.30	(5.75)	214.55	3.33	263.81
Market Loans	9.00		9.00	4.86	9.00
Total Long Term Borrowing	229.30	(5.75)	223.55	3.43	272.81
Temporary Borrowing	30.35		30.35	0.40	40.35
Total External Borrowing	259.65	(5.75)	253.90	3.30	303.16
Investments (Increase)					
Cash (Instant access)	(17.90)	(13.20)	(31.10)	0.20	(10.00)
Cash (Notice Account)	(5.00)		(5.00)	0.55	(5.00)
Short Term Bonds	(4.66)	(1.42)	(6.08)	1.34	(3.08)
Long Term Bonds	(14.72)	7.10	(7.62)	2.58	(7.62)
Property Fund	(17.00)	(10.00)	(27.00)	4.55	(27.00)
Total Investments	(59.28)	(17.52)	(76.80)	3.16	(52.70)
Net Borrowing Position (Decrease)	200.37	(23.27)	177.10		250.46
<u>Borrowing Strategy During the Half Year</u>					
21.	The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and				

	achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.																																													
22.	At 30/9/2017 the Authority held £224M of loans, a decrease of £6M on 31/3/2017, as part of its strategy for funding previous years' capital programmes. During this period while existing loans were allowed to mature without replacement. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.																																													
23.	The "cost of carry" analysis performed by the Authority's treasury management advisor Arlingclose did not indicate any value in borrowing in advance for future years' planned expenditure and therefore none was taken, however the Authority expects to have to borrow up to £55M in 2017/18 to finance the current capital programme (£28.93M General Fund and £20.40M for HRA) and to replace maturing debt, which will increase borrowing, as shown in Tables 3 and 4 below. Due to the current interest environment this is likely to be short term borrowing.																																													
	<p>Table 3 - Current and Estimated Movement in Borrowing Requirement</p> <table border="1"> <thead> <tr> <th>Movement on Estimated Borrowing Requirement</th> <th>2017/18 Forecast £M</th> <th>2018/19 Forecast £M</th> <th>2019/20 Forecast £M</th> <th>2020/21 Forecast £M</th> </tr> </thead> <tbody> <tr> <td>General Fund (GF)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Capital Programme</td> <td>28.93</td> <td>36.88</td> <td>4.33</td> <td>0.71</td> </tr> <tr> <td>Maturing Debt</td> <td>5.98</td> <td>5.97</td> <td>18.97</td> <td>10.03</td> </tr> <tr> <td>Movement in Internal Borrowing</td> <td>5.00</td> <td>5.00</td> <td>5.00</td> <td>5.00</td> </tr> <tr> <td>Less Repayment of Debt Principal</td> <td>(5.32)</td> <td>(5.70)</td> <td>(5.84)</td> <td>(5.43)</td> </tr> <tr> <td>GF Borrowing Requirement</td> <td>34.59</td> <td>42.15</td> <td>22.46</td> <td>10.31</td> </tr> <tr> <td>HRA Borrowing Requirement*</td> <td>20.40</td> <td>10.06</td> <td>16.21</td> <td>10.09</td> </tr> <tr> <td>Total Borrowing Need</td> <td>54.99</td> <td>52.21</td> <td>38.67</td> <td>20.40</td> </tr> </tbody> </table> <p><i>*Please see table 13 in Appendix 2 for breakdown and impact on HRA limit on Indebtedness</i></p>	Movement on Estimated Borrowing Requirement	2017/18 Forecast £M	2018/19 Forecast £M	2019/20 Forecast £M	2020/21 Forecast £M	General Fund (GF)					Capital Programme	28.93	36.88	4.33	0.71	Maturing Debt	5.98	5.97	18.97	10.03	Movement in Internal Borrowing	5.00	5.00	5.00	5.00	Less Repayment of Debt Principal	(5.32)	(5.70)	(5.84)	(5.43)	GF Borrowing Requirement	34.59	42.15	22.46	10.31	HRA Borrowing Requirement*	20.40	10.06	16.21	10.09	Total Borrowing Need	54.99	52.21	38.67	20.40
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24.	As detailed above the main increase in our borrowing requirement is as a result of new capital spend, Table 5 below shows the impact of this on borrowing costs.																																													
	Table 5 - Estimated Cost to Council of Capital Programme Financed																																													

through Borrowing				
General Fund Capital Programme Borrowing and Cost	2017/18 Forecast £M	2018/19 Forecast £M	2019/20 Forecast £M	2020/21 Forecast £M
General Fund (<i>Table 3</i>)	28.93	36.88	4.33	0.71
Less Income generating schemes (PIF)	(15.44)	(20.00)	0.00	0.00
	13.49	16.88	4.33	0.71
Estimated Debt Management costs (7%)	0.94	1.18	0.30	0.05
25.	The Authority holds £9M of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during the half year, none of which were exercised by the lender, but if they were to be called during the remainder of this financial year it is likely that they would be repaid and replaced by alternative borrowing.			
<u>Other Debt Activity</u>				
26.	Although not classed as borrowing the Authority holds debt for prior year's activity relating to Private Finance Initiatives and Transferred debt which reduced by £1M during the period and now stands at £76M.			
INVESTMENT ACTIVITY				
<u>Investment Strategy</u>				
27.	Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.			
28.	The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves and during the first half of the year balances initially increased rising from £59M to £92M in mid- June, but have since fallen back to £77M and are supported by the £30M temporary borrowing taken last October to cover expected cash flows for the remainder of the year and to divert £20M of the money allocated to Property Investments Fund to the CCLA to invest in the Local Authorities' Mutual Investment Trust , which as previously reported gives a the return similar to direct investment in property but with less risk and offers further diversification.			
29.	The Council has invested £27M in property funds as an alternative to buying property directly. These funds offer the potential for enhanced returns over the longer term, but may be more volatile in the shorter term and are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. As at the 30 September the sell price of our total investments were valued at £26.4M a notional "loss" of £0.6M against initial investments of £27M. Our advisers Arlingclose remain comfortable with this level of investment to fulfil			

	<p>our strategy aims, they expect capital values to fall over the next two years but annual income should hold up around current levels. Arlingclose believe the negatives do not outweigh the potential for income generation and also advise that investment in the CCLA fund is less risky than buying individual properties. It should be noted that investment in the CCLA does not constitute capital expenditure and is seen as a treasury management tool. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability are continually reviewed.</p> <p>The estimated yield for the year is £1.1M if yields remain around current levels.</p>
30.	<p>Following Brexit and the fall in interest rates there is a lack of availability of suitable bonds, so as bonds mature they are not currently being reinvested; this coupled with the decision to invest further in the CCLA will see a continuing fall in both the level and return on our internal investments.</p>
31.	<p>A summary of activity and projected balances is summarised in Table 2 above and full details of our current investments can be seen in Appendix 3.</p>
	<p><u>Investment Benchmarking</u></p>
32.	<p>The Council advisors undertake quarterly investment benchmarking across its client base. The charts in Appendix 1 show how we compare to other Unitaries and across the average. As reported previously our portfolio was more diversified and at higher interest rates than the average as a result of moving into the bond programme earlier than most clients, but there is now more competition for bonds from both government bodies and other local authorities, so opportunities to replace maturing bonds are limited and that this alongside a reduction in the base rate will see a fall in suitable instruments. With this in mind and following discussions with our advisors it was decided to move more into property funds, which are a longer term investment, and to restrict temporary borrowing and therefore run our short term investments down.</p>
33.	<p>During the last quarter we had £2M of bonds mature and have invested a further £4M in property funds, with all other cash being placed in MMF as we run our investment balances down. As a result we had 36% (£27.2M) of our overall investment in Money Market Funds at the end of the quarter but this is expected to fall to around £10M by the end of December. Due to earlier investment decisions our income return on investments managed internally is 0.72% which is higher than the average of 0.48% whilst still maintaining a higher than unitary average credit rating of AA-. Total income return at 2.05% is also higher than the average for both unitary and across Arlingclose's client base. This is expected to increase as the investments made in property funds recover some of the initial capital loss. As previously reported the value of the funds are more volatile but less risky than buying individual properties and do not constitute capital spend and it is the income return at 4.55% that is the driver. This is detailed in the benchmarking data within Appendix 1.</p>
	<p><u>COMPLIANCE AND TREASURY MANAGEMENT INDICATORS</u></p>
34.	<p>All treasury management activities undertaken during the period complied with CIPFA code of practice and the approved Strategy. Investment limits and performance to date against Key indicators is summarised in the Table 6 below:</p>

Table 6: Compliance with Treasury Indicators		
Indicator	Limit	Actual at 30 September 2017
Authorised Limit for external debt £M	£898M	£331M
Operational Limit for external debt £M	£647M	£331M
Maximum external borrowing year to date		£260M
Limit of fixed interest debt %	100%	83%
Limit of variable interest debt %	50%	17%
Limit for Non-specified investments £M	£80M	£41M

35.	<p>Security of capital has remained the Authority’s main investment objective. This has been maintained by following the Authority’s counterparty policy as set out in its TM Strategy Statement for 2017/18. The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio, which is supplied by our advisors. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.</p> <table border="1"> <thead> <tr> <th></th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>Portfolio average credit rating</td> <td>A-</td> <td>AA-</td> </tr> </tbody> </table>		Target	Actual	Portfolio average credit rating	A-	AA-
	Target	Actual					
Portfolio average credit rating	A-	AA-					

Liquidity Management		
36.	<p>In keeping with the DCLG’s Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and call accounts. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.</p>	
<u>Maturity Structure of Borrowing</u>		
37.	<p>Current requirement is to only show fixed rate debt maturity but as one of the recommendations of the TM consultation is to cover variable as well as fixed rate debt, the indicator has been adjusted to include this, as it gives a truer reflection of the Authorities exposure to refinancing risk.</p>	

Table 7 – Maturity Structure of Borrowing

	Lower Limit	Upper Limit	Actual Debt as at 30/09/2017	Average Rate as at 30/09/2017	% of Fixed Rate as	Compliance with set Limits?
	%	%	£M	%		
Under 12 months	0	45	45.11	3.10	17.77	Yes
12 months and within 24 months	0	45	11.51	3.23	4.53	Yes
24 months and within 5 years	0	50	58.44	2.61	23.02	Yes
5 years and within 10 years	0	75	0.00	0.00	0.00	Yes
20 years and within 30 years	0	75	15.00	4.65	5.91	Yes
30 years and within 40 years	0	75	61.70	4.08	24.30	Yes
40 years and within 50 years	0	75	62.14	3.65	24.47	Yes
			253.90	3.30	100.00	

Principal Sums Invested for Periods Longer than 364 days

38. The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments, this includes the investment with CCLA as these are considered to have a five year investment strategy. Table 8 below shows the limits set when strategy was agreed and the actual as at 30 September:

Table 8 - Principal Sums Invested for Periods Longer than 364 days

	2017/18	2018/19	2019/20	2020/21
	£M	£M	£M	£M
Actual principal invested beyond year end	37.60	34.60	30.00	30.00
Limit on principal invested beyond year end	80.00	80.00	80.00	80.00

BUDGETED INCOME AND EXPENDITURE

Investments

39. The Council does not expect any losses from non-performance in relation to its investments by any of its counterparties. The UK Bank Rate had been maintained at 0.5% since March 2009 and until August 2016, when it was cut to 0.25%. Recent inflation figures and other factors have led to the Bank of England increasing the Bank Rate by 0.25% to 0.50%, on 2nd November 2017. Future interest rate rises are still unclear and expected to be gradual.
40. Investments in Money Market Funds and call accounts currently generated an average rate of 0.24%, whilst investments in bonds have performed better returning an average of 1.34% for short term bonds and 2.58% for long term bonds for the year to date. The average cash balances during the half year was £80.7M (range between £93.6M to £58.0M) which is expected to fall as Council Tax and Business Rate income is mainly collected between April and January, plus in order to reduce borrowing costs we have reduced our minimum working cash flow balance to £10M.
41. As reported previously the Authority continues to review investments in suitable longer term financial instruments which will generate a better return, as evidenced by our increased investments in the CCLA as it is envisaged

	that there be sufficient cash balances over the medium term.
	<u>Expenditure</u>
42.	The interest cost of financing the Authority's long term and short term loan debt is charged corporately to the Income and Expenditure account. The interest cost in 2017/18 of financing the Authority's loan debt is estimated to be £14.5M. As a result of variable interest rates being lower than those estimated, no new long term borrowing being taken in the last two years, deferring any new borrowing to later in the year and a fall in long term interest rates following BREXIT that the cost of borrowing will be less than the estimated cost.
	COMPLIANCE WITH PRUDENTIAL INDICATORS
43.	The Council can confirm that it has complied with its Prudential Indicators for 2017/18, approved by Full Council on 15 February 2017, item 73. Prudential Limits and Treasury Management Strategy 2017/18 to 2020/21 Details are shown in Appendix 3.
	<u>Investment Training</u>
44.	The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff performance contracts, and additionally when the responsibilities of individual members of staff change. Staff have attended a number of training courses provided by our advisors (Arlingclose).
	RESOURCE IMPLICATIONS
	<u>Capital/Revenue</u>
45.	The revenue and capital implications are considered as part of ongoing monitoring which is reported to Cabinet each quarter and as part of the budget setting process.
	<u>Property/Other</u>
46.	None
	LEGAL IMPLICATIONS
	<u>Statutory power to undertake proposals in the report:</u>
47.	Local Authority borrowing is regulated by Part 1, of the Local Government Act 2003, which introduced the new Prudential Capital Finance System. From 1 April 2004, investments are dealt with, not in secondary legislation, but through guidance. Similarly, there is guidance on prudent investment practice, issued by the Secretary of State under Section 15(1) (a) of the 2003 Act. A local authority has the power to invest for "any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs". The reference to the "prudent management of its financial affairs" is included to cover investments, which are not directly linked to identifiable statutory functions but are simply made in the course of treasury management. This also allows the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future; however, the speculative procedure of borrowing purely in order to invest and make a return remains unlawful.
	<u>Other Legal Implications:</u>

48.	None
RISK MANAGEMENT IMPLICATIONS	
49.	None
POLICY FRAMEWORK IMPLICATIONS	
50.	This report has been prepared in accordance with the CIPFA Code of Practice on TM.
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	NONE
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Financial Outlook and Quarterly Benchmarking
2.	Compliance with Prudential Indicators
3.	Current Investments
4.	Glossary of Treasury Terms
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
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
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.	Prudential Limits and Treasury Management Strategy 2017/18 to 2020

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Financial Review and Outlook for 2017/18

Global equity markets continued to be supported by expectations of strengthening economic activity, although this was tempered towards the end of the quarter following comments from the Bank of England that interest rates could rise in the relatively near future, although the pace is expected to be gradual. Other factors that have contributed to the current interest environment are:

- Progress on Brexit has been slow with EU and UK having different priorities
- Inflation has remained higher than expected, thereby limiting purchasing power
- Housing market remains subdued
- Debt being used to support spending
- The government has eased public sector pay cap but has indicated it remains committed to tight fiscal policy

Our financial advisors, Arlingclose have reservations that the UK's economic outlook justifies an increase in interest rates at this stage. Their central case is for gilt yields to remain broadly stable in the across the medium term, but there may be near term volatility due to shifts in interest rate expectations.

However on 2nd November 2017 the Bank of England raised the Bank Rate by 0.25% to 0.50%.

Credit Developments and Credit Risk Management

UK bank credit default swaps continued their downward trend, reaching three-year lows by the end of June. Bank share prices have not moved in any particular pattern.

There were a few credit rating changes during the quarter. The significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities. Moody's downgraded Standard Chartered Bank's long-term rating to A1 from Aa3 on the expectation that the bank's profitability will be lower following management's efforts to de-risk their balance sheet. The agency also affirmed Royal Bank of Scotland's and NatWest's long-term ratings at Baa1, placed Lloyds Bank's A1 rating on review for upgrade, revised the outlook of Santander UK plc, and Nationwide building society from negative to stable.

Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year. In May, we were advised to reduce the maximum duration of unsecured investments with Bank of Scotland, HSBC Bank and Lloyds Bank from 13 months to 6 months as until banks' new structures are finally determined and published, the different credit risks of the 'retail' and 'investment' banks cannot be known for certain.

The new EU regulations for Money Market Funds were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility NAV (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

Southampton Benchmarking Scores 30th September 2017



Investment Benchmarking

30 September 2017

Southampton
20 English Unitaries Average
135 LAs Average

Internal Investments	£49.8m	£66.0m	£63.5m
External Funds	£26.4m	£12.2m	£10.3m
TOTAL INVESTMENTS	£76.2m	£77.2m	£73.7m

Security

Average Credit Score	3.72	4.80	4.44
Average Credit Rating	AA-	A+	AA-
Average Credit Score (time-weighted)	1.38	4.53	4.32
Average Credit Rating (time-weighted)	AAA	A+	AA-
Number of Counterparties / Funds	18	14	16
Proportion Exposed to Bail-in	72%	70%	64%

Liquidity

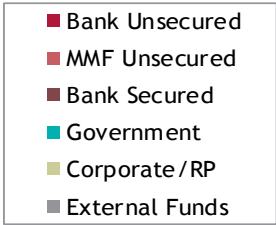
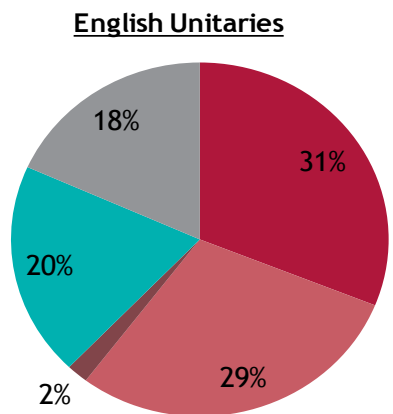
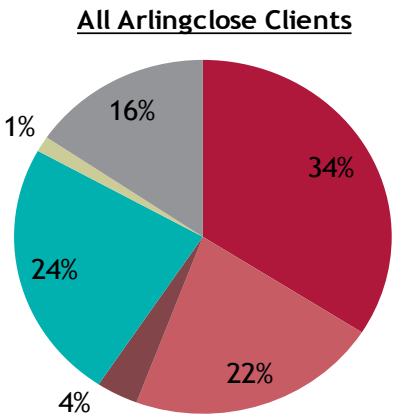
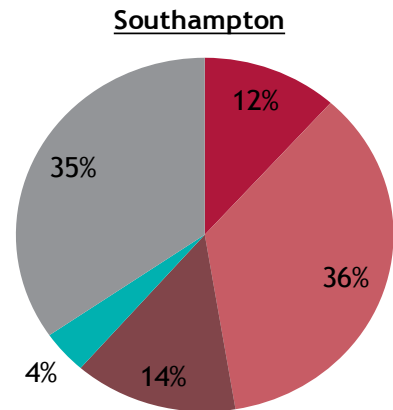
Proportion Available within 7 days	41%	49%	44%
Proportion Available within 100 days	41%	68%	67%
Average Days to Maturity	211	100	40

Market Risks

Average Days to Next Rate Reset	172	115	66
External Fund Volatility	1.6%	1.2%	1.8%

Yield

Internal Investment Return	0.72%	0.54%	0.48%
External Funds - Income Return	4.55%	4.15%	3.48%
External Funds - Capital Gains/Losses	-3.10%	1.78%	1.17%
External Funds - Total Return	1.46%	5.92%	4.65%
Total Investments - Income Return	2.05%	1.09%	0.89%



Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

COMPLIANCE WITH PRUDENTIAL INDICATORS DURING 2017/18 Appendix 2

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

The Council complied with all of its Prudential Indicators. Details of the performance against key indicators are shown below:

1. Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. If in any of these years there is a reduction in the CFR, this reduction is ignored in estimating the cumulative increase in the CFR which is used for comparison with gross external debt. The S151 Officer reports that the Authority had no difficulty in meeting this requirement to date, nor are there any difficulties envisaged for the remainder of the current and future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

There is a significant difference between the gross external borrowing requirement and the net external borrowing requirement represented by the Council's level of balances, reserves, provisions and working capital. The Council's current strategy is only to borrow to the level of its net borrowing requirement. The reasons for this are to reduce credit risk, take pressure off the Council's lending list and also to avoid the cost of carry existing in the current interest rate environment. The tables below detail our expected debt position and the year-on-year change to the CFR, updated to reflect the latest capital programme:

Table 10 – Current and Estimated Movement in Gross Debt

Gross Debt	31/03/2017 Actual £M	31/03/2018 Estimate £M	31/03/2019 Estimate £M	31/03/2020 Estimate £M	31/03/2021 Estimate £M
Borrowing B/Fwd	96.40	96.40	125.03	161.17	164.60
Maturing Debt		(5.97)	(5.96)	(18.97)	(10.03)
New Borrowing Requirement (Table 3)		34.60	42.10	22.40	10.30
Total General Fund Borrowing	96.40	125.03	161.17	164.60	164.87
HRA Borrowing B/Fwd	163.25	163.25	178.14	182.74	181.44
Maturing Debt		(5.51)	(5.50)	(17.50)	(9.25)
New Borrowing Requirement (Table 3)		20.40	10.10	16.20	10.10
Total HRA Borrowing	163.25	178.14	182.74	181.44	182.29
Total Borrowing	259.65	303.17	343.91	346.04	347.16
Finance leases and Private Finance Initiatives	62.26	60.42	58.32	55.31	52.14
Transferred Debt	14.92	14.55	14.19	13.83	13.46
Total Debt	336.83	378.14	416.42	415.18	412.76

Table 11 – Current and Estimated Movement in Capital Financing Requirement

	31/03/2017 Actual £M	31/03/2018 Forecast £M	31/03/2019 Forecast £M	31/03/2020 Forecast £M	31/03/2021 Forecast £M
Balance Brought forward	280.75	322.56	349.28	378.64	373.73
Capital Spend Financed from Borrowing (Table 3)	43.72	28.93	36.89	4.33	0.71
MRP	(5.00)	(5.35)	(5.73)	(5.86)	(5.47)
Appropriations (to) from HRA	0.98	0.00	0.00	0.00	0.00
Movement in Other Liabilities	(2.89)	(2.21)	(2.47)	(3.38)	(3.53)
MRP Holiday	5.00	5.35	0.67	0.00	0.00
Total General Fund Debt	322.56	349.28	378.64	373.73	365.44
HRA (see table 13 below for break down)	163.25	178.14	182.73	181.44	182.29
Total CFR	485.81	527.42	561.37	555.17	547.73

2. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The ratio is based on the forecast of net revenue expenditure in the medium term financial model. The upper limit for this ratio is currently set at 10% and will remain so for the General Fund to allow for known borrowing decision in the next two years and to allow for additional borrowing affecting major schemes. The table below shows the likely position based on the proposed capital programme (including cost of long term liabilities).

This indicator is not so relevant for the HRA, especially since the introduction of self-financing, as financing costs have been built into their 30 year business plan, including the voluntary payment of MRP, which is the main contributor for the increase in 2019/20 and 2020/21. No problem is seen with the affordability but if problems were to arise then the HRA would have the option not to make principle repayments in the early years.

Table 12 – Current and Estimated Movement in Ratio of Financing Costs to Net Revenue Stream

Ratio of Financing Costs to Net Revenue Stream	2016/17 Actual %	2017/18 Forecast %	2018/19 Forecast %	2019/20 Forecast %	2020/21 Forecast %
General Fund	8.56*	7.44*	8.16*	8.32	6.42
HRA	14.12	14.61	14.98	30.81	20.33
Total	11.17	10.13	10.84	15.84	10.88

*The figure quoted as the actual for 2016/17 General Fund includes MRP due for the year but not actually charged to revenue due to previous overprovision.

3. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the authority adopted the principles of best practice.

The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services Code* on 19 February 2003 and all its subsequent updates. (latest 2011 edition)

4. HRA Limit on Indebtedness

Local authorities are required to report the level of the HRA CFR compared to the level of debt which is imposed (or subsequently amended) by the DCLG at the time of implementation of self-financing. Forecast figures have been update to reflect capital programme being submitted to Council on 19th July 2017

Table 13 – Current and Estimated Movement in HRA Indebtedness

HRA Limit on Indebtedness	2016/17 Actual £M	2017/18 Forecast £M	2018/19 Forecast £M	2019/20 Forecast £M	2020/21 Forecast £M
Brought Forward	155.00	163.25	178.14	182.73	181.44
Maturing Debt	(5.60)	(5.51)	(5.51)	(17.49)	(9.25)
New borrowing (Table 3)	14.83	20.40	10.10	16.20	10.10
Appropriations (to) from HRA	(0.98)	0.00	0.00	0.00	0.00
Carried forward	163.25	178.14	182.73	181.44	182.29
HRA Debt Cap (as prescribed by CLG)	199.60	199.60	199.60	199.60	199.60
Headroom	36.35	21.46	16.87	18.16	17.31

5. Summary

As indicated in this report none of the Prudential Indicators have been breached.

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Agenda Item 10

Appendix 3

Summary of investments as at 30 September 2017

The Authority manages internal investments amounting to £49.8M with an average rate of return of 2.02% as detailed below:

Investments	At 30 September 2017 £000	Date of Maturity	Yield %	Rating
Cash				
Barclays Bank PLC	3,850	Call	0.15	A-
Santander UK Plc	5,000	180 Day Notice	0.55	A
Aberdeen MMF	714	MMF	0.18	A+
Blackrock MMF	12	MMF	0.12	A+
Deutsche MMF	26	MMF	0.13	AA-
Federated Prime MMF	8,000	MMF	0.21	A+
Goldman Sachs MMF	61	MMF	0.13	AA
HSBC MMF	25	MMF	0.18	AA-
Insight MMF	40	MMF	0.12	A+
Invesco MMF	7,000	MMF	0.20	AA-
J P Morgan MMF	3,370	MMF	0.18	AA-
Standard Life MMF	8,000	MMF	0.20	A+
Total Cash	36,098		0.24	
Short Term Bonds				
Leeds Building Society Covered Bond	2,001	09/02/2018	0.56	AAA
Barclays Bank Covered Bond	1,000	12/02/2018	0.45	AAA
Yorkshire Building Society Covered Bond	3,078	12/4/2018	1.94	AA+
Total Short Term Bonds	6,079		1.34	

Long Term Bonds				
Nationwide Building Society Covered Bond	1,601	25/04/2019	0.78	AAA
Leeds Building Society Covered Bond	3,002	01/10/2019	0.71	AAA
European Investment Bank - Bond	1,015	15/04/2025	5.27	AAA
European Investment Bank - Bond	1,008	07/06/2021	5.16	AAA
European Investment Bank - Bond	997	07/06/2021	5.49	AAA
Total Long Term Bonds	7,623		2.58	
Total Bonds	13,703		2.04	
Total Internal Investments	49,801		2.02	
External Managed Funds <i>(see below)</i>	27,000		4.55	
Total Investments	76,801		3.16	

GLOSSARY OF TREASURY TERMS

Amortised Cost Accounting:

Values the asset at its purchase price, and then subtracts the premium/adds back the discount linearly over the life of the asset. The asset will be valued at par at its maturity.

Authorised Limit (Also known as the Affordable Limit):

A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).

Balances and Reserves:

Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.

Bail - in Risk:

Following the financial crisis of 2008 when governments in various jurisdictions injected billions of dollars into banks as part of bail-out packages, it was recognised that bondholders, who largely remained untouched through this period, should share the burden in future by making them forfeit part of their investment to "bail in" a bank before taxpayers are called upon.

A bail-in takes place before a bankruptcy and under current proposals, regulators would have the power to impose losses on bondholders while leaving untouched other creditors of similar stature, such as derivatives counterparties. A corollary to this is that bondholders will require more interest if they are to risk losing money to a bail-in.

Bank Rate:

The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.

Basis Point:

A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in **interest rates** and **bond yields**. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points. If rates were at 2.50%, and rose by 0.25%, or 25 basis points, the new interest rate would be 2.75%. In the bond market, a basis point is used to refer to the yield that a bond pays to the investor. For example, if a bond yield moves from 5.45% to 5.65%, it is said to have risen by 20 basis points. The usage of the basis point measure is primarily used in respect to yields and interest rates, but it may also be used to refer to the percentage change in the value of an asset such as a stock.

Bond:

A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The repayment date is also set at the onset but can be traded during its life, but this will affect the price of a bond which may vary during its life.

<p>Capital Expenditure:</p> <p>Expenditure on the acquisition, creation or enhancement of capital assets.</p>
<p>Capital Financing Requirement (CFR):</p> <p>The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.</p>
<p>Certainty Rate:</p> <p>The government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLB) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.</p>
<p>CD's:</p> <p>Certificates of Deposits with banks and building societies</p>
<p>Capital Receipts:</p> <p>Money obtained on the sale of a capital asset.</p>
<p>Comprehensive Spending Review (CSR):</p> <p>Comprehensive Spending Review is a governmental process in the United Kingdom carried out by HM Treasury to set firm expenditure limits and, through public service agreements, define the key improvements that the public can expect from these resources. Spending Reviews typically focus upon one or several aspects of public spending while the CSR focuses upon each government department's spending requirements from a zero base (i.e. without reference to past plans or, initially, current expenditure).</p>
<p>Constant Net Asset Value (CNAV)</p> <p>These are Money Market Funds which maintain a stable price of £1 per share when investors redeem or purchase shares which mean that that any investment will not fluctuate in value.</p>
<p>Corporate Bonds:</p> <p>Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.</p>
<p>Cost of Carry:</p> <p>The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.</p>
<p>Counterparty List:</p> <p>List of approved financial institutions with which the Council can place investments with.</p>
<p>Covered Bond:</p> <p>Covered bonds are debt securities backed by cash flows from mortgages or public sector loans. They are similar in many ways to asset-backed securities created in securitisation, but covered bond assets remain on the issuer's consolidated balance sheet (usually with an appropriate capital charge). The covered bonds continue as obligations of the issuer (often</p>

a bank); in essence, the investor has recourse against the issuer and the collateral, sometimes known as "dual recourse."

CPI :

Consumer Price Index – the UK’s main measure of inflation.

Credit Rating:

Formal opinion by a registered rating agency of a counterparty’s future ability to meet its financial liabilities; these are opinions only and not guarantees.

Department for Communities and Local Government (DCLG) :

The DCLG is the UK Government department for Communities and Local Government in England. It was established in May 2006 and is the successor to the Office of the Deputy Prime Minister, established in 2001.

Debt Management Office (DMO):

The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the **DMADF**. All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.

Diversification /diversified exposure:

The spreading of investments among different types of assets or between markets in order to reduce risk.

European Investment Bank (EIB):

The European Investment Bank is the European Union's non-profit long-term lending institution established in 1958 under the Treaty of Rome. It is a "policy driven bank" whose shareholders are the member states of the EU. The EIB uses its financing operations to support projects that bring about European integration and social cohesion.

Federal Reserve:

The US central bank. (Often referred to as “the Fed”).

Floating rate notes (FRNs) :

Floating rate notes (FRNs) are debt securities with payments that are reset periodically against a benchmark rate, such as the three-month Treasury bill or the three-month London inter-bank offer rate (LIBOR). FRNs can be used to balance risks incurred through other interest rate instruments in an investment portfolio.

FTSE 100 Index:

The FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge of business prosperity for business regulated by UK company law. The index is maintained by the FTSE Group, a subsidiary of the London Stock Exchange Group.

General Fund:

This includes most of the day-to-day spending and income.

Gilts:

Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

Gross Domestic Product (GDP):

Gross Domestic Product measures the value of goods and services produced with in a country. GDP is the most comprehensive overall measure of economic output and provides key insight as to the driving forces of the economy.

The G7:

The G7, is a group consisting of the finance ministers of seven industrialised nations: namely the US, UK, France, Germany, Italy, Canada and Japan. They are seven of the eight (China excluded) wealthiest nations on Earth, not by GDP but by global net wealth. The G7 represents more than the 66% of net global wealth (\$223 trillion), according to Credit Suisse Global Wealth Report September 2012.

IFRS:

International Financial Reporting Standards.

International Labour Organisation (ILO):

The ILO Unemployment Rate refers to the percentage of economically active people who are unemployed by ILO standard and replaced the Claimant Unemployment Rate as the international standard for unemployment measurement in the UK.. Under the ILO approach, those who are considered as unemployed are either out of work but are actively looking for a job or out of work and are waiting to start a new job in the next two weeks. ILO Unemployment Rate is measured by a monthly survey, which is called the Labour Force Survey in United Kingdom. Approximately 40,000 individuals are interviewed each month, and the unemployment figure reported is the average data for the previous three months.

LIBID:

The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks). It is "the opposite" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend). Whilst the British Bankers' Association set LIBOR rates, there is no correspondent official LIBID fixing.

LIBOR:

The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to be more fluid in the marketplace to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

LOBO:

Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility. The upshot of this is that on the option exercise date, the lender could propose an extreme fixed rate, say 20 per cent, which would

effectively force the repayment of the underlying facility. The borrower's so called 'option' is only the inalienable right to accept or refuse a new deal such as a fixed rate of 20 per cent.

Maturity:

The date when an investment or borrowing is repaid.

Maturity Structure / Profile:

A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by quarter or month-by-month basis.

Minimum Revenue Provision (MRP):

An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

Money Market Funds (MMF):

An open-end mutual fund which invests only in money markets. These funds invest in short term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends. The fund's net asset value remains constant (eg £1 per unit) but the interest rate does fluctuate. These are liquid investments, and therefore, are often used by financial institutions to store money that is not currently invested. Risk is extremely low due to the high rating of the MMFs; many have achieved AAA credit status from the rating agencies:

- **Constant net asset value (CNAV)** refers to funds which use amortised cost accounting to value all of their assets. They aim to maintain a net asset value (NAV), or value of a share of the fund, at €1/£1/\$1 and calculate their price to two decimal places known as "penny rounding". Most CNAV funds distribute income to investors on a regular basis (distributing share classes), though some may choose to accumulate the income, or add it on to the NAV (accumulating share classes). The NAV of accumulating CNAV funds will vary by the income received.
- **Variable net asset value (VNAV)** refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.

This means that a fund with an unchanging NAV is, by definition, CNAV, but a fund with a NAV that varies may be accumulating CNAV or distributing or accumulating VNAV.

Multilateral Development Banks:

See Supranational Bonds below.

Municipal Bonds Agency

An independent body owned by the local government sector that seeks to raise money on the capital markets at regular intervals to on-lend to participating local authorities.

Non Specified Investment:

Investments which fall outside the CLG Guidance for **Specified investments** (below).

Operational Boundary:

This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised

Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Premiums and Discounts:

In the context of local authority borrowing,

- (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and
- (b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

If on a £1 million loan, it is calculated that a £150,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,150,000 plus accrued interest. If on a £1 million loan, it is calculated* that a £50,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £950,000 plus accrued interest. PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.

**The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.*

Property:

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Prudential Code:

Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

Prudential Indicators:

Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators

Public Works Loans Board (PWLB):

This is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Quantitative Easing (QE):

In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It *“does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy”*. Source: Bank of England.

Repo Rate:

The interest rate at which the central bank in a country repurchases government securities (such as Treasury securities) from commercial banks. The central bank raises the repo rate when it wishes to reduce the money supply in the short term, while it lowers the rate when it wishes to increase the money supply and stimulate growth.

Revenue Expenditure:

Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

RPI:

Retail Prices Index is a monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are updated using the RPI index.

(Short) Term Deposits:

Deposits of cash with terms attached relating to maturity and rate of return (Interest).

Specified Investments:

Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing:

Borrowing for which the costs are supported by the government or third party.

Supranational Bonds:

Instruments issued by supranational organisations created by governments through international treaties (often called **multilateral development banks**). The bonds carry a AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.

Treasury (T) -Bills:

Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. Treasury Bills (T-Bills) are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have a AAA-rating.

Temporary Borrowing:

Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

Treasury Management Code:

CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

Treasury Management Practices (TMP):

Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these

activities.

Unsupported Borrowing:

Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

Variable Net Asset Value (VNAV):

Redemptions and investments in Money Market Funds (MMF's) are on the basis of the fund's Net Asset Value (NAV) per share. The NAV of any money market fund is the market value of the fund's assets minus its liabilities and is stated on a per share basis. The net value of the assets held by an MMF can fluctuate, and the market value of a share may not always be exactly the amount that has been invested.

Yield:

The measure of the return on an investment instrument.

DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		PENSION FUND LIABILITY UPDATE	
DATE OF DECISION:		13 th November 2017	
REPORT OF:		SERVICE DIRECTOR: FINANCE AND COMMERCIALISATION	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Sue Cuerden	Tel: 023 80 834153
	E-mail:	sue.cuerden@southampton.gov.uk	
Director	Name:	Mel Creighton	Tel: 023 80 83
	E-mail:	mel.creighton@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
N/A			
BRIEF SUMMARY			
<p>At the Governance Committee meeting on 24th July 2017 the committee approved the 2016/17 Final Accounts. Further information was requested with regards to the Pension Fund and the outstanding reported liability.</p> <p>This briefing paper seeks to provide clarification of the pension fund liability as at the 31st March 2017 and the supporting information.</p>			
RECOMMENDATIONS:			
	(i)	To note the Pension Fund Position Statement as at the 31 st March 2017.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	No further approval is required, the briefing paper is for information purposes only.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	N/A		
DETAIL (Including consultation carried out)			
Background			
3.	<p>Under Local Government Pension Scheme (LGPS) regulations there is a requirement that actuarial valuations are undertaken every three years. Valuations are carried out at a given point in time to assess:</p> <ul style="list-style-type: none"> • the value of pension liabilities the fund is responsible for; • the assets the pension fund has under its control to meet those liabilities; • the corresponding funding level and any deficit contributions required; and • the cost of future benefit accrual. 		

	<ul style="list-style-type: none"> • The actuary for each local fund will value the assets and liabilities of their fund taking into account a set of assumptions and principles which may vary between valuations. • The cost of future benefit accrual is shared between the employers and the members of the scheme. While member contributions are set out in LGPS regulations, the employers pay the net cost of future benefit accrual once the member contributions have been deducted.
4.	The cost of providing future service benefits is known as the employer's "primary rate" and this is then adjusted by each employer's "secondary rate" to fund any deficit.
5.	The results of the 31 March 2016 LGPS valuations determined the contribution rates payable for the three years commencing April 2017 and the deficit contribution rates agreed will aim to remove the shortfall between each participating employer's (notional) share of LGPS assets and liabilities over the duration of the recovery period. The scheduled body contributions for SCC are 14.1% 2017/18, 15.1% 2018/19 and 16.1% 2019/20. These rate increases already form part of the approved Medium Term Financial Strategy approved by Council February 2017.
Pension Liability	
6.	The year-end position on the Pension Reserve showed a movement on the Council's liability from £366.84M as at the end of 2015/16 increasing to £424.96M at the end of 2016/17 an increase of £58.12M.
7.	<p>The council's liability is affected by a number of factors but cover issues such as:</p> <ul style="list-style-type: none"> • Changes in the number of employees in the scheme, with the introduction of auto enrolment the council has seen an increase in the take up of the pension scheme; • The age of the staff in the pension scheme; • Pension Fund Performance; • Interest Rates; • Any changes in the baseline assumptions; and • Triannual Actuarial Review and update.
8.	The Pension Liability Reserve recognises the difference between the benefits that have been accrued for past and current employees and the resources the Council has put aside to pay for those benefits.
9.	Each year the fund is impacted by new benefits accrued by current and past employees; payments of interest costs; payments to the pension fund; and is adjusted by an annual actuarial valuation on the fund which could be a gain or a loss.
10.	The following table shows the change in the liability for the year ending 31st March 2017:

11.	<p>Table1 – Pension Liability 31st March 2017</p> <table border="1" data-bbox="359 250 1369 739"> <thead> <tr> <th data-bbox="359 250 571 304">2015/16</th> <th data-bbox="571 250 1166 304"></th> <th data-bbox="1166 250 1369 304">2016/17</th> </tr> <tr> <th data-bbox="359 304 571 358">£M</th> <th data-bbox="571 304 1166 358"></th> <th data-bbox="1166 304 1369 358">£M</th> </tr> </thead> <tbody> <tr> <td data-bbox="359 358 571 412">390.70</td> <td data-bbox="571 358 1166 412">Balance Brought Forward</td> <td data-bbox="1166 358 1369 412">366.84</td> </tr> <tr> <td data-bbox="359 412 571 465">21.09</td> <td data-bbox="571 412 1166 465">Current Service Cost</td> <td data-bbox="1166 412 1369 465">23.15</td> </tr> <tr> <td data-bbox="359 465 571 519">0.96</td> <td data-bbox="571 465 1166 519">Past Service Costs (added years)</td> <td data-bbox="1166 465 1369 519">2.59</td> </tr> <tr> <td data-bbox="359 519 571 573">12.16</td> <td data-bbox="571 519 1166 573">Net Interest Costs</td> <td data-bbox="1166 519 1369 573">12.05</td> </tr> <tr> <td data-bbox="359 573 571 627">(22.00)</td> <td data-bbox="571 573 1166 627">Payments to Pension Fund</td> <td data-bbox="1166 573 1369 627">(24.90)</td> </tr> <tr> <td data-bbox="359 627 571 680">(36.07)</td> <td data-bbox="571 627 1166 680">Actuarial (Gains)/Losses on the fund</td> <td data-bbox="1166 627 1369 680">45.23</td> </tr> <tr> <td data-bbox="359 680 571 739">366.84</td> <td data-bbox="571 680 1166 739">Balance to Carry Forward</td> <td data-bbox="1166 680 1369 739">424.96</td> </tr> </tbody> </table>	2015/16		2016/17	£M		£M	390.70	Balance Brought Forward	366.84	21.09	Current Service Cost	23.15	0.96	Past Service Costs (added years)	2.59	12.16	Net Interest Costs	12.05	(22.00)	Payments to Pension Fund	(24.90)	(36.07)	Actuarial (Gains)/Losses on the fund	45.23	366.84	Balance to Carry Forward	424.96
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(36.07)	Actuarial (Gains)/Losses on the fund	45.23																										
366.84	Balance to Carry Forward	424.96																										
12.	It should be noted that the statutory requirements of the pension fund will ensure that the funding will have been put aside by the time the benefits have to be paid out. The scheme actuary calculates the employer contributions that are required, along with ongoing payments from employees over their remaining working life, to ensure the full liability can be met when it falls due.																											
13.	The biggest change to the overall liability in the above table is in relation to the Actuarial valuation on the fund of £45.23M. This is further broken down in table 2 below:																											
14.	<p>Table 2 – Breakdown of Actuarial Loss 2016/17</p> <table border="1" data-bbox="295 1216 1420 1697"> <thead> <tr> <th data-bbox="295 1216 528 1314">2015/16 £M</th> <th data-bbox="528 1216 1230 1314"></th> <th data-bbox="1230 1216 1420 1314">2016/17 £M</th> </tr> </thead> <tbody> <tr> <td data-bbox="295 1314 528 1368">10.94</td> <td data-bbox="528 1314 1230 1368">Actuarial (Gains)/Losses on plan assets</td> <td data-bbox="1230 1314 1420 1368">(125.72)</td> </tr> <tr> <td data-bbox="295 1368 528 1458">(10.05)</td> <td data-bbox="528 1368 1230 1458">Actuarial (Gains)/Losses on liabilities – experience</td> <td data-bbox="1230 1368 1420 1458">(25.47)</td> </tr> <tr> <td data-bbox="295 1458 528 1547">0</td> <td data-bbox="528 1458 1230 1547">Actuarial (Gains)/Losses on plan assets – demographic assumptions</td> <td data-bbox="1230 1458 1420 1547">(11.28)</td> </tr> <tr> <td data-bbox="295 1547 528 1637">(36.96)</td> <td data-bbox="528 1547 1230 1637">Actuarial (Gains)/Losses on plan assets – financial assumptions</td> <td data-bbox="1230 1547 1420 1637">207.70</td> </tr> <tr> <td data-bbox="295 1637 528 1697">(36.07)</td> <td data-bbox="528 1637 1230 1697">Total Actuarial (Gain)/Loss</td> <td data-bbox="1230 1637 1420 1697">45.23</td> </tr> </tbody> </table>	2015/16 £M		2016/17 £M	10.94	Actuarial (Gains)/Losses on plan assets	(125.72)	(10.05)	Actuarial (Gains)/Losses on liabilities – experience	(25.47)	0	Actuarial (Gains)/Losses on plan assets – demographic assumptions	(11.28)	(36.96)	Actuarial (Gains)/Losses on plan assets – financial assumptions	207.70	(36.07)	Total Actuarial (Gain)/Loss	45.23									
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(36.96)	Actuarial (Gains)/Losses on plan assets – financial assumptions	207.70																										
(36.07)	Total Actuarial (Gain)/Loss	45.23																										
15.	Table 2 above shows that changes in the actuarial financial assumptions have had a significant impact giving an overall actuarial loss.																											
16.	The financial assumptions are set as part of the Triannual Review to establish the overall employer contributions that are required but the actual position is reported each year in an annual accounting results schedule produced by the scheme actuary. Table 3 below details the changes in financial assumptions between 2015/16 and 2016/17.																											

Table 3 – Financial Assumptions			
		2015/16	2016/17
	RPI Inflation	2.9%	3.1%
	CPI	1.8%	2.0%
	Rate of General long-term increase in salaries	3.3%	3.5%
	Rate of Increase in Pension Payments	1.8%	2.0%
	Pension Accounts Revaluation rate	1.8%	2.0%
	Rate of Increase to deferred pensions	1.8%	2.0%
	Discount Factor	3.4%	2.6%
	Take up option to convert to lump sum payment (Commutation)	70.0%	70.0%
17.	With the exception of the Commutation % all other factors are more adverse than the previous year.		
18.	The discount rate is also lower than in 2015/16. In this case a lower % is actually an adverse position in terms of the overall fund. The discount rate is each local fund's expected future long term rate of investment return and forms part of assessing what the value of the fund will be. This is a key assumption for the valuation as the lower the assumed investment returns over the long term the lower the discount rate, which in turn means that more money is needed today to meet future LGPS liabilities.		
The Other Actuarial Categories Explained			
19.	<p>Plan assets are held by the fund that aim to maximise, within set parameters, an annual investment return. These can include investments in:</p> <ul style="list-style-type: none"> • Equities; • Property; • Government and/or Corporate Bonds; and • Cash. <p>The assumptions around performance and value of assets are taken into account in the calculation of the value of the fund and the overall pension liability.</p>		
20.	Experience Assumptions relate to the review of the historical position i.e. what has happened and how this may impact on future assumptions. This looks at membership date, the number of people in the fund (active and deferred), the payroll cost and the actual number of pensioners and dependants. It also review the actual impact of financial assumptions. It also looks at whether there has been any change in the pension structure in the review period.		
21.	<p>The demographic assumptions in an LGPS valuation relate to the probability that pensions will be paid, under what circumstances they will be paid and for how long they will be paid. The demographic assumptions used to calculate LGPS liabilities include;</p> <ul style="list-style-type: none"> • death in service; • death in retirement; • ill health retirement; • early retirement; 		

	<ul style="list-style-type: none"> • normal retirement; • leavers with a deferred pension or opt outs; • life expectancy or mortality; • proportion of members who are married; • take up of cash commutation; and • age difference between members and their partners.
Membership of the Scheme	
22.	<p>Employees of the Council are predominantly member of two separate pensions schemes;</p> <ul style="list-style-type: none"> • Teachers' Pension Scheme • Local Government Pension Scheme
23.	<p>The Teachers' Pension Scheme operates in a way that it is not possible for the liabilities for benefits accruing under these schemes to be identified specifically to the council. As such it is not possible for provision for future payment of benefits for this scheme to be made.</p>
24.	<p>In addition to the above, as at the 31st March 2017 the Council's Strategic Service Partner Capita had admitted body status within the Hampshire Pension Fund. The staff that transferred to Capita were treated as being part of Southampton City Council for accounting and reporting purposes in respect of pensions i.e. are part of the overall pension liability.</p>
25.	<p>Following the reset of the Capita Contract a new company was established in 2016/17, Capita Southampton Ltd (CSL). As a result of this the existing Capita Admission agreement with the Hampshire Pension Fund ceased on the 1st April 2017.</p>
26.	<p>Additionally, the Property Service function has transferred back to the Council.</p>
27.	<p>As a result of the above:</p> <ul style="list-style-type: none"> • Property Staff continue to be part of the scheduled body for the Council i.e. Accrued liabilities for active members will transfer to SCC and remain in the Scheduled Body Group (SBG) and Capita employees not currently eligible for Fund membership will, as SCC employees post transfer, be eligible for Fund membership and will be auto-enrolled as required; • A new admission agreement has been drawn up for CSL; and • 5 employees have not transferred to CSL or the back to the council and remain part of Capita Business Solutions Ltd (CBSL). Therefore a further new admission agreement has been established for these staff.
28.	<p>There is no impact on the pension liability statement for 2016/17 in relation to these changes and has had no impact on the movement in the pension liability for last financial year.</p>
29.	<p>Under the new admission agreements, pension liabilities that have accrued prior to the commencement date remain with the Council with the new admitted bodies accruing future pension liabilities from the point of transfer.</p>
30.	<p>Any impact on the overall pension liability at the end of 2017/18 will be factored into the annual accounting results schedule as at the 31st March 2018. But it should be noted that no additional past pension liabilities have been added as</p>

	these have always been included within the Council's reported figures.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
31.	As noted in the report.
<u>Property/Other</u>	
32.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
33.	None
<u>Other Legal Implications:</u>	
34.	None
RISK MANAGEMENT IMPLICATIONS	
35.	None
POLICY FRAMEWORK IMPLICATIONS	
36.	None
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	N/A
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
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

DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		INTERNAL AUDIT PROGRESS REPORT 2017-18	
DATE OF DECISION:		13 November 2017	
REPORT OF:		CHIEF INTERNAL AUDITOR	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Elizabeth Goodwin	Tel: 023 80834616
	E-mail:	Elizabeth.Goodwin@southampton.gov.uk	
Director	Name:	Mel Creighton	Tel: 023 80834897
	E-mail:	Mel.Creighton@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
N/A			
BRIEF SUMMARY			
<p>The Public Sector Internal Audit Standards 2017 (PSIAS), requires the Chief Internal Auditor (CIA) to provide periodical updates to the Governance Committee on:</p> <ul style="list-style-type: none"> • Progress made against the agreed annual audit plan. • Results of audit activities and • Management's response to risk that in the CIA's judgement maybe unacceptable to the Authority <p>All other PSIAS requirements are communicated in either the charter, strategy or annual audit opinion, which are reported separately to this committee at various times throughout the year.</p> <p>Internal Audit Progress for the period 11th July 2017 to 25th October 2017 is covered in the attached Appendix 1.</p>			
RECOMMENDATIONS:			
	(i)	That the Governance Committee notes the Internal Audit Progress report for the period 11 th July 2017 to 25 th October 2017.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	In accordance with the Public Sector Internal Audit Standards the Chief Internal Auditor is required to provide an update on progress against the annual audit plan to the Governance Committee for information.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	None		
DETAIL (Including consultation carried out)			
3.	None		

RESOURCE IMPLICATIONS	
Capital/Revenue	
4.	None
Property/Other	
5.	None
LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
6.	The Accounts and Audit (England) Regulations 2015 state 'a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards.
Other Legal Implications:	
7.	None
RISK MANAGEMENT IMPLICATIONS	
8.	This report is for note only, there is no decision to be made.
POLICY FRAMEWORK IMPLICATIONS	
9.	None
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Internal Audit Progress Report for the period 11 th July 2017 to 25 th October 2017.
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s) None	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)



Internal Audit Progress Report

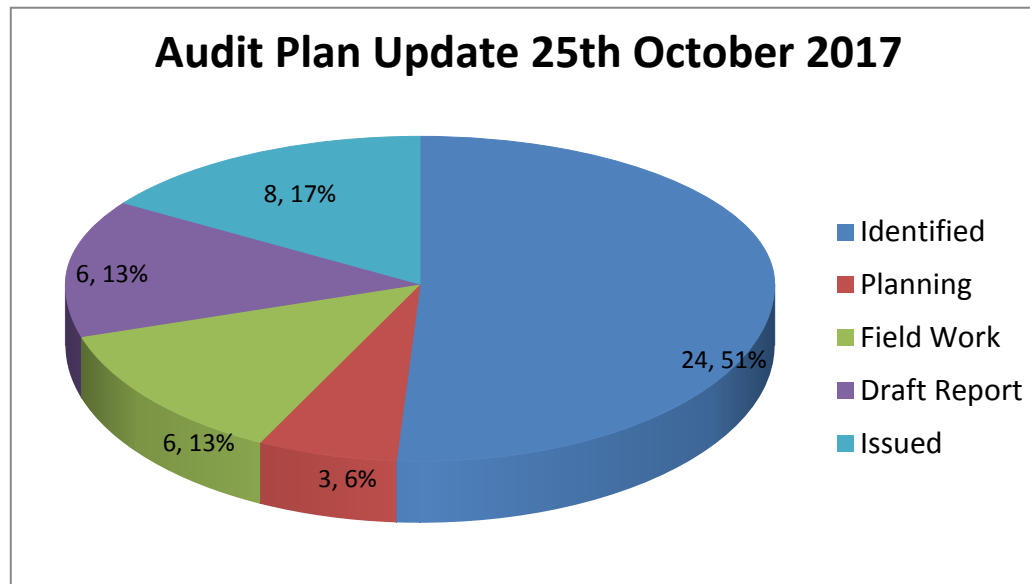
13th November 2017 Governance Committee

Elizabeth Goodwin - Chief Internal Auditor

Introduction: The internal audit function is a statutory function for all Local Authorities. Southampton City Council shares the Chief Internal Auditor with Portsmouth City Council. The audit service is provided in partnership with Portsmouth City Council and an in house team at Southampton City Council. An in house team is now in place which currently consists of an Audit Manager and two Auditors.

Purpose of report: The purpose of this report is to update the committee on the progress of the 2017/18 Audit Plan for the period 11th July 2017 to 25th October 2017 and highlight any areas of concern that may have arisen during the completed audits. In addition, changes to the audit plan and other unplanned pieces of work are also brought to the attention of the committee.

Audit Plan Progress:



17% of the Audit Plan has been completed as at 31st October 2017. 13% of the Audit Plan is in draft report stage. 23% of the Audit Plan is in progress. The remaining 51% has yet to commence. This is based on 47 audits an increase of 2 since the previous report.

Completed Audits between 11th July 2017 and 25th October 2017:

Project Name	Hub	Opinion	Direction	No. Critical Risk	No. High Risk	No. Medium Risk	No. Low Risk	Summary
F&C - Housing Benefit	Strategy	Assurance	2016/17 - Substantial Assurance	-	-	-	-	No exceptions were raised as part of this audit
F&C - Payroll	Strategy	Reasonable Assurance	2015/16 - Substantial Assurance	-	-	3 (EEO)	1 (SOA)	3 Medium and 1 Low risk exception arose. The medium risk exceptions relate to a lack of reporting available on pay variances, late submission of pension data to the Local Government Pension Scheme and insufficient checks on final salary payments. The low risk exception relates to an inconsistent approach used for new staff notification methods which may cause inaccuracies in payroll data.
F&C - Treasury Management	Strategy	Assurance	2015/16 - Substantial Assurance	-	-	-	-	No exceptions were raised as part of this audit
L&G - Annual Governance Statement	Strategy	Assurance	N/A	-	-	-	-	No exceptions were raised as part of this audit

(Testing under the following areas: SOA=Safeguarding of Assets, EEO=Effectiveness of Operations)

Audits in Draft Report Stage:

Project Name	Group	Project Status	Projected Reporting Date
GRTH - Studio 144	Operations	Draft Report	December 2017
HAC - Supported Housing Schemes	Operations	Draft Report	December 2017
HR - Expenses Travel Subsistence	Strategy	Draft Report	December 2017
F&C - VAT	Strategy	Draft Report	December 2017
DBO - Email and Internet Controls	Operations	Draft Report	December 2017
HAC - Appointeeships	Operations	Draft Report	December 2017

Audits in progress:

Project Name	Group	Project Status	Projected Reporting Date
L&G - Social Media	Strategy	Field Work	December 2017
F&C - Disabled Facilities Grant	Strategy	Field Work	December 2017
C&F - Family Matters Grant	Operations	Field Work	December 2017
HAC - DOLs Deprivation of Liberty	Operations	Field Work	December 2017
DBO - Tower Blocks	Operations	Field Work	December 2017
F&C - Housing Rents and Debt Management	Strategy	Field Work	December 2017
C&F - Home to School Transport	Operations	Planning	December 2017
DBO - Contract Strategic Framework	Operations	Planning	December 2017
F&C - Bank Account	Strategy	Planning	December 2017

Additional Audit Plan Information:

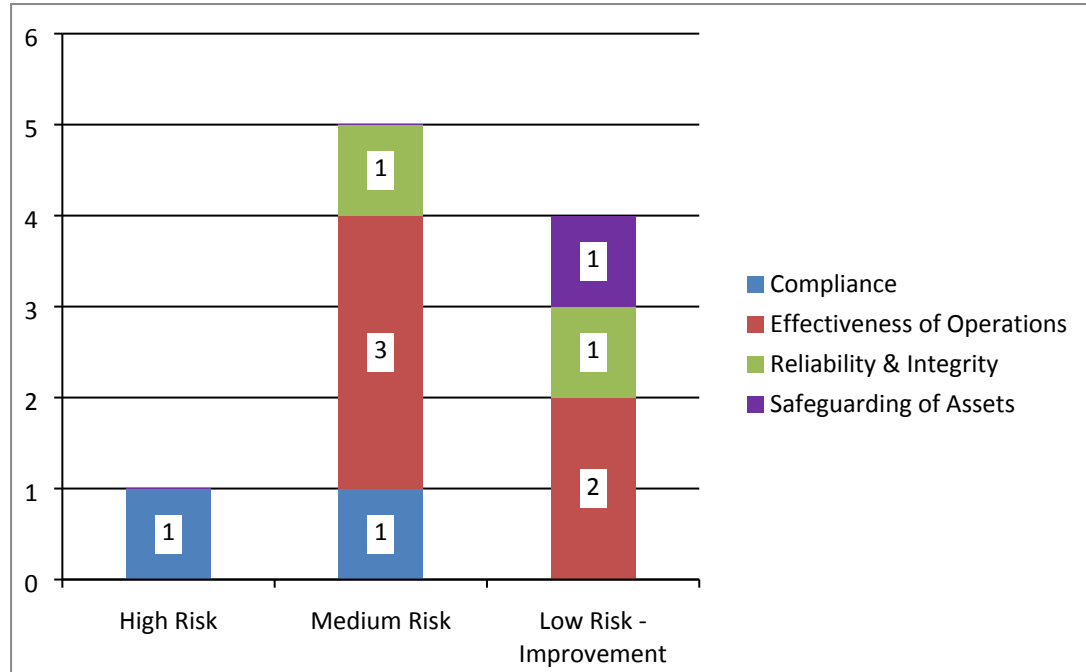
In relation to the **Family Matters Grant** audit noted above. This audit requires a review and sign off of 4 claims submitted throughout the financial year. At the current time, 2 of the 4 claims have been reviewed and signed off. The remaining claims will be actioned as and when they are required throughout the year. Until all 4 claims have been signed off, the audit will remain in 'Fieldwork' on these update reports.

Unplanned Work:

Since 11th July 2017 to 25th October 2017, Internal Audit have provided advice in the following area. (For reference, Advice is only recorded when the time taken to provide the advice exceeds 1 hour).

- Direct Payments - The Audit Manager is attending regular workshops regarding the changes proposed in the Direct Payments process. The purpose is to provide advice on risks and controls on changes to the current process.

Exceptions Raised in Issued Audits 2017/18



Category	Example
Achievement of Organisational Objectives (AO)	Policy is out of date and not in line with current process
Compliance with Laws, Regulation and Policy (CMP)	Authority process /action is breaching legislation
Safeguarding of Assets (SOA)	Inventory of assets is not being maintained
Effectiveness of Operations (EOO)	Duplicate authorisation within a process
Reliability and Integrity of Data (R&I)	Reports used for decision making are inaccurate

The above table shows the number of exceptions raised based on the risk level and the category in which they were tested. At the current time, no significant trends are present in the data.

Audit Plan Status/Changes:

The 2017/18 Audit Plan currently contains 45 separate audits, which has increased to 47 between reporting. As stated in the July 2017 update, a full revised audit plan has been agreed with the s151 Officer and the Senior Leadership team (SLT) and can now be presented to this committee. The revised audit plan has resulted in a further 13 audits being included within the plan. These are outlined below:

Project	Reason for inclusion
HAC - Appointeeship	Included at the request of the s151 Office
L&G - Social Media	Included following receipt of communications from the Office of the Surveillance Commissioner
P&H - Public Health	Limited assurance given in 15-16 no follow up work carried out, full audit required
ICU - Quality Assurance	Limited assurance given in 15-16 no follow up work carried out, full audit required
HAC - Adults Safeguarding	Limited assurance given in 15-16 no follow up work carried out, full audit required
C&F - Multi Agency Resource Panel	Limited assurance given in 15-16 no follow up work carried out, full audit required
C&F - Adoption	Limited assurance given in 15-16 no follow up work carried out, full audit required
C&F - Children's Safeguarding (Protection & Court Teams)	Limited assurance given in 15-16 no follow up work carried out, full audit required
DBO - IT Telecommunications	Limited assurance given in 15-16 no follow up work carried out, full audit required
HR - Health & Safety	Limited assurance given in 16-17
C&F - Short Breaks	Limited assurance given in 16-17
DBO - Procurement	Limited assurance given in 16-17
GRTH - Property Investments	Included at the request of the CEO

Based on the revisions noted above, the Audit Plan for 2017/18 will now consist of 58 separate audits.

KEY:

Overall Assurance Levels:	Description / Examples
Assurance	No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority
Reasonable Assurance	Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority
Limited Assurance	Control weaknesses or risks were identified which pose a more significant risk to the Authority
No Assurance	Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit

Exception Priority Level	Description
Low Risk - Improvement	Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.
Medium Risk	These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.
High Risk	Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not “show stopping” but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.
Critical Risk	Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the organisation’s objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	SOUTHAMPTON GUILDHALL CONTRACT		
DATE OF DECISION:	13 NOVEMBER 2017		
REPORT OF:	SERVICE DIRECTOR, DIGITAL AND BUSINESS OPERATIONS		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Paul Paskins	Tel: 023 8083 4353
	E-mail:	paul.paskins@southampton.gov.uk	
Director	Name:	James Strachan	Tel: 023 8083 3436
	E-mail:	james.strachan@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
Appendix 1 of this report is confidential in accordance with the Council's Constitution, Part 4, Access to Information Procedure Rules paragraphs 3, 4 and 7a.	
BRIEF SUMMARY	
This report follows the Strategic Contracts Annual Report to Governance Committee on 12 June 2017. As a result of this Strategic Contracts Annual Report, officers were asked by the Governance Committee to bring a further report on 13 November 2017 regarding the Southampton Guildhall contract and the benefits it brings to the city.	
RECOMMENDATIONS:	
(i)	The Governance Committee notes the details provided in this paper.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The purpose of this paper and its recommendation are to set out the position regarding the Southampton Guildhall Contract to enable the Governance Committee to review and consider these details.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
	N/A
DETAIL (Including consultation carried out)	
2	The Southampton Guildhall ('the Guildhall') occupies a prime position at the western end of Guildhall Square and is a key component of the Council's vision for the city's Cultural Quarter and the leisure and culture offer and strategy for Southampton.
3	The venue consists of a large auditorium, an inner foyer, office space and associated facilities including toilets, a cloakroom, dressing rooms, back stage and technical areas. The maximum capacity in the auditorium for a seated event in a standard theatre layout is 1,290 and 1,749 for a standing music concert. Alternative configurations are used for other types of events.
4	Up until 2003, the Council operated Southampton Guildhall as an in-house service.
5	The Council entered into a 10-year contract with Clear Channel Entertainment

	(Music) UK Limited, which commenced on 10th February 2003, to manage and operate the Guildhall. In February 2006, a Clear Channel US Parent company re-structure re-named the company Live Nation (Music) UK Limited.
6.	The contract with Live Nation consists of a service contract and a lease.
7.	Confidential Appendix 1 sets out the commercial terms of the contract and contains a market assessment.
8.	In 2013 the contract was extended until 2023 with a further five year extension option.
9.	O2 Guildhall Southampton branding commenced in 2013. This is a five year deal between Live Nation and O2.
10.	The Guildhall contract is treated as a 'strategic' contract and, as such, is managed by the Supplier Management function. Supplier Management monitors the operation of the venue closely and are also responsible for the overall monitoring and performance of the contract.
11.	The key rationale for continuing to operate the Southampton Guildhall in the current manner includes the positive economic impact of the venue (see Confidential Appendix 1), the impact on the reputation of the city and its place as the major city on the south coast, the indirect impacts which may include attracting students and businesses to the city and the lack of a viable alternative future use for the venue.
12.	If the Council were to completely close the venue it would need to retain many of the buildings-related costs through mothballing.
13.	The venue has a beneficial impact on the local economy as visitors utilise the surrounding hotels, bars, cafes and restaurants.
14.	The Guildhall operates in a number of markets and hosts events which include a wide variety of music concerts, comedy events, celebrity-hosted events, weddings, other private celebrations, business events and community events. Some of these are referred to as 'ticketed' (i.e. where tickets are made available for the public to purchase) and others are referred to as non-ticketed (i.e. private hire events).
15.	Live Nation are a major international operator and bring the size, expertise and reputation to attract nationally and internationally known acts. Furthermore, Live Nation have an extensive ticket sale and distribution function which ensures that tickets are widely and easily available to customers.
16.	Live Nation, in conjunction with promoters, have the autonomy to set ticket prices at commercial rates.
17.	Live Nation have responsibility for servicing and replacement of plant and equipment but do not have responsibility for the repair and maintenance of the structure, other external repairs or the internal decoration of the venue. These responsibilities were retained by the Council as to outsource these risks would have made the contract unaffordable.
18.	<p>Clear Channel/Live Nation, however, made a number of commitments which include:</p> <ul style="list-style-type: none"> • Redesign and upgrade of bar areas – this was completed in the early years of the contract. The bar area – with particular focus on the North Bar – were further refurbished in 2013 as part of the O2 deal; • Initial improvement, and a subsequent upgrade of, toilet facilities – immediate improvements were made and Live Nation contributed £75k to the refurbishment of the basement and balcony toilets which

	<p>were completed in 2016. It should be noted, however, that this did not replacing the underlying sewerage infrastructure.</p> <ul style="list-style-type: none"> • Upgrade of décor and fittings in first year – completed. • Works required as a result of Disability Discrimination Act audits – these are carried out on a cyclical basis and improvements include the recent installation of a new viewing platform and new ramps. 																																						
19.	<p>Live Nation have also spent approximately £126,000 above and beyond their express obligations on redecoration of the dressing rooms, an emergency PA system, refurbishment of some theatre seating, purchase of technical equipment, redecoration of cloakroom and staff area and outside lighting and as well as regular repairs of items like the wooden framework within the auditorium.</p>																																						
20.	<p>On the 1st September 2015 Live Nation implemented a ‘restoration levy’ of £1 per ticket to generate funds to spend on the venue. The Council has insisted that the funds from the levy are used to restore and support the venue. Confidential Appendix 1 contains further details. Further projects are planned such as redecorating the lower corridors leading to the basement toilets.</p>																																						
21.	<p>Over the past five years the Guildhall has hosted comedy acts such as Lenny Henry, Paul Merton and Jimmy Car and music artists such as Gary Newman, The Kaiser Chiefs, Wolf Alice, Catfish and the Bottlemen, Paul Weller, Erasure and Bob Dylan. The reach of Live nation enables the venue to secure such popular artists that other smaller operators may struggle to attract.</p>																																						
22.	<p>The admission figures for ticketed events are shown in the graph below. In 2002/3 there was an upwards trend following the management of the Guildhall being contracted out. Since 2008/9, however, admissions have been in steady decline. This is primarily due to the prevailing economic conditions and the changing market for music tours which has seen artists taking advantage of opportunities to play to larger audiences at reduced costs by utilising the proliferation of festivals over the summer months.</p> <div data-bbox="308 1301 1406 1850" data-label="Figure"> <table border="1"> <caption>Admission Numbers - Ticketed Events</caption> <thead> <tr> <th>Year</th> <th>Admission Numbers</th> </tr> </thead> <tbody> <tr> <td>2000/01</td> <td>148,090</td> </tr> <tr> <td>2001/02</td> <td>137,675</td> </tr> <tr> <td>2002/03</td> <td>Contracted out</td> </tr> <tr> <td>2003/04</td> <td>156,022</td> </tr> <tr> <td>2004/05</td> <td>168,006</td> </tr> <tr> <td>2005/06</td> <td>172,255</td> </tr> <tr> <td>2006/07</td> <td>168,063</td> </tr> <tr> <td>2007/08</td> <td>178,558</td> </tr> <tr> <td>2008/09</td> <td>164,959</td> </tr> <tr> <td>2009/10</td> <td>170,767</td> </tr> <tr> <td>2010/11</td> <td>128,422</td> </tr> <tr> <td>2011/12</td> <td>125,272</td> </tr> <tr> <td>2012/13</td> <td>118,077</td> </tr> <tr> <td>2013/14</td> <td>104,223</td> </tr> <tr> <td>2014/15</td> <td>91,288</td> </tr> <tr> <td>2015/16</td> <td>75,571</td> </tr> <tr> <td>2016/17</td> <td>71,080</td> </tr> <tr> <td>2016/17</td> <td>44,837</td> </tr> </tbody> </table> </div> <p>It should be noted that this table does not include non-ticketed events. For example in 2016-17 the total admitted numbers (including ticketed and non-ticketed events) was circa 84,000.</p>	Year	Admission Numbers	2000/01	148,090	2001/02	137,675	2002/03	Contracted out	2003/04	156,022	2004/05	168,006	2005/06	172,255	2006/07	168,063	2007/08	178,558	2008/09	164,959	2009/10	170,767	2010/11	128,422	2011/12	125,272	2012/13	118,077	2013/14	104,223	2014/15	91,288	2015/16	75,571	2016/17	71,080	2016/17	44,837
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23.	<p>Appendix 2 shows the details of how the venue was used during 2016-17.</p>																																						
24.	<p>To date in 2017-18, 50 events have taken place. A further 60 events are due to</p>																																						

	take place in the remainder of the 2017-18 Financial Year. These are shown at Appendix 3. Further events may be added over this period.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
25.	N/A
<u>Property/Other</u>	
26.	The condition of the venue is deteriorating and is likely to require major remedial works over the medium term. The Supplier Management and Capital Assets team are working together on a proposal for a strategic plan in this regard and the level and cost of repairs will be considered in conjunction with the end date of the contract. Repairs to the roofing, buildings structure and internal facilities have been undertaken over the past two years.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
27.	None
<u>Other Legal Implications:</u>	
28.	None
RISK MANAGEMENT IMPLICATIONS	
29.	See main body of this report.
POLICY FRAMEWORK IMPLICATIONS	
30.	None

KEY DECISION?	No	
WARDS/COMMUNITIES AFFECTED:	All wards	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Confidential: Financial and Commercial Matters	
2.	2016-17 Events	
3.	Remaining 2017-18 Events	
Documents In Members' Rooms		
1.	N/A	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at: N/A		
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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Document is Confidential

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Agenda Item 14

Appendix 2

Appendix 2 – 2016-17 Events

Event	Date of event	Number of attendees	Sold out event Yes/No (for shows only)
BSO	Sun 10 Apr 16	473	No
Tea Dance	Wed 13 Apr 16	84	N/A
Neck Deep	Sat 16 Apr 16	1,719	No
Wolfmother	Mon 18 Apr 16	886	No
Oxford Philharmonic Orchestra & Nigel Kennedy And his Band	Wed 20 Apr 16	737	No
ABP Half Marathon	Sat 23 Apr 16	100	N/A
ABP Half Marathon	Sun 24 Apr 16	2,000	N/A
An Evening with Erica James	Mon 25 Apr 16	100	No
Bellowhead	Wed 27 Apr 16	1,484	No
The Cure (Production Day)	Thu 28 Apr 16	50	No
The Cure (Production Day)	Fri 29 Apr 16	50	No
The Cure (Production Day)	Sat 30 Apr 16	50	No
The Cure (Production Day)	Sun 1 May 16	50	No
The Cure (Production Day)	Mon 2 May 16	50	No
The Cure (Production Day)	Tues 3 May 16	50	No
Tea Dance	Wed 4 May 16	130	N/A
Elections	Thu 5 May 16	40	N/A
Elections	Fri 6 May 16	250	N/A
Jason Donovan	Sat 7 May 16	1,161	No
2016 Sports Awards	Tue 10 May 16	800	N/A
German Beer	Sat 14 May 16	524	N/A
Mayor Making	Tue 17 May 16	20	N/A
Mayor Making	Wed 18 May 16	500	N/A
Father John Misty	Sat 21 May 16	1,350	No
CAMRA Beer Festival	Wed 1 Jun 16	50	N/A
CAMRA Beer Festival	Thu 2 Jun 16	450	N/A
CAMRA Beer Festival	Fri 3 Jun 16	225	N/A
CAMRA Beer Festival	Sat 4 Jun 16	225	N/A
CAMRA Beer Festival	Sun 5 Jun 16	50	N/A
Graduation Ball	Mon 6 Jun 16	600	N/A
Dance Show	Sat 11 Jun 16	512	N/A
Tea Dance	Wed 15 Jun 16	102	N/A
Graduation Ball	Sat 18 Jun 16	1,000	N/A

Event	Date of event	Number of attendees	Sold out event Yes/No (for shows only)
EU Referendum	Thu 23 Jun 16	50	N/A
EU Referendum	Fri 24 Jun 16	250	N/A
Warsash Dinner Dance	Sat 25 Jun 16	450	N/A
Naked Wine Tasting	Sun 26 Jun 16	400	N/A
Masons AGM	Wed 6 Jul 16	1,100	N/A
City Sports Awards	Thu 7 Jul 16	450	N/A
Graduation Ceremony Load in	Sun 10 Jul 16	20	N/A
Graduation Ceremony	Mon 11 Jul 16	1,000	N/A
Graduation Ceremony	Tue 12 Jul 16	700	N/A
Graduation Ceremony	Wed 13 Jul 16	1,000	N/A
Graduation Ceremony	Thu 14 Jul 16	800	N/A
Graduation Ceremony	Fri 15 Jul 16	1,000	N/A
Wedding Reception	Sat 23 Jul 16	500	N/A
Wedding Reception	Sun 31 Jul 16	300	N/A
Tea Dance	Wed 10 Aug 16	60	N/A
Wedding Reception	Sat 20 Aug 16	450	N/A
Wedding Reception	Sat 27 Aug 16	450	N/A
Cultural Singer	Sat 10 Sept 16	178	N/A
Tea Dance	Wed 14 Sept 16	82	N/A
Jobs Fair	Tue 20 Sept 16	1,000	N/A
Freshers Fair	Thu 22 Sept 16	4,000	N/A
Baby Naming Ceremony in Solent Suite	Sat 24 Sept 16	70	N/A
Ukulele Orchestra of Great Britain	Wed 5 Oct 16	563	No
Reception for University of Southampton	Sat 8 Oct 16	30	N/A
Tea Dance	Wed 12 Oct 16	70	N/A
EBP South	Sat 15 Oct 16	700	N/A
Apprenticeship Graduation Awards	Mon 17 Oct 16	500	N/A
Solent Sight Day	Wed 19 Oct 16	500	N/A
Birdy	Fri 21 Oct 16	1,710	No
Vintage Fair	Sat 22 Oct 16	900	N/A
Youmeatsix	Sun 23 Oct 16	1,730	Yes
Billy Talent	Wed 26 Oct 16	1,749	Yes
Tea Dance	Sat 29 Oct 16	82	N/A
Jimmy Eat World	Fri 4 Nov 16	1,749	Yes
Jack Savoretti	Sun 6 Nov 16	1,749	Yes
Specials	Mon 7 Nov 16	1,749	Yes

Event	Date of event	Number of attendees	Sold out event Yes/No (for shows only)
Jim Davidson	Tue 8 Nov 16	376	No
Nathaniel Ratcliff	Wed 9 Nov 16	1,708	No
Brian Cox	Thu 10 Nov 16	1,208	No
The Courteeners	Fri 11 Nov 16	1,657	No
Tea Dance	Wed 16 Nov 16	112	N/A
Old Mutual Wealth Staff Meeting	Thu 17 Nov 16	200	N/A
Southampton Choral Society and Portsmouth Choral Union Singing	Sat 19 Nov 16	514	No
The Shires	Mon 21 Nov 16	1,131	No
Katie Melua	Fri 25 Nov 16	1,178	Yes
Southampton Philharmonic Choir	Sat 26 Nov 16	541	No
Jack Garrett	Sun 27 Nov 16	1,749	Yes
Graduation Ceremony	Thu 1 Dec 16	700	N/A
Graduation Ceremony	Fri 2 Dec 16	600	N/A
Boxing	Sat 3 Dec 16	700	No
Gym Gala	Sun 4 Dec 16	975	N/A
The Overtones	Mon 5 Dec 16	900	No
Southampton Schools Music Association	Tue 6 Dec 16	700	N/A
Southampton Schools Music Association	Wed 7 Dec 16	700	N/A
Southampton Schools Music Association	Thu 8 Dec 16	700	N/A
Royal Marine Band	Fri 9 Dec 16	500	No
Gattaca Dinner Dance	Sat 10 Dec 16	570	N/A
Old Mutual Stars Events	Mon 12 Dec 16	35	N/A
Old Mutual Stars Events	Tue 13 Dec 16	470	N/A
Tea Dance	Wed 14 Dec 16	102	N/A
Bournemouth Symphony Orchestra	Sun 18 Dec 16	475	No
Tea Dance	Wed 11 Jan 17	89	N/A
OMW Oscar Party Load In	Thu 19 Jan 17	35	N/A
OMW Oscar Party	Fri 20 Jan 17	860	N/A
Circus of Horrors	Sat 21 Jan 17	578	N/A
Refreshers Fair	Thu 26 Jan 17	700	N/A
Vintage Fair	Sat 4 Feb 17	500	N/A
2 Door Cinema Club	Mon 6 Feb 17	1,749	Yes
Rock Challenge Load In	Sun 12 Feb 17	20	N/A
Rock Challenge	Mon 13 Feb 17	613	N/A
Rock Challenge	Tue 14 Feb 17	719	N/A

Event	Date of event	Number of attendees	Sold out event Yes/No (for shows only)
Rock Challenge	Wed 15 Feb 17	827	N/A
Rock Challenge	Thu 16 Feb 17	1,133	N/A
Rock Challenge	Fri 17 Feb 17	1,029	N/A
Rock Challenge	Sat 18 Feb 17	842	N/A
Tea Dance	Wed 22 Feb 17	94	N/A
Dance Show Load In	Thu 2 Mar 17	40	No
Dance Show	Fri 3 Mar 17	265	No
Dance Show	Sat 4 Mar 17	769	No
Sum 41	Mon 6 Mar 17	1,749	Yes
Nat Asso Round Tables	Sat 11 Mar 17	860	N/A
All Time Low	Mon 13 Mar 17	1,749	Yes
Tea Dance	Wed 15 Mar 17	80	N/A
Southampton Philharmonic Choir	Sat 18 Mar 17	546	No
The Stranglers	Mon 20 Mar 17	1,361	No
The Jobs Fair	Tue 21 Mar 17	950	N/A
Thunder	Sat 25 Mar 17	1,691	No
Feeder	Tue 28 Mar 17	926	No
Sally Morgan	Thu 30 Mar 17	366	No

Appendix 3 – remaining 2017-18 Events

Event	Date of event
OMD	Fri 10 Nov 17
Nelly	Mon 13 Nov 17
Nothing But Thieves	Wed 15 Nov 17
Imelda May	Thu 16 Nov 17
Wolf Alice	Tue 21 Nov 17
Tea Dance	Wed 22 Nov 17
The Darkness	Thus 23 Nov 17
Milton Jones	Fri 24 Nov 17
Southampton Philharmonic Choir	Sat 25 Nov 17
Production Day – Good Charlotte	Sun 26 Nov 17
Good Charlotte	Mon 27 Nov 17
Alison Moyet	Tue 28 Nov 17
Fleet Foxes	Wed 29 Nov 17
Graduation Ceremonies	Thu 30 Nov 17
Graduation Ceremonies	Fri 1 Dec 17
Dance Yourself Dizzy	Sat 2 Dec 17
Gymnastics Gala	Sun 3 Dec 17
Southampton Schools Music Asso	Tue 5 Dec 17
Southampton Schools Music Asso	Wed 6 Dec 17
Southampton Schools Music Asso	Thu 7 Dec 17
Dr Hook	Fri 8 Dec 17
Matchtech Dinner	Sat 9 Dec 17
Creeper	Sun 10 Dec 17
Royal Marine Band	Tue 12 Dec 17
Old Mutual Wealth Stars Awards Load In	Wed 13 Dec 17
Old Mutual Wealth Stars Awards	Thu 14 Dec 17
Pizza and Prosecco Night	Fri 15 Dec 17
Gin Festival	Sat 16 Dec 17
Bournemouth Symphony Orchestra	Sun 17 Dec 17
Tea Dance	Wed 20 Dec 17
Chicago Blues Brothers	Thu 21 Dec 17
UB40	Fri 22 Dec 17
Jim Jefferies	Sun 7 Jan 18
Tea Dance	Wed 17 Jan 18
Vintage Fair	Sat 20 Jan 18

OMW Oscar Party Load In	Thu 25 Jan 18
OMW Oscar Party	Fri 26 Jan 18
Refreshers Fair	Thu 1 Feb 18
Circus of Horrors	Fri 2 Feb 18
Ed Byrne	Fri 9 Feb 18
The Damned	Tue 13 Feb 18
Erasure	Thu 15 Feb 18
Rock Challenge	Sun 18 Feb 18
Rock Challenge	Mon 19 Feb 18
Rock Challenge	Tue 20 Feb 18
Rock Challenge	Wed 21 Feb 18
Rock Challenge	Thu 22 Feb 18
Rock Challenge	Fri 23 Feb 18
Rock Challenge	Sat 24 Feb 18
Roy Chubby Brown	Sat 3 Mar 18
Seating Show	Wed 7 Mar 18
Blossoms	Fri 9 Mar 18
The Jobs Fair	Tue 13 Mar 18
Tea Dance	Wed 14 Mar 18
Jonathan Pie	Fri 16 Mar 18
SCS	Sat 17 Mar 18
Anne-Marie	Tue 20 Mar 18
Southampton Philharmonic Choir	Sat 24 Mar 18
Sally Morgan	Thu 29 Mar 18
Generation Axe	Fri 30 Mar 18