



## **BROMSGROVE DISTRICT COUNCIL**

### **MEETING OF THE AUDIT BOARD**

**MONDAY, 19TH FEBRUARY, 2007 AT 6.00 PM**

**THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE**

**MEMBERS:** Councillors Mrs. S. J. Baxter (Chairman), C. B. Lanham (Vice-Chairman), A. N. Blagg, A. J. Dent, J. T. Duddy, G. H. R. Hulett and N. Psirides J.P.

### **AGENDA**

1. To receive apologies for absence
2. Declarations of Interest and Whipping Arrangements
3. To confirm the Minutes of the last Meeting of the Board held on 21st November 2006 (Pages 1 - 2)
4. Annual External Audit Report 2005/2006 (Pages 3 - 24)
5. Comprehensive Performance Assessment (CPA) (Pages 25 - 58)
6. 2007/2008 Audit Plan (Pages 59 - 66)
7. Audit Performance and Workload (Pages 67 - 74)
8. Recommendation Tracker Process (Pages 75 - 78)
9. Audit Board Self-Assessment and Terms of Reference (Pages 79 - 92)
10. Audit Board Work Programme (Pages 93 - 98)
11. Risk Management Strategy and Process (Pages 99 - 118)
12. Confidential Reporting Code (Pages 119 - 134)

13. To consider any other business, details of which have been notified to the Head of Legal and Democratic Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting

K. DICKS  
Acting Chief Executive

The Council House  
Burcot Lane  
BROMSGROVE  
Worcestershire  
B60 1AA

12th February 2007

# Agenda Item 3

## BROMSGROVE DISTRICT COUNCIL

### MEETING OF THE AUDIT BOARD

TUESDAY, 21ST NOVEMBER, 2006

**PRESENT:** Councillors Mrs. S. J. Baxter (Chairman), C. B. Lanham (Vice-Chairman), A. N. Blagg, A. J. Dent, J. T. Duddy, G. H. R. Hulett and N. Psirides

**Observers:** Councillors Mrs. R. L. Dent and Mrs. M. M. T. Taylor

**Officers:** Mr. K. Dicks, Acting Chief Executive  
Mrs. C. Felton, Acting Head of Legal and Democratic Services  
Mr. A. C. Stephens, Committee Services Officer

Mr. J. Edwards, Lead Official, Department for Communities and Local Government

#### 21/06 APPOINTMENT OF CHAIRMAN

**RESOLVED** that Councillor Mrs. S. J. Baxter be appointed Chairman of the Board for the remainder of the municipal year.

#### 22/06 TO RECEIVE APOLOGIES FOR ABSENCE

An apology for absence was received from Mr. N. Shovell, Audit Services Manager.

(NOTE: The Acting Chief Executive explained that Mr. Shovell, had been unable to attend the Meeting having suddenly been taken ill earlier in the day. The Board wished Neil their best wishes for a speedy recovery.)

#### 23/06 DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS

No interests or whipping arrangements were declared.

#### 24/06 TO CONFIRM THE MINUTES OF THE LAST MEETING HELD ON 18TH SEPTEMBER 2006

The Minutes of the Meeting of the Board held on 18th September 2006 were submitted.

**RESOLVED** that the Minutes be approved as a correct record and signed by the Chairman.

#### 25/06 INTERNAL AUDIT PERFORMANCE AND WORKLOAD

Consideration was given to the report relating to the performance and workload of the Internal Audit Section and, in particular, the current status of the 2006/2007 Audit Plan. Reference was also made to the audit work which had already been completed, and the ongoing progress being made in respect of the National Fraud Initiative.

Councillor Lanham asked if it was known to what extent the £111 million worth of fraud and overpayments identified by the National Fraud Initiative's most recent exercise, referred to at paragraph 5.2 of the report, related to the Bromsgrove District. The Acting Chief Executive stated that the statistics quoted were a national figure but added that he would investigate the proportion of this figure which related directly to the District.

In respect of paragraph 7.2, Councillor Lanham asked how many Audit Quality Questionnaire responses had been received, and what the overall result was. The Acting Chief Executive explained that he would investigate this and report back his findings to Members of the Board.

**RESOLVED** that the report be noted.

26/06 **AUDIT BOARD SELF-ASSESSMENT**

The Board gave consideration to the report relating to the Audit Board Self-Assessment which had been completed by CIPFA to measure the effectiveness of the Board and how it meets compliance with CIPFA guidance.

**RESOLVED:**

- (i) that the Acting Chief Executive be requested to investigate what constitutes 'key committees' of the Council, in terms of the CIPFA guidance, and report back to the next meeting of the Board;
- (ii) that further efforts be made to ensure full compliance with the CIPFA guidance and, in particular, the areas detailed in paragraph 4.2 of the report; and
- (iii) that, in all other respects, the report be noted.

27/06 **DATE OF NEXT MEETING (RE-SCHEDULE FROM 19TH MARCH 2007 TO W/C 19TH FEBRUARY 2007)**

**RESOLVED** that the next meeting of the Board be arranged for 6.00 p.m. on Tuesday, 23rd January 2007, in the Conference Room, at The Council House.

The meeting closed at 6.35 pm

Chairman

## BROMSGROVE DISTRICT COUNCIL

### AUDIT BOARD

19TH FEBRUARY 2007

#### Annual External Audit Report 2005/2006

Responsible Portfolio Holder	Councillor R. Hollingworth Councillor Mrs. M. M. T. Taylor
Responsible Head of Service	Acting Chief Executive

#### 1. SUMMARY

- 1.1 The Council's External Auditor (KPMG LLP) has issued the Annual External Audit Report for 2005/2006 (Appendix A). This was issued to Officers of the Council in draft form at the end of December and has been amended to take account of the majority of those comments. It also includes the management response to the recommendations.

#### 2. RECOMMENDATIONS

- 2.1 Members are asked to consider the Annual External Audit Report for 2005/2006 and, subject to any comments they may wish to make, to accept it.
- 2.2 Members are asked to endorse the management response to the Annual External Audit Report for 2005/2006 recommendations.

#### 3. BACKGROUND

- 3.1 Attached at Appendix A is the Annual External Audit Report for 2005/2006 which reports the significant findings from work undertaken by KPMG LLP (the Council's appointed auditors) as part of the 2005/2006 Audit and Inspection Plan. The memo focuses on the following main areas:

- Audit of Accounts
- Audit of Use of Resources

- 3.2 The report also includes:

- Data Quality
- Follow up of previous years Annual Audit and Inspection Letter recommendations
- Statutory report on Best Value Performance Plan
- Summary of audit reports issued during the year

3.3 It is felt that the report does accurately reflect the Council's position however it is felt that a number of points are worth clarification / further comment:

- Page 4 - financial position - it could be inferred here that the situation wasn't effectively managed however it is officers firm belief that the potential overspend was identified early and corrective actions put in place.
- Page 5 - the report states that "Although the Authority is currently examining ways of addressing spending and activity levels, these need to be carefully monitored..." This could again be inferred that they weren't before - officers believe that there have been significant improvements in financial management within the Council over the last 2 years.
- Data quality - it is a recognised that the Council needs to improve significantly with regard to data quality however it is worth noting that this is a new Key Line of Enquiry and that lots of other councils are in a similar position.

3.4 The Memo does contain a series of Recommendations and a Management response has been included. Members are asked to endorse the Management response.

4. **FINANCIAL IMPLICATIONS**

4.1 None.

5. **LEGAL IMPLICATIONS**

5.1 None.

6. **CORPORATE OBJECTIVES**

6.1 Overall objective of improvement.

7. **RISK MANAGEMENT**

7.1 None.

8. **CUSTOMER IMPLICATIONS**

8.1 None.

9. **OTHER IMPLICATIONS**

9.1	Procurement Issues N/A
	Personnel Implications N/A

Governance/Performance Management N/A
Community Safety including Section 17 of Crime and Disorder Act 1998 N/A
Policy N/A
Environmental N/A
Equalities and Diversity N/A

10. **OTHERS CONSULTED ON THE REPORT**

10.1	Portfolio Holder	<b>To be sent 26/01/2007</b>
	Acting Chief Executive	<b>Author</b>
	Corporate Director (Services)	<b>Yes</b>
	Assistant Chief Executive	<b>Yes</b>
	Head of Service	<b>Yes</b>
	Head of Financial Services	<b>Yes</b>
	Head of Legal and Democratic Services	<b>Yes</b>
	Head of Organisational Development & HR	<b>Yes</b>
	Corporate Procurement Team	<b>N/A</b>

11. **APPENDICES**

Appendix A - Annual External Audit Report 2005/2006.

12. **BACKGROUND PAPERS**

None.

Name: Kevin Dicks - Acting Chief Executive  
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Tel: (01527 881487)

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INFRASTRUCTURE & GOVERNMENT

# Annual External Audit Report

**2005/06**

**Bromsgrove District  
Council**

December 2006

AUDIT

# Content

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<ul style="list-style-type: none"><li>• Appendix A - Summary of data quality recommendations and action plan</li><li>• Appendix B - Follow up of recommendations from the previous year</li><li>• Appendix C – Statutory report on the Best Value Performance Plan</li><li>• Appendix D – Audit Reports issued</li></ul>	

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any officer or Member acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Jon Gorrie who is the engagement director to the Authority, telephone 0121 232 2440, email jonathan.gorrie@kpmg.co.uk, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 236 4000, email trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Team, Nicholson House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SU or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0117 975 3131, textphone (minicom) 020 7630 0421.

## Executive summary

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### 1.1 Scope of our work

This report summarises KPMG LLP's external audit work carried out at Bromsgrove District Council (The Authority) for the 2005/06 year. In particular, this report includes our findings in relation to the:

- audit of accounts (section 2) and
- audit of Use of Resources (section 3).

The report also includes:

- a summary of our recommendations on the Authority's management arrangements over data quality from the current year (Appendix A); and
- a follow up of our recommendations from previous years Annual Audit and Inspection Letter and (Appendix B).
- our statutory report on the Best Value Performance Plan (Appendix C); and
- a summary of the audit reports issued during the year (Appendix D).

### 1.2 Summary of findings

#### ***Audit of accounts***

On 29 September 2006, we issued our external audit opinion on the Authority's 2005/06 financial statements. At the same time, we issued our audit certificate, which formally concludes our statutory responsibilities as auditors for 2005/06.

We also reviewed the Authority's 2005/06 Whole of Government Accounts (WGA) submission pack and were able to conclude that it was consistent with the Authority's statutory accounts.

#### ***Audit of data quality***

During May to July 2006, we completed our first review of data quality at the Authority, following a new methodology developed by the Audit Commission. This forms part of our work for the 2006/07 audit year.

We reviewed the management arrangements over data quality that the Authority has in place and have given the Authority a score of 1 out of 4, meaning that we consider the arrangements to be inadequate.

#### ***Best Value Performance Plan***

We were also required to report on The Authority's Best Value Performance Plan 'BVPP' (better known as 'Council Results 2005/06') as to whether or not The Authority has complied with legislation and statutory guidance in respect of the preparation and publication of the BVPP.

Following our review, we consider that the Authority's BVPP is consistent with the relevant guidance and we have therefore issued an unqualified opinion (see Appendix C).

#### ***Use of resources***

We reported our value for money conclusion on the Authority's use of resources as part of our accounts audit report on 29 September 2006. This was a qualified conclusion, indicating that the Authority had not achieved all the criteria specified by the Audit Commission and reported in detail in our *2005/06 ISA 260 Report to those charged with governance* dated 19<sup>th</sup> September 2006 to the Authority.

We are currently in the process of undertaking our annual review of the Authority's use of resources (2006/07) building on our previous year's work and updating it for any changes and improvements to the Authority's arrangements. We will report our findings to the Authority in our Joint Annual Audit & Inspection Letter (2005/06) which is expected to be issued by the Audit Commission in March 2007.

Our responsibilities under the Audit Commission's Code of Audit Practice also include the review of topics relevant to the Authority's use of resources which have been determined through a risk assessment carried out with the Authority's officers and was detailed in the 2005/06 Annual Audit and Inspection Plan.

### 1.3 Looking forward

The Authority faces another challenging year in 2006/07 and we have discussed and agreed our audit plan for this period with the Authority. From that analysis we have identified the following key issues:

- **Improvement Plan:** The Authority has been in voluntary engagement since 2004 and has made good progress in developing, agreeing and implementing an Improvement Plan, for example key strategic documents with a more robust staffing structure now in place. A robust assessment of how much progress the Authority has made will be assessed as part of the Audit Commission's Comprehensive Performance Assessment (CPA) that is scheduled to take place during the first quarter of 2007 together with our Use of Resources judgement which is expected to be issued in March 2007.
- **Initiatives:** The Authority has entered into an agreement with an external provider to help it to implement a number of initiatives under the project title 'Spatial Project' at a cost of approximately £6.3m. The Authority believes this will lead to annual savings that will be calculated following the completion of the stage 3 of the project. The Authority will need to ensure that it has sufficient and effective project management and monitoring procedures in place to ensure successful delivery of these initiatives and the savings.
- **Joint Working:** There is increasing pressure on local authorities to work in much more collaborative manner and as a result it is likely that there will be an increasing degree of joint working with neighbouring authorities. The Authority decided not to enter into a shared service arrangement for the provision of its revenue and benefits services with other Worcestershire authorities this was due to the Authority believing that the business case would not deliver significant benefits to the Council and its service users. However the local authorities continue to discuss the future provision of other back office services that may present opportunities and/or benefits to individual authorities under a shared service agreement. Any such future arrangements will require robust scrutiny and monitoring to ensure they are effectively governed and deliver agreed outcomes for the Authority and its residents.

### 1.4 Acknowledgements

We would like to take this opportunity to thank the officers and Members for their continuing help and co-operation whilst undertaking our audit this year.

## Section 2

# Audit of Accounts

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### 2.1 Scope of our work

Our 2005/06 *Interim Report*, issued in July 2006, set out our findings in relation to the Authority's controls and internal audit function. Further to this document, our *Report to Those Charged with Governance* gave our findings and initial conclusions in relation to the Authority's accounts.

This report summarises our findings from the audit of the accounts and Statement on Internal Control for 2005/06.

### 2.2 Findings of the accounts audit

#### **Opinion and certificate**

We issued an unqualified opinion on the accounts on 29 September 2006. For the first time this year, our audit report incorporated a conclusion on the Authority's use of resources. This is discussed in more detail in section 3 and in our *Report to Those Charged with Governance*, issued on 19 September 2006.

We received a complete set of draft 2005/06 accounts from the Authority by the agreed deadline of 30 June 2006 and they were supported by adequate quality working papers, which is a clear improvement from prior year.

Following completion of our audit the accounts were amended for a number of errors and presentational disclosures. None of these however were considered to be material and there were no uncorrected errors.

We also reviewed the information supporting the Authority's Statement on Internal Control for 2005/06 and concluded that it was consistent with our understanding of the Authority.

We also concluded that we were able to place reliance on the work of Internal Audit in 2005/06. Our review of Internal Audit work noted that Internal Audit raised a number of recommendations aimed at improving the Authority's financial controls throughout the year and we continue to support Internal Audit in raising these issues and recommendations.

We have no further issues to report which have not already been addressed in sufficient detail in 2005/06 *ISA260 Report to Those Charged with Governance*.

#### **Whole of government accounts opinion**

WGA are accounts that cover the whole of the public sector and include some 1,300 separate bodies. Each of these bodies is required to submit a consolidation pack which is based on, but separate from, their statutory accounts.

The 2005/06 year was the second "dry-run" year for the WGA process, but for the first time auditors were required to review and report on the WGA consolidation pack. In 2006/07, the WGA process will "go live" and the Authority will need to ensure it complies with the deadlines for the completion of its WGA pack for audit purposes once these have been issued.

As external auditors to the Authority, we have provided an opinion on your 2005/06 WGA consolidation pack. In our opinion, the consolidation pack, with the adjustments schedule addendum, is consistent with the statement of accounts for the year ended 31 March 2006.

### 2.3 Financial Position

#### **Revenue**

During the year ended 31 March 2006 The Authority reported a deficit of £186k, which represented an overspend of 2% against its total 2005/06 budget of £9.65m. This overspend was reduced via the receipt of additional interest income of £256k, which was generated from investments.

The main areas of overspend related to street scene and waste management services and the recovery plan which was overspent by £185k. The impact of these overspends were offset by vacancy savings for example in Culture and Community Services of £110k, Financial Services of £85k and Planning and Environment services of £199k.

## Section 2

### Audit of Accounts

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For 2006/07, The Authority has set a balanced revenue budget of £10.45m and is currently forecasting a projected overspend of £77k. The main increase in budget relates to service improvements of £1.69m. However this is offset by savings, additional grant income and use of balances.

Although the Authority is currently examining ways of addressing spending and activity levels, these need to be carefully monitored to ensure that the overall cumulative financial position of the Authority remains strong.

#### **Capital**

The Authority approved a budget of £8.36m, against which only £6.3m was incurred, resulting in a under spend of £2.065m and a carry forward of £1.65m. The main areas for slippage in 2005/06 were eGovernment and customer services with 22%, culture and community services with 34% and street scene and waste management with 43% under spent against budget.

For 2006/7, The Authority has approved a capital programme of £7.9m, which includes the carry forward from 2005/6 and also the Spatial IT project of £500k. As at September 2006, The Authority is forecasting an under spend of £871k, the main area of slippage being planning and environment services.

Work is currently being undertaken with budget holders and heads of services across the Authority to further refine spending profiles on schemes and to report any slippage on the capital programme to the Performance Management Board and the and the Corporate Management Team.

In addition, the Authority has developed and adopted an Asset Management Plan (2006 to 2010). The plan will introduce a set of local performance indicators to measure and monitor the performance of the whole authority in the delivery of its capital projects in terms of cost and time predictability.

#### **Reserves and balances**

The Authority reported general fund revenue balances of £2.28m and earmarked balances of £607k at the end of 2005/06. During the year a review of earmarked reserves was undertaken and a number of reserves were consolidated into a replacement reserve. The Authority intends to use this reserve to replace vehicles, plant and ICT equipment and from 2006/07 a contribution of £200k each year will be made to this reserve.

In order to meet future budgetary pressures the medium term financial plan (2006 to 2009) requires the Authority to use general fund balances of £320k in 2006/7 and £500k in 2007/8 to fund one off expenditure. This planned usage of its general fund balance results in a projected balance of £1.47m in 2008/09, which remains above the Authority's approved minimum required balance of £850k.

The Authority's ability to maintain reserves in line with its medium term financial strategy is dependent on robust budget management to ensure that use of further working balances is not required to manage higher overspends.

## **2.4 Questions and objections from electors**

Electors of Bromsgrove District Council are entitled by law to raise with the auditor questions or objections to items of account. These queries can then require us to investigate the issue raised.

We have not received any questions or objections during the audited year.

## **2.5 Certification of grant claims and returns**

We are currently in the process of reviewing and certifying the Authority's grant claims and returns for the financial year 2005/06.

## Section 3

### Use of Resources

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#### 3.1 Scope of our work

We reported our findings in support of our Use of Resources conclusion in our *Report to those charged with governance* dated 19<sup>th</sup> September 2006.

We have also set out below the summary of our other work completed as part of responsibilities under the Code of Audit Practice in relation to the Authority's use of resources.

#### 3.2 Use of resources evaluation

The aim of the evaluation was to be satisfied that the Authority has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The assessment is based on judgements on the themes issued by the Audit Commission.

Our *2005/6 ISA 260 Report to those charged with governance* dated 19 September 2006 detailed our main findings and we concluded that the arrangements in place at the Authority were inadequate.

We are in the process of undertaking our annual review of the Authority's use of resources (2006/07) building on our previous year's work and updating it for any changes and improvements to the Authority's arrangements. We will report our findings to the Authority in our Joint Annual Audit & Inspection Letter (2005/06) which is expected to be issued by the Audit Commission in March 2007.

#### 3.3 Best Value Performance Plan (BVPP)

In line with the Audit Commission's *Code of Audit Practice*, as part of our 2006/07 work programme we are required to audit the Authority's 2006/07 Best Value Performance Plan (Council Results) to ensure that its contents comply with statutory requirements.

Our opinion is included in Appendix C and there are no significant issues arising from our work which we wish to bring to the attention of Members.

## Section 4

# Audit of Data Quality

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### 4.1 Scope of work

The Audit Commission has introduced a new review of local authorities' data quality arrangements, which forms part of our work for the 2006/07 audit year.

The work is timely since, with the continued development of the performance management framework in many organisations, there is increased reliance on information for decision-making, so the accuracy of the information is vital for effective organisational management.

Data is also important to external stakeholders wishing to review authorities' performance, as such our work also includes the validation of certain indicators to assist the Audit Commission with the CPA process.

Our review of data quality was carried out in compliance with the Audit Guides issued by the Audit Commission. These divide our work into three phases.

- Stage 1: Review of management arrangements. Here we consider the arrangements in place by which the Authority defines its objectives for data quality and aims to ensure that they are achieved.
- Stage 2: Comparison to other authorities. This audit step involves responding to the Audit Commission where they raise questions on the Authority's performance indicators. These questions may arise through analysis of historical trends or comparison to other authorities. The Authority was able to provide answers to all Audit Commission questions and we have nothing further to report to members on this matter
- Stage 3: Data testing. We perform detailed testing on a number of indicators selected by the Audit Commission, carrying out the tests specified in the Audit Guide. The number of indicators tested is dependent upon our assessment of the adequacy of management arrangements in Stage 1.

### 4.2 Review of managements arrangements over data quality

For the initial assessment stage, the Audit Commission developed five Key Line of Enquiries (KLOEs) to enable us to evaluate the Authority's management arrangements for data quality. The assessment is scored based on the Authorities fulfilment of prescribed criteria as follows:

- Level 1 = inadequate performance
- Level 2 = adequate performance
- Level 3 = performing well
- Level 4 = performing strongly

We have given the Authority an overall score of one out of four, covering the following area's of assessment:

- Governance arrangements;
- Policy framework;
- Information systems and processes;
- People and skills; and
- Using data effectively

We have made a number of recommendations these will provide the Authority with an opportunity to improve its arrangements in the coming year. The recommendations are set out overleaf and summarised in Appendix A.



## Section 4

# Audit of data quality

### Data quality governance arrangements

Data quality element	Level achieved
Governance arrangements	1

This section of our management arrangements review covered the Authority's leadership over data quality, including:

- its top level commitment to data quality
- how responsibilities for data quality are defined and communicated;
- its data quality objectives in place; and
- how standards for data quality are monitored and reviewed.

This area is important because it defines what is expected from staff and how officers and Members will ensure that this is achieved.

The key strategic documents of the Authority such as its Corporate Plan, service and business plans and risk register do not formally nor clearly set out and demonstrate the Authority's commitment to data quality. As a result there is no overall strategy in place setting out how the Authority expects to consistently achieve data quality.

The Authority's Individual service and business plans, the budget book 2006/07 and also job specifications for relevant staff specify officer responsibility for producing performance indicators but not clearly specify the responsibility in relation to data quality. For example responsibility for producing and reporting accurate, valid, reliable, relevant and complete data.

#### Recommendation 1: Formalisation of Data Quality Strategy

The Authority should demonstrate its commitment and objectives for data quality within all its key strategic documents such as its Corporate Plan, service and business plans and risk register and should also develop, approve and implement a comprehensive data quality strategy supporting this commitment.

#### Recommendation 2: Roles and responsibilities for data quality

The Authority should clearly assign the responsibility of data quality within all its key strategic documents and in all job descriptions of staff responsible for producing and reporting data.

### The policy framework for data quality

Data quality element	Level achieved
Policy framework	1

This review area considered the Authority's policies in relation to data quality and how they are implemented.

Whilst we noted there are procedures and guidance notes in place for example in revenue and benefits, these are not in place in other business areas such as waste management and planning.

In addition, there is no data quality policy or set of policies in place at the Authority designed to support data quality objectives. In the absence of an approved data quality policy there is a risk of inconsistent and inadequate practices for data quality across the Authority's departments.

#### Recommendation 3: Formalisation of data quality policy

The Authority should formally adopt a Data Quality Policy and all staff should be made aware of this policy. Further to this the Authority should consider providing necessary training to all staff to ensure a consistency of approach across all its departments.

## Section 4

# Audit of data quality

### Information systems and processes

Data quality element	Level achieved
Information systems and processes	2

Fundamental to the reliability of the Authority's information is the robustness of the systems which store or provide its underlying data. Our review of the Authority's management arrangements considered the robustness of its systems in place, including management's response to previously identified weaknesses, and consideration of data security and integrity. Our review also considered the systems for collating indicators and sharing information.

The Authority's IT department provide adequate support to staff using the systems which maintain data used to produce data for performance indicators.

Corporate Communication Policy and Performance team are responsible for collating and reporting performance indicators. However, during the year, due to staff shortages in the Corporate Communication Policy and Performance team, Authority's Internal Audit function has been involved in collating performance indicators and performing a high level review of performance indicators.

The Authority is committed to implement the LAMP (Local Authority Modernisation Project) which incorporates a 6 month phase of data cleansing, updating and linking of data, covering multiple data sets produced and maintained by the Authority. The LAMP project has identified that the Authority needs to undergo extensive data cleansing to its systems.

Our detailed review of the calculation of BV82 'percentage of house hold waste sent for recycling and composting' noted that the data for this indicator is recorded and calculated by the Authority on excel spreadsheets. We found that the formula used to calculate the indicator incorrectly included trade waste. The calculation of this indicator has since been corrected.

As a result we consider that adequate controls should be put in place to ensure the accuracy of input of data and calculation of indicators, especially where manual intervention is used to calculate the Authority's performance indicators.

We understand that the Authority has agreed and signed a Worcester Information Sharing Protocol to be used by departments and groups. However, currently there is no formal corporate protocol in place for internal and external data sharing. In the absence of such a protocol the Authority cannot ensure robust data quality from third parties occurs.

#### Recommendation 4: Review of PI data and systems

We recommend that the Authority extends the review process underpinning the production of performance indicators. This should be undertaken by the Corporate Communication Policy and Performance Team and should include scrutiny of the underlying data, as well as the systems used to calculate the Authority's performance indicators. The findings of reviews should then be reported to the Performance management Board to satisfy Members on the quality of data.

#### Recommendation 5: Formal protocol for data sharing

The Authority should adopt a formal corporate protocol for data sharing to emphasise the Authority's commitment to the production of high quality data both internally and to other organisations.

### People and skills

Data quality element	Level achieved
People and skills	1

The sections set out above require a range of skills for successful implementation – whether knowledge of information systems or the knowledge of processes to ensure that they are appropriately designed to deliver high-quality data. It is, therefore, important that the Authority considers the skills it needs to deliver its data quality objectives. Once these have been identified, it will be necessary for the Authority to implement training programmes and briefings in order to fully develop these skills.

## Section 4

### Audit of data quality

Whilst The Authority has recently completed an organisational structural review which has enabled The Authority to identify areas of skills weaknesses, this did not focus on reviewing specific skills and responsibilities in relation to data quality.

During the year the IT department facilitated workshops to introduce staff to the LAMP project explaining how the project will ensure clean, current and up to date data.

All staff are aware of their roles and responsibilities and these are enforced through performance appraisals every six months. Any issues in relation to data quality training if identified can be highlighted.

#### Recommendation 6: Assessment of data quality skills and provision of appropriate training

The Authority should undertake an assessment of the current level of data quality skills in the organisation, especially in light of the LAMP project, to identify service areas where further training is required.

Following this, data quality should be incorporated into the Authority's corporate training calendar and provided to all relevant staff, to ensure a consistency of approach to data quality across the Authority.

#### Using data effectively

Data quality element	Level achieved
Using data effectively	2

Performance data should be used by Members to inform decision-making and improvement. In order to facilitate this, performance information should be appropriate, timely and subject to a thorough review by senior staff before used by Members.

The Authority reports to Performance Monitoring Board and staff against a 'basket' of key 45 performance indicators on a quarterly basis. Reports are produced on an exception basis, to focus Member and senior officer attention on areas where clear action is required.

Reported data is submitted back to heads of services. The minutes of all the Board's meetings can be found on the intranet and can be accessed by staff for feedback.

The Performance Indicator co-ordinator maintains a file of indicators which includes evidence of the reports used to compile each performance indicator with background information on its compilation and explanations for variances.

The controls exercised by the Authority to confirm accuracy of indicators is focused on outputs and does not necessarily cover the accuracy of the input of data and correct application of the statutory definitions on performance indicators. Reliance is placed on the officer responsible for producing the performance indicator.

#### 4.3 Data testing

As part of our work on data quality we reviewed a number of best value performance indicators. The number reviewed was determined by our assessment of the management arrangements around data quality at the Authority.

Following our assessment of the management arrangements, three indicators were selected for review. Of these, an amendment was placed on one Indicator.

Performance Indicator	Reason for selection
BV 82A – recycling performance	Indicator definition changed from the prior year
BV 82B – composting performance	Indicator definition changed from the prior year
BV 109 – planning speed (parts a to c)	Identified as a high risk indicator by the Audit Commission

Of the three indicators tested, The Authority amended BV82 a and b as the indicator calculation incorrectly included trade waste. The revised calculation slightly improved the performance of the indicators.

We reported our findings to the Audit Commission performance indicator team through the Audit Commission's EDC system.

## Appendix A: Summary of data quality recommendations

No.	Recommendation	Priority	Management Response
1	<p><b>Formalisation of Data Quality Strategy</b></p> <p>The Authority should demonstrate its commitment and objectives for data quality within all its key strategic documents such as its Corporate Plan, service and business plans and risk register and should also develop, approve and implement a comprehensive data quality strategy supporting this commitment.</p>	H	Agreed. Data quality strategy to be produced by the end of the financial year
2	<p><b>Roles and responsibilities for data quality</b></p> <p>The Authority should clearly assign the responsibility of data quality within all its key strategic documents and in all job descriptions of staff responsible for producing and reporting data.</p>	H	Agreed will take account of in key corporate documents. Job descriptions will be reviewed with regard to this when undertaking the annual PDR process
3	<p><b>Formalisation of data quality policy</b></p> <p>The Authority should formally adopt a Data Quality Policy and all staff should be made aware of this policy. Further to this the Authority should consider providing necessary training to all staff to ensure a consistency of approach across all its departments.</p>	H	Agreed policy to be developed by the end of the financial year. Training on strategy and policy has been included in corporate training directory.
4	<p><b>Review of PI data and systems</b></p> <p>We recommend that the Authority extends the review process underpinning the production of performance indicators. This should be undertaken by the Corporate Communication Policy and Performance Team, and should include scrutiny of the underlying data, as well as the systems used to calculate the Authority's performance indicators. The findings of reviews should then be reported to the Performance management Board to satisfy Members on the quality of data.</p>	H	Corporate Communication Policy and Performance Team will be reviewing Performance Management process. Also Internal Audit as a separate audit but will include looking at PI's as part of specific audits around service areas.
5	<p><b>Formal protocol for data sharing</b></p> <p>The Authority should adopt a formal corporate protocol for data sharing to emphasise the Authority's commitment to the production of high quality data both internally and to other organisations.</p>	M	Bromsgrove has signed up to the Worcestershire Information Sharing Standard. This was agreed a couple of years ago and is part of the working practices of the Hub Partnership. The Standard is designed to be used by departments/groups within the Authority who have a need to share data with partners. The Standard provides a toolkit to help departments/groups draw up a data sharing protocol for their particular needs. We accept that this has never been done. There is no single data sharing protocol for Bromsgrove as requirements would be different for each department. however we will seek to adopt one by September 2007.
6	<p><b>Assessment of data quality skills and provision of appropriate training</b></p> <p>The Authority should undertake an assessment of the current level of data quality skills in the organisation, especially in light of the LAMP project, to identify service areas where further training is required.</p> <p>Following this, data quality should be incorporated into the Authority's corporate training calendar and provided to all relevant staff, to ensure a consistency of approach to data quality across the Authority.</p>	M	Training has been included in the corporate training directory on the strategy and policy however departmental specific training will be addressed as part of ongoing training within the department

## Appendix B: Follow up of last years principal recommendations

No.	Recommendation	Priority	Management Responses on Progress
1	<p><b>Performance framework</b></p> <p>The Authority should incorporate benchmarking into the performance indicators to allow the Performance Management Board (PMB) to place current performance into an appropriate context.</p>	H	The Value for money action plans that are to be included in the 2007/08-2009/10 Business Plans will evidence how the service plans to benchmark its activities in both financial and performance terms. The delivery of the action plan will be monitored by the VFM advisory group together with PMB.
2	<p><b>Performance framework</b></p> <p>Whilst The Authority has a Top 45 set of performance indicators, The Authority should still consider reporting by exception i.e. reducing the number of indicators presented to the PMB to streamline the reporting process and enable the PMB to focus on poor performing areas.</p>	M	The Authority is continuing with the number of indicators that are reported. However an exception report is now presented to PMB to ensure focus on the poor performance with a clear action of how the service plans to improve the performance.
3	<p><b>e-Government</b></p> <p>The Authority must develop time bound action plans that are driven by effective project management based on realistic targets to ensure it fully delivers the e-Government agenda.</p>	H	The Authority has adopted a project management methodology and manages projects within this framework. The implementation of the Spatial Data, Internet and Infrastructure projects will all support the e-Government agenda.
4	<p><b>Council Tax Level</b></p> <p>The Authority should ensure that future calculations of The Authority Tax Level take into account the existing (and future) level of reserves, including any implications arising from the need to distribute any surplus to precepting authorities.</p>	H	Recommendation implemented for 2005/06.
5	<p><b>Treasury management</b></p> <p>Performance The Authority should produce quarterly reports that benchmark treasury management performance to ensure it is achieving best value from fund managers.</p>	H	The reports to PMB include quarterly performance of Treasury Management funds and how this is comparable with the target set. There is currently a review being undertaken of the Treasury Management Strategy.
6	<p><b>Revenue balances</b></p> <p>The Authority should calculate a risk assessed minimum level of balances required to sustain revenue expenditure. This should be based on a risk assessment of key variables and incorporate the overall objectives as specified in the Corporate Plan via the Medium Term Financial Strategy.</p>	M	This will be delivered as part of the review of the medium term financial plan for 2007/08-2009/10 for presentation to members in February 2007.
7	<p><b>Capital programme</b></p> <p>The Authority needs to re-evaluate the capital budget setting process to ensure it takes into account issues arising from earlier years and ensure that all projects are covered.</p>	M	The capital bid requests take into account all consequences of capital spend. The capital programme is to be approved in February 2007 to ensure all schemes are included in relation to future revenue implications in the Medium Term Financial Plan.

## Appendix B: Follow up of last years principal recommendations

No.	Recommendation	Priority	Management Responses on Progress
8	<p><b>Capital programme</b></p> <p>The Authority needs to ensure it has robust project management arrangements over its capital programme to ensure that all projects are delivered on time and to budget.</p>	H	The Capital programme is monitored on a monthly basis with the Heads of Service. There are clear justifications as to the delays in projects completion ( e.g. – delays in obtaining land for low-cost housing).
9	<p><b>Prudential borrowing</b></p> <p>The Authority should risk assess and carry out a cost benefit analysis of the two options available to it with regards to funding its future capital programme, for example through prudential borrowing.</p>	M	To be reviewed as part of the Capital Programme 2007/08-2009/10.
10	<p><b>Risk management</b></p> <p>The Authority should map its risk register to its corporate and operational objectives to help align future risk and performance integration.</p>	H	The Corporate and Departmental risk registers have all been prepared and are revisited on a regular basis to ensure mitigation of risks. Also Internal Audit have just taken over responsibility for risk management and have reviewed the Strategy – this will be formally considered by Cabinet in March.
11	<p><b>Internal Audit</b></p> <p>Internal Audit should establish realistic milestones and targets for the delivery of its audit plan that incorporates appropriate actions in case of slippage.</p>	H	The Audit Plan is discussed with HOS when being prepared. This ensures that the plan is realistic. There are also contingencies in the eventuality of any slippage. This is all considered on a risk basis to the Authority.
12	<p><b>Use of Resources</b></p> <p>The Authority should review the individual KLOEs and develop suitable action plans to move to the next level.</p>	H	A detailed action plan has been prepared by accountancy to identify how the Authority can move to higher levels. The VFM strategy details how the Authority will demonstrate VFM in the future.

## Appendix C: Auditor's statutory report on the Best Value Performance Plan

### **Auditor's Report to Bromsgrove District Council on its Best Value Performance Plan for the 2006/07 financial year**

#### **Certificate**

We certify that we have audited the Best Value Performance Plan of Bromsgrove District Council ("the Authority") in accordance with section 7 of the Local Government Act 1999 ("the Act") and the Audit Commission's *Code of Audit Practice*. We also had regard to supplementary guidance issued by the Audit Commission.

This report is made solely to the Authority, in accordance with section 7 of the Act. A copy of this report will be sent to the Audit Commission under 7(5)(b) of the Act in relation to our recommendation to the Audit Commission under section 7(4)(e). A copy of this report will be sent to the Secretary of State under 7(5)(c) of the Act if we include a recommendation under section 7(4)(f) that the Secretary of State should give a direction under section 15 of the Act.

Our audit work has been undertaken so that we might state to the Authority, to the Audit Commission and (where necessary) to the Secretary of State those matters we are required to state to them in such an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than (i) the Authority, for our audit work, for this report, or for the opinions we have formed, (ii) the Audit Commission, for our recommendation under section 7(4)(e) and (iii) the Secretary of State, for our recommendation (if positive) under section 7(4)(f) of the Act.

#### **Respective Responsibilities of the Authority and the Auditor**

Under the Local Government Act 1999, the Authority is required to prepare and publish a Best Value Performance Plan summarising its assessments of its performance and position in relation to its statutory duty to make arrangements to secure continuous improvement to the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Authority is responsible for the preparation of the Plan and for the information and assessments set out within it. The Authority is also responsible for establishing appropriate performance management and internal control systems from which the information and assessments in its Plan are derived. The form and content of the Best Value Performance Plan are prescribed in section 6 of the Act and statutory guidance issued by the Government.

As the Authority's auditors, we are required under section 7 of the Act to carry out an audit of the Best Value Performance Plan, to certify that we have done so, and:

- to report whether we believe that the Plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Act and statutory guidance and, where appropriate, recommending how the Plan should be amended so as to accord with statutory requirements;
- to recommend:
  - where appropriate, procedures to be followed in relation to the Plan;
  - whether the Audit Commission should carry out a Best Value inspection of the Authority under section 10 of the Local Government Act 1999; and
  - whether the Secretary of State should give a direction under section 15 of the Local Government Act 1999.

## Appendix C: Auditor's statutory report on the Best Value Performance Plan

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### Opinion

#### *Basis of this opinion*

For the purpose of forming our opinion as to whether the Plan was prepared and published in accordance with the legislation and with regard to statutory guidance, we conducted our audit in accordance with the Audit Commission's *Code of Audit Practice*. In carrying out our audit work, we also had regard to supplementary guidance issued by the Audit Commission.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide an opinion on whether the Plan has been prepared and published in accordance with statutory requirements.

In giving our opinion, we are not required to form a view on the completeness or accuracy of the information or the realism and achievability of the assessments published by the Authority. Our work therefore comprised a review and assessment of the Plan and, where appropriate, examination on a test basis of relevant evidence, sufficient to satisfy ourselves that the Plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the Plan complied with the requirements of the legislation and statutory guidance.

Where we have qualified our audit opinion on the Plan, we are required to recommend how the Plan should be amended so as to comply in all significant respects with the legislation and statutory guidance.

In our opinion, Bromsgrove District Council has prepared and published its Best Value Performance Plan in all significant respects in accordance with section 6 of the Local Government Act 1999 and statutory guidance issued by the Government.

### Recommendations on procedures followed in relation to the Plan

Where appropriate, we are required to recommend the procedures to be followed by the Authority in relation to the Plan.

For the current financial year, we have not made any such recommendations.

### Recommendations on referral to the Audit Commission/Secretary of State

We are required each year to recommend whether, on the basis of our audit work, the Audit Commission should carry out a Best Value inspection of the Authority or whether the Secretary of State should give a direction.

On the basis of our work:

- we do not recommend that the Audit Commission should carry out a Best Value inspection of Bromsgrove District Council under section 10 of the Local Government Act 1999; and
- we do not recommend that the Secretary of State should give a direction under section 15 of the Local Government Act 1999.



## Appendix D: Audit reports issued

Report Title	Date Issued
Annual Audit and Inspection Plan 2006/07	March 2006
Annual Audit & Inspection Letter (2004/05)	March 2006
2005/06 Interim Report	July 2006
2005/06 Report to those charged with governance (ISA260)	September 2006
2005/06 Opinion on Financial Statements	September 2006
2005/06 Whole of Government Accounts – Opinion	October 2006
2005/06 External Audit Annual Report	December 2006
2005/06 Best Value Performance Plan – Opinion	December 2006
2005/06 Annual Audit & Inspection Letter	To be issued (estimated to be March 2007)

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## BROMSGROVE DISTRICT COUNCIL

19TH FEBRUARY 2007

### AUDIT BOARD

#### COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA)

Responsible Portfolio Holder	Councillor Roger Hollingworth Leader of the Council
Responsible Head of Service	Hugh Bennett Assistant Chief Executive

#### 1. SUMMARY

- 1.1 To provide the Audit Board with the Council's CPA self assessment and provide an update on the CPA process.

#### 2. RECOMMENDATIONS

- 2.1 That the Board considers the CPA self assessment (Appendix 1).
- 2.2 That the Board considers the assessment, in particular, the contextual information, the summary paragraph at the start of each key line of enquiry and the conclusions. That the Board considers the findings in the self assessment and takes these into account when considering future priorities.
- 2.3 That the Board is briefed at the meeting by a member of the Strategic Management Team on the forthcoming inspection.

#### 3. BACKGROUND

- 3.1 The Council completed its CPA self assessment on the 22 January. The Council wishes to use the CPA process to validate its Improvement Plan and to identify further areas for development through 2007/08 and beyond. The self assessment is written against five lines of enquiry: ambition, prioritisation, capacity, performance management and achievement/improvement. Each key line of enquiry has a detailed set of descriptors. These can be found on the Council's Internet site at: [http://bromsgrove.whub.org.uk/home/cpa\\_kloes\\_july\\_2006.pdf](http://bromsgrove.whub.org.uk/home/cpa_kloes_july_2006.pdf). The descriptors represent best practice.

#### 4. REPORT

- 4.1 The CPA inspectors will be on site from the 26 February to the 02 March. The self assessment is a key document for the inspectors. Good local authorities do not use the self assessment document solely as a means to impress the inspectors, but also to reflect on progress and issues that remain to be tackled. The self assessment provides a wealth of information about the District and the Council; as a result it provides the Board with a

useful overview document with which to consider issues the District and the Council face and possible areas for the Board's future work programmes.

4.2 Members will be interviewed during the CPA site visit. The Council is keen not to spin this process and wants to be open about its progress and outstanding issues, nevertheless, most interviewees appreciate a briefing on the process. A member of SMT will attend the Board to provide this for Members.

**5. FINANCIAL IMPLICATIONS**

5.1 No financial implications

**6. LEGAL IMPLICATIONS**

6.1 No Legal Implications

**7. CORPORATE OBJECTIVES**

7.1 Council Objective - Improvement.

**8. RISK MANAGEMENT**

8.1 Reputation is the key risk during a CPA process. The Council has established a working group to identify risks/problems and manage these.

**9. CUSTOMER IMPLICATIONS**

9.1 None

**10. OTHER IMPLICATIONS**

Procurement Issues: None.
Personnel Implications: None
Governance/Performance Management: None
Community Safety including Section 17 of Crime and Disorder Act 1998: None
Policy: Potential scrutiny of Council policy in light of CPA self assessment.
Environmental: None
Equalities and Diversity: None

**11. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	<b>Agreed CPA Self Assessment.</b>
Acting Chief Executive	<b>Agreed CPA Self Assessment.</b>

Corporate Director (Services)	<b>Yes</b>
Assistant Chief Executive	<b>Yes</b>
Head of Services	<b>Yes</b>
Head of Financial Services	<b>Yes</b>
Head of Legal & Democratic Services	<b>Yes</b>
Head of Organisational Development & HR	<b>Yes</b>
Corporate Procurement Team	<b>No</b>

**12. APPENDICES**

Appendix 1 CPA Self Assessment

**13. BACKGROUND PAPERS**

[http://bromsgrove.whub.org.uk/home/cpa\\_kloes\\_july\\_2006.pdf](http://bromsgrove.whub.org.uk/home/cpa_kloes_july_2006.pdf)

**CONTACT OFFICER**

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**Bromsgrove**  
District Council

[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

## **CPA Self Assessment**

## **Bromsgrove District Council**

**January 2007**



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- Q1 What is the Council, together with its partners, trying to achieve?**
2. Ambitions for the Community
3. Prioritisation
- Q2 What is the capacity of the Council, including its work with partners, to deliver what it is trying to achieve?**
4. Capacity
5. Performance Management
- Q3 What has been achieved?**
6. Achievement and Improvement
- 7. Conclusions**
- Appendix 1**
- Self Assessment Score by Council
- Appendix 2**
- References



# 1. Local Authority Context and Summary

## Geography and Communities

- 1.1 Bromsgrove District is in north Worcestershire, covering a large district area of approximately 83.9 square miles. Whilst only 14 miles from the centre of Birmingham, the Lickey Hills country park provides an important dividing line between the urban West Midlands Conurbation and the rural landscape of north Worcestershire. Ninety percent of the District is greenbelt which causes problems for housing policy (see 1.5). Four radial routes pass through the District, each served by railway lines and major roads, including the M5 running north and south, the M42 running east and west, with further links to the M40 and M6.

**Table 1 – Map of Bromsgrove District**



## **Economy**

- 1.4 The economic picture of the District is generally very positive. The mean household income is £36,906<sup>13</sup>, which is the highest in the County (the County average is £32,699). There are two major areas of economic concern within the District: the redevelopment of the Longbridge site and Bromsgrove town centre. In April 2005, parts of Phoenix Venture Holdings (PVH), most significantly MG Rover and PowerTrain entered administration, resulting in the closure of the Longbridge car plant. These parts of the Group employed around 5,850 people in the West Midlands and an estimated £410m was spent with firms based in the West Midlands as part of the supply chain. Whilst employment levels naturally increased with the closure, the District's unemployment levels have returned to very low levels (2.5%)<sup>14</sup>. The Town Centre needs a major overhaul to encourage local shopping and compete with neighbouring shopping centres. The number of VAT registered businesses in the District has also fallen in recent years<sup>15</sup>.

## **Sustainable Development**

- 1.5 One of the biggest issues facing the District is affordable housing: 83.4% of households are owner occupied<sup>16</sup>, the 11<sup>th</sup> highest figure in England and Wales and house prices are rising faster than the national average with the average house price being £219,949<sup>17</sup>. The Council is currently operating a planning moratorium with only affordable housing developments being built. The Housing Strategy has a target of 80 units of affordable housing a year for the next five years<sup>18</sup>.

## **Education, Deprivation and Health**

- 1.6 The percentage of the population qualified to NVQ Level 4 is significantly higher than average<sup>19</sup>. GCSE results gained at local authority schools and colleges in Worcestershire in 2004 were amongst the highest in the country (56.1% achieved five or more GCSEs at A\*-C)<sup>20</sup>. The District ranks 293rd out of 354 councils on the national index of multiple deprivation 2004 (where one is the most deprived)<sup>21</sup>, making the District one of the least deprived nationally. Sidemoor is the most deprived area of the District and only 4,050 households are in receipt of housing or council tax benefits in the District<sup>22</sup>, one of the lowest figures in Worcestershire. As a result, identifying the vulnerable within our communities is more difficult than a district with geographic areas of deprivation.
- 1.7 Generally, the District's population is healthier than the regional average. Young people (18-24) have a high risk status being the most likely to smoke, binge drink and not take exercise. Potentially, we could be storing up problems for our young people. The most recent Primary Care Trust (PCT) annual report<sup>23</sup> noted that our children's health is good, but there is a need for more child and adolescent mental health services. The PCT retain a concern (shared by the Council's own Community Safety Team) that domestic violence remains "common place". Between 2000-2003 teenage pregnancies increased marginally across Worcestershire (the overall rate is significantly lower than England as a whole).

## **Crime and Fear of Crime**

- 1.8 There has been a 31.9% reduction in headline comparator crime figures for the District over the last three years<sup>24</sup>. This, together with the Partners and Communities Together (PACT) community meetings, has had a very positive impact on fear of crime in the District: 97% of residents feel safe during daytime and 70% after dark<sup>25</sup>. Low level crimes like: anti-social behaviour, litter, rubbish, "young people hanging around",

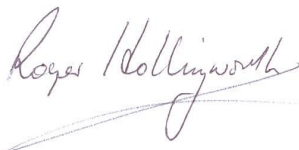
vandalism and criminal damage remain an issue. Drug offences are low. The areas with the highest use in the District are the three prisons. There is a “supply” issue at HMP Blakenhurst and HMP Brockhill. Charford is the only ward where drug use is a significant issue.

### **Regulatory, Political, Managerial and Financial Context**

- 1.9 The Council is currently poor rated and is in voluntary engagement with the DCLG. The Council received its most recent corporate inspection, a Progress Assessment<sup>26</sup>, in December 2005. As a result of the assessment, six priorities for improvement were agreed with the Audit Commission 1) prioritise resources through the 2006/07 budget process and beyond in line with corporate priorities; 2) ensure effective performance, financial and risk management, in particular, and a SMART and resourced corporate plan (referred to throughout the document as the Council Plan); 3) improved Members’ decision-making and scrutiny; 4) improve cross party working; 5) ensure improvements in service delivery in the Benefits and Streetscene services; and 6) obtain customer feedback on services and link to service improvement. The Council can demonstrate progress on all of these.
- 1.10 The Council has a majority Conservative administration, with 24 Conservatives, six Labour, six independents, two Wythall Residents Association and one Liberal Democrat. The Council operates a modernised political structure with the Leader/Cabinet model, supported by three non-Executive Boards: Audit Board, Scrutiny Steering Board and Performance Management Board. There is also a Planning Committee, Standards Committee and Licensing Committee. The Council has a new Corporate Management Team (CMT), an Acting Chief Executive since May 2006 and an experienced ex-London Borough Chief Executive embedded into the structure as an Improvement Director to provide additional strategic support and mentoring to the Acting Chief Executive. The Council’s relationship with the County Council is a challenge, but the Council does recognise the importance of this relationship.
- 1.11 The Council has a net budget of £11.808m (2007/08), a planned Council Tax increase of 4.99% and Government Grant of £4.729m<sup>27</sup>. The Council employs 454 staff and the last employee survey identified staff morale as low<sup>28</sup> – it is now improving.

### **CPA Self Assessment and Performance**

- 1.12 The Council requested an early CPA against the new 2006 Framework in order to validate our Improvement Plan and identify areas of improvement which will be added to our next Improvement Plan update. We aim to achieve a fair rating in 2008 and ultimately become a council providing excellent services and outcomes for our residents.



**Roger Hollingworth**  
Leader of the Council



**Peter McDonald**  
Leader of the Opposition



**Kevin Dicks**  
Acting Chief Executive

# What is the Council, together with its partners trying to achieve?

## 2. Ambitions for the Community

- 2.1 Until recently, the Council's strategic focus has been on re-building the Council to be fit for purpose. As a result the Council's ambitions for its communities are not yet fully developed. The Council accepts it needs to develop a stronger evidential understanding of the issues facing the District, improve the external communications of its ambitions, articulate these ambitions through the updates of the Council Plan and Community Plan, develop a number of key strategies e.g. regeneration and health, and better co-ordinate consultation activity.
- 2.2 The Council's Vision is: "Working together to build a District where people are proud to live and work, through community leadership and excellent services". The Vision and the Values that underpin it: Leadership, Partnership, Equality and Customer First, have been developed through our change programme "Building Pride". The programme recognises that the Council needs to re-build a sense of pride in working for the Council through the delivery of long term outcomes and excellent services.
- 2.3 The Council developed its Vision, Values, Objectives and Priorities through a range of focus groups<sup>1</sup>. It also met with its key partner agencies to find out their priorities, wrote to every member of staff and appointed a range of staff champions to facilitate staff views and consulted on its priorities at an Equalities and Diversity Consultation Event. The Council has explicitly adopted three of the Bromsgrove Partnership's (District LSP) priorities as Council priorities and accepts the need to improve its understanding of the needs of its communities and its contribution to the fourth priority, the Local Area Agreement (LAA). The Council is addressing this through the Customer Panel and the piloting of two area committees. This information, plus information on performance, demographics and deprivation were brought together on a two day Cabinet/CMT meeting to develop the Council's strategic agenda. In future years, the Council will further develop both the quality of data used and the level of Member involvement, particularly, front line Members.
- 2.4 The Council has a one year Specific, Measurable, Agreed, Realistic and Targeted (SMART) Improvement Plan<sup>2</sup> to support the delivery of the Vision. As part of the Improvement Plan the Council has developed four Council Objectives with three year priorities (2007/2010) for each objective<sup>3</sup>:
- (1) **Council Objective One: Regeneration** with the Town centre, Longbridge and Housing as its priorities.
  - (2) **Council Objective Two: Improvement**, with Customer Service, Reputation and Performance as its priorities.
  - (3) **Council Objective Three: Sense of Community and Well Being**, with Community Influence and Community Events as its priorities.
  - (4) **Council Objective Four: Environment**, with Clean District and Planning as its priorities.
- 2.5 The Council accepts that its ambitions need to be articulated better through the development of outcome measures and is currently developing a Council Plan 2007/2010 to be issued in February 2007, which will include a set of corporate key deliverables framed as outcome measures, milestones, linked to the County wide Local Area Agreement<sup>4</sup> and integrated into the medium term financial plan.

- 2.6 The Council has communicated its Vision, Values, Objectives and Priorities to staff through a range of mechanisms including regular staff forums; a bi-weekly Core Brief, delivered by managers and cascaded via team meetings, team action plans as part of the service business planning process<sup>5</sup>, personal development reviews (PDRs), posters for each of its values and one for the Vision and a programme of attendance by senior management at team meetings. Press releases are also sent to all staff on e-mail and the Council's Internet has also recently been redesigned. The Council has also introduced the principle of management conferences for the first time in Autumn 2006, to start achieving "buy in" from middle management .
- 2.7 During 2007, the Council will focus on the external communication of its ambitions. The Council has recently appointed a Communications and Customer First Manager; intends to overhaul its resident's magazine and double the number of issues to address this and has also recently adopted a Statement of Community Involvement<sup>6</sup>. The Council is not unique in being concerned about the lack of understanding within our communities on the balances that have been struck when developing our plans and why.
- 2.8 Through the I&DeA Top Team Development Programme, there is now a sense of shared purpose between Cabinet and CMT and ambition for our communities. The Leader of the Council has also established a Leader's Meeting (Leader and Leader of the Opposition) to improve cross party working. This shared ambition is underpinned by a Member/officer protocol<sup>7</sup>, a Member/Member protocol<sup>8</sup>, job descriptions for key Member positions<sup>9</sup>, a Management Competency Framework<sup>10</sup> (which in turn is planned to be cascaded to all staff within the Council) and a Modern Councillor training programme.
- 2.9 The Council is currently taking steps to identify longer term sustainable outcomes that it and its partners can achieve, through a bid to the Government's Intervention Fund<sup>11</sup>. The LSP Board has four agreed priorities; the town centre, Longbridge, affordable housing and contribution to the Local Area Agreement<sup>12</sup>. Whilst there is a reasonable degree of clarity about the first three priorities, the fourth priority is currently underdeveloped. Through the bid, the Council aims to carry out further work on identifying the social, economic and environmental issues the District faces, what contribution the LSP Board can make to addressing these (using the LAA as a strong starting point), and developing a stronger performance management framework.
- 2.10 The Council commissioned a series of focus groups on customer service<sup>13</sup> and the budget as part of its 2006/07 and 2007-2010 budget preparations. The Council's Consultation Policy<sup>14</sup> requires each service business plan to contain a consultation plan. Recent consultations include: the Gambling Act, the issues and options for the future of Longbridge and its Inclusive Equalities Scheme<sup>15</sup>, which was launched at a Equalities and Diversity Consultation Event in September 2006. The Council also sends senior officers to the Partners And Communities Together community meetings, holds quarterly Parish Forum meetings, is piloting two area committees<sup>16</sup>, has introduced public speaking at Planning Committee and has run a number of public meetings on various local issues, including the recent merger of the PCT. The Council has also undertaken consultations in Belbroughton, Alvechurch and Stoke Prior on the suitability of potential sites that have been identified for affordable housing and has recently established a Private Landlords Forum. While at an early stage, the two pilot area committees are designed to enable Members from all three tiers to champion the needs of their particular communities through the development of neighbourhood plans and prioritising issues for officers.

- 2.11 In order to deliver the Council's ambitions, Cabinet and senior officers have demonstrated their willingness to tackle difficult problems and take tough decisions. Examples include: a Council wide restructure, which resulted in a number of redundancies and most of the then management team leaving. Car parking charges were increased through the 2006/07-2008/09 budget, charges were levied on the previously free passes and charging for disabled parking introduced in the light of the new shopmobility service provision. In addition, the Council has removed the historical concurrent function payment provision to parish councils and suspended the green waste collection this winter. Through the Medium Term Financial Plan<sup>17</sup>, the Council will stop funding for the Woodrush and Haybridge sports centres in 2007/08.
- 2.12 These tough decisions are now taken within a clear strategic framework provided by the Council Objectives and priorities and a three year Medium Term Financial Plan. For the 2007-10 budget, all budget bids and savings have been ranked as unavoidable, high, medium or low, based on their contribution to the Council's strategic agenda and the aim to limit Council Tax to a maximum increase of 4.99%.
- 2.13 The Communications Strategy<sup>18</sup> first priority is the demonstration of visible leadership. Senior Members and managers have adopted a range of leadership styles over the last twelve months depending on particular circumstance e.g. directive in setting the Council's objectives and priorities, working in partnership through the LSP, cross party working through the opposition party chairmanship of scrutiny boards, listening at PACT meetings, empowerment through the pilot area committees and understanding through a programme of "back to the floor"<sup>19</sup> days for every member of the CMT.

### **3. Prioritisation**

- 3.1 The Council now has a set of priorities and the basic processes in place to convert these into service improvements. It accepts that these processes are new and therefore not yet embedded. Areas for development include: strengthening the link between the Council Plan and future budget cycles; increasing the involvement of all sections of our communities in the design and delivery of services and improving the clarity of our partners roles within the Council Plan and other key strategies.
- 3.2 The Council's Vision and its Objectives have been translated into ten priorities for the period 2007/2010<sup>1</sup>. These are based on an understanding of what matters most to our local communities. The priorities also reflect some issues that the Council knows are important, these include the regeneration of Longbridge and an excellent planning function, which will be critical to delivering priorities like the town centre and Longbridge. The Council understands that a performance management framework with a golden thread is critical for delivering these priorities (see section 5).
- 3.3 The Improvement Director has identified that the performance framework does need to be better integrated with the financial framework and an outline timetable for the 2007/08 has been agreed by Cabinet<sup>2</sup>; nevertheless, the Council is working on integrating its approach to setting priorities and allocating resources. The agreement of the Council's strategic agenda started the 2007/08 financial/performance cycle and was followed by the development of draft service business plans including growth bids and savings with the draft Medium Term Financial Strategy being considered at December Cabinet. The priorities have been agreed for the next three years and the Council's resources will be more closely aligned to its priorities over the medium term.
- 3.4 Because the Council has only recently defined its strategic agenda and is still working on articulating this through a Council Plan 2007/2010, the linkages between the various aims and objectives to deliver a cross cutting programme will require further

refinement through each performance cycle. The Council has begun work on this by using the balanced scorecard to identify how its financial management, process management and human resource management contribute to the Council's front line service priorities.

- 3.5 The Council's Objectives have been defined in broad terms<sup>3</sup> and referenced to national policy and the Worcestershire Local Area Agreement. By providing a broad definition for each Objective, the Council's leadership were then able to select which aspects of each Objective are a priority, so for example, under Council Objective Three: A Sense of Community and Well Being, the Council has made Community Influence a priority (in line with the recent Government White Paper), but has not made the Choosing Health agenda a priority, instead setting a local priority around community events, which is an aspect of the community cohesion agenda. Similarly, the Council has not made community safety a Council priority due to the reductions in crime within the District, but the Council remains a key partner in the Crime and Disorder Reduction Partnership. Under environment, the Council has made a clean district a priority and an improved planning service, but not recycling (which is already performing well) or carbon emissions (the Council is undertaking some work on this, but through external funding rather than the use of its own resources<sup>4</sup>).
- 3.6 The identification of the ten Council priorities and the development of targets and milestones in support of these means the Council is clear about what is important. The review of the medium term financial plan has clearly defined that all additional requests for funding have to demonstrate where the resource will achieve the delivery of the Council's objectives and priorities. The services that do not focus on the Council's priorities will have resources realigned to those of priority need. In addition, officers have investigated alternative methods of service delivery e.g. collaborative or shared working practices to enable the release of financial resource to other services in the delivery of our objectives. Budget savings in excess of £1.0m have been identified through this approach for 2007/08<sup>5</sup>. The Council already has a one year Improvement Plan. The Improvement Plan contains 21 actions supported by measures of success, detailed actions and resourcing (the Council released £350,000 from its reserves<sup>6</sup> to help finance the Plan). The Council accepts that the Improvement Plan is ambitious and some re-programming has been required, nevertheless the Improvement Plan is on target. The Council Plan will include a set of key deliverables for each priority, with outcome measures and milestone measures and is due to be approved at February's Cabinet.
- 3.7 The Council now has a solid track record of delivery against SMART action plans. The Council delivered its previous Recovery Plan<sup>7</sup>, which was largely focused on the Resources Directorate and now has an Improvement Plan which clearly states the lead responsibilities, resource requirements, milestones and targets. This Improvement Plan was agreed by Cabinet and the Government Monitoring Board and is reported on monthly at CMT, PMB and Cabinet. The Council Plan will include a set of SMART key deliverables, while service business plans contain team actions plans. For large projects the Council has a project management methodology<sup>8</sup>.
- 3.8 The Council would accept that it needs to improve how the needs of all sections of our community are taken into account in the design, delivery and evaluation of services. It has recently commissioned a customer service peer review, has a Customer First Strategy<sup>9</sup> (which includes plans to Charter Mark services), is introducing customer standards through the 2007/08 service business planning, has an Equalities Forum (and a Disabled Involvement Group) and plans to develop a youth forum and older people's forum in 2007/08. It also has funding to appoint a disabled outreach worker, introduced assisted collections for refuse collection and recycling, appointed an

Equalities Officer, which has led to developments like a translation service, clearer information for non-English speaking residents and partially sighted residents when they receive letters and a welfare officer in the Benefits Team who is working on the County Council's 3<sup>rd</sup> Age Project, to visit the elderly in their homes and to provide a co-ordinated service across a number of agencies.

- 3.9 The Council can demonstrate a link between its priorities and published statutory and other plans. Examples include the Spatial project<sup>10</sup>, Customer First Strategy<sup>11</sup>, Streetscene Strategy<sup>12</sup>, Communications Strategy<sup>13</sup>, People Strategy<sup>14</sup>, Inclusive Equalities Scheme<sup>15</sup>, Capital Strategy<sup>16</sup>, Value for Money Strategy<sup>17</sup>, Management Development Strategy<sup>18</sup>, Modern Manager Framework<sup>19</sup>, Medium Term Financial Strategy<sup>20</sup> and Housing Strategy<sup>21</sup>; however, with the Council's strategic framework being only recently agreed this alignment is partial and further work will be required as and when strategies are refreshed. In addition, the Council accepts that it needs to improve and clarify the roles of its partners within the various plans. The re-launch of the Community Plan will be key to this. The Council's Improvement Plan contains an agreed action to feedback on the changes to its priorities once agreed through the Council Plan.
- 3.10 The Council has made extensive use of learning from other organisations in the development of its strategic agenda. The development of the Improvement Plan was assisted by Walsall MBC (changes to the Planning Service and the Council's Team of the Month Scheme also originated from Walsall MBC). The Council has recently undertaken an emergency planning exercise with the support of other councils; has taken on board learning from other councils that have used Performance Plus (the Council's performance management software), learning from Kerrier District Council about CPA and researched Warwickshire County Council's and Bracknell Forest's approaches to town centre redevelopment. The Council has visited Northamptonshire County Council to learn about its approach to diversity, Wychavon District Council to find out about their sports trust, Watford Borough Council to find out about their change management programme and Kettering District Council to learn about their planning function. The Council has worked with GOWM and BDHT on trying to develop innovative approaches to affordable housing. The Council has received substantial support from Solihull MBC on both performance management and communications. Through the delivery of the Improvement Plan, the Council can clearly point to how this learning has and is being used, but would accept that the sharing of this learning across the Council could be improved.
- 3.11 The Council is working towards Level 3 of the local government equalities standard. In support of this the Council has developed and published an Inclusive Equalities Scheme<sup>22</sup> and an easy read version of the Disability Equality Scheme<sup>23</sup>. A framework has been developed to ensure that impact assessments are being undertaken by each department and that individual support is being provided where necessary. In order to consolidate the work done around the Standard the Council is now incorporating this into the business planning process. This now needs to be clearly focused on the operational areas thereby progressing the commitment from principle to outcome. The general commitment to equality is now evident and the Council presents a broad understanding of the Equalities Standards; however, there is a need for the Council to ensure that this commitment is integrated consistently across each service area. The Council has made significant progress in the development of an effective consultation framework and this directly supports our work around equality and diversity. The critical issue is the inter-relationship between the Inclusive Equalities Scheme and service delivery. By maintaining this approach through the medium term the Council is confident that it will better reflect the diverse needs of its community. The Council has



also recently been successful in receiving a £95,000 Capacity Building Fund grant for equalities work<sup>24</sup>.

#### **4. Capacity**

- 4.1 The Council has come a long way from a low base in the last nine months, with the change in political and officer leadership being the catalyst for sustained action. Many issues have been addressed and firm plans are in place to implement numerous changes in practice; the timing is such that it is not possible to demonstrate the effectiveness of these, but what can be shown is that issues have indeed been systematically tackled and best practice, recognising the size of Bromsgrove, adopted. Areas of focus during 2007 onwards include embedding risk management, value for money; and delivering Single Status.
- 4.2 Working arrangements between political groups and external partners have improved significantly and the role of the Cabinet and officers is understood and has been enhanced by the creation of the Council's Performance Management Board, chaired by the Leader of the Opposition, which scrutinises performance. Generally internal working relationships are good, but the level of trust by Members of officer advice has yet to reach the desired standard. This is understandable and reflects many years of poor political and managerial leadership.
- 4.3 There is a clear commitment to lifting the Council's performance and reputation; however the scope and pace of change is now recognised as needing to be more realistic given the resources available and the breadth of the change agenda. 2006/7 has been and will continue to be a year of significant change and it is recognised that while further changes will occur in 2007/8 a period of stability is needed to embed the new practices, procedures and teams recently created. The PDR process will identify training needs and a prioritised approach to meeting these is planned. The Council has recently reviewed the way the Council's CMT operates<sup>1</sup> and the agenda that it addresses so as to enhance its contribution. The Council has made a start on risk management<sup>2</sup>, but recognises that this needs development as does its approach to VFM. The Council's current VFM profile is mixed<sup>3</sup> with the Council being relatively low spending when compared to its family group. The Culture and Communities Department has a high proportional spend in comparison and is an area that is under review for alternative ways of service delivery to provide better value for money. The Council recently agreed a VFM Strategy<sup>4</sup> including an approach to scoring each service's VFM and developing agreed actions through the service business planning process<sup>5</sup>. In the short term it has been support services that have received the most attention and investment, ensuring that the financial; human and ICT resources and practices are upgraded to support service delivery of the Council as a whole. As the numerous changes made to recover the poor practices that were evident in Bromsgrove for far too long become engrained it will be possible to direct more attention, management capacity and investment to supporting and enhancing front line service delivery.
- 4.4 Despite the recognition of the need to achieve a period of stability, the Council is mindful that Single Status may have an adverse affect upon the need to achieve such stability, but remains committed to the national agenda in respect of the implementation of Single Status and the associated pay reviews. Work towards the implementation of Single Status has begun in earnest with a pilot job evaluation exercise having taken place during Autumn 2006, with the main evaluation due to commence in February 2007.

- 4.5 The Council recognises that a healthy industrial relations climate is important to the delivery of the Council's services. The Acting Chief Executive, Corporate Director Services and Head of Human Resources and Organisational Development meet with union representatives each month. The Council recognises that union membership is relatively low and uses other communication channels like staff forums to communicate directly to staff. The Council is continually working to improve health and safety and has recently set up a Health and Safety Committee. The Council has a positive relationship with the local Health and Safety Inspector and recently completed its first Council wide health and safety audit<sup>6</sup>.
- 4.6 The Council has gone through a steep learning curve, employed external help and has recently (November 2006) refocused the content, format and frequency of its performance reporting arrangements so that they are fit for purpose recognising the size, capacity and resources available. The arrangements for the future will undoubtedly enhance the Council's ability to improve service delivery. While service performance in the form of performance indicators has been subject to regular reporting and scrutiny, integration of service data, financial data and key actions was only implemented from December 2006. This factor and the business planning and performance management process now adopted and formally approved by the Cabinet in December 2006<sup>7</sup> will enhance the capacity of the Council to focus upon and achieve continuous service improvement. This will further clarify the respective roles of Members and officers and enhance officer accountability through the PDR process to apply from February 2007
- 4.7 Decision making is timely and supports the achievements of priorities. The Council operates a rolling Forward Plan<sup>8</sup> of all decisions to be sought from the Cabinet over a four month period, which is reviewed at CMT meetings weekly. Each Cabinet report is asked to identify the impact on the Council's priorities and a range of other factors e.g. customer first, equalities, financial, legal and human resource implications. Report authors have to complete a checklist of consultations undertaken with other officers and portfolio holders on the contents. Cabinet Members also take responsibility for presenting reports relevant to their portfolio at Cabinet meetings. Performance in meeting Forward Plan targets is monitored as a local indicator.
- 4.8 The Council recognises its duty to demonstrate openness and transparency in its decision making processes. The Standards Committee and Monitoring Officer have developed overview and scrutiny procedures designed to promote high ethical standards, but the Council accepts this is still an area of development. In order to raise the overview and scrutiny profile the Member Bulletin, scheduled for release on 31 January 2007, will contain a section dedicated to Scrutiny. Whilst recognising the importance and need to uphold high ethical standards the Council recognises the challenges faced by all local authorities in managing the overview and scrutiny process. In order to address this the Council is working with the I&DeA, utilising the ethical governance toolkit.
- 4.9 The Council clearly recognises the value of people and has a People Strategy<sup>9</sup>, health and safety procedures and effective industrial relations. The Council has retained Investors and People Status, but has an action plan<sup>10</sup> to ensure it meets all the standards when it goes forward for re-accreditation in July 2007. The Council has also introduced a significant range of human resource techniques to improve capacity within its workforce. These include PDRs, a skills audit through the modern manager framework<sup>11</sup>, a middle manager training programme and Top Team Programme. The Council accepts it has some way to go to ensure that it delivers a modern and consistent approach to people management.

- 4.10 The Council is continuing to make considerable use of external suppliers and expertise to deliver its priorities. Examples include: business process re-engineering for the spatial business project, the use of consultants on business planning and the development of the risk management strategy<sup>12</sup>. The Council has introduced a new capability procedure<sup>13</sup> and new Sickness Absence Policy<sup>14</sup> to enable swifter action to be taken. Through its performance monitoring the Council monitors sickness absence, staff turnover, early retirements and a range of indicators to ensure its workforce is representative of the community<sup>15</sup>. The Council has introduced new recruitment advertising to improve these statistics. The Council is currently undergoing Single Status; as a result the Council has re-programmed the approach to workforce planning to 2007/08.
- 4.11 The capacity of the Council's key post-holders, both Members and officers has improved in the last 14 months. The Council has a new CMT and an experienced Improvement Director<sup>16</sup> to offer strategic guidance and mentoring to the Acting Chief Executive. All Cabinet Members (and CMT) have been through the Top Team Development programme. The Council has also made changes to its Constitution<sup>17</sup> and Scheme of Delegation<sup>18</sup> to reflect a more modernised approach and is developing a robust process to ensure that the Constitution remains a live and relevant document that mirrors the way the Council conducts its affairs. In doing so the Council recognises the need for further revisions and this work is in progress. The Council has reviewed a report<sup>19</sup> from the Improvement Director on the Corporate Management Team and whether current capacity is sufficient and changes may need to be made during 2007/08.
- 4.12 The Council makes extensive use of ICT. During 2006/07 the Council started three ICT projects. The Internet project which has led to the overhaul and modernisation of the Council's website, the infrastructure project (£1.8m) and the Spatial project. The Spatial project, supported by the new infrastructure will significantly reduce process times and lead to customer information being single sourced, avoiding duplication and error.
- 4.13 The Council is improving its project management processes. The Council has a Corporate Improvement Plan, a Project Management Methodology, Capital Strategy and Asset Management Plan<sup>20</sup>. There is a new post in the Corporate Communications, Policy and Performance Team which will provide additional impetus to project management once recruited.
- 4.14 The Council employs a procurement manager in partnership with Worcester City Council. The procurement manager has revised the Council's contract procedures and supported the revisions to the financial regulations. In addition to the Gershon efficiencies, a savings target for procurement has been set and is regularly monitored by the Performance Management Board<sup>21</sup>. These savings have been generated by the renegotiations of contracts and by utilising alternative methods of purchase.
- 4.15 The Council is prepared to use long term partnerships and joint working with other local authorities and organisations to deliver service improvement. The Council successfully transferred its housing stock to Bromsgrove District Housing Trust in 2004. Relations with the Trust have not always been as either party would like; however, the LSP has recently invited the BDHT Chief Executive to sit on the LSP Board and is now working hard with the Trust through the Affordable Housing Project Team, to deliver on the joint priority of affordable housing. In 2005, the Council opened its Customer Service Centre (the Hub) in partnership with the County Council. More recently the Council did reject the shared services business case for the benefits service, but on the grounds that the business case was not robust. The Council has a

track record of working with the Citizen's Advice Bureau (CAB) to improve services to the homeless and through the Homelessness Strategy Steering Group (and in partnership with BDHT and Supporting People) is developing a proposed new Floating Support and Preventative Service for clients over 25 (younger people are catered for through the Baseline Service).

- 4.16 The Council has signed up to the Worcestershire Compact agreement between the Council and the voluntary sector and has produced a local and more user friendly version<sup>22</sup> in agreement with the Bromsgrove and Redditch Network, the umbrella organisation for the voluntary organisations within the District. Through work on the Stepping Stones project the Council knows that there are over 140 voluntary organisations within the District. The Council would accept that it needs to tap in to this resource more and improve the capacity of the voluntary sector within the framework of the Community Strategy. The Council is currently working on an action plan to support the Compact and has received positive feedback from the County Council on this work.
- 4.17 The Council is working on a strategic and integrated approach to diversity through its Inclusive Equalities Scheme. The Equality and Diversity Forum is now chaired by a community member in order to ensure that the community leads the work programme. Recent recruitment campaigns for the Forum have ensured that it now represents all sections of the community. The Council has provided comprehensive training to all Members on equalities, introduced Equalities Champions in each department and developed a formal process for completing and monitoring equalities impact assessments.

## **5. Performance Management**

- 5.1 All the main constituent elements are now in place for a basic performance management framework: a community plan, council plan, service business plans, team plans and PDRs; and an integrated cycle of financial and performance reporting through middle management, senior management, Executive Members and Non-Executive Members. The Council accepts the performance management framework will not be embedded at this stage (for example, both the Council Plan and Community Plan are currently being written). Future areas of focus include; reducing the number of indicators reported corporately, stronger challenge of targets at both officer and Member level, improving the performance management of the LSP Board (in particular outcome targets and links to the County wide LAA) and strengthening the links between performance management, procurement and customer service.
- 5.2 The key development during the last 12 months has been the regular reporting of performance information to managers and Members<sup>1</sup>. This development has included more user friendly information, a reduction in the number of indicators from 250 to 116, which are a mixture of BVPIs and local indicators (a further reduction to 50 is planned for corporate reporting to enable better review and scrutiny); and the development of a formal reporting timetable<sup>2</sup>. This timetable also applies to the Improvement Plan.
- 5.3 The Council has not had a great deal of capacity to support the development of performance management in its partner organisations, because it has had to concentrate on putting its own house in order first. Nevertheless, the Council, through the LSP Board has identified four priorities for partners operating in the District and has started to report progress against key projects and key indicators to the LSP Board. This is not as well developed as the Council would like and the Council, with the support of the Government Monitoring Board has made a bid to the Intervention Fund<sup>3</sup> to support the development of a re-freshed Community Plan, with better links to the

LAA and better interfaces with the project groups and theme groups through improved performance management. The Council also received a nil star housing rating<sup>4</sup> earlier in 2006 and this identified the need to obtain and report information on the performance of our partner, Bromsgrove District Housing Trust, which has been reported to CMT and the Performance Management Board.

- 5.4 Following a review of the Committee Structure in early 2006 the Council established an overarching Scrutiny Steering Board, an Audit Board and the Performance Management Board. The Audit Board is chaired by the leader of an opposition group and has a focus on the work of internal audit, external audit and inspection. The Scrutiny Steering Board is currently chaired by a Member of the controlling group and oversees a range of task and finish groups who scrutinise specific issues through an agreed work plan. The Council does, however, in common with many authorities recognise the need for an improved understanding of the role of scrutiny by the Cabinet, Members and officers. Raising the profile of Scrutiny within the Council and the community is essential and to facilitate this the Council has instigated a planned programme of training for officers and Members. The Council is also taking advice from other councils who have achieved an excellent rating in order to develop best practice. The Performance Management Board had its first meeting in November 2005 and is now chaired by the Leader of the Opposition. The Performance Management Board receives the Improvement Plan Exception Report each month and performance indicators each quarter (monthly from January 2007). It also receives a range of other reports to an agreed work plan e.g. Annual Report of the LSP Board. There have been significant improvements to performance in a number of areas this year including: benefits, planning, the Hub and street scene services.
- 5.5 Performance management is integrated with the management of resources primarily through the development of the medium term financial plan. The identified priorities of the Council reflects performance management issues e.g. clean district and planning, specifically, but also customer service and a separate key deliverable on performance, concerned with moving the Council's overall basket of indicators to above the median (unless there is an agreed reason for not doing so). Heads of Service are asked to link their service business plans to the Council Plan's priorities and key deliverables and identify growth bids and savings in relation to these, which are fed into the medium term financial plan. These bids and savings are evaluated and ranked in terms of their contribution to the Council's priorities and are reported to Cabinet.
- 5.6 Currently there is not a well publicised and user friendly method for service users to submit complaints. There is a customer feedback<sup>5</sup> form on the Council's updated Internet site and there is an Internet "ask a question"<sup>6</sup>, which goes directly to the Council's Customer First Officer, a new post created this year. The Council has recognised this issue and is purchasing a new electronic customer feedback system<sup>7</sup>, subject to capital budget approval (this action is part of the Improvement Plan). The public can make representations to the Council in a number of ways, through the Partners and Communities Together (PACT) meetings, through the LSP Stakeholder event (the Council held its first one recently and intend to do so every 6 months from now on). The Council has also recently established two "area committee" pilots<sup>8</sup>, which will enable the ward councillors (district, county and parish) to make representations to the Council on local issues and also develop a neighbourhood plan to be submitted to the LSP Board.
- 5.7 The Council is very keen to develop a strong user focus. Customer First is one of our four values and Customer Service one of our corporate priorities. The Hub receives over 6,000 calls per month, with a 86% resolution at first point of contact (November 2006)<sup>9</sup>. The Council accepts that further improvement is required; however

developments during 2006 have included: resource level agreements with back office functions, the transfer of the Highways Partnership Unit enquiries and the transfer of the corporate switchboard. A detailed report is produced each month on the Hub's performance which is reported to the CMT, while the Centre itself has installed a large screen to display real time queue data (including comparative data from other districts) and undertaken mystery shopping exercises. The Council has also invested in the Council House "front of house", improving the design and layout for our customers, generating savings through more efficient ways of working (cross working, full compliance with the BFI post opening regulations and a corporate post opening process)

- 5.8 The Council has introduced a range of initiatives to improve customer focus within the organisation including a "back to the floor" programme for all members of CMT and the purchase of a customer feedback system. The Council has established a Customer Panel, which has included focus groups on the 2006/07 and 2007/08 budget and is currently developing customer standards through focus groups that will be surveyed through the Panel shortly (the Council's 2007/08 business plan template also includes a section on Customer First, which asks each service to identify their customer standards). The Council has established an Equalities Forum and intends to establish a youth council and older people's forum in 2007 once our Communications and Customer First Manager is in post and our management capacity to deliver this has increased. The Council administers a Parish Forum, attended by the Leader and senior officers, which meets quarterly. Internally, the Council has an annual employee survey for staff, a staff champions group, regular staff forums and a Union Liaison Meeting. The Council has made progress in this area, but recognises that these arrangements need improving and embedding. Key areas of development include the relationship between the Hub and "back office" functions, telephony and staff training on letter writing and dealing with the public that moves the Council away from a regulatory culture to a more empathic customer first culture.
- 5.9 Because of the Council's "Poor" CPA rating the Council is already subject to a high level of external challenge through inspection, audit and the Government Monitoring Board. The Council can demonstrate a track record of responding to challenges from these mechanisms, including a revised and much more outward focused Improvement Plan, a complete overhaul of the way in which the Council reports its performance indicators, pump priming the Improvement Plan through the use of reserves and a robust strategic housing action plan<sup>10</sup> in response to the nil star inspection.
- 5.10 In order to encourage a performance culture across the Council, Core Brief reports every month to staff on our performance figures and the Improvement Plan<sup>11</sup>, the Acting Chief Executive, writes the lead article in the staff magazine "Connect"<sup>12</sup> which updates staff on key developments, the Assistant Chief Executive writes a regular column "performance matters". The Council has also established a Performance Plus User Group, which meets monthly to develop the reporting of performance information, has introduced a staff suggestion scheme "Bright Ideas"<sup>13</sup>, introduced "back to the floor" sessions, organised a programme for senior managers to attend every team meeting at least once a year and developed a single A4 poster which sets out our Vision, Values, Council Objectives and Priorities. The Council has badged all our work on transforming the Council, under the banner "Building Pride".
- 5.11 The Council now produces an integrated performance and financial report that cross references performance in both areas, this highlighted that while the number of people visiting the Dolphin Centre was increasing, and the income target was not being achieved. The new performance reporting format, requires each department to estimate their outturn performance each month, based on the latest monthly figures.

An analysis of targets and predicted outturns below the median has been reported to CMT and as the focus on hitting targets has increased a number of targets have been re-set to be more realistic e.g. abandoned vehicles, recoverable housing benefit<sup>14</sup>. This is a developing process and the Council would accept that the process of target setting needs to be further enhanced through each future business planning cycle. All targets for 2007-10 will be reviewed by the Acting Chief Executive, Improvement Director and Assistant Chief Executive and scrutinised by the Performance Management Board before the start of the new financial year and performance certificates (which require heads of service to sign off their outturn figures and targets) completed for all BVPIs and local indicators in the corporate basket of 50 indicators.

- 5.12 Cross departmental working is reasonably well co-ordinated within the Council. The Council's Strategic Management Team meets every Monday morning with the Leader of the Council to provide a regular and systematic way of co-ordinating activities. Similarly, the CMT meets every Tuesday. Member of CMT sit on a range of groups that support cross departmental working. These include the Town Centre Strategy Group, the Longbridge Working Party, regular meetings with planning officers, housing officers and BDHT on affordable housing, a Performance Plus User Group, Spatial Project Steering Group, four LSP Theme Groups, including CDRP and CDRP tasking group. The Council intends to develop this approach to create cross departmental working at middle management level. The Council also makes use of management practices like resource level agreements between the Hub and "back office" to improve service delivery and a Support Service Schedule in each business plan to ensure the impact on support services of front line service key deliverables is understood and planned for.
- 5.13 The Council has anecdotal information about the level of satisfaction in its communities through forums like PACT etc.; however, the Council does not have good quantitative information on the levels of satisfaction and dissatisfaction in different sections of the community. To address this issue, the Council is in the process of purchasing an electronic complaints system which will enable this kind of analysis. Similarly, the Customer Panel contract will mean that we will be able to obtain statistically valid customer satisfaction data on each ward during 2008.
- 5.14 The Council has undertaken some benchmarking work around the Hub, the Planning Team and Performance Plus. The VFM Strategy has identified the need to make greater use of evaluation and comparison techniques to increase our self-awareness and efficiency. Key to this will be the VFM template included in our 2007/08 business plans.
- 5.15 The Council produced a Best Value Performance Plan, called Council Results 2005/06<sup>15</sup>, which was a significant improvement on previous years in its style and content. The document clearly details the Council's poor performance during 2005/06 and was published on the Internet. The Council also published information as part of the Council Tax leaflet<sup>16</sup> on our performance. The Council would accept that this is an area for development. The Improvement Plan includes funding for 2 extra "Council Chats", the residents magazine, one of which will be an Annual Report, based on the Wychavon model. The Council has recently produced a draft Annual Report for the LSP<sup>17</sup>, which will be published before the end of the financial year and will be holding two "town hall" meetings a year, one as part of the budget preparations and one reporting our outturn. Also, the Council's Internet site includes the quarterly performance reports, which go to Cabinet.

## 6. Achievement and Improvement

- 6.1 The Council's achievements and impact on its communities needs to be set within the context that the Council has had to invest heavily in the immediate past, both in terms of time and money to rebuild the Council so that it is fit for purpose. The Council's overall performance is now improving, but from a very low base. 2007/08 should see the Council's basket of indicators move up to a level comparable with other Fair and possibly Good authorities. It will be important that the Council sustains this momentum through the changes it has made to its performance management arrangements, but also tackles some of the more complex improvement issues like: outcomes (including improved linkage to the Community Plan and the County wide LAA), customer experience, project management of long term outcomes like the town centre and Longbridge regenerations, a more strategic approach to addressing the needs of the vulnerable in our communities and improving the Council's reputation.
- 6.2 The Improvement Plan and Council Plan contain actions in relation to most of the areas for improvement, but some updating will be required as a result of the CPA. The Council Plan contains four Council Objectives. Achievements and improvements against each of these are set out below, with additional sections on the Council's contribution to the County wide LAA and a section on how the Council is addressing the needs of the vulnerable in our communities.

### **Council Objective – Improvement (Priorities: Performance, Reputation and Customer Service)**

- 6.3 Overall performance for 2005/06 showed that 79% of comparable BVPI indicators were bottom and third quartile<sup>1</sup>. The estimated outturn for 2006/07 suggests this figure will fall to 54%<sup>2</sup>. The first quarter 2006/07 performance was still poor, so the predicted outturn position for 2006/07 is lower than the actual current performance. Currently, 82% of the Council's indicators are on target<sup>3</sup> (or within 10% of target) and 72% are improving<sup>4</sup>. The Council has also maintained a strong focus on its improvement activities, with 79% of the actions in the Improvement Plan currently on target or less than one month behind<sup>5</sup>. Despite the low base, the Council can demonstrate it is achieving high quality services in some areas and some of its priorities. The Council has invested in its recycling and composting services and is achieving second quartile and top quartile performance (2005/06 outturn) for its recycling and composting respectively. Very recently the Council has been identified nationally as one of the top ten most improved councils nationwide for recycling<sup>6</sup>. The Council offers a green waste recycling collection which is unique to the County and commensurate with the top performing district in terms of the volume of waste recycled. The majority of residual waste that is collected is diverted to Combined Heat and Power plants reducing the amount of waste required for landfill.
- 6.4 Since its BFI inspection in 2005 the Benefits Service has seen a significant improvement in its performance. The average number of days taken for processing new claims and the average number of days taken to process a change of circumstance have dramatically improved during 2006/07, falling from 34.52 days (April 2006) to 25.91 days (November 2006)<sup>7</sup> and 16.53 days (April 2006) and 8.25 days (November 2006)<sup>8</sup> which is top and second quartile respectively. The Council is also now delivering most of the DWP performance standards.
- 6.5 The Council also has a good cultural offer, with an extensive range of community events like the free bonfire night, street theatre and bandstand programme. As at November 2006, 17,585<sup>9</sup> people had attended such events this year. The Council has a lead role in the Artrix , Bromsgrove's theatre, cinema and live music venue and



facilitated both its conception and delivery. The Council currently underwrites the revenue of the Artrix to the value of £120,000 per annum.

- 6.6 A number of teams in the Culture and Communities Department are QUEST accredited. The Planning and Environment Department Building Control Service is ISO9000 accredited and the Environment Health section achieved the highest average score for enforcement practices in a county wide audit. The Council is one of a very few local authorities nationally to have served Noise Abatement Notices in order to prevent nuisance trains (squealing train wheels) from travelling through the District. The Council's Environmental Health Commercial Team and Legal Services has undertaken a number of high profile prosecutions of local businesses which have received local and regional press coverage, with two cases featuring in a national journal.
- 6.7 The Hub is now performing to an acceptable standard with the resolution of customer contacts at the first point of contact increasing from 78% (April 2006) to 86% (November 2006)<sup>10</sup>, the average speed of answering calls falling from 88 seconds (April 2006) to 25 seconds (November 2006)<sup>11</sup> and the total number of calls falling from 10,784 (April 2006) to 6,548 (November 2006)<sup>12</sup>. The Council estimates that it is receiving approximately 1,000 customer complaints per annum and accepts that a customer culture across the whole of the Council remains a key area for improvement, in particular, customer standards and their monitoring and evaluation.
- 6.8 With a Poor rating and poor performing services the Council's reputation has suffered at a local, regional and national level. The Council's press coverage is improving and over 90%<sup>13</sup> of the press coverage is now positive or neutral. Improving the Council's reputation is a key area of development through 2007.

**Council Objective – Regeneration (Priorities: Town Centre, Longbridge and Housing)**

- 6.9 The Council is taking a strategic rather than piecemeal approach to regenerating the town centre and is currently working through the statutory planning requirements to develop an area action plan for the town centre.
- 6.10 An extensive consultation on the options for the future of the Longbridge site has been undertaken. As one of the two planning authorities the Council was not able to respond to this consultation; however, the LSP responded to the Issues and Options<sup>14</sup> consultation supporting the mixed development option, which aims to create 10,000 jobs.
- 6.11 The Housing Strategy<sup>15</sup> has a target of 400 additional units over 5 years (80 a year). This target is being met (including the provision of rural housing), but is based on a housing need survey completed in spring 2005 (this included supplementary work on the needs of younger people and rural housing need). The Council is currently working other Worcestershire authorities on the South Housing Market Area assessment. This data will be used to inform and influence the Regional Housing Strategy and Regional Spatial Strategy to reflect needs and pressures in the district.
- 6.12 The Council and BDHT have a joint commitment to phase out the use of hostels as temporary accommodation and replace them with self contained units. Wythall Hostel has been closed<sup>16</sup> and 21 units of self contained accommodation are currently available.

### **Council Objective – Sense of Community and Well Being (Priorities: Community Influence and Community Events)**

- 6.13 The Council is offering an increasing range of mechanisms for the public to influence the Council's strategy and services. The Council can track focus group feedback into the selection of its corporate priorities<sup>17</sup>. In direct response to comments from PACT meetings, dedicated mobile area cleaners have been introduced in Charford, Sidemoor and Catshill. The Council has anecdotal i.e. not statistically valid, evidence from PACT meetings and the Parish Council Forum that residents have recognised an improvement in the cleanliness of the District and an improvement in the responsiveness of the Council. The Council has recently started to pilot two area committees. Achievements on community events are detailed in 6.5

### **Council Objective Environment (Priorities: Clean District and Planning)**

- 6.14 The employment of additional street cleansing staff and investment in new plant has led to an improvement in the cleanliness of the District with the proportion of land suffering from unacceptable levels of detritus dropping from 26% (2005/06) to 17.86% (July 2006)<sup>18</sup>; however, the latest performance is still below the median for district councils. The Council's Community Safety Team has also worked in partnership with the Probation Service on local area improvements like the clearing of alleys in Rubery; and dedicated mobile area cleaners have also been introduced and received positive customer feedback.
- 6.15 The Planning Service has seen an improvement in its performance with 91% of minor planning applications determined within 8 weeks (November 2006) which is top quartile, compared to 57% in 2005/06<sup>19</sup>. Similarly, the percentage of other planning applications processed within 8 weeks also top quartile based on current performance.

### **Contribution to County Wide LAA Targets**

- 6.16 The Council accepts that its contribution to the County wide LAA targets is an area of development; nevertheless, the Council is contributing to the County wide targets. Achievements against the six County LAA objectives<sup>20</sup> are set out below.

#### **A: Communities that are Safe and Feel Safe**

- 6.17 The Council is helping to create communities that are safe. Burglary levels in the District have fallen from 759 in 2003/04 to a predicted outturn for 2006/07 of 348<sup>21</sup>. Similarly, violent crime has fallen from 1,160 in 2003/04 to a predicted outturn of 812<sup>22</sup>; and vehicle crime has dropped from 1,260 to 1,088 over the same period<sup>23</sup>. Fear of crime is still an issue, but a recent survey<sup>24</sup> suggests this is now reducing. The use of PACT meetings, neighbourhood wardens, diversionary activities, the expansion of CCTV, targeted operations like Operation Ocelot, aimed at reducing anti-social behaviour by boy racers in the towns car parks have all contributed to this.

#### **B: A Better Environment – For Today and Tomorrow**

- 6.18 The Council is contributing to a better environment through its recycling service and parks service, in particular, the recent award of a Green Flag for Sanders Park. The Council has also recently signed up to the Worcestershire Climate Change Declaration and has employed the Energy Savings Trust to undertake a review of its activities<sup>25</sup>. Domestic energy efficiency is up to 22.68% (2005/06) from a 2003 baseline of 5% and on target to achieve 2011 target of 30%<sup>26</sup>.

- 6.19 Whilst the housing moratorium has impacted on affordable housing provision it has led to a very high proportion of new developments being on brownfield sites, 92% (2005/06)<sup>27</sup>, compared to a target of 75% (2004) and 40% by 2011. With a limited amount of brownfield sites and the pressure for affordable housing, the use of Area Development Restraints may mean some greenfield sites will need to be released in the near future.

#### C: Economic Success that is Shared by All

- 6.20 The Council is a partner with Advantage West Midlands on the Bromsgrove Technology Park. Basepoint PLC has a building under construction, due to open in February 2007. Basepoint is a technology centre with “incubator” units to grow new businesses. The Council, in partnership with NEW college operates a successful business start up programme with 90 start ups over the last three years and a 70% survival rate. The Council also runs a monthly farmers market in Bromsgrove town centre and a Christmas market.

#### D: Improving Health and Well Being.

- 6.21 Overall, the health of the District’s populous compares favourably with other districts which reflects the general affluence of the area, with no areas being in the 20% least deprived nationally. Improving health is not a Council priority and the Council intends to stop its funding of the Haybridge and Woodrush dual use sports centres in 2007/08, and is currently investigating the transfer of the Dolphin Centre to a charitable trust. The Council does provide a Lifeline System (performance indicators for response times and equipment installation are all above target) for vulnerable residents and has made a capital contribution of £1m to support the provision of Extra Care Housing with the Housing Corporation.

#### E: Meeting the Needs of Children and Young People

- 6.22 It has been recognised at County level that district councils have struggled to engage with the “Every Child Matters” agenda; however, through the LSP, the Council has recently established a Children and Young People Board, which met for the first time in December 2006<sup>28</sup>. The Council does provide a range of activities for children and young people including: street theatre, the bonfire night, diversionary activities e.g. the Majors Green Football Scheme, boxing, which is due to start in South Bromsgrove High School in mid-February, Sanders Park and St Chads skate parks and play areas. The Council also works with voluntary organisations, for example, re-planting Chesnut Walk, working with the Scouts; and has provided training to nurseries on health and safety issues. The Council also facilitates the Primary Sports Project. This provides high quality physical education in first schools which in turn has led to increased contact and membership of local sports clubs and helps schools meet their healthy schools targets.

#### F: Stronger Communities

- 6.23 The Council recognises the importance of building stronger communities. The self assessment has already demonstrated the Council’s commitment to affordable housing, improving opportunities for recreation and empowering communities. The Council accepts the need to strengthen the link between its local priority on affordable housing and the year two County wide LAA target. The Council has provided Affordable Warmth Training for all staff; signed up to the Worcestershire Compact with the voluntary sector and launched its own shorter, more reader friendly Compact, within this framework. The Council understands that it needs to improve the access to

its services and has recently introduced a translation service in all its main reception points. The Council's main contribution to income deprivation is its benefits service (anti-poverty strategy, benefits take up, improved performance), but has also signed up to the County wide initiative on a free bus pass for older people. With regard to improving the quality of life in our most disadvantaged areas, the LSP Board has recently agreed to explore the physical regeneration of an area Charford<sup>29</sup>; while the planned regeneration of the town centre should benefit some of the more deprived communities who do not have the income or transport to commute to other shopping centres. The Council has modernised its domestic violence refuge and is closing its poor hostels for the homeless.

### **Meeting the Needs of the Vulnerable Within Our Communities**

- 6.24 The Council recognises that services must be delivered to all its communities and that the needs of all minority groups are considered and acted upon. For the last two years the Council, in partnership with the Back Community celebrated Black History Month. Other community projects include: the modification of the Council's waste collection services offering aid and assistance to people with specific assistance requirements; the launch of a telephone translation service; the increased provision and use of hearing induction loops at the Council House and the Hub; the provision of all literature in alternative formats on request and the inclusion of a yellow information sheet explaining the equality services available with every piece of correspondence sent out.
- 6.25 The Council has established processes to ensure the reduction of crime in the most vulnerable areas within our District and the Council provides a Lifeline Service to vulnerable elderly residents. In addition the Council has, in partnership with SCOPE undertaken an accessibility audit of all Council buildings<sup>30</sup> and polling stations in order to ensure that its services can be accessed and that all members of the community are able to participate fully in the democratic process. The Council has developed a Hate Crime Procedure<sup>31</sup> covering all six equality strands including race. The Equality and Diversity Forum has recently been expanded to nearly 40 members who have signed up to being involved in a 12-18 month programme of work to implement the Inclusive Equalities Scheme. The Council launched a shopmobility service in 2005, which now has over 140 users.

## **7. Conclusions**

- 7.1 This self assessment demonstrates that the Council has, particularly in the last 9 months, put in place the basic infrastructure required to deliver excellent services and outcomes for our communities - this is the key challenge for the coming years. In doing so the Council is aware that:-
- a). The District is essentially an affluent one and the societal problems it faces are ones of affluence. For example, affordable housing, the difficulty in identifying and supporting the small numbers of vulnerable people within our communities, regenerating the town centre, in particular, encouraging people to shop locally and not commute to other shopping centres in the region, counter acting the increasing social isolation within our communities and creating a greater social cohesion and sense of community. These are long term problems requiring a focus on outcomes.
  - b). In the shorter term, the Council needs to continue to address its own performance on a range of process and output indicators, for example, processing planning applications, the payment of benefits, domestic waste collection and the Hub; however, the Council needs to address some of the more intangible aspects of these services through an improved customer

experience, for example, the quality of face to face contact and the tone of letters.

- c). While the Council has improved its financial management and stabilised its budgetary position; in order to be able to deliver the above agenda, particularly, the longer term outcomes for its residents, the Council needs to develop capacity through a combination of working with its partners to lever in resources into the District, delivering efficiency savings through a strong value for money culture, alternative ways of meeting service delivery; generating income and improved Member and officer skills.
- d). Tackling all of the above is dependent on stable and sustainable political leadership. The forthcoming local elections will see a change in political membership and the Council will need to take steps to ensure the solid progress on improved Member/Member and Member/officer relations are maintained.

## Self Assessment Score by Council

<b>Theme</b>	<b>Self Assessed Score</b>
<b>Ambition</b>	<b>1</b>
<b>Prioritisation</b>	<b>1</b>
<b>Capacity</b>	<b>2</b>
<b>Performance Management</b>	<b>1</b>
<b>Achievement and Improvement</b>	<b>1</b>

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## BROMSGROVE DISTRICT COUNCIL

### AUDIT BOARD

19TH FEBRUARY 2007

#### 2007/2008 INTERNAL AUDIT PLAN

Responsible Portfolio Holder	Councillor Mrs. M. M. T. Taylor
Responsible Head of Service	Head of Financial Services

#### 1. Summary

1.1 To present for approval the 2007/2008 Internal Audit Plan.

#### 2. Recommendation

2.1 The Audit Board is recommendation to consider and approve the 2007/2008 Internal Audit Plan, as detailed in the report.

#### 3. Background

3.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".

3.2 To aid compliance with the regulation, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2003 details that "Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives and ensure the effective and efficient use of audit resources".

#### 4. Planning Process

4.1 Consultation into the production of the 2007/2008 Internal Audit Plan began in December 2006 and involved meetings and discussions with the following:

- Acting Chief Executive.
- Corporate Director (Services).
- Assistant Chief Executive.
- All Heads of Service.

4.2 Internal Audit has adopted an Audit Risk Model Policy. The document helps guide the planning process and enables a risk based audit plan to be produced. The planning process can be summarised as follows:

- All potential auditable areas are identified using budget details, Committee minutes and reports and meetings with various Council staff.
- Each area is then allocated a risk score based on the following areas:
  - Value of income and expenditure.
  - Number of employees involved and volume of transactions.
  - Risk impact on the organisation.
  - Impact of Management and staff.
  - Standard of Internal Control.
  - Likelihood of occurrence of risk.
  - Likely effectiveness of audit and length of time since previous audit.
  - Third Party Sensitivity and effectiveness of other assurance providers.
- The auditable areas are then ranked in order of risk, with the highest scoring areas being included in the plan.

4.3 The 2007/2008 Internal Audit Plan will aid the effectiveness of the Internal Audit function and ensure that:

- Internal Audit assists the Authority in meeting its objectives by reviewing the high risk areas, systems and processes.
- Audit plan delivery is monitored on a weekly basis, appropriate action is taken and performance reports are issued on a regular basis.
- The key financial systems are reviewed annually, enabling the Authority's external auditors to place reliance on the work completed by Internal Audit.
- An opinion can be formed on the adequacy of the Authority's system of internal control, which is detailed in the annual Internal Audit Opinion report included in the statement of accounts.

## 5. 2006/2007 Internal Audit Plan Summary

5.1 During 2006/2007 a number of issues impacted on the Internal Audit section. During the planning process for the 2007/2008 Internal Audit Plan, these issues were considered and appropriate action taken to prevent these from occurring during 2007/2008.

Issue	Action
Following the restructure, completed during Feb. '06, two new Auditors commenced employment between Apr. & May '06.	Both Auditors have attended training sessions and are familiar with the Council's operations, no action for 2007/2008.
Additional time was required to complete an unplanned audit review of Haybridge Sports Centre.	Audit review completed during 2006/2007, no action for 2007/2008.

Issue	Action
New working practices and procedures being introduced and delivery of the Internal Audit section in the Council's Recovery Plan.	Work on introducing standard working practices and procedures was completing during 2006/2007, no action for 2007/2008.
Additional unplanned time was required to assist in embedding risk management throughout the Authority. Risk Management was passed to Internal Audit from Jan. '07.	Although some time was built into the 2006/2007 Audit Plan for risk management, this was insufficient to cover the unforeseen event of risk management being passed to Internal Audit. Additional time has been included in the 2007/2008 Audit Plan to cover the sections risk management responsibilities.
A Housing Enabling audit review was completed during 2006/2007. However, following the review, ongoing advice was provided to improve operations.	Audit review and consultancy completed during 2006/2007, no action for 2007/2008.
Work and assistance provided on internal investigations.	An investigation contingency element was built into the 2006/2007 Internal Audit Plan and has also been included in the 2007/2008 Audit Plan.

5.2 Due to these unforeseen events, the following audit reviews were not completed during 2006/2007:

Audit Review	Comment
Agency & Casual Staff	The review was requested by the previous Head of HR & OD. A new process was introduced during the start of 2006/2007 and the review was put on hold. Subsequently, other priorities mean the review will not be completed.
Staff Leave (incl. Flexi & TOIL)	The review was requested by the previous Head of HR & OD. The Council adopted a new process for recording flexi and TOIL during the start of 2006/2007 and the review was put on hold. Subsequently, other priorities mean the review will not be completed.

Audit Review	Comment
IT Security (Hardware / Software / Back Up)	Internal Audit has had some input into the new IT infrastructure. However, due to priorities and IT security being covered to a certain degree during most reviews, the audit has not been completed.

**5. Financial Implications**

5.1 None outside existing budgets.

**6. Legal Implications**

6.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".

**7. Corporate Objectives**

7.1 Council Objective 04: Improvement.

**8. Risk Management**

8.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". Not fulfilling this requirement would have a negative impact on the Authority.

8.2 The Council is required to undertake certain judgmental audits each year as part of the managed audit arrangements. All other audit topics are risk assessed annually using an Audit Risk Model Policy and in accordance with the principals of risk management.

**9. Customer Implications**

9.1 No customer implications.

**10. Other Implications**

10.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	Improved governance arrangements.



Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None
Equalities and Diversity	None

## 11. **Others Consulted on the Report**

### 11.1

Portfolio Holder	No
Acting Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

## 12. **Appendices**

Appendix A - 2007/08 Internal Audit Plan.

### **Background Papers**

Audit Board Reports - 28th March 2006.

### **Contact officer**

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**APPENDIX A**

**2007/2008 Internal Audit Plan**

Audit Reviews

Description	Risk Score	Directorate	Service	Proposed Start Date
Project Management Methodology	88.9	Resources	E-Government & Customer Services	Quarter 1
Street Cleansing	71.1	Services	Street Scene & Waste Management	Quarter 1
Web Development / Updates	65.8	Resources	E-Government & Customer Services	Quarter 1
Stores & Garage (incl. Business Support)	58.6	Services	Street Scene & Waste Management	Quarter 1
Members' Expenses	58.5	Resources	Legal & Democratic Services	Quarter 1
Enforcement	57.1	Services	Planning & Environment Services	Quarter 1
Council Risk Registers	101.5	Acting Chief Executive	Corporate	Quarter 2
Equality and Diversity	78.1	Resources	Legal & Democratic Services	Quarter 2
Refuse Collection & Recycling	77.5	Services	Street Scene & Waste Management	Quarter 2
Health & Safety	63.3	Resources	HR & OD	Quarter 2
CCTV - Lifeline System	63.2	Services	Culture & Community Services	Quarter 2
Asset Management	62.8	Resources	Legal & Democratic Services	Quarter 2
Performance Indicators & Data Quality	61.4	Assistant Chief Executive	Corporate Communication, Policy & Performance	Quarter 2
E-mail policy & Internet Usage	61.3	Resources	E-Government & Customer Services	Quarter 2
Licensing & Taxi Licensing	59.5	Services	Planning & Environment Services	Quarter 2
Budgetary Control & Strategy	101.3	Resources	Financial Services	Quarter 3
Procurement (incl. E-Procurement & Best Value)	93.1	Resources	Financial Services	Quarter 3
Benefits	64.1	Resources	Financial Services	Quarter 3
Dolphin Centre	59.8	Services	Culture & Community Services	Quarter 3

Description	Risk Score	Directorate	Service	Proposed Start Date
Debtors	53.5	Resources	Financial Services	Quarter 3
Customer Service Centre	40.9	Resources	E-Government & Customer Services	Quarter 3
Payroll	76.9	Resources	HR & OD	Quarter 4
Creditors	68.2	Resources	Financial Services	Quarter 4
General Ledger & Bank Reconciliations	59.8	Resources	Financial Services	Quarter 4
Treasury Management	59.0	Resources	Financial Services	Quarter 4
Council Tax	57.9	Resources	Financial Services	Quarter 4
Disabled Facilities & Improvement Grants	54.5	Services	Planning & Environment Services	Quarter 4
NNDR	53.9	Resources	Financial Services	Quarter 4

#### Projects

Description	Service	Details	Proposed Start Date
Amphlett Hall	Legal & Democratic Services	Amphlett Hall Management Committee attendance.	Quarter 1
Leadership Development Programme	Corporate	County wide Programme attendance.	Quarter 1
Equalities Champion	Legal & Democratic Services	Equality Champions Working Group attendance.	Quarter 1
Information Management	E-Government & Customer Services	Information Management Working Group attendance.	Quarter 1
POP Project	Financial Services	POP Project input.	Quarter 1
PPlus System	Corporate Communication, Policy & Performance	PPlus System Project input.	Quarter 1

Description	Service	Details	Proposed Start Date
Local Code of Corporate Governance	Corporate	Review the Local Code of Corporate Governance and production of the Statement of Assurance.	Quarter 1
Risk Management	Corporate	Risk Management Steering Group attendance.	Quarter 1
Spatial Project	E-Government & Customer Services	Spatial Project input.	Quarter 1
Wyre Forest Risk Management	Corporate	Provide Risk Management consultancy for Wyre Forest DC.	Quarter 3

## BROMSGROVE DISTRICT COUNCIL

### AUDIT BOARD

19TH FEBRUARY 2007

#### INTERNAL AUDIT PERFORMANCE AND WORKLOAD

Responsible Portfolio Holder	Councillor Mrs. M. M. T. Taylor
Responsible Head of Service	Head of Financial Services

#### 1. Summary

1.1 To present a summary of the current performance and workload of the Internal Audit Section.

#### 2. Recommendation

2.1 The Audit Board is recommended to note and approve the:

- Current status and work completed on the 2006/2007 Audit Plan.
- Work completed by the Internal Audit Section during the first ten months of 2006/2007.
- Work regarding any ongoing investigations.
- Current Performance Indicator statistics.

#### 3. Background

3.1 Following the Audit Board meeting on the 25th April 2006, a number of standard agenda items and topics were agreed. This report includes information on the following areas:

- 2006/2007 Audit Plan - Current Status.
- Audit Work Completed since the previous Audit Board meeting.
- Summary of Investigations and Recommended Improvements.
- Performance Indicator statistics.
- New or updated audit documents.

#### 4. 2006/2007 Audit Plan - Current Status

4.1 The 2006/2007 Audit Plan came into effect on the 1st April 2006. Detailed below is the work completed to date on the audit reviews detailed in the plan.

Description	Section	Start Date	Current Status			Comments
			To Start	Ongoing	Complete	
<b>Audit Reviews</b>						
Agency & Casual Staff	HR & OD	Qtr 1	✓			Review will not be completed during 2006/2007.
Staff Leave (incl. Flexi & TOIL)	HR & OD	Qtr 1	✓			Review will not be completed during 2006/2007.
Data Protection	Legal & Demo.	Qtr 1			✓	Audit completed.
Housing Enabling	Plan. & Env.	Qtr 1			✓	Audit completed.
Travel Concessions	St. Scene & Waste Mngmnt	Qtr 1			✓	Audit completed.
CCTV System (incl. Control Room)	Cult. & Comm.	Qtr 2			✓	Audit completed.
Development Control	Plan. & Env.	Qtr 2			✓	Audit completed.
Sports Development	Cult. & Comm.	Qtr 2			✓	Audit completed.
Information & Knowledge Management	Legal & Demo.	Qtr 2		✓		Steering group meetings attended.
Woodrush Dual Use Centre	Cult. & Comm.	Qtr 2			✓	Audit completed.
Financial Regulations	Financial Srvs	Qtr 2			✓	Internal Audit involvement complete.
Parks & Open Spaces	Cult. & Comm.	Qtr 2			✓	Testing completed, draft report issued.
Museum and TIC	Cult. & Comm.	Qtr 2			✓	Audit completed.
Budgetary Control & Strategy	Financial Srvs	Qtr 3		✓		Testing ongoing.
Treasury Management	Financial Srvs	Qtr 3		✓		Testing completed, draft report to be discussed.
Asset Management	Financial Srvs	Qtr 3			✓	Audit completed.
Creditors	Financial Srvs	Qtr 3		✓		Testing completed, draft report to be discussed.
NNDR	Financial Srvs	Qtr 3			✓	Testing completed, draft report issued.

Description	Section	Start Date	Current Status			Comments
			To Start	Ongoing	Complete	
Customer Service Centre	E-Gov. & CS	Qtr 3			✓	Audit completed.
Benefits	Financial Srvs	Qtr 4		✓		Testing ongoing.
IT Security (Software / Hardware / Back Up)	E-Gov. & CS	Qtr 4	✓			Review will not be completed during 2006/2007.
Section 106 Monies	N/A	Qtr 4			✓	Audit completed.
Payroll	HR & OD	Qtr 4		✓		Testing ongoing.
General Ledger & Bank Reconciliations	Financial Srvs	Qtr 4		✓		Testing ongoing.
Debtors	Financial Srvs	Qtr 4		✓		Testing ongoing.
Council Tax	Financial Srvs	Qtr 4		✓		Testing ongoing.
<b>Projects</b>						
Risk Management	Financial Srvs	Ongoing		✓		Ongoing Internal Audit responsibility for Risk Management.
E-Government Projects	E-Gov. & CS	Ongoing		✓		Steering group meetings attended.
Corporate Governance & Recovery Plan	N/A	Ongoing			✓	Local Code of Corporate Governance reviewed and Statement of Assurance approved.
ICT Infrastructure Project	E-Gov. & CS	Ongoing		✓		Assistance in disposing of old IT equipment.

## 5. Audit Work Completed

5.1 In addition to the delivery of the 2006/2007 Audit Plan, as detailed in section 4, the following work has been completed by the Internal Audit section between 31st October 2006 and 31st January 2007.

- The responsibility for embedding risk management throughout the Authority was passed to Internal Audit from the 1st January 2007. So far, Internal Audit have reviewed and updated the previous risk management process, updated

the Risk Management Strategy and worked with all Services to collate their new Risk Registers.

- The Internal Audit Section has a representative on the Information Management Steering Group.
- Providing general contract and procurement advice and guidance on cash and security up procedures.
- Ongoing assistant on the Purchase Order Processing (POP) Project.
- Equalities impact assessments have been completed for all relevant audit documents. The assessments have been reviewed and approved by the Council's Equalities Officer.
- The fourth Fraud Newsletter has been circulated to staff.
- Monthly monitoring of the Internal Audit Section's 2006/07 Performance Indicators. Further information has been provided in section 7.
- Discussing the possibility of offering risk management advice to Wyre Forest DC.
- The Council's Confidential Reporting Code has been revised.
- The 2007/2008 Internal Audit Plan has been collated.
- Data for the National Fraud Initiative (NFI) has been submitted.

## **6. Summary of Investigations and Recommended Improvements**

6.1 Internal Audit has been involved in three investigations since the previous Audit Board meeting. Internal Audit's involvement in each case can be summarised by the following:

- Investigation Code FR204: Internal Audit was consulted regarding best practice and compliance with Council procedures. The review is currently ongoing.
- Investigation Code FR206: Internal Audit was contacted regarding its procurement practice and approach to service level agreements. Following consultation with several parties, the area discussed will be reviewed during 2007/08.
- Investigation Code FR207: Internal Audit was contacted regarding the conduct of a section within the Council. Work is currently ongoing.

6.2 None of the completed investigations detailed above have resulted in any major risks to the Council and its assets. Additionally, where possible, the issues detailed above and Internal Audit's subsequent involvement resulted in improved systems, processes and a more robust system of internal control within the Council.

## **7. 2006/2007 Internal Audit Performance Indicators**

7.1 At the Audit Board meeting on the 25th April 2006, the new 2006/2007 Performance Targets were agreed. Detailed below is the first ten months performance against the targets.



No	Description	2006/07 Target	2006/07 Actual	Comments
1	Delivery of Audit Plan (Jobs Finished)	54%	50%	50% of audit reviews have been completed to date against a target of 54%. Additionally, work has commenced on 87% of audit reviews for 2006/07.
2	Delivery of Audit Plan (Resources)	95%	100%	100% of planned resources have been available during 2006/2007.
3	Productive audit time	67%	66%	Days spent on new starter training, annual leave and bank holidays, all planned for.
4	Assignments completed within budget	85%	93%	One audit assignment has been completed outside budget. However, performance is still within target for 2006/2007.
5	Response time to fraud/allegations	5 days	2 days	All allegations and investigations have been responded to within 5 days for 2006/2007.
6	Pre-audit meetings held for each audit	100%	100%	Pre-audit meetings have been held for all 2006/2007 audit reviews.
7	Post audit meetings held for each audit	100%	100%	Post audit meetings have been held for all 2006/2007 audit reviews.
8	Draft report turnaround	5 days	1 day	All draft reports have been issued within 5 days for 2006/2007.
9	Final report turnaround	10 days	7 days	All final reports have been issued within 10 days for 2006/2007.
10	Number of recommendations accepted	90%	99%	99% of recommendations have been accepted for 2006/2007.
11	Post Audit Questionnaires returned	85%	91%	91% of post audit questionnaires have been returned 2006/2007.
12	Customer feedback rating	90%	99%	99% positive feedback has been received from post audit questionnaires returned during 2006/2007.

No	Description	2006/07 Target	2006/07 Actual	Comments
13	Attendance	6.0 days	3.0 days	Staff sick days are within target for 2006/2007.

7.2 Following each final report, the Head of Service and/or Service Manager are issued with a Quality Questionnaire. This enables them to rate the service they received and details any areas that need improving. From the questionnaires issued so far this financial year, the following comments have been received:

- Asset Management Review:

"The audit was particularly well timed as it coincided with the development of the Asset Management Plan (AMP). It therefore added a useful challenge as to whether the improvement actions as contained in the AMP were relevant and based upon the actual situation within the Council. It was also useful as Rachel suggested a number of different areas where things could be improved and also potential ways of making the improvements.

This sort of approach is what is expected the Audit Team and from my perspective adds more value than the typical sort of audit approach."

- Development Control Review:

"A very useful exercise carried out in a professional and friendly manner."

## 8. New or updated audit documents.

8.1 The Council's Anti Fraud & Corruption Strategy, that was approved by the Executive Cabinet on the 22nd February 2006, has been reviewed and updated. There were only minor changes to the document, and include

- Reference to the new Fraud Act 2006, which came into force on the 15th January 2007;
- Amending the Section 151 Officer role to the Head of Financial Services; and
- Reference to the Council's new Financial Regulations.

## 9. Financial Implications

9.1 None outside existing budgets.

## 10. Legal Implications

10.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices".

## 11. Corporate Objectives

11.1 Council Objective 04: Improvement.

## 12. Risk Management

12.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices". Not fulfilling this requirement would have a negative impact on the Authority.

## 13. Customer Implications

13.1 No customer implications.

## 14. Other Implications

14.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	None
Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None
Equalities and Diversity	None

## 15. Others Consulted on the Report

15.1

Portfolio Holder	No
Acting Chief Executive	Yes
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

## **16. Appendices**

16.1 None.

### **Background Papers**

Audit Board agenda and reports - 21st November 2006.

### **Contact officer**

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## BROMSGROVE DISTRICT COUNCIL

### AUDIT BOARD

19TH FEBRUARY 2007

#### RECOMMENDATION TRACKER

Responsible Portfolio Holder	Councillor Mrs. M. M. T. Taylor
Responsible Head of Service	Head of Financial Services

#### 1. Summary

- 1.1 To present the new process for monitoring implementation of "priority one" recommendations included in audit reports.

#### 2. Recommendation

- 2.1 The Audit Board is recommended to note and approve the new process for monitoring implementation of "priority one" recommendations.

#### 3. Background

- 3.1 During the Audit Board meeting on the 25th April 2006 it was agreed that "priority one" recommendations would be monitored on a quarterly basis. The Audit Board would then be updated on recommendations where:

- No action had been taken.
- Limited action had been taken to address key issues.

A Recommendation Tracker form was agreed and introduced to enable the Internal Audit Section to accurately monitor each sections progress in implementing "priority one" recommendations.

- 3.2 Since July 2006, Recommendation Tracker reports have been sent to the relevant Heads of Service and they have been asked to detail whether each "priority one" recommendation included on 2005/2006 audit reports have been implemented. Where work was ongoing or due to start, details were requested on what was planned to be done and details of an expected implementation date.

#### 4. Recommendation Tracker Report Summary

- 4.1 During 2006/2007 the implementation of "priority one" recommendations has been monitored by Internal Audit on a quarterly basis. However, as the tracker process has been implemented for almost 12 months, a review was undertaken during January 2007 to assess its effectiveness. Following this review, a few issues were identified and subsequently, the process has been updated to address those issues:

- As the Internal Audit section now has almost two years of information, a "priority one" recommendation is easier to define. Subsequently, 2006/2007 reports have included recommendations that are more accurately prioritised.
- Rather than reporting all outstanding recommendations to the Audit Board, the new escalation process for recommendations proposes that:
  - between one and three months overdue, recommendations will be reported to the Head of Service and SMT Officer.
  - between three and six months overdue, recommendations will be reported to CMT for discussion, where appropriate.
  - more than six months overdue, recommendations will be reported to the Audit Board.
- The current status of recommendations is now monitored in line with the Council's Improvement Plan. Therefore if recommendations are:
  - Green: they are on target.
  - Amber: they are one month behind.
  - Red: they are more than one month behind.
- Internal Audit will request updates quarterly.
- Audi Board updates will be reported six monthly.

4.2 Internal Audit will request the first update on "priority one" recommendations during July 2007.

## **5. Financial Implications**

5.1 None outside existing budgets.

## **6. Legal Implications**

6.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices".

## **7. Corporate Objectives**

7.1 Council Objective 04: Improvement.

## **8. Risk Management**

8.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices". Not fulfilling this requirement would have a negative impact on the Authority.

## **9. Customer Implications**

9.1 No customer implications.

## 10. Other Implications

10.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	None
Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None
Equalities and Diversity	None

## 11. Others Consulted on the Report

11.1

Portfolio Holder	No
Acting Chief Executive	Yes
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

## 12. Appendices

12.1 Appendix A: Priority 1 Audit Recommendations - Current Status

### Background Papers

Audit Board agenda and reports - 18th September 2006.

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## BROMSGROVE DISTRICT COUNCIL

### AUDIT BOARD

19TH FEBRUARY 2007

#### AUDIT BOARD OPERATIONS

Responsible Portfolio Holder	Councillor Mrs. M. M. T. Taylor
Responsible Head of Service	Head of Financial Services

#### 1. Summary

1.1 To present:

- An update on the completed Audit Committee CIPFA Self Assessment document, as presented at to the Audit Board on the 21st November 2006.
- The updated Audit Board Terms of Reference.

#### 2. Recommendation

2.1 The Audit Board is recommended to note and agree the:

- Necessary action following the completed Audit Committee CIPFA Self Assessment document, as presented at to the Audit Board on the 21st November 2006.
- Updated Audit Board Terms of Reference.

#### 3. Background

3.1 During October 2006, CIPFA's Audit Committees: Practical Guidance for Local Authorities Self Assessment was completed and presented to the Audit Board on the 21st November 2006. The completed assessment showed that although the Audit Board has only been operating for just under twelve months, it already complies with the majority of the CIPFA guidance. However, consideration needed to be given to completing further work in order to ensure full compliance.

3.2 At the 28th March 2006 Audit Board meeting, the Terms of Reference for the Board were agreed. However, following on from the CIPFA Audit Committees: Practical Guidance for Local Authorities Self Assessment, a review of the Audit Board's Terms of Reference was completed during January 2007. Following the review, a number of updates have been identified.

#### 4. CIPFA Audit Board Self Assessment

4.1 During October 2006, CIPFA's Audit Committees: Practical Guidance for Local Authorities Self Assessment was completed. The assessment identified that further work needed to be completed to ensure full compliance and a number of

points were raised at the 21st November Audit Board meeting. An update on the outstanding issues is attached in Appendix A, although specific areas to note are:

- The Audit Board's Terms of Reference have been amended and include "To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance";
- The Council's revised Confidential Reporting Code will be reported to the Audit Board on the 19th February 2007;
- The Audit Board need to consider whether cross membership with other scrutiny functions is acceptable; and
- To consider Audit Board training as part of the Modern Member training programme. Work has also begun on seeking external input or mentoring for the Audit Board, as discussed at the Government Monitoring Board on the 26th November 2006.

## **5. Audit Board Terms of Reference**

5.1 A review of the Audit Board's Terms of Reference was completed during January 2007. To ensure full compliance with the CIPFA guidance, as summarised in section 4, and to reflect increased responsibilities with risk management, the following key updates are proposed:

- The board will monitor Council policies on 'Raising Concerns at Work', including the Confidential Reporting Code, Anti Fraud and Corruption Strategy and the Council's complaints procedure.
- The board will monitor the effective development and operation of risk management.
- To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

## **6. Financial Implications**

6.1 Following discussions with the Head of Financial Services, there will be a financial implication if:

- an external member of the Audit Board is required; or
- external training or mentoring of Audit Board members is decided.

There is no specific budget available for the costs arising from external members being appointed to a Council Board or Committee.

There is an allocation in respect of member training which may be available for additional training for the Audit Board.

Additionally, audit and financial awareness training is intended to be provided to members internally, at no extra cost.

**7. Legal Implications**

7.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".

**8. Corporate Objectives**

8.1 Council Objective 04: Improvement.

**9. Risk Management**

9.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". Not fulfilling this requirement would have a negative impact on the Authority.

**10. Customer Implications**

10.1 No customer implications.

**11. Other Implications**

11.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	None
Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None
Equalities and Diversity	None

**12. Others Consulted on the Report**

12.1

Portfolio Holder	No
Acting Chief Executive	Yes

Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

### **13. Appendices**

13.1 Appendix A: CIPFA Audit Board Self Assessment.

13.2 Appendix B: Updated Audit Board Terms of Reference.

### **Background Papers**

Audit Board agenda and reports - 28th March and 21st November 2006.

### **Contact officer**

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**CIPFA Audit Board Self Assessment**

No.	Issue	Yes	No	N/A	Self Assessment (Oct. '06)	Current Position (Jan. '07)
<b>1.</b>	<b>Terms of Reference</b>					
3.2	Does the committee input into the external audit programme?		✓		The 2006/2007 Audit and Inspection Plan was presented to the Audit Board on the 13th June 2006. However, the Audit Board does not currently request specific areas to be included in the programme.	The Audit Board's Terms of Reference have been amended to include:  "To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance."
<b>4.</b>	<b>General</b>					
4.2	Does the committee take a role in overseeing: - Risk Management Strategies;  - Internal Control Statements;  - Anti-Fraud Arrangements; and	✓  ✓  ✓			- Corporate Risk Register is due to be presented, but the Council's Risk Strategy has not been presented; - 2005/2006 Statement of Internal Control was approved by the Audit Board on the 13th June 2006. - An update of completed and ongoing fraud investigations is presented at each meeting. Progress against the Audit Commission's NFI data matching exercise will also be reported; and	- N/A.  - N/A.  - N/A

No.	Issue	Yes	No	N/A	Self Assessment (Oct. '06)	Current Position (Jan. '07)
	- Whistle-Blowing Strategies.		✓		- The Council's Confidential Reporting Code has not been presented, although it has not been updated since September 2004.	- The Council's Confidential Reporting Code will be reported following its next update.
<b>5.</b>	<b>Membership</b>					
5.3	Are members sufficiently independent of the other key committees of the council?		✓		<p>Councillor S. J. Baxter - Planning Committee, Performance Management Board.</p> <p>Councillor C. B. Lanham - Performance Management Board.</p> <p>Councillor A. N. Blagg - Performance Management Board, Licensing Committee.</p> <p>Councillor A. J. Dent - Scrutiny Steering Board, Licensing Committee.</p> <p>Councillor J. T Duddy - Scrutiny Steering Board.</p> <p>Councillor G. H. R. Hulett - Planning Committee, Licensing Committee, Local Development Framework Working Party.</p> <p>Councillor N. Psirides - Scrutiny Steering Board, Planning Committee, Licensing Committee, Local Development Framework Working Party.</p>	<p>The CIPFA guidance describes key committees are the executive and scrutiny functions.</p> <p>The Audit Board complies with the CIPFA guidance that states:</p> <p>- The audit committee chair should not be, expressly, a member of the executive</p> <p>However, current Audit Board membership does not comply with the guidance that states:</p> <p>- The audit committee needs to be independent from executive and scrutiny. The link with the scrutiny function can be beneficial but the ultimate power of the audit committee could be compromised by too much cross-membership.</p> <p>- The audit committee needs to retain the ability to challenge the executive on issues and to report to it on major</p>

No.	Issue	Yes	No	N/A	Self Assessment (Oct. '06)	Current Position (Jan. '07)
					However, Audit Board's current membership and quorum complies with the Council Procedure Rules for committees and is due for review at Full Council on the 14th November 2006.	issues and contraventions. Therefore cross-membership should not be the norm, and if it is seen as necessary should be restricted to one member from each.
5.4	Have all members' skills and experiences been assessed and training given for identified gaps?		✓		A full member skills and experience assessment has not been completed. However, as part of the Modern Member programme a training needs analysis will be completed.	To be considered as part of the Modern Member training programme.  Work has also begun on seeking external input or mentoring for the Audit Board, as discussed at the Government Monitoring Board on the 26th November 2006.
<b>7.</b>	<b>Training</b>					
7.1	Is induction training provided to members?		✓		Although no formal induction training has taken place, the following action has been completed: - A copy of the CIPFA "Audit Committees: Practical Guidance for Local Authorities" booklet was circulated to all Audit Board members following the 28th March 2006 Audit Board meeting; - KPMG completed a presentation at the 25th April 2006 Audit Board meeting	As per 5.4 above, to be considered as part of the Modern Member training programme and the ongoing work in seeking external input into the Audit Board.

No.	Issue	Yes	No	N/A	Self Assessment (Oct. '06)	Current Position (Jan. '07)
					<p>which summarised best practice guidance for Audit Boards; and</p> <p>- A report summarising the Internal Audit process and how Audit Boards feed into that process was presented at the 28th March 2006 Audit Board meeting.</p>	
7.2	Is more advanced training available as required?		✓		No advanced Audit Board training has been completed, although it could be offered on a needs basis.	As per 5.4 above, to be considered as part of the Modern Member training programme and the ongoing work in seeking external input into the Audit Board.



**AUDIT BOARD**

Operating Arrangements

No.	Previous Statement	Amendments (Yes / No)	No.	New Statement
1	The Audit Board will be a fully constituted Authority Committee.	No	1	The Audit Board will be a fully constituted Authority Committee.
2	It will meet at least four times per year.	No	2	It will meet at least four times per year.
3	It will comprise seven elected members.	No	3	It will comprise seven elected members.
4	The board will have the authority to require the attendance of any elected member or officer of the Authority.	No	4	The board will have the authority to require the attendance of any elected member or officer of the Authority.
5	The Audit Services Manager may report directly to the Chair of the board if deemed necessary.	No	5	The Audit Services Manager may report directly to the Chair of the board if deemed necessary.
6	The administration of the board will be provided by Legal and Democratic Services.	No	6	The administration of the board will be provided by Legal and Democratic Services.
7	The board may report directly to full Council where it believes there have been improprieties.	Yes	7	The board may report directly to full Council if deemed necessary.
8	The Audit Board's minutes and recommendations to be reported to the next available meeting of the Cabinet.	No	8	The Audit Board's minutes and recommendations to be reported to the next available meeting of the Cabinet.

Terms of Reference

No.	Previous Statement	Amendments (Yes / No)	No.	New Statement
1	The board is charged with monitoring the good stewardship of the Authority's resources through the work of the Internal Audit function.	No	1	The board is charged with monitoring the good stewardship of the Authority's resources through the work of the Internal Audit function.
2	The board will support the profile, status and authority of the Internal Audit function and will demonstrate its independence.	No	2	The board will support the profile, status and authority of the Internal Audit function and will demonstrate its independence.
3	The board will contribute towards making the Authority, its committees and departments more responsive to the Internal Audit function.	No	3	The board will contribute towards making the Authority, its committees and departments more responsive to the Internal Audit function.
4	The board is charged with the responsibility for promoting internal control by the systematic appraisal of the Authority's internal control mechanisms, by the development of an anti-fraud culture and by the review of financial procedures.	No	4	The board is charged with the responsibility for promoting internal control by the systematic appraisal of the Authority's internal control mechanisms, by the development of an anti-fraud culture and by the review of financial procedures.
		New	5	The board will monitor Council policies on 'Raising Concerns at Work', including the Confidential Reporting Code, Anti Fraud and Corruption Strategy and the Council's complaints procedure.

No.	Previous Statement	Amendments (Yes / No)	No.	New Statement
5	The board is charged with the responsibility for focusing audit resources, by agreeing the audit plans and monitoring delivery of the Internal Audit function.	No	6	The board is charged with the responsibility for focusing audit resources, by agreeing the audit plans and monitoring delivery of the Internal Audit function.
6	The board will monitor both internal and external audit performance by ensuring auditor/officer collaboration within the agreed timescales, by securing the timely preparation and response to audit reports, by ensuring the implementation of audit recommendations and by monitoring the finalisation of the annual accounts.	No	7	The board will monitor both internal and external audit performance by ensuring auditor/officer collaboration within the agreed timescales, by securing the timely preparation and response to audit reports, by ensuring the implementation of audit recommendations and by monitoring the finalisation of the annual accounts.
7	To receive and consider a summary of internal audit work undertaken since the last meeting, plus the current status of this work.	Yes	8	The board will consider the Audit Services Manager's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of Council's corporate governance arrangements.
8	The board will monitor compliance with the Authority's standards, codes of practice and policies through the work of the Internal Audit function.	Yes	9	The board will consider the Council's compliance with its own and other published standards and controls.
		New	10	The board will maintain an overview of the Council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.

No.	Previous Statement	Amendments (Yes / No)	No.	New Statement
9	The board will monitor compliance with relevant legislative requirements through the work of the Internal Audit function.	No	11	The board will monitor compliance with relevant legislative requirements through the work of the Internal Audit function.
10	The board will ensure that it acts within the policies and strategies of the Authority.	No	12	The board will ensure that it acts within the policies and strategies of the Authority.
		New	13	The board will monitor the effective development and operation of risk management.

## Board Remit

No.	Previous Statement	Amendments (Yes / No)	No.	New Statement
1	Agree the annual and strategic audit plans.	No	1	Agree the annual and strategic audit plans.
2	Review Internal Audit's progress against the audit plan and consider Internal Audit performance measures.	No	2	Review Internal Audit's progress against the audit plan and consider Internal Audit performance measures.
3	Receive and consider a summary of work undertaken by Internal Audit since the last meeting, plus current status.	No	3	Receive and consider a summary of work undertaken by Internal Audit since the last meeting, plus current status.
4	Receive and consider executive summaries of process reviews.	Yes	4	Receive and consider executive summaries of process reviews, as requested.
5	Receive and consider executive summaries of VFM reports.	Yes	5	Receive and consider executive summaries of VFM reports, as requested.

No.	Previous Statement	Amendments (Yes / No)	No.	New Statement
6	Receive and consider executive summaries of contract audit reports.	Yes	6	Receive and consider executive summaries of contract audit reports, as requested.
7	Receive and consider executive summaries of any special investigations undertaken by Internal Audit.	Yes	7	Receive and consider executive summaries of any special investigations undertaken by Internal Audit, as requested.
8	Receive and consider a chronological summary of internal audit reports awaiting departmental response and address any evident problems.	Yes	8	To receive quarterly "Recommendation Tracker" reports which detail outstanding key recommendations that require attention.
9	Monitor the proportion of key recommendations actioned since the previous meeting.	Yes	N/A	Remove.
		New	9	To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
		New	10	To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
		New	11	To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.

No.	Previous Statement	Amendments (Yes / No)	No.	New Statement
10	Consider all external audit reports.	Yes	12	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
		New	13	To comment on the scope and depth of external audit work and to ensure it gives value for money.
		New	14	To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
		New	15	To liaise with the Audit Commission over the appointment of the Council's external auditor.

## BROMSGROVE DISTRICT COUNCIL

### AUDIT BOARD

19TH FEBRUARY 2007

#### 2007/08 AUDIT BOARD WORK PROGRAMME

Responsible Portfolio Holder	Councillor Mrs. M. M. T. Taylor
Responsible Head of Service	Head of Financial Services

#### 1. Summary

1.1 To present and seek approval for the 2007/2008:

- Audit Board work programme.
- Internal Audit Performance Indicators.

#### 2. Recommendation

2.1 The Audit Board is recommended to note and approve the 2007/2008:

- Work programme and meeting agenda items.
- Performance Indicator targets.

#### 3. Background

3.1 Following the first Audit Board meeting on the 28th March 2006, the 2006/2007 work programme, agenda items and topics were agreed. The work programme details when each subject will be discussed and enables the Audit Board to plan ahead for future meetings. The work programme has been reviewed during 2006 and an updated version collated.

3.2 At the 25th April 2006 Audit Board meeting, the 2006/2007 Performance Indicators were agreed. A review of the current performance indicators was completed during January 2007, which included a benchmarking exercise. Following this review, the 2007/2008 performance indicators have been set.

#### 4. Audit Board Work Programme

4.1 The key dates for the Audit Board to note during 2007/2008 are:

No.	Agenda Item	Qtr 1	Qtr 2	Qtr 3	Qtr 4
1	Internal Audit Performance and Workload	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Local Code of Corporate Governance	<input type="checkbox"/>			
3	Statement of Assurance	<input type="checkbox"/>			

No.	Agenda Item	Qtr 1	Qtr 2	Qtr 3	Qtr 4
4	Statement on Internal Control	<input type="checkbox"/>			
5	Use of Resources Assessment	<input type="checkbox"/>			
6	Risk Management Update	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Corporate Risk Register		<input type="checkbox"/>		
8	Annual Internal Audit Opinion		<input type="checkbox"/>		
9	Recommendation Tracker		<input type="checkbox"/>		<input type="checkbox"/>
10	Letter of Management Representations		<input type="checkbox"/>		
11	CIPFA Audit Committee Self Assessment			<input type="checkbox"/>	
12	Annual Internal Audit Plan				<input type="checkbox"/>
13	Audit Board Terms of Reference				<input type="checkbox"/>
14	Audit Board Work Programme				<input type="checkbox"/>

4.2 External audit reports will be submitted to the Audit Board as and when they are received. Examples of these reports include:

- Final Accounts Memorandum.
- Annual Audit and Inspection Letter.
- Audit Inspection Plan; and
- Interim Memorandum.

## 5. 2007/2008 Internal Audit Performance Indicators

5.1 The Performance Indicator targets for 2007/2008 have been set, taking into consideration the 2006/2007 performance and current work pressures placed on the section.

No	Description	2005/06 Target	2006/07 Target	2007/08 Target	Comments
1	Delivery of Audit Plan (Jobs Finished)	90%	85%	90%	Target increased due to performance during 2006/2007.
2	Delivery of Audit Plan (Resources)	100%	95%	95%	No change, acceptable target.
3	Productive audit time	65%	67%	69%	Target increased due to performance during 2006/2007.
4	Assignments completed within budget	90%	85%	85%	No change, acceptable target.
5	Response time to fraud/allegations	5 days	5 days	5 days	No change, acceptable target.
6	Pre-audit meetings held for each audit	100%	100%	100%	No change.
7	Post audit meetings held for each audit	100%	100%	100%	No change.



No	Description	2005/06 Target	2006/07 Target	2007/08 Target	Comments
8	Draft report turnaround	10 days	5 days	5 days	No change, acceptable target.
9	Final report turnaround	10 days	10 days	10 days	No change, acceptable target.
10	Number of recommendations accepted	85%	90%	95%	Target increased due to performance during 2006/2007.
11	Post Audit Questionnaires returned	75%	85%	85%	No change, acceptable target.
12	Customer feedback rating	90%	90%	92%	Target increased due to performance during 2006/2007.
13	Attendance	8 days	8 days	8 days	No change, corporate standard.

## 6. Productive Audit Time

- 6.1 The 2007/2008 Performance Indicator target for Internal Audit productivity has been set at 69%. The areas that determine the overall productivity of the Internal Audit Section are:

Area	2005/06 Planned Days	2006/07 Planned Days	2007/08 Planned Days
<b>Productive Time</b>			
Planned Audit Reviews	580 days	535 days	475 days
Projects	N/A	N/A	120 days
Unplanned Audit Reviews	40 days	20 days	14 days
Follow Up Checks	N/A	12 days	20 days
Consultancy	40 days	30 days	16 days
Corporate Initiatives	N/A	15 days	18 days
Previous Years Work	N/A	23 days	10 days
Investigations and Fraud Awareness	35 days	50 days	42 days
<b>Total</b>	<b>695 days</b>	<b>685 days</b>	<b>715 days</b>
<b>Non-Productive Time</b>			
Internal Audit Administration (Timesheets, File Maintenance, etc.)	23 days	20 days	15 days
Internal Audit Management (i.e. Audit Board, PI's, Training, etc.)	170 days	133 days	128 days
Staff Leave (Annual, Bank Holidays, Sickness, etc.)	156 days	176 days	182 days
<b>Total</b>	<b>349 days</b>	<b>329 days</b>	<b>325 days</b>

Area	2005/06 Planned Days	2006/07 Planned Days	2007/08 Planned Days
% of Internal Audit time classed as productive	66%	67%	69%

**7. Financial Implications**

7.1 None outside existing budgets.

**8. Legal Implications**

8.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".

**9. Corporate Objectives**

9.1 Council Objective 04: Improvement.

**10. Risk Management**

10.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". Not fulfilling this requirement would have a negative impact on the Authority.

10.2 The Council is required to undertake certain judgmental audits each year as part of the managed audit arrangements. All other audit topics are risk assessed annually using an Audit Risk Model Policy and in accordance with the principals of risk management.

**11. Customer Implications**

11.1 No customer implications.

**12. Other Implications**

12.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	Improved governance arrangements.
Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None

Equalities and Diversity	None
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### 13. **Others Consulted on the Report**

13.1

Portfolio Holder	No
Acting Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

### 14. **Appendices**

14.1 None.

#### **Background Papers**

Audit Board Reports - 25th April 2006.

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## BROMSGROVE DISTRICT COUNCIL

### EXECUTIVE CABINET

7TH MARCH 2007

#### REVISED RISK MANAGEMENT STRATEGY

Responsible Portfolio Holder	Councillor Mrs. M. M. T. Taylor
Responsible Head of Service	Head of Financial Services

#### 1. Summary

1.1 To present for approval the revised Risk Management Strategy.

#### 2. Recommendation

2.1 The Executive Cabinet is recommended to consider and approve the revised Risk Management Strategy.

#### 3. Background

3.1 On an annual basis, the Council is subject to an external audit assessment on its "Use of Resources". The assessment focuses on financial management and links to the strategic management of the Council. It looks at how financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money. The assessment also informs decisions about possible CPA re-categorisation.

3.2 The specific area within the "Use of Resources" assessment for risk management is section 4.1, which states "The council manages its significant business risks".

3.3 At the 18th January 2006 Executive Cabinet meeting, a Risk Management Strategy, together with the terms of reference of the Risk Management Steering Group and for Risk Officers, was approved. Following approval of the strategy, work has been ongoing to embed a robust risk management culture and adopt a corporate approach to manage Council's business risks.

3.4 In January 2007, responsibility for facilitating the implementation of the Council's risk management approach was moved to the Internal Audit section. As part of this transfer, a full review of the Council's approach was completed, which included an assessment of the Council's current Risk Management Strategy. Following this review, the Council's approach to managing its business risks has been updated, and the Risk Management Strategy has been revised to reflect these changes.

#### **4. Revised Risk Management Strategy**

4.1 Risk management is not a concept that exists in isolation and must be viewed in terms of the way in which all decisions; policies, acts or omissions could impact on the Council and its ability to achieve its vision, values, objectives and priorities. In summary, risk management is the process of:

- Identifying risks that may prevent the Council achieving its strategic and operational objectives;
- Evaluating their potential consequences; and
- Avoiding or implementing the most effective way of controlling them.

It is also about considering business opportunities as well as threats.

4.2 The aim of this strategy is to ensure that Bromsgrove District Council adopts best practice in the identification, analysis and management of its risks. The real value of risk management lies in the benefits it will deliver. Those benefits will be varied in their nature and extent and some may be more measurable than others, but they will all be important to the Council's reputation and ability to deliver improved and value for money public services. Some of the benefits include:

- Effective performance and achievement of objectives;
- Improved financial performance;
- Enhanced reputation and public confidence;
- Improved corporate governance and controlled systems;
- Early warning of problems and prioritisation of resources; and
- Improved business planning by focussing on the outcome not the process.

4.3 The Council's corporate approach to identify and manage its business risks is:

- A clear understating of the Council's corporate and operational objectives;
- To identify and assess the risks that will prevent the Council and its services from achieving their objectives;
- Completion of the standard risk management documentation, including the Risk Register and Action / Improvement Plan;
- Implementation of the actions and improvements identified;
- Monthly and quarterly monitoring and reporting on the current position for each action and improvement by the Council's Risk Management Steering Group; and
- An ongoing review of the information included in the Risk Register and Action / Improvement Plan.

4.4 As part of the new strategy and process review, the Risk Management Steering Group will also be updating the Council's Corporate Risk Register, to ensure it is accurate and reflects the Council's current objectives and priorities.

#### **5. Financial Implications**

5.1 None outside existing budgets.

**6. Legal Implications**

6.1 None.

**7. Corporate Objectives**

7.1 Council Objective 04: Improvement

**8. Risk Management**

8.1 Implementing a Risk Management Strategy will ensure that all decisions are taken with due consideration for the relevant risks and will assist the Council to achieve its objectives, priorities, vision and values. The strategy complies with best practice, will maximise the benefits to the Council and ensure an improved corporate approach in embedding a risk management culture within the Authority.

**9. Customer Implications**

9.1 No customer implications.

**10. Other Implications**

10.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	Improved risk management approach.
Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None
Equalities and Diversity	None

**11. Others Consulted on the Report**

11.1

Portfolio Holder	No
Acting Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes

Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

## 12. Appendices

Appendix 1 - Risk Management Strategy.

### Background Papers

Executive Cabinet 18th January 2006 - Agenda item 9.

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**Bromsgrove**  
District Council

[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

# Risk Management Strategy

## **Risk Management Strategy**

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### **1. Risk Management Statement of Intent**

The Executive Cabinet and the Corporate Management Team are collectively fully committed to implementing the Risk Management Strategy and acknowledge the contribution that it will make to the governance of the organisation. The Risk Management Strategy will also assist the Council in achieving its objectives, priorities, vision and values. Overall responsibility for ensuring that risks are effectively managed lies with both the Executive and the Chief Executive.

## **2. Introduction**

Bromsgrove District Council is aware of the need to embed risk management across the whole organisation in a consistent manner. Employees at all levels will need to have an understanding of risk management and will be required to view it as a fundamental part of all functions carried out by the Council. The implementation of this Risk Management Strategy will ensure that all decisions are taken with due consideration for the relevant risks. This will maximise the benefits to the Council.

Risk management and internal control are firmly linked with the ability of the Council to fulfil clear corporate objectives. The Council's objectives are examined on an ongoing basis and are currently:

- Regeneration;
- Environment;
- Sense of Community and Well Being; and
- Improvement.

Adopting a Risk Management Strategy complies with best practice and aids in embedding a robust governance culture. The Risk Management Strategy will support the Council's Local Code of Corporate Governance, which includes the need to produce an annual Statement of Assurance. Risk management can be used to reinforce what members and senior management are seeking to achieve. By embracing risk management in this way we will focus on opportunities for the Council as well as dealing with possible threats. For risk management to be effective there must be a clear link between objectives and risks. It is therefore essential that risk management is embedded within the Council's culture and risk is considered at all levels across the Council.

## **3. Risk Management Overview**

Risk management is the process of:

- Identifying risks that may prevent the Council achieving its strategic and operational objectives;
- Evaluating their potential consequences; and
- Avoiding or implementing the most effective way of controlling them.

It is also about considering business opportunities as well as threats.

## **4. Risk Management Aims and Objectives**

The aim of this strategy is to ensure that Bromsgrove District Council adopts best practice in the identification, analysis and management of its risks.

a) To do this it will need to achieve the following objectives:

- Embed risk management into the culture and operations of the Council to facilitate effective decision making.
- Adopt a systematic approach to risk management as an integral element of performance management.
- Manage risks in accordance with best practice.
- Ensure that service areas have clear accountability for both ownership and tools to effectively manage risk.
- Support sustainable improvements in service delivery and the achievement of best value.

b) These objectives will be achieved by:

- Establishing clear roles and responsibilities and reporting lines within the Council's management structure.
- Incorporating risk management within the Council's decision making, business and performance management processes.
- Monitoring risk management and internal control arrangements on a regular basis.
- Reinforcing the importance of effective risk management through workshops, training, communications and shared learning opportunities.
- Providing suitable insurance or other arrangements to manage the impact of potential risks.
- A commitment to ensure that the Council's exposure to risks is cost effectively managed and that systems are in place to track and report upon any existing and emerging risks that could cause damage to the Council or its stakeholders.

Risk management is not a concept that exists in isolation and must be viewed in terms of the way in which all decisions; policies, acts or omissions could impact on the Council and its ability to achieve its vision, values, objectives and priorities.

## **5. Risk Management Benefits**

Risk Management is a means to an end, it is not an end in itself and will not eliminate risks. The real value of risk management lies in the benefits it will deliver. Those benefits will be varied in their nature and extent and some may be more measurable than others, but they will all be important to the Council's reputation and ability to deliver improved and value for money public services. Some of the benefits we can expect include:

- Effective performance and achievement of objectives;

- Improved financial performance;
- Increased support and justification for the decision making process;
- Enhanced reputation and public confidence;
- Improved corporate governance and controlled systems;
- Effective human resources management;
- Improved insurance management;
- Early warning of problems;
- Prioritisation of resources;
- Improved business planning by focussing on the outcome not the process; and
- Managers becoming confident risk takers.

## 6. Risk Management Roles and Responsibilities

In order to ensure the successful implementation of this strategy, responsibilities for risk management are detailed below.

Role	Responsibilities
Members	<ul style="list-style-type: none"> <li>• Understanding risk management and its benefits.</li> <li>• Demonstrating a commitment to and ensure sufficient priority and profile for risk management.</li> <li>• Clearly expressing corporate objectives, priorities, vision and values.</li> <li>• Contributing to the identification, analysis and prioritisation of corporate risks.</li> <li>• Portfolio Holders own service specific risks and ensure the Head of Service manages risk within their area.</li> </ul>
Executive Cabinet	<ul style="list-style-type: none"> <li>• Overseeing effective risk management across the Council.</li> <li>• Agreeing Bromsgrove District Council's Risk Management Strategy.</li> <li>• Ensuring that risk management is delivered by the Chief Executive and Corporate Management Team, on behalf of the Executive Cabinet.</li> <li>• Ensuring that a corporate risk register is established, including details of the actions taken to mitigate against the risks identified, and that this is regularly monitored.</li> </ul>
Audit Board	<ul style="list-style-type: none"> <li>• Scrutinising the Council's decisions to ensure that they meet the requirements of effective risk management.</li> <li>• Promoting a risk management culture across the Council.</li> </ul>
Risk Management Steering Group	<ul style="list-style-type: none"> <li>• To develop and continually review an effective and appropriate Risk Management Strategy.</li> <li>• To develop an integrated culture of good risk management across the Council.</li> <li>• To keep abreast of Government initiatives, best practice and requirements outlined in guidance and legislation.</li> </ul>

Role	Responsibilities
	<ul style="list-style-type: none"> <li>• To consolidate a Strategic Risk Register.</li> <li>• To keep the Executive Cabinet and Audit Board briefed and up to date on risk management issues and to actively encourage involvement/input from all Members.</li> <li>• To raise awareness of Risk Management throughout the Council.</li> </ul>
Corporate Management Team	<ul style="list-style-type: none"> <li>• Ensuring effective implementation, monitoring, and review of the Council's Risk Management Strategy.</li> <li>• Identifying and managing the corporate risks and opportunities facing the Council.</li> <li>• Overall co-ordination of risk management across the Council.</li> <li>• Being responsible for ensuring that the Council fully complies with all Corporate Governance requirements, including the Annual Statement of Internal Control.</li> </ul>
Chief Executive	<ul style="list-style-type: none"> <li>• Leading a risk management culture across the Council.</li> <li>• Advising members on effective risk management and recommending to members a Risk Management Strategy.</li> </ul>
Corporate Directors and Assistant Chief Executive	<ul style="list-style-type: none"> <li>• Ensuring that within their Departments, risk management is implemented in line with the Council's Risk Management Strategy.</li> <li>• Appointing Risk Champions for their Departments and authorising the Risk Champion to progress effective risk management that adheres to corporate guidelines.</li> <li>• Identifying and managing risks within their Departments.</li> </ul>
Heads of Service	<ul style="list-style-type: none"> <li>• Ensuring that risk management within their area of responsibility is implemented in line with the Council's Risk Management Strategy.</li> <li>• Identifying, analysing and profiling of risks arising from their areas of responsibility within the Departmental risk register, and prioritising and initiating action on them.</li> <li>• Balancing an acceptable level of operational risk against operational objectives and business opportunity.</li> <li>• Reporting systematically and promptly, to the Risk Management Steering Group any perceived new risks or failures of existing control measures.</li> </ul>
Service Managers  Service Managers (cont'd)	<ul style="list-style-type: none"> <li>• Communicating the corporate approach to risk management to staff.</li> <li>• Ensuring that they and their staff are aware of the corporate requirements, seeking clarification from the Risk Champion, when required.</li> <li>• Working with the Risk Champion in order to facilitate the effective operation of the risk champion's role.</li> </ul>
Risk Champions	<ul style="list-style-type: none"> <li>• Acting as the main contact for their Departments and its management on risk matters, and ensuring that corporate</li> </ul>

Role	Responsibilities
	<p>information and requirements are communicated to their Head of Service.</p> <ul style="list-style-type: none"> <li>• Progressing effective risk management that adheres to corporate guidelines, across their Department, including ensuring that all reporting requirements are met.</li> <li>• Providing support on risk management to Directors, Heads of Service, and other managers within the Department.</li> <li>• Promoting the benefits of risk management across the Department.</li> <li>• Maintaining, on behalf of Heads of Service, a Service Area Risk Management Spreadsheet, that complies with corporate guidelines.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Understanding their accountability for individual risks and how they can enable continuous improvement of risk management and risk awareness.</li> <li>• Reporting systematically and promptly to their manager any perceived new risks or failures of existing control measures.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>• Facilitating the implementation of the Council's Risk Management approach, in partnership with Departmental Risk Champions.</li> <li>• Request quarterly returns that are reported to the Risk Management Steering Group.</li> <li>• Auditing the key elements of the Council's risk management process.</li> <li>• Using the results of the Council's risk management process to focus and inform the overall internal audit plan.</li> <li>• Ensuring that internal controls are robust and operating correctly.</li> </ul>

## 7. Risk Management Process

Bromsgrove District Council's risk management process consists of six clear steps:

a) Knowledge of corporate and operational objectives:

The starting point for risk management is a clear understanding of what the organisation and service is trying to achieve, providing a clear linking to the Council's overall objectives and priorities. Risk management is about managing the threats that may hinder delivery of our objectives and priorities by maximising the opportunities that will help to deliver them. Therefore effective risk management should be clearly aligned to the strategic planning process, and should take into account the environment within which the Council operates.

b) Identifying and assessing risks:

This process involves determining an event or events that will prevent the Council or service area from achieving its objectives. Once the specific circumstances have been identified, the impact on the objective and the likelihood the event will occur needs to be established. To help guide the impact and likelihood assessment, Bromsgrove District Council has adopted a guide Risk Scorecard (attached in Appendix 2).

Once a high, medium or low score has been allocated for both the impact and likelihood, an overall risk colour and score needs to be established for each objective. Bromsgrove District Council has approved a three by three Risk Matrix (attached in Appendix 3).

Once all objectives have been identified and impact assessed, a decision needs to be taken about how to manage the risk. Any necessary action required should be detailed in the Risk Register.

c) Completing the Risk Register:

Once the relevant objectives have been established, impact assessed and improvements identified, the Council's approved Risk Management Details Spreadsheet needs to be completed (a copy can be obtained from the Internal Audit section). The Risk Management Details Spreadsheet provides details of:

- Each relevant corporate or service objective;
- Current and acceptable risk scores;
- Current key controls; and
- Established improvement actions.

d) Risk treatment:

Once the Risk Register has been completed, the Risk Register Actions sheet should be updated. The Risk Register Actions sheet contains all the previously identified actions and improvements that will help reduce the current risk score to an acceptable level. As well as the actions and improvements, the sheet should also detail:

- The Responsible Officer's name and job title;
- A target completion date; and
- A process for monitoring implementation of the actions and improvements on a quarterly basis.

e) Monitoring and reporting:

Every quarter Internal Audit will request a "current position" for each action and improvement. This information will be reported to the Risk Management Steering Group, in accordance with the management information requested.



The Risk Management Steering Group will then report to the Executive Cabinet, Audit Board or Corporate Management Team, as required.

f) Reviewing:

The Risk Management Details Spreadsheet should be reviewed on an ongoing basis to ensure that new risks are detected and managed. Any new red risks will be reported to the Risk Management Steering Group for discussion and monitoring.

## **8. Corporate Governance**

Corporate governance is the system by which councils direct and control their functions and relate to their communities. This is achieved by the way the Council manages its business, determines its strategies and objectives, and actually achieves those objectives.

The fundamental principles are openness, inclusivity, integrity and accountability.

This Risk Management Strategy forms part of Bromsgrove District Council's corporate governance arrangements and supports compliance with the Council's Local Code of Corporate Governance.

## **9. Internal Control**

Internal controls are those elements of an organisation (including resources, systems, processes, culture, structure and tasks) that, taken together, support people in the achievement of objectives. Internal financial control systems form part of the wider system of internal controls.

The Council's system of internal control is part of its risk management process and has a key role to play in the management of significant risks to the fulfilment of its business objectives.

## **10. Performance Management**

Risk management is closely aligned to performance management and this is reflected in the mirroring of requirements between the Risk Management Strategy and the Minimum Standard for Performance Management. This link is strengthened by the requirement that committee reports include a section on risk management.

Departmental Risk Registers are also included and cross referenced to Service Business Plans and are included as part of the Council's planning process.

## **11. Project Management**

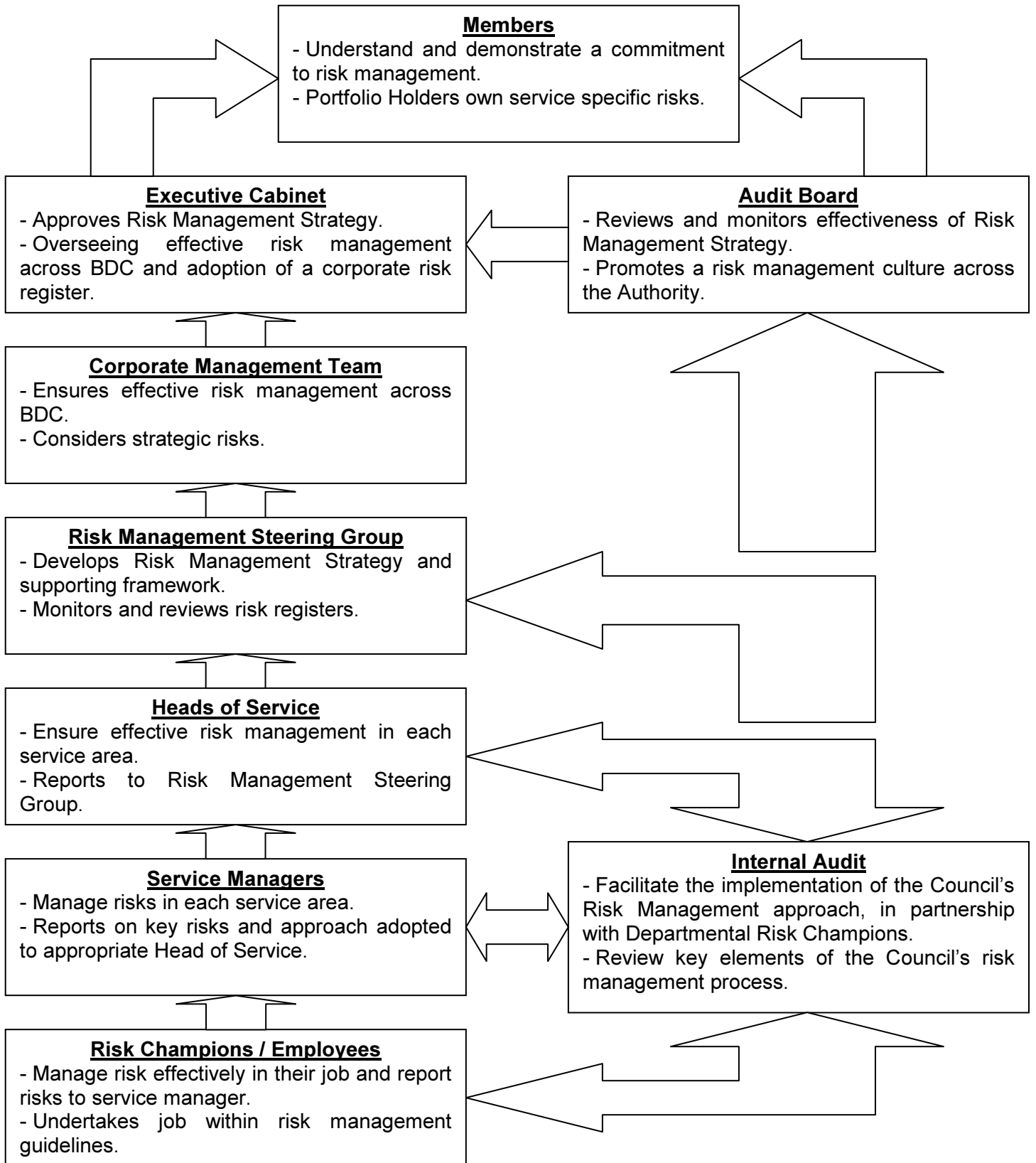
Bromsgrove District Council has adopted a standard Project Management methodology. Included in the documentation is a risk assessment that should be completed for all projects. The relevant risks associated with the project should be managed on a regular basis and necessary action taken to control the risks.

## **12. Internal Audit**

The Internal Audit section is responsible for facilitating the implementation of the Council's Risk Management approach, in partnership with Departmental Risk Champions.

The Internal Audit section will also independently review key elements of the Council's risk management process on an annual basis and report any findings to the Executive Cabinet, Audit Board, Corporate Management Team, Risk Management Steering Group or Chief Executive, as required.

**Risk Management Framework**



**Risk Scorecard**

The guide Impact categories are:

Category	Impact		
	LOW	MEDIUM	HIGH
<b>Financial</b>	<ul style="list-style-type: none"> <li>• &lt; £150k.</li> <li>• Minor non-compliance with internal financial procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• £150k - £300k.</li> <li>• Significant non-compliance with internal financial procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• &gt; £300k.</li> <li>• Major non-compliance with internal financial procedures.</li> </ul>
<b>Political</b>	<ul style="list-style-type: none"> <li>• Minor issues identified by assurance reviews.</li> <li>• Minor adverse Local media.</li> <li>• Minor BVPI issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant issues identified by assurance reviews.</li> <li>• Significant adverse Local media.</li> <li>• Significant BVPI issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Major issues identified by assurance reviews.</li> <li>• Major adverse Local, Regional or National media.</li> <li>• Major BVPI issues.</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Service delay.</li> <li>• Stakeholders consulted and concerns considered.</li> </ul>	<ul style="list-style-type: none"> <li>• Service suspended.</li> <li>• Limited stakeholder consultation.</li> </ul>	<ul style="list-style-type: none"> <li>• Service cancelled.</li> <li>• Stakeholders not consulted and concerns not considered.</li> </ul>
<b>Technical</b>	<ul style="list-style-type: none"> <li>• Minor system problems.</li> <li>• Minor impact on resources (staff, equipment, buildings, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>• Significant system problems.</li> <li>• Significant impact on resources (staff, equipment, buildings, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>• Major system problems.</li> <li>• Major impact on resources (staff, equipment, buildings, etc.).</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>• Minor non-compliance with legislation or statutory requirements.</li> <li>• Minor penalty or warning.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant non-compliance with legislation or statutory requirements.</li> <li>• Significant penalty or warning.</li> </ul>	<ul style="list-style-type: none"> <li>• Major non-compliance with legislation or statutory requirements.</li> <li>• Major penalty or warning.</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Minor District health or cleanliness issues.</li> <li>• Minor schemes not consistent with stakeholder expectations.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant District health or cleanliness issues.</li> <li>• Significant schemes not consistent with stakeholder expectations.</li> </ul>	<ul style="list-style-type: none"> <li>• Major District health or cleanliness issues.</li> <li>• Major schemes not consistent with stakeholder expectations.</li> </ul>

The guide Likelihood categories are:

	Likelihood		
Category	LOW	MEDIUM	HIGH
Occurrence	> 18 months	6 - 18 months	< 6 months
Probability	< 30%	30% - 70%	> 70%

**Risk Matrix**

Once the Impact and Likelihood of each the risk has been established, the results should be input into the following matrix and a final risk score identified:

		Impact		
		LOW	MEDIUM	HIGH
Likelihood	HIGH	7 [ orange ]	8 [ red ]	9 [ red ]
	MEDIUM	4 [ green ]	5 [ orange ]	6 [ red ]
	LOW	1 [ green ]	2 [ green ]	3 [ orange ]

**Related Documents**

- a) Annual & Strategic Audit Plan.
- b) Anti Fraud & Corruption Strategy.
- c) Audit Board Operating Arrangements and Terms of Reference.
- d) Conditions of Service.
- e) Contract Procedure Rules.
- f) Financial Standards and Regulations.
- g) Internal Control Framework.
- h) Local Code of Corporate Governance and Statement of Assurance.
- i) Member Code of Conduct.
- j) Officer - Member Protocol.
- k) Officer Code of Conduct.
- l) Project Management Methodology.
- m) Service Business Plans.
- n) Statement of Accounts.
- o) Statutory Officer Responsibilities.
- p) The Constitution.

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## BROMSGROVE DISTRICT COUNCIL

### EXECUTIVE CABINET

7TH MARCH 2007

#### REVISED CONFIDENTIAL REPORTING CODE

Responsible Portfolio Holder	Councillor Mrs. C. J. Spencer
Responsible Head of Service	Head of Legal and Democratic Services

#### 1. Summary

1.1 To present for approval the revised Confidential Reporting Code.

#### 2. Recommendation

2.1 The Executive Cabinet is recommended to -

- consider and approve the revised Confidential Reporting Code.
- delegate to the Head of Legal and Democratic Services the authority to amend the Code following the necessary consultation with the Unions and any other relevant bodies.

#### 3. Background

3.1 The Council is subject to an annual external audit assessment on its "Use of Resources". The assessment focuses on financial management and links to the strategic management of the Council. It looks at how financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money. The assessment also informs decisions about possible CPA re-categorisation.

3.2 Section 4.3 of the "Use of Resources" assessment states "The council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business". Specifically, within this section the assessment requires the Council to maintain "a whistleblowing policy which has been communicated to staff and those parties contracting with the Council".

3.3 The Council has previously adopted a Confidential Reporting Code, however, the document has not been revised or updated since 2004.

3.4 The Council has existing procedures in place for workers to lodge grievances relating to their own employment. The Confidential Reporting Code is intended to cover concerns that fall outside the scope of other procedures. Such concerns may be:

- something that is unlawful;
- against the Council's Constitution or policies;
- falls below any approved code of practice; or
- amounts to improper conduct.

3.5 The Code does not replace the Corporate Complaints Procedure.

#### **4. Revised Confidential Reporting Code**

4.1 The Council should develop a culture where individuals are confident enough to raise concerns and to question and act upon those concerns without fear of subsequent disadvantage. A clear framework outlining procedures and safeguards enable employers to tackle individual concerns quickly and effectively. The aim of the Council's Confidential Reporting Code is to:

- Encourage workers to feel confident in raising serious concerns and to question and act upon concerns about practice;
- Provide an avenue for workers to raise those concerns or make allegations and receive feedback on any action taken;
- Ensure that workers receive a response to their concerns or allegations and to make them aware how to pursue them if they are not satisfied; and
- Reassure workers that they will be protected from possible reprisals or victimisation if they have a reasonable belief that the disclosure is made in good faith.

4.2 The main areas included in the Confidential Reporting Code are:

- An introduction to the Code and who it applies to.
- The aims and scope of the Code.
- The Public Interest Disclosure Act and how this is applied within the Council.
- Safeguards to deal with:
  - Harassment or Victimisation of Workers;
  - Confidentiality;
  - Anonymous Allegations;
  - Rights and Responsibilities of Workers; and
  - Untrue Allegations.
- The process workers should follow when raising a concern.
- Details on how the Council will respond and deal with the concern.
- Information on how the matter can be taken further.

4.3 Adoption of the revised Confidential Reporting Code is subject to the necessary consultation with the Unions and any other relevant bodies.

#### **5. Financial Implications**

5.1 None outside existing budgets.

## 6. Legal Implications

6.1 None.

## 7. Corporate Objectives

7.1 Council Objective 04: Improvement.

## 8. Risk Management

8.1 There are a number of risks associated with not having a Confidential Reporting Code in place. The Public Interest Disclosure Act 1998 sets out a framework for raising genuine concerns about malpractice and guarantees full protection to workers who raise such issues responsibly. The Code will ensure the Council complies with its obligations under the legislation and prevents any subsequent claims of harassment or victimisation. There is no qualifying period of protection for workers making a disclosure and no upper limit of the level of compensation that can be awarded. If a worker makes a protected disclosure and is dismissed as a result, the dismissal is automatically unfair.

8.2 A clear procedure for raising issues will help to reduce the risk that serious concerns are mishandled, whether by the individual or by the organisation.

8.3 The policy encourages individuals to raise concerns initially with the Council, rather than making a public disclosure. The policy will help the Council to resolve concerns at an early stage and to limit any potential damage to the Council's reputation in the wider community as a result of a public disclosure. The existence of a policy, together with evidence that the Council is concerned to deal effectively with any malpractice, will make it less likely that a tribunal will find that a worker was behaving reasonably by making disclosures to an outside body or person.

## 9. Customer Implications

9.1 No customer implications.

## 10. Other Implications

10.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	Improved standards of openness, probity and accountability.
Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None
Equalities and Diversity	None

## 11. Others Consulted on the Report

### 11.1

Portfolio Holder	No
Acting Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

## 12. Appendices

Appendix 1 - Confidential Reporting Code.

### Background Papers

- Executive Cabinet 22nd February 2006 (Agenda item 9) - Anti Fraud & Corruption Strategy.
- Executive Cabinet 6th September 2006 (Agenda item 23) - Financial Regulations.

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**Bromsgrove**  
District Council  

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[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

# Confidential Reporting Code

## Confidential Reporting Code

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### **1. Introduction**

- 1.1 This Code applies to all staff working for the Council, both full and part time, temporary and casual and it also covers agency and contractor staff. Reference to workers within this Code covers all of these categories.
- 1.2 Although not covered by the Public Interest Disclosure Act 1998, Members are also encouraged to use this Code to raise concerns to ensure a consistent protocol is applied.
- 1.3 Workers are often the first to realise that there may be something wrong within the Council. However, they may not express their concerns or make allegations because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.4 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect workers and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.
- 1.5 This Code makes it clear that you can do so without fear of victimisation, subsequent discrimination or disadvantage. This Code is intended to encourage and enable workers to raise concerns or make allegations within the Council rather than overlooking a problem or 'blowing the whistle' outside. Anyone responsible for victimising a worker who uses this Code will be subject to disciplinary action.
- 1.6 This Code also applies to suppliers and those providing services under a contract with the Council.
- 1.7 This Code is in addition to the Council's Code of Conduct, Local Disciplinary Procedure, Grievance Procedure, Harassment Policy, Complaints Process and other policies and procedures.
- 1.8 This Code has been discussed with the relevant trade unions and has their support.

## **2. Aims and Scope of the Code**

- 2.1 This Code aims to:
  - encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice;
  - provide avenues for you to raise those concerns or make allegations and receive feedback on any action taken;

- ensure that you receive a response to your concerns or allegations and that you are aware of how to pursue them if you are not satisfied;
- reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have made any disclosure in good faith.

2.2 This Code is not intended to cover concerns that can be progressed under existing Human Resource procedures. There are existing procedures in place for workers to legitimately complain about harassment, violence and aggression, discrimination and instances where they feel they have a grievance. The Confidential Reporting Code is intended to cover concerns or allegations that fall outside the scope of other procedures. These concerns or allegations include:

- conduct which is an offence or a breach of law;
- disclosures related to miscarriages of justice;
- health and safety risks, including risks to the public as well as other workers;
- damage to the working environment;
- the unauthorised use of public funds;
- misappropriation of money, materials and equipment, or other irregularities;
- possible fraud and corruption;
- sexual or physical abuse of clients; or
- other unethical conduct.

2.3 The above does not represent an exhaustive list of areas covered by this Code. Any serious concern that you have about any aspect of service provision or the conduct of officers or Members of the Council or others acting on behalf of the Council can be reported, together with any allegations that you may wish to make, under the Code. This may be about something that:

- makes you feel uncomfortable in terms of known standards, your experience, or the standards that you believe the Council subscribes to;
- is against the Council's Financial Standing Orders, Financial Regulations, Contracts Procedure Rules or general procurement procedures;
- falls below established standards of practice; or
- amounts to improper conduct.

3.3 This Code does not replace the Corporate Complaints Procedure.



### **3. The Public Interest Disclosure Act 1998**

3.1 The Public Interest Disclosure Act 1998, called the "Whistleblowers Act" provides protection for workers who disclose information that might otherwise be regarded as confidential. The Act makes it clear that where the nature of such a disclosure falls into one of six categories detailed below and the manner of the disclosure is one permitted by the Act; workers will have protection in law from detrimental action by the employer. The six categories are:

1. a criminal offence has been, is being, or is about to be committed;
2. the employer is failing to comply with legal obligations;
3. a miscarriage of justice has happened or is likely to happen;
4. an individual's health and safety is being jeopardised;
5. the environment is, or is likely to be damaged; or
6. information falling into one of the above categories which has been, is being or is likely to be, deliberately concealed.

3.2 An worker does not have to show that, for example, a criminal offence has been committed. He or she has to have a reasonable belief that this is the case. It will be for an employment tribunal to decide whether or not such a belief was reasonable.

3.3 The Act gives protection to workers who make disclosures to specified persons in various circumstances. Protection applies where a disclosure is made:

- to the employer or to another responsible person provided the worker acts in good faith;
- in the course of obtaining legal advice; or
- to a person or body prescribed by the Secretary of State, provided the worker acts in good faith and reasonably believes the information falls within the potentially protected categories and is substantially true.

3.4 The Act also gives protection to workers who make "external" disclosures to persons other than listed above. Workers however will only be protected under this general category if they have previously disclosed the matter to the employer or a prescribed body or have not done so because they reasonably believe they would have been victimised or evidence would have been concealed or destroyed. They must also:

- make the disclosure in good faith;
- reasonably believe that the information, and any associated allegation, are substantially true;

- not act for personal gain; and
- act reasonably.

3.5 In deciding whether a worker has acted reasonably, all the circumstances will be taken into account but in particular:

- the identity of the person to whom the disclosure is made;
- the seriousness of the relevant offence;
- whether the offence is continuing or is likely to occur in the future;
- whether the disclosure is made in breach of a duty of confidentiality owed by the employer to any other person;
- any action the employer or prescribed person might reasonably be expected to take as a result of a previous disclosure; and
- whether in making the disclosure to the employer the worker complied with any procedure approved by the employer.

3.6 In disclosing "exceptionally serious" breaches, i.e. where the subject of the disclosure is sufficiently serious to disclose it to persons other than detailed in paragraph 3.3, the worker will be protected as long as:

- the disclosure is made in good faith;
- the worker believes that the information disclosed and any associated allegation are substantially true;
- the disclosure is not made for personal gain;
- the matter disclosed is of an exceptionally serious nature; and
- in all the circumstances it is reasonable for the worker to make the disclosure.

#### **4. Safeguards**

##### **a) Harassment or Victimisation of Workers**

4.1 The Council is committed to good practice and high standards and wants to be supportive of workers.

4.2 The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate any harassment or victimisation (including informal pressures), and will take appropriate action, including the application of the Disciplinary Procedure, to protect a worker who raises a concern or makes an allegation in good faith.

4.3 In accordance with the Public Interest Disclosure Act 1998 a worker cannot be dismissed or selected for redundancy as a result of making a

disclosure. In addition an employer cannot withhold a pay rise, object to a promotion or not give training.

- 4.4 This does not mean that if you are already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of whistleblowing.

**b) Confidentiality**

- 4.5 All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish.

- 4.6 At appropriate time, however, you may need to come forward as a witness. If whistleblowers are required to give evidence in criminal or disciplinary proceedings, the Council will arrange for them to receive advice and support.

**c) Anonymous Allegations**

- 4.7 This Code encourages you to put your name to your allegation. Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.

- 4.8 In exercising this discretion the factors to be taken into account would include the:

- seriousness of the issues raised;
- credibility of the concern or allegation; and
- likelihood of confirming them from attributable sources.

**d) Rights and Responsibilities of Workers**

- 4.9 All workers are required to report any issue of concern regarding the provision of services or management of those services. In the majority of cases, this will be done through the usual line management channels.

- 4.10 Workers are expected to report concerns as soon they arise and avoid any unnecessary delay in doing so.

- 4.11 Other than raising concerns in good faith, workers are not required to 'prove' the truth of any allegation. However, a complainant will need to demonstrate that there are reasonable grounds for the concern, and will be expected to co-operate with any investigation that takes place.

- 4.12 When any meeting or interview is arranged, workers may, if they so wish, be accompanied by a trade union official or a workplace colleague.

**e) Untrue Allegations**

4.13 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. However, if you make malicious or vexatious allegations, disciplinary action may be taken against you.

**5. How to Raise a Concern**

5.1 As a first step, you should normally raise concerns with your immediate line manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If you have any concerns about raising the issue with your line manager then you should approach one of the following:

- The Chief Executive;
- Section 151 Officer (Head of Financial Services);
- Monitoring Officer (Head of Legal and Democratic Services); or
- Internal Audit Section.

5.2 Members should normally report any concerns to any of the following:

- The Chief Executive.
- Section 151 Officer (Head of Financial Services);
- Monitoring Officer (Head of Legal and Democratic Services).
- Internal Audit Section.

This does not preclude you from raising the concern with a prescribed body as stated in Section 3 of this Code.

5.3 Concerns or allegations may be raised verbally or in writing. Staff who wish to make a written report are invited to use the following format:

- the background and history of the concern (giving relevant dates); and
- the reason why you are particularly concerned about the situation.

5.4 The earlier you express the concern, the easier it is to take action.

5.5 Although you are not expected to prove the truth of your concern or allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern or allegation.

5.6 You may invite your trade union representative, professional association representative or a friend to be present during any

meetings or interviews in connection with the concerns you have raised or allegations that you have made.

5.7 Workers can obtain advice and guidance on how matters of concern may be pursued from:

- Monitoring Officer (Head of Legal and Democratic Services);
- Head of Human Resources and Organisational Development; or
- The Human Resources and Organisational Development section.

## **6. How the Council Will Respond**

6.1 The action taken by the Council will depend on the nature of the concern. The matters raised may:

- be investigated internally;
- be referred to the Police;
- be referred to the Council's external auditor; or
- form the subject of an independent enquiry.

6.3 In order to protect individuals, the Council and those accused of misdeed or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle that the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures will normally be referred for consideration under those procedures.

6.4 Some concerns or allegations may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.

6.5 Once a concern or allegation has been received, the Council will write to you:

- acknowledging that the concern has been received;
- indicating how it proposes to deal with the matter;
- giving an estimate of how long it will take to provide a final response; and
- inform you whether any initial enquiries have been made and whether or not further investigations will take place.

6.6 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.

- 6.7 Where any meeting is arranged, off-site if you so wish, you can be accompanied by a trade union or professional association representative or a friend.
- 6.8 The Council will take steps to minimise any difficulties that you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Council will arrange for you to receive advice about the procedure.
- 6.9 The persons investigating the concerns will produce a written report that:
- outlines the concern / allegation;
  - details the investigation process;
  - gives the outcome of the investigation; and
  - details recommendations where appropriate.
- 6.10 The Council accepts that the worker needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, they will be informed of the outcome of any investigation.
- 6.11 If the person who expressed the concern is not satisfied with the outcome then they have the right to take matters further as detailed below in Section 8.

## **7. The Responsible Officer**

- 7.1 The Council's Monitoring Officer (Head of Legal and Democratic Services) has overall responsibility for the maintenance and operation of this Code. The Head of Legal and Democratic Services will report as necessary on the operation of the Code, but not on individual cases, to the Council's Audit Board.

## **8. How the Matter Can Be Taken Further**

- 8.1 This Code is intended to provide you with an avenue to raise concerns within the Council and the Council hopes you will be satisfied. If you are not, and if you feel it is right to take the matter outside the Council, the list below shows possible contact points:
- The Council's External Auditor.
  - Audit Commission (Public Interest Disclosure Line 0845 052 2646).
  - Trade Unions;
  - Professional Bodies; or
  - Police.

- 8.2 If a worker is unsure whether or how to raise a concern or wants confidential advice, contact can be made with the independent charity "Public Concern at Work" on 020 7404 6609 or at [helpline@pcaw.co.uk](mailto:helpline@pcaw.co.uk). Their lawyers can provide free confidential advice on how to raise a concern about serious malpractice at work.
- 8.3 If concerns are raised through Trade Unions or Professional Bodies then it is expected that the Trade Union / Professional Body representative will act in accordance with this Code and with the Public Interest Disclosure Act 1998 with regard to the information disclosed. Such a disclosure made by a worker will not be treated as grounds for disciplinary action.
- 8.4 If you do take the matter outside the Council, you should take into consideration the requirements in relation to the disclosure of confidential information as set out in this Code.

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