



CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Thursday, 28th January, 2016
at 2.00 pm

MEMBERSHIP

Councillors

P Grahame	J Bentley	R Wood
G Hussain (Chair)		P Harrand
K Bruce		
N Dawson		
A Sobel		
J Illingworth		
G Hyde		

A G E N D A

Item No	Ward	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>To consider any appeals in accordance with Procedure Rule 15.2 of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(*In accordance with Procedure Rule 15.2, written notice of an appeal must be received by the Head of Governance Services at least 24 hours before the meeting)</p>	
2			<p>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p>RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:-</p>	

Item No	Ward	Item Not Open		Page No
3			<p>LATE ITEMS</p> <p>To identify items which have been admitted to the agenda by the Chair for consideration</p> <p>(The special circumstances shall be specified in the minutes)</p>	
4			<p>DECLARATION OF DISCLOSABLE PECUNIARY AND OTHER INTERESTS'</p> <p>To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.</p>	
5			<p>APOLOGIES FOR ABSENCE</p>	
6			<p>MINUTES - 18TH SEPTEMBER 2015</p> <p>To receive and approve the minutes of the meeting held on 18th September 2015.</p>	1 - 8
7			<p>KPMG ANNUAL AUDIT LETTER 2014/15</p> <p>To receive a report of the Deputy Chief Executive which provides a summary of the key external audit findings in respect of the 2014/15 financial year.</p>	9 - 18
8			<p>KPMG CERTIFICATION OF GRANTS REPORT 2014/15</p> <p>To receive a report of the Deputy Chief Executive which informs Members on the result of the work of auditors in respect of work carried out on the certification of grant claims in 2014/15.</p>	19 - 28
9			<p>KPMG SUMMARY EXTERNAL AUDIT PLAN 2015/16</p> <p>To receive a report of the Deputy Chief Executive which informs Members of progress in KPMG's audit planning for the audit of the Council's accounts and Value for Money arrangements. The attached report from KPMG highlights the main risks they have identified for 2015/16.</p>	29 - 64

Item No	Ward	Item Not Open		Page No
10			<p>KPMG TECHNICAL UPDATE REPORT</p> <p>To receive a report of the Deputy Chief Executive which introduces the attached report from KPMG which provides Members with information on several major issues affecting local authorities in general.</p>	65 - 88
11			<p>REPORT ON THE RECENT CUSTOMER RELATIONS ISSUES AND TRENDS 2015-16</p> <p>To receive a report of the Chief Officer, Customer Access which summarises the council's complaints and ombudsman cases for each directorate for the period 1 January 2015 to 31 December 2015. The report also assesses the overall effectiveness of the council's approach to compliments, complaints and feedback.</p>	89 - 160
12			<p>CHANGES TO THE STATUTORY TIMESCALES FOR APPROVING THE ACCOUNTS AND FUTURE ARRANGEMENTS FOR APPOINTING EXTERNAL AUDITORS</p> <p>To receive a report of the Deputy Chief Executive informing Members of changes to the statutory timescales for approving the accounts which have come into force for 2015/16, and to update members on the latest developments on the future appointment of external auditors for local authorities.</p>	161 - 176
13			<p>TREASURY MANAGEMENT GOVERNANCE REPORT 2015</p> <p>To receive a report of the Deputy Chief Executive which outlines the governance framework for the management of the Council's TM function. This report also reviews compliance with updated CIPFA guidance notes for practitioners on the Prudential Code for Capital Finance in Local Authorities issued in 2011.</p>	177 - 184

Item No	Ward	Item Not Open		Page No
14			<p>INTERNAL AUDIT UPDATE REPORT 1ST AUGUST TO 31ST DECEMBER 2015</p> <p>To receive a report of the Deputy Chief Executive which provides a summary of internal audit activity for the period 1st August to 31st December 2015 and highlights the incidence of any significant control failings or weaknesses.</p>	185 - 208
15			<p>WORK PROGRAMME</p> <p>To receive a report of the City Solicitor notifying and Informing the Committee of the draft work programme.</p>	209 - 214
16			<p>DATE AND TIME OF NEXT MEETING</p> <p>2pm, Friday 18th March 2016.</p>	

Item No	Ward	Item Not Open		Page No
			<p data-bbox="675 181 1098 215">THIRD PARTY RECORDING</p> <p data-bbox="675 255 991 291">Third Party Recording</p> <p data-bbox="675 405 1382 618">Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts named on the front of this agenda.</p> <p data-bbox="675 732 1310 804">Use of Recordings by Third Parties– code of practice</p> <p data-bbox="675 916 1401 1128">a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title.</p> <p data-bbox="675 1173 1382 1464">b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete.</p>	

Agenda Item 6

Corporate Governance and Audit Committee

Friday, 18th September, 2015

PRESENT: Councillor G Hussain in the Chair
Councillors P Grahame, R Wood,
J Bentley, A McKenna, P Harrand,
K Bruce, N Dawson and J Illingworth

Apologies Councillors A Sobel

28 Appeals Against Refusal of Inspection of Documents

There were no appeals against the inspection of documents.

29 Exempt Information - Possible Exclusion of the Press and Public

There were no items identified where it was necessary to exclude the press or public from the meeting.

30 Late Items

Although there were no late items, the Chair did accept the inclusion of supplementary information in respect of Item No.8 Audited Statement of Accounts and KPMG Audit Report (Updated following the previous meeting) - Minute No.36 refers.

31 Declaration of Disclosable Pecuniary and Other Interests'

There were no declarations of Disclosable Pecuniary Interests made at the meeting.

32 Apologies for Absence

Apologies for absence were received for Councillor A Sobel

33 Minutes 9th July 2015

RESOLVED – That the minutes of the meeting held on 9th July 2015 were accepted as a true and correct record.

34 Matters Arising From the Minutes

Internal Audit Update Report 1st February to 31st May 2015 – Minute No. 23 refers. Members requested at the last meeting a list of Purchasing Card users.

The Head of Internal Audit reported that the requested information had been circulated to Members.

In offering comment Members referred to paragraphs 9 & 10 of the circulated document. Members requested further details be circulated.

35 Report on the review of customer relations 2014-15 and Local Government Ombudsman's Annual Review Letter 2014-15

The Chief Officer, Customer Access submitted a report which set out a summary of the Council's complaints and Local Government Ombudsman cases for the period 1st April 2014 to 31st March 2015.

The report provided comment on the effectiveness of Ombudsman arrangements and the Local Government Ombudsman (LGO) Annual Review Letter to the Council which assessed the overall effectiveness of the Council's approach to compliments, complaints and feedback

Appended to the report was a copy of the following documents:

- Local Government Ombudsman's Annual Review Letter 2014 -15 (Appendix 1 refers)
- Year End Customer Relations report to Customer Strategy Board date 26th June 2015 (Appendix 2 refers)

The Executive Officer, Customer Relations, Citizens and Communities presented the report and highlighted the following issues:

- Overview of complaints to the Council
- Patterns and trends of LGO/ HOS enquiries and financial settlements
- Implications of changes in LGO/HOS roles and jurisdiction
- Assessment of the effectiveness of the Council's overall approach to compliments, complaints and feedback

Detailed discussion took place on the content of the report which included:

- Timescales for responding to complaints
- Likely under recording of service failures and complaints
- Budgets for Ombudsman compensation payments
- Nature of complaint – Whether relating to poor customer services or complaints about a policy of the Council
- Number/ type of complaint in comparison with other core cities
- Customer satisfaction

In summing up the Chair stated that future Annual Assurance reports to the Committee require greater detail on the whole range of citizen engagement, and acknowledged that often dissatisfaction with council services occurs much earlier in a customer contact with the council.

It was agreed that a Working Group be established to determine the type and level of detail that future reports should contain.

It was agreed that an interim report be brought back to the Committee once the Working Group had met with Officers.

RESOLVED –

- (i) That a Working Group be established to determine the type and level of detail that future reports should contain.
- (ii) The Working Group to meet and help inform an interim report from the Chief Officer (Customer Access) Citizens & Communities, for submission to the next meeting of the Committee

36 Audited Statement of Accounts and KPMG Audit Report

The Deputy Chief Executive submitted a report that sought Members approval to the Council's final audited Statement of Accounts for 2014/15. The report also requested Members to consider any material amendments identified by the Council or recommended by the auditors.

Appended to the report was a copy of "the management representation letter" (Appendix A refers)

The Principal Financial Manager presented the report and highlighted the following issues:

- KPMG anticipate being able to issue an unqualified opinion on the 2014/15 Statement of Accounts;
- There were no unadjusted audit differences affecting the financial statements;

- KPMG’s review of the Annual Governance Statement had concluded that it was not misleading or inconsistent with information they were aware of from their audit of the financial statements;
- KPMG’s review of value for money arrangements had concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- A post balance sheet event had been recognised to increase the level of the provision for appeals against business rates valuations by £23.9m
- The accounts had been certified by the Responsible Finance Officer as a true and fair view of the Council’s financial position as at 31st March 2015.

RESOLVED -

- (i) To receive the report of the Council’s external auditors on the 2014/15 accounts and to note that there were no audit amendments required to the accounts.
- (ii) To approve the final audited 2014/15 Statement of Accounts and the Chair be authorised to sign the appropriate section within the Statement of Responsibilities on behalf of the Committee.
- (iii) To note KPMG’s VFM conclusion that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- (iv) That on the basis of assurances received, the Chair be authorised to sign the management representation letter on behalf of the Committee.

37 Internal Audit Update Report 1st June to 31st July 2015

The Deputy Chief Executive submitted a report which provided a summary of internal audit activity for the period 1st June to 31st July 2015. The report also highlighted the incidence of any significant control failings or weaknesses.

The Acting Head of Internal Audit reported there were no issues identified by Internal Audit in the June to July 2015 Internal Audit Update Report that would necessitate intervention by the Corporate Governance and Audit Committee.

Assurances were provided that Internal Audit would continue to undertake a follow up audit on reports with limited or no assurance, where the impact had been determined as “Major” including those identified by the Committee regarding; support placement decisions in Children’s Services and area cash handling in Adult Social Care to ensure the revised controls were operating well in practice.

In responding to Members questions, KPMG reported that they currently had no concerns regarding the resources available to Internal Audit or the level of coverage being undertaken by the individual audit teams

RESOLVED –

- (i) To receive the Internal Audit June to July 2015 Update Report.
- (ii) To note the work undertaken by Internal Audit during the period covered in the report

38 Employment policies procedures and employee conduct.

The Chief Officer Human Resources submitted a report which provided assurance that:

- The requirements of employee conduct were established and regularly reviewed
- Requirements relating to employee conduct were communicated
- Feedback was collected on whether expected behaviours were being demonstrated
- Employee conduct was monitored and reported.

The Deputy Chief Officer (HR) presented the report and responded to Members comments and queries.

Detailed discussion took place on the content of the report which included:

- Employee Code of Conduct
- Gifts and Hospitalities
- Employee Register of Interests
- Politically Restricted Posts
- Expectations for Managers and Supervisors
- Appraisal Data
- Handling Disciplinary Matters

Referring to paragraph 3.8 of the submitted report, Members requested that the list of politically restricted posts be made available to Members.

In relation to the level of appraisal, the Committee congratulated Officers in progressing this area of work and also acknowledged the work of Scrutiny (Strategy and Resources) in this achievement.

RESOLVED –

- (i) To note the assurances provided regarding employment policies and procedure and employee conduct

- (ii) That the list of politically restricted posts be circulated to Members of this Committee for information

39 Financial Management and Control Arrangements

The Deputy Chief Executive submitted a report which provided assurances that the Council had in place effective and robust arrangements for financial planning, financial control and other financial management activities.

Appended to the report was a copy of “Overarching Financial Control Environment” (Appendix A referred)

The Head of Corporate Finance presented the report and responded to Members comments and queries.

Detailed discussion took place on the content of the report together with the appendices which included:

- Strategic Financial Planning
- Performance Management
- Financial Control Arrangements

The Chair invited Rob Walker from KPMG to comment on the report and in responding Mr Walker said it was the view of KPMG that the necessary control arrangements were in place.

RESOLVED – To note the assurances provided that the appropriate systems and procedures were in place to ensure that the Council delivered sound financial management and planning

40 Annual Business Continuity Report: Phase 2 Progress Update

The Deputy Chief Executive submitted a report which provided an update of current progress towards completion of Phase 2 by the target date of September 2015 as requested by this Committee at its meeting in June 2015.

It was reported that all outstanding business continuity plans had been finalised and therefore Phase 2 of the Business Continuity Programme was complete.

In responding to questions from the Chair, it was confirmed that as part of the Phase 2 works, a further 2 services had been identified as critical services requiring services to be back in place within 24 hours.

RESOLVED – To note and welcome the completion of the Phase 2 of the Business Continuity Programme and congratulate the Officers involved in achieving this.

41 Annual assurance report on corporate risk and performance management arrangements

The Deputy Chief Executive submitted a report which provided assurances on the effectiveness of the Council's corporate risk and performance management arrangements: that they were up to date; fit for purpose; effectively communicated and routinely complied with.

It was reported that the report provided one of the sources of assurance the Committee was able to take into account when considering approval of the Annual Governance Statement.

RESOLVED –

- (i) To receive the annual report on the Council's corporate risk and performance arrangements
- (ii) To note the assurances in support of the Annual Governance Statement

42 Annual Governance Statement

The City Solicitor presented the Annual Governance Statement for the approval of the Committee.

The Head of Governance Services reported that the City Council had a duty to undertake an annual review of the effectiveness of its systems of internal control. It was reported that the submitted Annual Governance Statement had been prepared in accordance with proper practices specified by the Accounts and Audit Regulations 2015.

The Head of Governance Services said that external auditors KPMG had reviewed the Annual Governance Statement and had confirmed that in their view, the statement complied with the requirements contained in "Delivering Good Governance in Local Government: A framework published by CIPFA/SOLACE (the relevant proper practices) and was not misleading or inconsistent with other information that KPMG were aware of from their audit of financial statements.

Referring to paragraph 3.21 of the Annual Governance Statement Members requested to know if the restructuring of the Grand Theatre Company had been completed.

RESOLVED –

- (i) To approve the submitted Annual Governance Statement and authorise the Chair to sign the statement on behalf of the Committee

- (ii) To note the intention of the Leader of Council, the Chief Executive, the Deputy Chief Executive and City Solicitor to also sign the statement
- (iii) That a briefing note on the progress of the restructuring of the Grand Theatre Company be circulated to Members by the Head of Governance Services prior to the next meeting of the Committee

43 Work Programme

The Head of Governance Services presented a report on behalf of the City Solicitor which notified Members of the draft work programme for the 2015/16 year.

Members were requested to consider the draft work programme attached at Appendix 1 of the submitted report and determine whether any additional items need to be added to the work programme.

RESOLVED – That the contents of the Corporate Governance and Audit Committee work programme for 2015/16 be noted.



Report author: Mary Hasnip
Tel: x74722

Report of **the Deputy Chief Executive**

Report to **Corporate Governance and Audit Committee**

Date: **28th January 2016**

Subject: **KPMG Annual Audit Letter 2014/15**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. In accordance with proper audit practice, KPMG have issued their Annual Audit Letter 2014/15, which gives a summary of the key audit findings for the financial year. The Annual Audit Letter is attached as **Appendix 1**. The letter concludes that KPMG have been able to provide unqualified opinions in respect of all the areas they are required to assess.

Recommendations

2. Members are asked to receive the Annual Audit Letter and note the conclusions and recommendations arising from the 2014/15 external audit process.

1 Purpose of this report

- 1.1 To provide a summary of the key external audit findings in respect of the 2014/15 financial year.

2 Background information

- 2.2 Section 4 of the Code of Audit Practice 2010 for Local Government bodies requires external auditors to issue an Annual Audit Letter. The purpose of preparing and issuing annual audit letters is to communicate to the audited body and external stakeholders, including members of the public, the key issues arising from auditors' work. The annual audit letter should cover the work carried out by auditors since the previous annual audit letter was issued and matters previously reported to those charged with governance.

3 Main issues

- 3.1 During the year KPMG issued an unqualified opinion on the Council's arrangements for securing value for money. They identified the level of general reserves as a key risk, and therefore reviewed the council's financial plans. They concluded that despite the difficult financial position, the assumptions in the medium term financial plan appeared reasonable and hence there was evidence of effective arrangements to secure financial resilience.
- 3.2 KPMG also issued an unqualified opinion on the 2014/15 Statement of Accounts, and concluded that the council's Whole of Government Accounts return was consistent with the audited accounts. No high priority recommendations were raised as a result of the audit work on the annual accounts.
- 3.3 KPMG's review of the council's Annual Governance Statement found that it was consistent with their understanding.
- 3.4 At the time that this report was issued to the council in October, KPMG's grant audit work was still in progress. That work has since been completed, and the outcome is presented as a separate report on this agenda. The total audit fees for the year were £332.9k (£309.3k for the main audit fee and £23.6k for grant audit work).

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The annual audit letter does not raise any issues requiring consultation or engagement with the public, ward members or Councillors.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and Best Council Plan

4.3.1 Under this Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including the receipt of external audit reports. This is to provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts.

4.4 Resources and value for money

4.4.1 KPMG's report includes their opinion as to whether the Council has proper arrangements for securing value for money.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Under Section 4 of the Code of Audit Practice 2010 for Local Government bodies, external auditors are required to issue an Annual Audit Letter summarising the main audit findings in relation to the financial year.

4.5.2 As this is a factual report based on past external audit reports none of the information enclosed is deemed to be sensitive or requesting decisions going forward, and therefore raises no issues for access to information or call in.

4.6 Risk Management

4.6.1 KPMG identified the level of general reserves as a key risk. They reviewed the council's financial plans and concluded that there was evidence of effective arrangements being in place to mitigate this risk. They have not identified any other significant risks in their recommendations.

5 Conclusions

5.1 There are no major issues arising from the work of external audit, and officers continue to actively implement any recommendations raised in the reports.

6 Recommendations

6.1 Members are asked to receive KPMG's Annual Audit Letter and to note the conclusions and recommendations arising from the 2014/15 audit process.

7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

This page is intentionally left blank



cutting through complexity

Annual Audit Letter 2014/15

Page 13

Leeds City Council

October 2015



The contacts at KPMG in connection with this report are:

Trevor Rees

Partner

KPMG LLP (UK)

Tel: + 44 161 246 4063

Trevor.Rees@kpmg.co.uk

Rob Walker

Manager

KPMG LLP (UK)

Tel: + 44 113 231 3619

Rob.Walker@kpmg.co.uk

Charlotte George

Assistant Manager

KPMG LLP (UK)

Tel: + 44 113 254 2836

Charlotte.George@kpmg.co.uk

Report sections

- Headlines

Appendices

1. Summary of reports issued

Page

2

4

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Trevor Rees, the engagement lead to the Authority, and the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, who will try to resolve your complaint. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This report summarises the key findings from our 2014/15 audit of Leeds City Council (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.

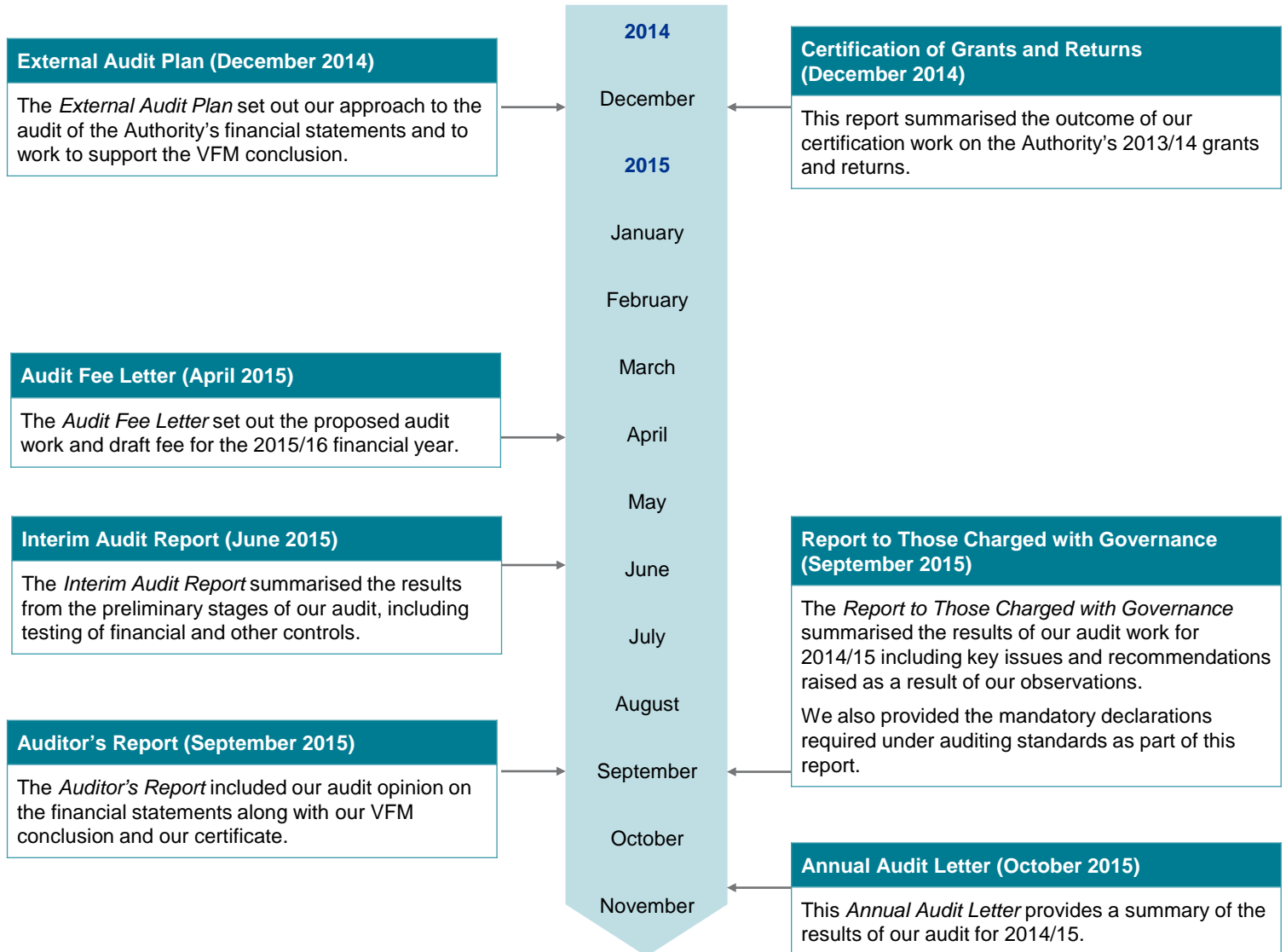
VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 23 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>We identified the level of reserves held as a key risk in 2014/15. During 2014/15 the level of general reserves reduced from £26.0m to £22.3m £0.4m higher than planned. However, the overall financial position worsened significantly towards the end of the financial year, due to the impact of business rate appeals increasing the collection fund deficit from £5.2m to £27.6m. We reviewed your financial plans, and despite this difficult financial position overall assumptions made in the medium term plan appear reasonable in respect of income, expenditure, inflation and commitments and hence there is evidence of effective arrangements to secure financial resilience.</p>
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 23 September 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p>
Financial statements audit	<p>Several changes were made from the original draft financial statements, mainly relating to schools brought on or off balance sheet and property valuations.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.</p>

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
High priority recommendations	We raised no high priority recommendations as a result of our 2014/15 audit work.
Certificate	We issued our certificate on 2 October 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	<p>External Audit</p> <p>Our fee for 2014/15 was £309,270, excluding VAT this compared to a planned fee of £307,800. The adjustment to the scale fee was a national issue due to work required on the collection fund in the annual accounts. Previously, this work was part of the certification of grants and returns scale fee carried out as part of our work on the NNDR return but this was not required in 2014/15.</p> <p>Certification of Grants and Returns</p> <p>Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in December 2015.</p> <p>Other Services</p> <p>We did not charge any additional fees for other services.</p>

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.





cutting through complexity™

© 2015 KPMG LLP, a UK public limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).



Report author: Mary Hasnip
Tel: x74722

Report of **The Deputy Chief Executive**

Report to **Corporate Governance and Audit Committee**

Date: **28th January 2016**

Subject: **KPMG Certification of Grants Report 2014/15**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The number of grant claims which a council’s appointed auditors are required to audit has fallen over recent years, and for 2014/15 the Housing Benefit Subsidy claim was the only grant claim that they were required to audit.
2. KPMG have qualified and requested an amendment to this grant claim as a result of minor errors found by the audit. This was also the case in previous years.
3. There are also a number of grants during the year for which the council is required by the awarding body to arrange for an external audit. All such grant claims during the year have been certified without adjustment.

Recommendations

4. Members are asked to receive KPMG’s Certification of Grant Claims and Returns report and note the conclusions and recommendations arising from their 2014/15 audit work.

1 Purpose of this report

- 1.1 To inform members on the result of the work of auditors in respect of work carried out on the certification of grant claims in 2014/15.

2 Background information

- 2.1 Each year the Government determines which grant claims require audit certification by a council's appointed auditors. For 2014/15, the only such grant claim was the Housing Benefit Subsidy claim.
- 2.2 In addition the Council is required to arrange independent audits of a number of grants requested directly by the granting body. Audit firms are invited to tender for this work on a grant-by-grant basis.

3 Main issues

- 3.1 The attached report highlights the audit issues identified by KPMG in respect of the 2014/15 grants and returns.
- 3.2 As has been the case in previous years, KPMG have qualified the Housing Benefit Subsidy claim due to minor errors. Although progress had been made in the area highlighted in 2013/14, minor errors of a different type were identified by the 2014/15 audit. The impact of amendments was an increase of £3k on the original claim of £289m. KPMG have made one recommendation as a result of their findings, which officers in the Welfare and Benefits service will address in order to try to minimise future errors.
- 3.3 In addition to the above, the Council has invited tenders for the audit of a number of other grant returns not covered by the Audit Commission process. To date, all such completed audits have been certified without adjustment.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This is a factual report based on evidence provided by the external auditors and consequently no public, Ward Member or Councillor consultation or engagement has been sought.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no direct implications for equality, diversity, cohesion and integration arising from this report.

4.3 Council policies and Best Council Plan

- 4.3.1 Under this Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including the receipt of external audit reports. The report from KPMG provides assurance that all grant claims received to date have been certified by the auditors and any audit adjustments actioned.

4.4 Resources and value for money

- 4.4.1 Members are asked to note the estimated KPMG audit fee of £23.6k for certification of grants and returns for the financial year 2014/15. This is an increase of £1.5k above the scale fees set for this work by the Audit Commission. The proposed increase is due to additional audit work required as a result of errors identified.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 As this is a factual report based on evidence provided by the external auditors none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

4.6 Risk Management

- 4.6.1 All recommendations contained within the Certification of Grants and Returns 2014/15 report have been considered and appropriate actions agreed.

5 Conclusions

- 5.1 All grant claims and returns have been successfully completed and final approved claims submitted to the relevant granting organisation.
- 5.2 The audit process identified a number of minor errors in the Housing Benefit Subsidy claim which required qualification and amendment.

6 Recommendations

- 6.1 Members are asked to receive KPMG's report on the Certification of Grant Claims and Returns and to note the conclusions and recommendations arising from their audit work.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

This page is intentionally left blank



KPMG LLP
Infrastructure, Government & Healthcare
1 Sovereign Square
Sovereign Street
Leeds LS1 4DA
United Kingdom

Tel +44 (0) 113 231 3000
Fax +44 (0) 113 231 3200

Private & confidential

Alan Gay
Deputy Chief Executive
Leeds City Council
Civic Hall
Leeds
LS1 1UR

Our ref rw/rt/16/jb-001

Contact Rob Walker
0113 231 3619

4 January 2016

Dear Alan

Certification of claims and returns – annual report 2014/15

Public Sector Audit Appointment requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2014/15.

In 2014/15 we carried out certification work on only one claim/return, the Housing Benefit Subsidy claim. The certified value of the claim was £289million, and we completed our work and certified the claim on 26th November 2015.

Matters arising

There were six issues which led to qualification and amendment of the claim; these were mainly attributable to benefit assessor inputting errors, as well as a minor system error. The impact on subsidy of the errors, however, was minimal. The total impact of the amendments was to slightly increase the total amount claimed by £2,979 and the final extrapolated amount for unadjusted items, on which the Department will make a final decision, was a potential reduction in cell 103 of (£69,893), with corresponding increase in cell 113, LA error overpayments. This has £Nil impact on subsidy as the Authority would remain under the LA error threshold.

Compared to the 13-14 claim there were different types of errors found, and an increased number of amendments to individual cells in the claim were made, but most issues were minor with limited impact. On this basis we have only included one recommendation in relation to training or reminders on the checking of the working tax credit information which formed the basis of the extrapolation in the qualification letter.

In detail the most significant item related to the incorrect application of working tax credit and child tax credit (WTC/CTC) updates in cell 94, where the advised change in rates for claimants had not been correctly updated as a change in circumstances, resulting in incorrect WTC/CTC amounts being included in the eligibility calculations. We found no cases where the tax credit

had been excluded completely in error, but we found that changes in the amounts of the credit had not always been applied to the benefit calculation. This resulted in both overpayments and underpayments on different cases. While this has a small impact on individual cases the impact of extrapolating the errors found across the population results in the potential error outlined above.

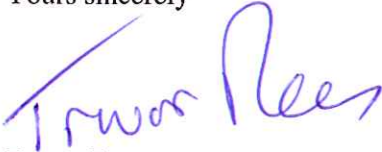
Other items adjusted for in the claim were due to minor classification or input errors.

In our 2013/14 Certification Annual Report we raised one recommendation relating to the Authority's Housing & Council Tax Benefit subsidy claim to improve training given the errors identified in non-HRA rent rebates and rent allowances testing see Appendix 2. We did not find the same level or similar errors in 2015/16, but as outlined above found a range of other minor processing errors.

Certification work fees

Public Sector Audit Appointments set an indicative fee for our certification work in 2014/15 of £22.1k. We expect the final fee to be £23.6k to take account of additional work required on the benefits claim given the issues identified in claim and qualification letter. Note that this is subject to agreement by the PSAA. This compares to the 2013/14 fee for this claim of £21.2k.

Yours sincerely



Trevor Rees
Director

Appendix 1 – 2014/15 Certification of Claims and Returns Action Plan

Priority rating for recommendations		
<p>❶ Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>❷ Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>❸ Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Number	Issue	Recommendation	Priority	Comment/Responsible officer/Due date
1	WTC/ CTC updates not being applied correctly	The Authority should assess whether a training update or reminder of the process for checking changes in WTC and CTC when processing adjustments to claims is appropriate.	2	To be addressed in 2015/16

Appendix 2 – Follow up of 2013/14 Certification of Claims and Returns Recommendations

Priority rating for recommendations		
<p>① Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>② Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>③ Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Number	Issue	Recommendation	Priority	2014-15 comment
1	Several input errors were identified in non-HRA rent rebates and rent allowance case testing during the Housing Benefit Subsidy claim certification work. Although the value of errors was small in relation to the value of the claim, these led to qualification of the claim.	The Authority should assess whether there are training needs for any of the assessment team and increase management checks in areas with a high error rate.	②	<p>Overall we found evidence that the increased quality control and review over the areas with high error rate had been carried out effectively.</p> <p>However, we did find that the Non-HRA checking for cell 11 had been completed but the resulting amendments not actioned, therefore there is still opportunity to improve the management checks in this area.</p>

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Prentice, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to andrew.sayers@kpmg.co.uk After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This page is intentionally left blank



Report author: Mary Hasnip
Tel: x74722

Report of the Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 28th January 2016

Subject: KPMG Summary External Audit Plan 2015/16

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. In order to discharge their statutory duties, KPMG issue an annual audit plan which covers the Council's accounts and the process for assessing its arrangements to secure value for money in the use of resources. This plan would usually be presented to the January meeting of the committee. However, the National Audit Office issued new guidance in November on Value for Money work by local authority auditors, which needs to be considered and incorporated into KPMG's planning process. KPMG have therefore provided a report summarising their audit planning to date, and will be issuing a full audit plan in the near future which will be brought to the next meeting of this committee.
2. The attached summary document explains the key risks which KPMG have identified in their planning work so far.
3. The scale fee set by the Audit Commission for Leeds for 2015/16 is £231,953. A national consultation on scale fees for 2016/17 proposes that the basic fees remain unchanged, but with one-off increases allowed for additional work arising from changes to accounting for highways infrastructure assets.

Recommendations

4. Members of the Corporate Governance and Audit Committee are asked to note the key risks identified by KPMG, and that a detailed external audit plan outlining their proposed audit approach and timetable for the year will be presented to the next meeting of this committee.

1 Purpose of this report

- 1.1 To inform members of progress in KPMG's audit planning for the audit of the Council's accounts and Value for Money arrangements. The attached report from KPMG highlights the main risks they have identified for 2015/16.
- 1.2 The report also informs members of the audit scale fees applicable to Leeds for 2015/16 and the proposal for 2016/17.

2 Background information

- 2.3 KPMG's statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice. As the Council's external auditors, KPMG are required to satisfy themselves that the Council's accounts comply with statutory requirements and that they have been compiled according to proper practices. In addition they are also required to conclude as to whether the Council has arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

3 Main issues

- 3.1 KPMG are currently working to produce a detailed audit plan in the light of new guidance issued by the National Audit Office (NAO) on auditing Value for Money by local authority auditors. For the committee's information, copies of the new NAO guidance and of the accompanying supporting information specific to local authorities are attached as further appendices to this report. KPMG's full audit plan for 2015/16 will be presented at the March meeting of this committee.
- 3.2 The attached summary planning report describes the significant risks and areas of focus in the financial statements which KPMG have identified in their audit planning work to date. The report refers to two significant risks – management override of controls and fraudulent revenue recognition. These are standard risks which auditors would consider as a matter of course in the audit of any organisation, and their inclusion in this summary plan by KPMG does not indicate that any specific cause for concern has been raised in these areas.
- 3.3 The audit scale fee for Leeds for 2015/16 is £231,953, which was set by the Audit Commission in March 2015, prior to its closure. The scale fees set by the Commission for local authorities for 2015/16 represent a 25% reduction on the fees for 2014/15. This was due to savings achieved by the Commission in its audit procurement exercise of 2014.
- 3.4 From 2016/17, the role of setting scale fees will be undertaken by Public Sector Audit Appointments Ltd (PSAA), an independent company established by the Local Government Association to manage the Commission's audit contracts until they end. The PSAA has issued a consultation on scale fees for 2016/17, which proposes that the basic fees remain at the same level as for 2015/16, but with one-off increases of between £5,000 and £10,000 being proposed to cover additional audit work arising from major changes to accounting for highways infrastructure assets.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The summary audit plan does not raise any issues requiring consultation or engagement with the public, ward members or Councillors.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This report does not raise any issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and Best Council Plan

4.3.1 Under the Committee's terms of reference members are required to agree the nature and scope of the external audit plan. This summary report outlines progress towards the production of the audit plan.

4.4 Resources and value for money

4.4.1 The report outlines the areas which KPMG will review in assessing whether the Council has proper arrangements for securing value for money.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The report by KPMG outlines how they propose to discharge their responsibilities as defined by in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

4.5.2 As this is a factual report provided by the external auditors none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

4.6 Risk Management

4.6.1 The report identifies the key risks which KPMG have identified in their audit planning process so far.

5 Conclusions

5.1 KPMG have provided the Council with a summary of their audit planning in respect of the external audit of the Council's 2015/16 accounts and for assessing the Council's arrangements for securing value for money. They have also identified what they see as the main risks. A full audit plan for the year will be presented to the next meeting of this committee.

5.2 The audit scale fee for 2015/16 is £231,953, a 25% reduction in comparison to the previous year. This is as a result of a national reduction in the scale fees set by the Audit Commission. A national consultation on scale fees for 2016/17 proposes that the basic fees remain unchanged, but with one-off increases allowed for additional work arising from changes to accounting for highways infrastructure assets.

6 Recommendations

- 6.1 Members of the Corporate Governance and Audit Committee are asked to note the key risks identified by KPMG, and that a detailed external audit plan outlining their proposed audit approach and timetable for the year will be presented to the next meeting of this committee.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.



cutting through complexity

Planning Summary

Leeds City Council
January 2016

Summary of progress of the audit planning process

Purpose of this paper

Our statutory responsibilities and powers are set out in the *Local Audit and Accountability Act 2014* and the National Audit Office's *Code of Audit Practice*.

Our audit has two key objectives, requiring us to audit/review and report on your:

- *financial statements (including the Annual Governance Statement)*: providing an opinion on your accounts; and
- *use of resources*: concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

Our intention is to produce an Annual Plan outlining our audit approach and in particular the key risks to our financial statements and Value for Money (VfM) opinions and how we plan to cover these within our audit. The National Audit Office (NAO) issued its guidance in November 2015 which can be found at: <https://www.nao.org.uk/about-us/our-work/value-for-money-programme/planning-the-value-for-money-programme/>.

The areas we will review cover your arrangements for:

- *Informed Decision Making*
- *Sustainable Resource Deployment; and*
- *Working with Partners and third parties.*

Following the development of our detailed audit approach we will issue the full plan later in January 2016.

The purpose of this document is to outline the financial statements significant risks and areas of audit focus we are currently considering as part of the audit planning process.

Significant risks and Areas of focus

The risk identification process is ongoing and as such the significant risks and areas of focus outlined below are indicative at this stage and may change to reflect guidance and activity within the Council and generally in the sector. We therefore ask the Audit Committee to review the risks and reflect on:

Generic Significant risk	Brief description
Management override of controls	<ul style="list-style-type: none">■ Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
Fraudulent revenue recognition	<ul style="list-style-type: none">■ We do not consider this to be a significant risk for Councils as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

Summary of progress of the audit planning process

Local Focus Areas	Brief description
Reserves and financial position	<ul style="list-style-type: none">■ There are significant financial pressures facing the Council. General reserves were £29.56m in 2010/11 and are expected to reduce to £20.9m by the end of March 2016 and £18.4m by March 2017. There are also additional budget pressures in the current year at Month 7 of £4 million, primarily due to the continuing demand pressures in Children's Social Care. The Council plans to take actions to bring this budget into balance.■ Business rate appeals are also creating further pressure on the financial position, the latest Budget Proposal Document recognises that the Council's share of the collection fund deficit will increase from £6.4m at the end of March 2016 to £22.2m in March 2017. Although the full impact is partially off-set by expected growth as a consequence of the Business Rate Retention Scheme this creates an additional pressure of £12.6m for the 2016/17 budget.■ Financial pressures increase the risk of manipulation of the financial statements and we will also carefully consider the implication for our VFM work programme when the methodology is finalised.
Accounting for Infrastructure assets in 2016/17	<ul style="list-style-type: none">■ A major change to the 2016/17 statements is the application of LAAP Bulletin 100 adopting the measurement requirements of the Transport Code. Assets will be revalued from Historic Cost to Depreciated Replacement Cost supported by detailed Asset Management Records. These are required to provide the detail to support the new valuation a significant change to the arrangements. Ensuring that the necessary records are in place during early 2016 is important to ensure delivery of this change. We will continue to monitor progress in setting up the systems to support this change.

Next steps

We will provide a draft Annual Plan once we have received final guidance for the 2015-16 audit process. We will share this with management for comment and provide the document to the Audit Committee.



cutting through complexity

© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International.



Auditor Guidance Note AGN 03 – Auditor's conclusion on arrangements to secure value for money in the use of resources

Auditor Guidance Note 3 (AGN 03)

Auditors' Work on Value for Money (VFM) Arrangements

Version issued on: 9 November 2015

About Auditor Guidance Notes

Auditor Guidance Notes (AGNs) are prepared and published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (C&AG) who has power to issue guidance to auditors under Schedule 6 paragraph 9 of the Local Audit and Accountability Act 2014 (the Act).

AGNs set out guidance to which local auditors must have regard under Section 20(6) of the Act. The guidance in AGNs supports auditors in meeting their requirements under the Act and the *Code of Audit Practice* published by the NAO on behalf of the C&AG.

The NAO also issues Weekly Auditor Communications (WACs) to local auditors to bring to their attention relevant information to support them in carrying out audit work. The firms that are local auditors under the Act may use WACs to update their own internal communications and reference tools.

AGNs are numbered sequentially and published on the NAO's website. Any new or revised AGNs are brought to the attention of local auditors through the WACs.

The NAO prepares Auditor Guidance Notes (AGNs) solely to provide guidance to local auditors in interpreting the Code of Audit Practice made under the Local Audit and Accountability Act 2014. The contents of AGNs cannot be reproduced, copied or re-published by parties other than local auditors without permission from the NAO.

The AGNs are designed to assist local auditors in forming their own understanding of the requirements of the Code. Auditors are required to have regard to AGNs, and the Code explains that this means that auditors are expected to comply with the NAO's guidance or provide a reasonable explanation as to why not. AGNs are in no way intended as a substitute for the exercise of the independent professional skill and judgement of a local auditor in deciding how to apply the NAO's guidance or when providing explanations as to why guidance has not been followed.

Local auditors should not assume that AGNs are comprehensive or that they will provide a definitive answer in every case.



AGN 03 is relevant to all local auditors of bodies covered by the Local Audit and Accountability Act 2014 and the Code of Audit Practice including auditors of Foundation Trusts (FTs).

AGN 03 is not relevant to assurance engagements at smaller authorities for which the specified procedures are set out in AGN 02.

Introduction

This AGN sets out guidance for auditors to support their work on value for money (VFM) arrangements. It covers all sectors.

The AGN is structured as follows:

The Legal and Professional Framework	Page 3
Subject Matter – Definitions of Proper Arrangements	Page 6
The Auditor's Risk Assessment	Page 8
Evaluation Criterion	Page 13
Reporting the Results of Auditors' Work	Page 14
Supporting Information	Page 18
Raising Technical Issues or Queries on this AGN	Page 19

The Legal and Professional Framework

1. This AGN is consistent with the relevant requirements of the Local Audit and Accountability Act 2014 (the Act) and the Code of Audit Practice (the Code). However, the requirements of the Act differ depending on the type of audited body, as set out below:

Local government bodies (including fire and rescue authorities, police and crime commissioners and chief constables):

2. Section 20(1) of the Act requires that: *'In auditing the accounts of a relevant authority other than a health service body, a local auditor must, by examination of the accounts and otherwise, be satisfied ... (c) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'*.

Health service bodies:

3. **Clinical Commissioning Groups and NHS Trusts:** In respect of clinical commissioning groups, Section 21(1) of the Act requires that: *'A local auditor must, by examination of the accounts and otherwise, be satisfied ... that the [clinical commissioning] group has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'*. Section 21 (5) however also notes that the auditor's report *'must not contain the auditor's opinion on the matter in subsection (1)(c) or (3)(c) if the auditor is satisfied as to that matter'*.
4. In respect of NHS trusts, paragraph 4 of Schedule 13 of the Act extends the definition of 'health service body' to include NHS trusts. The requirement set out in the paragraph above therefore also apply to NHS trusts.
5. **Foundation Trusts:** In respect of foundation trusts (FTs), paragraph 1 of Schedule 10 of the National Health Service Act 2006 requires that *'in auditing the accounts of any NHS foundation trust an auditor must by examination of the accounts and otherwise satisfy himself that... (d) the trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'*.
6. Paragraph 74 of Schedule 12 of the Local Audit and Accountability Act 2014 amends the National Health Service Act 2006 to require auditors to *'a) comply with the code of audit practice applicable to the accounts that is for the time being in force....and b) have regard to guidance issued by the Comptroller and Auditor General under paragraph 9 of that Schedule (as it has effect by virtue of paragraph 10(6) of that Schedule)'*.
7. In relation to the audits of local health bodies, the effect of these requirements is that unless local auditors have identified weaknesses to report, local auditors should not issue a separate conclusion on the body's arrangements to secure VFM in its use of resources as part of the auditor's report. However, they still need to carry out

sufficient work to be satisfied themselves that proper arrangements are in place in each audited body. On the basis of their work, auditors of local health bodies need to be able to consider whether there is a matter which they need to report by exception. Where there are no issues to report, auditors should confirm this under the '*matters by which we report by exception*' section of the auditor's general report.

The Code of Audit Practice

8. The Code (along with the Act itself) implies that 'reasonable assurance' is required, as the auditor needs to be satisfied that there are proper arrangements in place, regardless of the form of reporting applicable to different sectors. Paragraph 3.14 of the Code states:

'The auditor's work should be designed to provide the auditor with sufficient assurance to enable them to report as appropriate to:

- audited bodies other than health service bodies – providing a conclusion that in all significant respects, the audited body has (or has not) put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the relevant period; or
- health service bodies, including NHS foundation trusts – reporting by exception if the auditor concludes that they are not satisfied that the audited body has in place proper arrangements to secure value for money in the use of its resources for the relevant period.'

9. In planning their work, paragraph 3.8 of the Code requires that:

'The auditor should take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

10. This means that if other matters come to the auditor's attention which, in the auditor's judgement, are relevant to the discharge of their duties in respect of VFM arrangements under the Code, their impact on the auditor's risk assessment and planned response should be considered, irrespective of whether or not the issue is explicitly referenced within the scope of proper arrangements described in this AGN.
11. Auditors should not, therefore, consider references in this AGN to proper arrangements or significant risks as exhaustive, and should apply appropriate professional judgement to all issues considered.

Professional Framework

12. In developing the approach set out in this AGN we have drawn on relevant principles of the International Auditing and Assurance Standards Board's (IAASB's):

- International Framework for Assurance Engagements; and, in particular,
- International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

13. However, auditors undertake work on the conclusion on arrangements to support VFM under the Code of Audit Practice. This is **not** an engagement under the International Framework or ISAE 3000 (Revised) and auditors are required to have regard only to the guidance set out in this AGN. Unless explicitly referred to within this AGN, none of the requirements of ISAE 3000 (Revised) are applicable to work on arrangements to secure VFM.

14. In this context, the following definitions are helpful in understanding the terms used in the standard:

ISAE 3000 (Revised)	Meaning for the purposes of this AGN
The 'responsible party' that is responsible for the 'subject matter' and any accompanying 'subject matter information'	The audited body
The 'practitioner' that carries out the engagement and provides an assurance report	The local external auditor undertaking work in accordance with this AGN
The 'intended users' for whom the assurance is provided	Local people, service users and taxpayers, central government departments, other stakeholders and other funding providers
Subject matter	Proper arrangements as defined in this AGN
Subject matter information	Information about the subject matter contained in, for example: <ul style="list-style-type: none"> • Annual Governance Statements and the information disclosed or available in support; • Annual Reports and Accounts; • reports from the audited body including internal audit, and; • information available from the body's own risk registers – available to the practitioner but not the subject of assurance on VFM arrangements



ISAE 3000 (Revised)	Meaning for the purposes of this AGN
Evaluation criteria	The criteria used by the practitioner when evaluating and reporting on the subject matter

Subject Matter – Definitions of Proper Arrangements

15. The subject matter for the purposes of auditors' work under this AGN is a local body's arrangements to secure economy, efficiency and effectiveness in its use of resources. In particular, the Act and the Code require auditors to consider whether the body has put in place 'proper arrangements'. This AGN sets out the arrangements that fall within the scope of 'proper arrangements'.
16. The Code states in paragraph 3.7 that the '*auditor's work should be underpinned by consideration of what arrangements the audited body is expected to have in place. This should be based on the relevant governance code or framework for the type of local public body being audited, together with any other relevant guidance or requirements*'.
17. Auditors should note that references to effectiveness in arrangements set out below refer to the design and intended outcome of the arrangements the audited body puts in place.
18. While auditors do not need to gather evidence of outcomes in order to conclude on the adequacy of arrangements in place, they should take account of evidence drawn from outcomes where it comes to their attention, and especially where outcomes suggest that there may be significant weaknesses in those arrangements.
19. Auditors are required to reach their statutory conclusion on arrangements to secure VFM based on the following overall evaluation criterion:

Overall criterion:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

20. To help auditors to consider this overall evaluation criterion, the following sub-criteria are intended to guide auditors in reaching their overall judgements but these are not separate and auditors are not required to reach a distinct judgement against each one:

Sub-criteria:

- informed decision making
- sustainable resource deployment
- working with partners and other third parties

Auditors should note that while all bodies will work with partners and other third parties (including contractors), the significance of these arrangements, and consequently the extent to which they will impact on the auditor's risk assessment, will vary.

21. In both local government and the NHS, organisations are already required to have arrangements in place to ensure proper governance, resource and risk management, and internal controls, and to report on the design and operation of those arrangements through Annual Governance Statements.
22. This AGN draws on relevant requirements¹ applicable to each sector and aligns the scope of proper arrangements with those that responsible parties are already required to have in place and to report on through documents such as annual governance statements and annual reports (where applicable).
23. Drawing on the relevant requirements applicable to local bodies, proper arrangements cover the following:

Informed decision making

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance
- Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management
- Reliable and timely financial reporting that supports the delivery of strategic priorities
- Managing risks effectively and maintaining a sound system of internal control

Sustainable resource deployment

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions
- Managing and utilising assets effectively to support the delivery of strategic priorities
- Planning, organising and developing the workforce effectively to deliver strategic priorities

¹ Relevant authorities that set out the requirements include the CIPFA/SOLACE framework for local government, Monitor's NHS Foundation Trust Annual Reporting Manual, CCG reporting guidance on governance statement requirements published by NHS England, and the NHS Trust Development Authority's Annual Governance Statement guidance.

Working with partners and other third parties

- Working with third parties effectively to deliver strategic priorities
- Commissioning services effectively to support the delivery of strategic priorities
- Procuring supplies and services effectively to support the delivery of strategic priorities

24. As part of planning, auditors should consider the risk of reaching an incorrect conclusion in relation to the overall criterion. However, the level of testing, if any, auditors carry out should be proportionate and consistent with the auditors' risk assessment.

The Auditor's Risk Assessment

25. The auditor's risk assessment supports the planning of sufficient work to enable them to deliver a safe conclusion on arrangements to secure VFM. The 'risk' in this case is 'engagement risk', i.e. the risk that the auditor will come to an incorrect conclusion in respect of the arrangements, rather than the risk of the arrangements themselves being inadequate.

26. The risk assessment enables the auditor to determine the nature and extent of further work that may be required. This means that **if the auditor does not identify any significant risks there is no requirement to carry out further work**. This AGN does not specify how auditors should undertake their assessment of risk but, as a minimum, risk assessments are expected to include consideration of the significance of business and operational risks insofar as they relate to 'proper arrangements'. This should include risks at both sector and organisation-specific level, and draw on relevant cost and performance information as appropriate.

27. Auditors should also consider the impact of findings of other inspectorates, review agencies and other relevant bodies on their risk assessment, where they are relevant and available. Information relevant to the risk assessment could come from a variety of sources, which may include but are not limited to:

- *for relevant local government bodies including police:*
 - OFSTED
 - Care Quality Commission
 - Her Majesty's Inspectorate of Constabulary
 - Ministry of Justice



- *for relevant NHS bodies:*
Care Quality Commission (CQC)
Monitor²
Department of Health
NHS England
Trust Development Authority (TDA)²
Health and Wellbeing Boards

28. Auditors should schedule their work to enable them to consider the most recent findings of other inspectorates where publication is expected before auditors issue their conclusion. However, where timetables do not align, auditors should not delay issuing the conclusion unless the inspectorate's report is likely to affect the auditor's conclusion.
29. The NAO will make supporting information available to auditors which will provide links to useful information sources, and may highlight certain national and sector developments as potential risk issues for consideration.

Identification of 'significant risk'

30. In undertaking the risk assessment, auditors will need to determine whether there are any risks that should be classified as 'significant'.
31. The Code defines 'significant' as follows:
A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.
32. An auditor's assessment of what is a significant risk and the amount of additional audit work required to adequately respond to the risk is a matter of professional judgement, and is based on their evaluation of the subject matter in question. In determining whether a risk is significant, auditors should consider both the significance of sums involved along with wider, qualitative aspects, such as the risk of an adverse impact on the delivery of a major service or the impact on an audited body's reputation.

Initial risk assessment

33. The auditor should document their assessment of significant risks, drawing on relevant information including, but not limited to:
- cumulative knowledge brought forward from previous audits;
 - relevant findings from work undertaken in support of the opinion on financial statements (for example, understanding the entity and any work on key systems and controls);
 - reports from the audited body including internal audit;

² Monitor and the NHS TDA will come under the common heading of "NHS Improvement" from 1st April 2016.

- information disclosed or available to support the Annual Governance Statements and Annual Report (where applicable); and
- information available from the audited body's own risk registers and supporting arrangements.

34. The auditor should consider the range of risks that are relevant to the body concerned, drawing on their knowledge of the body itself, the illustrations of potential significant risks as set out in the AGN, and any relevant supporting information provided by the NAO with this AGN. Auditors are not required to consider all illustrative significant risks set out in the AGN in their risk assessment or all issues included in the supporting information. Auditors should consider the illustrative significant risks insofar as they are consistent with their understanding of the audited body.

Initial planning and risk assessment work

35. The auditor should consider to what extent evidence is available to address the identified risks. Evidence could be drawn from the auditor's cumulative knowledge in respect of the body (including consideration of issues such as qualifications in previous years) as well as work undertaken in support of the opinion. The findings of relevant inspectorates and other review agencies may also provide sufficient evidence to inform the auditor's risk assessment, especially in relation to the consideration of risks around the delivery of services.
36. The documentation and evidence in support of the initial risk assessment should be sufficient to enable an experienced auditor with no prior knowledge of the body to understand the basis for the auditor's judgements as to whether or not there are significant risks.
37. Auditors should remember that the risk assessment process is dynamic, and can change throughout the course of the audit as new information emerges. Auditors should therefore be alert to the possibility that in addition to confirming prior to the conclusion of the audit that no new risks have emerged that need to be addressed, they may need to revisit the risk assessment during the year. This could be in the light of issues such as unexpected outturn information, findings from other agencies or inspectorates, or where outcomes suggest that there may be significant weaknesses in the arrangements the audited body has put in place.
38. Where the auditor has identified 'significant risks', or is unable to conclude whether a significant risks exists without undertaking significant additional work, the auditor should document the additional work they plan to do in response and report these risks to those charged with governance. Any additional work undertaken should be proportionate to the severity and nature of the significant risk(s) identified.

Potential Significant Risks – Illustrative examples

39. The judgement over what constitutes a significant risk is the auditor's. Auditors are not required to consider all illustrative significant risks set out in the AGN or in the

supporting information, nor is it expected that significant risks will be identified every year at every audit.

40. The following are examples of issues or developments which an auditor may consider as significant engagement risks:

Issue	Possible considerations
Organisational change and transformation	<p>Engagement risks may be present where the body is planning or is undertaking significant:</p> <ul style="list-style-type: none"> - reorganisation or merger - outsourcing, or transfer to alternative delivery models e.g. formal partnerships, mutuals, social enterprises, joint ventures, etc. - capital projects - debt restructuring
Significant funding gaps in financial planning	<p>The significance of budget gaps will depend both on the size of the funding gap, and at what point it emerges in the body's medium-term financial plans. Auditors' responses (and the level of work planned in response) should therefore be proportionate, and should take account of the differing levels of certainty with which bodies in different sectors may be able to plan into the future.</p> <p>However, where the body has a significant budget gap in terms of funding, and especially where a significant level of as yet unidentified savings are required to deliver a balanced budget, or where the body has set a deficit budget, the auditor should consider whether the issue represents a significant risk.</p> <p>The auditor should also consider whether significant risks are present where organisations are meeting funding gaps through the unplanned use of reserves, or by relying on short-term or non-recurrent sources of funding.</p>
Legislative/policy changes	<p>Where a body is taking on a significant new function as a result of changes in legislation or national policy decisions, the auditor should consider whether to document the issue as a significant risk and consider the body's response.</p>

Issue	Possible considerations
Repeated financial difficulties, or persistently poor performance	Where a body has a history of financial difficulty, or persistently performs poorly in one or more significant service areas with insufficient evidence of the likelihood of securing improvement, the auditor should consider whether, when considered in aggregate, this constitutes a significant risk.
Other sources	Engagement risks may be present where an independent inspectorate, review agency or other relevant body identifies significant concerns about the quality of services provided.

Risk assessment at health bodies

41. Health bodies are subject to regular in-year and year-end performance and financial monitoring. Auditors, in carrying out their risk assessment, may conclude that given their knowledge of the organisation and its risks, that this provides sufficient assurance that there are no significant risks requiring further work under this AGN.
42. However, financial and performance monitoring may not, of itself, mitigate all risks associated with the auditor’s assessment of proper arrangements and therefore, the auditor’s risk assessment should still confirm whether the risks have been satisfactorily addressed by the arrangements in place.

Potential significant risks - Health bodies

43. The following are illustrative examples of scenarios which the auditor may consider as significant and that may require further work to address:
 - The previous year out-turn was significantly different from that reported in-year under the quarterly monitoring arrangements.
 - An FT is found to have breached one of its licence conditions by Monitor, or has been placed in special measures.
 - An independent review organisation (such as the CQC or HMIC) identifies significant concerns with the quality of services provided.
 - Where a body has a history of financial difficulty, or persistently performs poorly in one or more key service areas with little sign of securing any improvements, the auditor should consider whether, when considered in aggregate, this constitutes a significant risk.

Planning and undertaking local VFM audit work – all sectors

44. In completing and documenting their approach to work on local VFM arrangements, auditors should clearly document:
- The risks considered in relation to each element of the subject matter, including those issues highlighted as 'potential significant risks'.
 - The subject matter information that the auditor intends to collect to evaluate the subject matter (including drawing on information from the responsible body supporting the Annual Governance Statement and where relevant, audit work in support of the opinion on the financial statements).
 - The results of the evaluation.
 - The reporting implications as a result of the findings.
45. The standards to be met in terms of file documentation are no different than would be expected in connection with the audit of the financial statements.

Evaluation Criterion

46. Auditors are required to reach their statutory conclusion on arrangements to secure VFM based on an overall evaluation criterion, supported by sub-criteria as set out in paragraphs 19 and 20 above.
47. Local government auditors will always issue a conclusion by reference to the above criterion, using the sub-criteria to guide their judgements and reporting. Auditors of NHS bodies will report by exception only, but will report by reference to the same criterion and sub-criteria when doing so.
48. Each of the sub-criteria relate directly to the subject matter as defined in this AGN. Although auditors may find evaluating arrangements against the sub-criteria helpful, they should consider the local body's arrangements in the context of the overall criterion.
49. As stated in para 18 while auditors do not need to gather evidence of outcomes and should not question the merits of the decisions in order to conclude on the adequacy of arrangements in place, they should take account of evidence drawn from outcomes where it comes to their attention, and especially where outcomes suggest that there may be significant weaknesses in those arrangements.
50. The auditor's conclusion on arrangements to secure VFM is wider than a review of the body's viability as a going concern for financial reporting purposes. Consequently, in considering service and financial sustainability, auditors are not expected to apply a pre-determined timeframe when evaluating subject matter information. Rather,



auditors should consider the timeframe that is appropriate to the nature of the subject matter and the subject matter information, taking account of the differing levels of certainty with which bodies in different sectors may be able to plan into the future. In some cases, such as major outsourcing or capital projects, or major transformation such as a structural reorganisation, the appropriate timeframe could extend significantly beyond that which is covered by annual or medium-term financial plans.

- 51. Where auditors have identified significant issues in relation to going concern assumptions as part of their work on the financial statements, this should impact on the auditor's evaluation of the relevant subject matter and subsequent reporting considerations.
- 52. Auditors should also note that their statutory conclusion relates only to the same period as the statement of accounts. While evidence that is gathered after the year-end but which confirms (or otherwise) the adequacy of arrangements during the year of audit is relevant to the auditor's conclusion, evidence of actions taken by the body since the year end in respect of weaknesses in arrangements is not relevant to the auditor's conclusion and should not be referred to in the auditor's general report.
- 53. Such additional information may, however, be useful in terms of informing the following year's risk assessment and for providing additional context in respect of the auditor's wider reporting considerations, such as reports to those charged with governance, or annual audit letters.

Reporting the Results of Auditors' Work

- 54. Auditors should maintain regular communications with senior management and those charged with governance on issues affecting the auditor's conclusion on arrangements to secure VFM. Chapter four of the Code sets out the auditor's statutory duties for reporting the results of their work, and further guidance is provided in AGN 07. In respect of the conclusion on arrangements to secure VFM, these duties are summarised in the table below. When evaluating the results of work undertaken following the risk assessment, auditors are expected to consider the full range of reporting options that are available to them.

Audit Stage	Requirement
Planning the audit	<p>The audit planning report should encompass the auditor's planned work to meet their duties in respect of the audited body's arrangements to secure VFM through the economic, efficient and effective use of its resources.</p> <p>The auditor should set out any significant risks identified, along with details of the work the auditor plans in response, or confirm that there are no significant risks.</p>



Audit Stage	Requirement
Completion of audit fieldwork	<p>The auditor should report to those charged with governance the results of their work in respect of the audited body's arrangements to secure VFM through the economic, efficient and effective use of its resources.</p> <p>The auditor should set out the findings from their work, including:</p> <ul style="list-style-type: none"> • the results of work in response to the auditor's risk assessment, including any significant risks reported to the body at the planning stage; • the auditor's views about significant qualitative aspects of the body's arrangements for delivering economy, efficiency and effectiveness; • significant difficulties, if any, encountered when undertaking the work; • significant matters, if any, arising from the work that were discussed, or subject to correspondence with management; any written representations the auditor is requesting; and • any other matters arising from the work that, in the auditor's professional judgement, are significant to the auditor's consideration of arrangements to secure VFM. <p>Where the risk assessment has been revisited and has changed during the course of the year, auditors should also report this to those charged with governance.</p> <p>The auditor should also set out the proposed basis for their statutory conclusion, i.e. qualified/unqualified and, where any form of qualification is proposed, set out the basis for the qualification and the evidence supporting the judgement.</p> <p>Auditors need to carry out sufficient work to be satisfied that proper arrangements are in place. However, where this leads to qualification of the proposed conclusion, auditors need only to have gathered sufficient evidence to support their judgement and enable them to explain the basis for the qualification.</p>



Audit Stage	Requirement
<p>Auditor's general report, including the conclusion on arrangements to secure VFM</p>	<p>The auditor's general report should cover the following in respect of the conclusion on arrangements to secure VFM:</p> <p>For local government: The results of the auditor's work on the audited body's VFM arrangements as set out at paragraphs 3.5 and 3.16 of the Code.</p> <p>For NHS bodies including FTs: If the auditor has no issues to report, they should confirm this under the '<i>matters by which we report by exception</i>' section of the auditor's general report.</p> <p>Where the auditor has matters to report, they should issue a separate qualified conclusion.</p> <p>Events after the end of the financial year - The auditor's conclusion is in respect of arrangements in place up to 31 March. Therefore, information coming to the auditor's attention after 31 March is only relevant to the auditor's conclusion in so far as it informs their understanding of the arrangements in place during the year. Any corrective action taken by audited bodies after 31 March in respect of identified weaknesses in arrangements is not relevant to the auditor's conclusion but should inform the auditor's risk assessment for the following year.</p>
<p>Annual Audit Letter, where applicable</p>	<p>The Annual Audit Letter should provide a clear, readily understandable commentary on the results of the auditor's work and highlight any issues that the auditor wishes to draw to the attention of the public.</p> <p>Auditors should seek to draw on the reports already made to the body at the planning stage and completion of fieldwork (report to those charged with governance), and should look to issue their letter as soon as possible after the completion of the audit.</p> <p>Where audited bodies take corrective action after 31 March in respect of identified weaknesses in arrangements, this can be reflected in the Annual Audit Letter, but the auditor should not fetter their discretion in respect of the following year's conclusion.</p> <p>There is no requirement for an Annual Audit Letter at FT audits.</p>
<p>Other reporting options</p>	<p>Auditors should remember that a range of other reporting options are available in addition to those listed above, which can be used to draw attention to specific issues in relation to arrangements to</p>



Audit Stage	Requirement
	<p>secure VFM. For further guidance on the processes and issues auditors should consider when exercising any of these reporting options, auditors should refer to AGN 07 – Auditor Reporting.</p> <p>Reports in the public interest – the auditor should consider whether, in the public interest, they should report on any matter that comes to their notice so that it is brought to the attention of the audited body and the public.</p> <p>Written recommendations – the auditor should consider whether to use the powers the Local Audit and Accountability Act provides to make written recommendations to audited bodies which need to be considered by the body and responded to publicly.</p>

The auditor’s general report

- 55. The auditor’s general report covers all auditor responsibilities under section 20 of the Local Audit and Accountability Act for bodies other than NHS bodies, section 21 of the Local Audit and Accountability Act for NHS bodies, and paragraph 1 of Schedule 10 of the National Health Service Act 2006 for FTs.
- 56. For bodies other than NHS bodies, it therefore includes the auditor’s conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. For NHS bodies, including FTs, the auditor’s general report should confirm under the ‘*matters by which we report by exception*’ section that there are no issues to report, or include a separate qualified conclusion reporting significant weaknesses in arrangements.

Unqualified Conclusions

- 57. For bodies other than NHS bodies, where the auditor is satisfied that they have sufficient evidence that the body has proper arrangements in place to secure VFM, they should issue a positive conclusion confirming that they are satisfied in all significant respects.
- 58. Note that in respect of NHS bodies (CCGs, NHS trusts and FTs), auditors are not expected to issue a report unless there are matters to report (see ‘Qualified Conclusions’ below).

Qualified Conclusions

- 59. Where the auditor concludes that there are significant weaknesses in a body’s arrangements, they should qualify their statutory conclusion. The qualification can

take one of two forms, either an 'adverse' or an 'except for' conclusion. Both of these options are considered in more detail below.

Adverse Conclusion:

60. In this scenario, the auditor concludes that the weaknesses in arrangements that they have identified are either so significant in terms of their impact, or so numerous in terms of the number of different aspects of proper arrangements affected, that they are unable to satisfy themselves that the body has proper arrangements to secure VFM in place.

'Except for' conclusion:

61. In this scenario, the auditor has identified weakness(es) that are sufficiently significant in their professional judgement to warrant reporting on in the auditor's general report, but they are limited to specific issues or areas. In such circumstances, the auditor may conclude that the body does have proper arrangements in place, 'except for...' the issue concerned.
62. For both conclusions, the auditors' general report should include a concise summary of the nature of the issue giving rise to the qualification. The same level of detail as may have been included in the report to those charged with governance or annual audit letter is not required, but the conclusion should contain enough information for it to 'stand alone'. Auditors should clearly link the issue to one (or more) of the elements of proper arrangements as set out in this AGN, but they are not required to reproduce the precise wording of the arrangement to which they are linking their qualification.

Supporting Information

63. In addition to this AGN, auditors have access to sector-specific supporting information, prepared by the NAO.
64. The supporting information does not form part of the statutory guidance to which auditors must have regard, but it helps auditors to understand the key developments and risks that are relevant to VFM arrangements in each sector.
65. The supporting information is updated as and when required, to reflect any significant developments during the year. Auditors are notified of any updates to the supporting information via the WAC.
66. If, in exceptional circumstances, the NAO identifies the need for further statutory guidance to be issued in respect of the current audit year, this may be issued by the C&AG as an addendum to this AGN.



National Audit Office

AGN 03
Auditors' Work on VFM Arrangements
Issued on 9 November 2015

Raising Technical Issues or Queries on this AGN

67. Auditors in firms should raise queries within the firm, in the first instance, so that the relevant technical support service can consider whether to refer queries to the NAO's Local Audit Code and Guidance (LACG) team by e-mailing LACG.queries@nao.gsi.gov.uk

68. The NAO also engages with the firms through its Local Auditors' Advisory Group (LAAG) and supporting technical networks to consider any emerging regime-wide technical issues on a timely basis. Auditors should follow their in-house arrangements for bringing significant emerging issues to the attention of their supplier's representative on LAAG or the relevant technical network.

This page is intentionally left blank

This supporting information has been prepared to assist the auditor in performing the risk assessment to inform their work on the conclusion on value for money (VFM) arrangements under Auditor Guidance Note 3 (AGN 03). The supporting information is intended to provide additional sector specific context only. It is **NOT** part of the statutory guidance and auditors are only required to have regard to the explicit requirements set out in AGN 03. This document should be read in conjunction with supporting information: general arrangements.

Auditor Guidance Note 3 (AGN 03)

Supporting information:

Local Authorities

Version 01 | November 2015

Background

This section provides some general information about the sector.

The term “local authority” (LA) covers a wide-range of local bodies with varying roles and responsibilities, depending on both their legal status and individual local arrangements each body might have made. Generally speaking, each location in England is the responsibility of either a “single-tier” LA or has a “two tier” LA structure where responsibilities are shared between a county council and a district council.

Single-tier LAs include the 56 unitary authorities, 36 Metropolitan boroughs and 33 London boroughs. In “two tier” areas there are 27 county councils and 201 district councils.

In some parts of the country, strategic or combined authorities have been established to carry out certain functions in an area. For example, the Greater London Authority is responsible for some London wide strategic functions. In other parts of the country combined authorities have been, or are being, established to carry out specified functions on behalf of two or more local authorities. There is separate supporting information on other local bodies, including [combined authorities](#) and [fire and rescue authorities](#). In some parts of the country smaller local bodies such as parish councils carry out some local government functions; these are out of scope for AGN 03 and therefore are not included in this supporting information. Where parish councils have opted to produce accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting and undergo a full audit, however, AGN 03 applies.

Financial position

LAs are funded by grants from central government and locally raised revenues; either through taxation (council tax and business rates) or from fees, charges, or other revenue generating activities. Since 2010-11 LAs have seen their funding from central government reduced by [37 per cent in real terms](#), and further reductions for the period 2016-17 to 2019-20 are likely.

Central government has also changed the way it funds LAs. Until 2013-14 all business rates income was paid to central government and redistributed to LAs via a needs-based formula. Under the [Localism Act 2011](#), and the [business rates retention](#) scheme introduced in April 2013, LAs are now able to retain a share of locally raised business rates.

In this landscape, those LAs that are relatively more reliant on central government funding and are less able to increase locally raised revenues may need to make greater efficiency savings or draw on reserves in order to set a balanced budget. Where LAs are unable to raise revenues sufficient to meet their planned commitments, and do not have sufficient reserves to meet any shortfall, budgets will need to be reduced further which may carry a risk of service failure. LAs with insufficient funding may be unable to discharge all of their statutory duties adequately. The impact would depend on the nature of the statutory duty; these range from administrative duties to responsibilities for safeguarding children and vulnerable adults.

The next spending review is due to take place on 25 November 2015, where it is possible that announcements may have a significant impact on the body's medium term financial plan or on the financial planning of partners and third parties.

Legal framework for body

This section sets out the legislation that governs the audited body's sector, together with any statutory guidance issued thereunder. It is included to provide auditors with information about the roles and responsibilities of the audited body as set out in law.

The framework of authorities for LAs is complex and there is a large body of primary and secondary legislation that relates to LA functions. In June 2011 the government (in consultation with LAs) produced an [inventory](#) of legislation relevant to LAs.

The [Localism Act 2011](#) set out a new legal framework for local authorities. Section 1 of that legislation confers on local authorities the "*power to do anything that individuals generally may do*". This legislation provided more freedom for local authorities to carry out their own function consistent with statutory obligations.

[The Cities and Local Government Devolution Bill 2015-16](#) would make various amendments to the 2009 Act including removing the geographical restrictions, enabling the transfer of functions

from other bodies to support devolution deals and would enable combined authorities to create directly-elected mayors.

Bodies need to have proper arrangements in place for complying with relevant legislation, and be aware of new legislation that may affect their functions or responsibilities (such as the [Cities and Local Government Devolution Bill 2015–16](#) currently being debated in Parliament). While it is a matter for auditor judgement, non-compliance with legislation identified by the auditor (or other inspectorates or review agencies), can have implications for the conclusion on arrangements to secure VFM, depending on the nature and severity of the issue.

Sector developments

This section sets out some of the current developments within the sector which may be of interest to auditors when completing their risk assessment. It is neither prescriptive nor exhaustive, and should not be used as a checklist. It does not cover developments at individual audited bodies and auditors are likely to need to draw on their own local knowledge.

AGN 03 describes what “proper arrangements” comprise for the purposes of the work under the Code, and the sector developments have been grouped according to sub-criteria set out in the AGN. The AGN states “*Auditors are not required to consider all illustrative significant risks set out... [and] should consider the illustrative significant risks insofar as they are consistent with their understanding of the audited body*”. Similarly, the sector-level developments are only intended to be considered where the auditor deems them relevant. And as the AGN further states, “*where other matters come to the auditor’s attention which - in the auditor’s judgement - are relevant to the discharge of their duties in respect of VFM arrangements under the Code, their impact on the risk assessment should be considered, irrespective of whether or not the issue is explicitly referenced within the scope of proper arrangements*”. Therefore the auditor is ultimately responsible for preparing and documenting a risk assessment that mitigates the engagement risk.

Informed decision making

The following section contains contextual information that may be relevant to the body’s governance and decision making arrangements. The material may be helpful to auditors when undertaking their risk assessment.

- The Localism Act 2011 began the move towards greater devolution of powers to local areas. The government and leaders of the Greater Manchester Combined Authority signed a devolution agreement in November 2014. The devolution of powers is still being negotiated, although it is expected that some accountability currently held by ministers will transfer to a directly elected Mayor. The government signed a second devolution agreement with Cornwall in March 2015. All other areas of England were invited to submit devolution proposals by 4 September 2015 and the government is currently considering these.

- Care Quality Commission (CQC), the independent regulator for health and social care in England, has launched a new programme of inspections across all of England's adult social care services, giving a rating according to whether they are safe, effective, caring, responsive and well led. A number of reports have recently been published for services across the North and in London. Ofsted (the Office for Standards in Education, Children's Services and Skills) is the regulator of services that care for children and young people. It inspects and produces reports on LAs with regard to their statutory duties in this area. HM Inspectorate of Probation inspects various institutions in the probation landscape, including youth offending services. Some of its reports are relevant to LAs with regard to their statutory duties in this area.

Sustainable resource deployment

The following section contains contextual information that may be relevant to the body's arrangements for financial planning and resource deployment. The material may be helpful to auditors when undertaking their risk assessment.

- The government has announced its intention to increase statutory minimum pay ([National Living Wage](#)) and employer national insurance contributions ([end of contracting-out on introduction of new State Pension](#)) from April 2016. These changes are likely to affect the staffing costs of LAs and may have implications for medium term financial planning.
- In [November 2014](#), the Employment Appeals Tribunal (EAT) held that Article 7 of the Working Time Directive is to be interpreted such that payments for overtime are part of normal remuneration and to be included as such in the calculation of pay for holiday leave taken under regulation 13 of the Working Time Regulations 1998. This judgment has a bearing on organisations that offer significant overtime.
- There has been an increase in the number of business rate appeals submitted to the Valuation Office Agency. This has led to increased uncertainty about the level of business rate income at some local authorities, which could affect the medium term financial planning assumptions made by the local authority.
- In the July 2015 budget, the government announced its plans to reduce rents in social housing in England by 1 per cent a year for 4 years, requiring Housing Associations and LAs to deliver efficiency savings. This could have a significant impact on councils' 30 year Housing Business Plan. Authorities may need to review plans for future investment in housing, and revisit their medium term financial plans.

Working with partners and other third parties

The following section contains contextual information that may be relevant to the body's arrangements for working with partners and other third parties. It may be helpful to auditors when undertaking their risk assessment. Accountability for services cannot be transferred to third parties, and the body's arrangements to monitor the performance and delivery of services and take action where standards fall need to be appropriate to the method of delivery.

- LAs that either directly own social housing, or have transferred their social housing to another provider, remain accountable for that housing. The Homes and Communities Agency as the regulator of social housing publishes [regulatory judgements](#), where provision has been found to be non-compliant. Regulatory judgements could be a helpful information source for auditors when undertaking their risk assessment.
- LAs work with private enterprise in their area to promote economic growth through Local Enterprise Partnerships (LEPs). There are 39 LEPs in England and each one is responsible for managing one of the agreed [Growth Deals](#). The arrangements in place between LAs and their strategic partners to manage and monitor local growth may be helpful in informing the auditor's risk assessment.
- The government introduced the [Better Care Fund](#) initiative to provide support for LAs and local health bodies to jointly plan and deliver local services. This fund will allocate £3.8 billion to local areas in 2015/16 according to a formula and subject to conditions. NHS England is required to ring-fence £3.46 billion within its overall allocation to Clinical Commissioning Groups. The remainder of the £3.8 billion fund will be made up of the £134 million Social Care Capital Grant and the £220 million Disabled Facilities Grant, both of which are paid directly from the Government to LAs. The arrangements in place between LAs and their partners to manage and monitor their obligations under the Better Care Fund may provide helpful information to auditors when undertaking their risk assessment.

Governance reporting

This section sets out the Annual Governance Statement reporting requirements for the audited body mapped against the description of proper arrangements. Auditors might find this useful when considering the “subject matter” as defined in AGN 03 in order to prepare their risk assessment.

Local bodies' own governance reporting provides helpful, although not necessarily comprehensive, information about the subject matter for auditors' work.

Existing requirements to support Annual Governance Statements are set out below. Note that some governance statement requirements could provide information relevant to more than one sub-criterion, and are included more than once. **Auditors should not consider these categorisations as prescriptive or exhaustive, or use the framework as a ‘checklist’.** The extent to which the information contained in the governance statement will inform the auditor's risk assessment will depend on the auditor's knowledge of the audited body and the quality of the evidence supporting the body's governance statement.



	<u>Local Government (CIPFA/SOLACE framework - December 2012)</u>
Informed decision making	<ul style="list-style-type: none"> • identifying and communicating the authority’s vision of its purpose and intended outcomes for citizen and service users • reviewing the authority’s vision and its implications for the authority’s governance arrangements • translating the vision into objectives for the authority and its partnerships • measuring the quality of services for users, for ensuring they are delivered in accordance with the authority’s objectives and for ensuring that they represent the best use of resources and value for money • defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements • reviewing the effectiveness of the authority’s decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality • reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability • ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained • developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff • ensuring effective arrangements are in place for the discharge of the monitoring officer function • ensuring effective arrangements are in place for the discharge of the head of paid service function • ensuring effective management of change and transformation • ensuring the authority’s assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact • ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful • whistleblowing and for receiving and investigating complaints from the public • establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
Sustainable resource deployment	<ul style="list-style-type: none"> • ensuring the authority’s financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact • undertaking the core functions of an audit committee, as identified in CIPFA’s Audit Committees: Practical Guidance for Local Authorities • identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
Working with partners and other third	<ul style="list-style-type: none"> • identifying and communicating the authority’s vision of its purpose and intended outcomes for citizen and service users • translating the vision into objectives for the authority and its partnerships

parties	<ul style="list-style-type: none"> • defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements • establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation • enhancing the accountability for service delivery and effectiveness of other public service providers • incorporating good governance arrangements in respect of partnerships and other joint working and reflecting these in the authority's overall governance arrangements • whistleblowing and for receiving and investigating complaints from the public • establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
----------------	---

Sector specific resources

This section sets out some of the key stakeholders and their publications that auditors might find useful when preparing their risk assessment. Where a framework or guidance suggests “best practice” this will not necessarily map onto proper arrangements for VFM, where adequate practice may suffice. Auditors might wish to add value and make the audited body aware of “best practice” guidance they identify.

National Audit Office: The NAO scrutinises public spending for Parliament. It publishes various outputs relevant to the audited body's sector; in this case on [local services](#). Reports that might be of particular interest to auditors of LAs include:

- [A Short Guide to the NAO's work on local authorities](#) (published August 2015)
- [Devolution responsibilities to cities in England: Wave 1 City Deals](#) (published July 2015)
- [Local government new burdens](#) (published June 2015)
- [Financial sustainability of local authorities 2014](#) (published November 2014)

Local Government Association (LGA) publications: The LGA regularly produces guidance and case studies that cover local government. For example, it maintains [LG Inform](#), which is designed to provide up-to-date published data about a local area and the performance of LAs. Auditors may find these resources helpful to either identify risk factors or to use as a comparator to the arrangements in place at the audited body.

PSAA Value for money profiles: Public Sector Audit Appointments Limited maintains profiles that bring together data about the costs, performance and activity of local authorities and fire and rescue authorities. Auditors may find these profiles helpful to identify risk factors from trends in input, output, and outcome data relevant to the audited body.

This page is intentionally left blank



Report author: Mary Hasnip
Tel: x74722

Report of **the Deputy Chief Executive**

Report to **Corporate Governance and Audit Committee**

Date: **28th January 2016**

Subject: **KPMG Technical Update Report**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1 Purpose of this report

1.1 The attached report from KPMG is to provide members with information on several major issues affecting local authorities in general.

2 Background information

2.2 Under the Committee's terms of reference members are to receive external audit reports so as to:

- (i) inform the operation of Council's current or future audit arrangements; and
- (ii) provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts.

2.3 KPMG have provided the attached report to inform members of issues affecting local authorities which they feel the council should be aware of.

3 Main issues

3.1 The attached report from KPMG is split into two sections – KPMG resources and technical updates

3.2 The section on KPMG resources summarises national reports and other publications on areas which may be of interest to members. It covers the Better Care Fund, the supply of affordable homes, and the impact of audit on public trust in national governments.

- 3.3 The technical update section covers developments affecting local government accounts and audits. In addition to the impact of the Local Audit and Accountability Act which has been addressed by a separate report to this committee, KPMG have summarised several National Audit Office reports which may be of interest.
- 3.4 KPMG have noted that members may wish to seek assurances on the major change to accounting for highways infrastructure assets which will affect the 2016/17 accounts. The council is in a better position than many authorities in terms of the quality of data which it holds on its highways assets, and work is already underway within the Financial Management service to ensure that the council will be able to meet the new accounting requirements.
- 3.5 The report also mentions two low impact areas on which the committee may wish to seek assurances :
- Care Act reforms – Internal Audit have commenced a review in this area which will be included in their update report to committee once it has been completed.
 - City Deals – Full Council frequently receives reports providing updates on devolution matters as they affect the Leeds City Region.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This is a factual report provided by the external auditors and consequently no public, Ward Member or Councillor consultation or engagement has been sought.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no direct implications for equality, diversity, cohesion and integration arising from this report.

4.3 Council policies and Best Council Plan

- 4.3.1 Under this Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including the receipt of external audit reports.

4.4 Resources and value for money

- 4.4.1 This report does not have any implications for value for money.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 As this is a factual report provided by the external auditors none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

4.6 Risk Management

4.6.1 The report covers issues affecting local authorities in general rather than identifying specific risks affecting the council.

5 Conclusions

5.1 KPMG have provided members of the Committee with technical updates on a number of issues for their information.

6 Recommendations

6.1 Members are asked to note the contents of KPMG's report.

7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

This page is intentionally left blank



cutting through complexity

External audit technical update

Page 69

Leeds City Council

January 2016

This report highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

KPMG RESOURCES					
Governance Arrangement work over the Better Care Fund					3
KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years					4
Better Care Fund Support Programme					7
KPMG publication titled: Value of Audit: Perspectives for Government					6
TECHNICAL UPDATE					
New local audit framework	●	8	Local Audit and Accountability Act 2014: Provisions affecting auditors' work from 1 April 2015	●	12
Reporting developments – Infrastructure assets	●	9	NAO report – Devolving responsibilities to cities in England: Wave 1 City Deals	●	16
NAO report – Care Act first-phase reforms	●	10	Care Act first-phase reforms – local experience of implementation	●	17
NAO report – Local Government New Burdens	●	11			



cutting through complexity

KPMG resources

Area	Comments
<p data-bbox="66 325 244 476">Governance arrangements work over the Better Care Fund.</p> <p data-bbox="58 582 91 705">Page 72</p>	<p data-bbox="290 325 1984 476">The £3.8 billion Better Care Fund (BCF) (formerly the Integration Transformation Fund) was announced by the Government in the June 2013 Spending Round, to ensure a transformation in integrated health and social care. The BCF is a single pooled budget to support health and social care services to work more closely together in local areas. The BCF not only brings together NHS and Local Government resources, but also provides a real opportunity to improve services and value for money, protecting and improving social care services by shifting resources from acute services into community and preventative settings.</p> <p data-bbox="290 496 1947 591">The governance arrangements for the BCF will therefore have to meet the requirements of all partners to achieve economy, efficiency and effectiveness in their use of resources. Each partner will also need to satisfy itself that the pooled budget complies with the requirements of its appropriate code of governance and annual governance reporting guidance.</p> <p data-bbox="290 611 1960 733">Each partner must also satisfy itself that all other regulatory requirements are met – for example, that discrete funding streams are only spent appropriately at a local level. Partners therefore need to make arrangements to ensure that that is happening. Additionally, there will be a requirement for an audit certificate on this expenditure and arrangements need to be in place to ensure appropriate records are kept to provide sufficient audit assurance.</p> <p data-bbox="290 753 1976 811">With this in mind, CCG governing bodies and Local Authority Executives are now considering whether governance arrangements and structures are fit for purpose and will ensure the effective management of the BCF and the pace of development and implementation.</p> <p data-bbox="290 831 1802 859">We are currently carrying out reviews of these governance arrangements and structures using the following Key Lines of Enquiry:</p> <ul data-bbox="290 879 725 1145" style="list-style-type: none"> ■ Governance arrangements. ■ Engagement and communication. ■ Hosting arrangements. ■ Signed agreement. ■ Performance management. ■ Financial management.

Area	Comments
<p data-bbox="66 325 273 539">KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years</p> <p data-bbox="58 725 99 845">Page 73</p>	<p data-bbox="294 325 2001 416">Without a radical programme of house building, average house prices in England could double in just ten years to £446,000 at current prices, according to research. In twenty years they could quadruple, with the average house price estimated to rise to over £900,000 at current prices by 2034 if current trends continue.</p> <p data-bbox="294 436 2001 496">The research from KPMG and Shelter also reveals that more than half of all 20-34 year olds could be living with their parents by 2040, as soaring housing costs caused by the shortage of affordable homes leave more and more people priced out of a home of their own.</p> <p data-bbox="294 516 2001 608">The warning comes in a landmark report from KPMG and Shelter outlining how the 2015 government can turn the tide on the nation's housing shortage within a single parliament. With recent government figures showing that homeownership in England has been falling for over a decade, the consequences of our housing shortage are already being felt.</p> <p data-bbox="294 628 2001 688">The report sets out a blueprint for the essential reforms that will increase the supply of affordable homes and stabilise England's rollercoaster housing market. It calls on politicians to commit to an integrated range of key measures, including:</p> <ul data-bbox="294 708 2001 1082" style="list-style-type: none"> ■ giving planning authorities the power to create 'New Homes Zones' that would drive forward the development of new homes. Combined with infrastructure, this would be led by local authorities, the private sector and local communities, and self-financed by sharing in the rising value of the land; ■ unlocking stalled sites to speed up development and stop land being left dormant, by charging council tax on the homes that should have been built after a reasonable period for construction has passed; ■ introducing a new National Housing Investment Bank to provide low cost, long term loans for housing providers, as part of a programme of innovative ways to finance affordable house building; ■ helping small builders to get back into the house building market by using government guarantees to improve access to finance; and ■ fully integrating new homes with local infrastructure and putting housing at the very centre of City Deals, to make sure towns and cities have the power to build the homes their communities need. <p data-bbox="294 1102 2001 1162">To read the report, visit www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/building-the-homes-we-need-programme-2015.aspx</p>

Area	Comments
<p data-bbox="64 325 244 415">Better Care Fund Support Programme</p> <p data-bbox="58 582 91 705" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 74</p>	<p data-bbox="292 325 1991 415">The Better Care Fund Support Programme aims to help areas to overcome the barriers to the successful implementation of the Better Care Fund plans across England in 2015/16. KPMG is one of the partners that successfully bid to deliver the programme, on behalf of NHS England, alongside the Social Care Institute for Excellence ('SCIE'), PPL Consulting and the Berkeley Partnership.</p> <p data-bbox="292 436 1742 461">The focus has been on practical implementation support to deliver better care for the local population. Support has included:</p> <ul data-bbox="292 482 1908 682" style="list-style-type: none"> ■ Conferences, webinars and regional clinics – to explore the barriers to change and develop local plans to overcome them; ■ The Better Care Exchange – an online interactive space for knowledge sharing and collaboration (currently in development); ■ Virtual clinics – telephone support for BCF leads to discuss individual site issues with integration experts; and ■ Coaching and support – to enable good practice and insight gathering from within the BCF programme to support Better Care Learning Partners. <p data-bbox="292 704 1017 728">A number of 'How to guides' have been developed on how to:</p> <ul data-bbox="292 749 1943 906" style="list-style-type: none"> ■ lead and manage Better Care implementation: www.scie.org.uk/about/files/nhs-england-bcf-leadership-how-to-guide.pdf ■ bring budgets together and use them to develop coordinated care provision: www.scie.org.uk/about/files/nhs-england-bcf-budgets-how-to-guide.pdf ■ work together across health, care and beyond: www.scie.org.uk/about/files/how-to-work-together-across-health-care-and-beyond.pdf <p data-bbox="292 928 1783 952">The support programme also includes webinars. Further webinars are scheduled, but at present they cover the following topics:</p> <ul data-bbox="292 973 1069 1096" style="list-style-type: none"> ■ Joint working; ■ Section 75 Arrangements – Pooled and unpooled budgets; and ■ Data sharing; <p data-bbox="292 1118 1970 1175">More details on the programme, and a link to the webinar recordings, can be found on the SCIE website at www.scie.org.uk/about/partnerships-better-care.asp</p>

Area	Comments
<p data-bbox="64 315 265 501">KPMG publication titled: <i>Value of Audit – Perspectives for Government</i></p> <p data-bbox="58 722 91 843" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 75</p>	<p data-bbox="292 315 692 344">What does this report address?</p> <p data-bbox="292 362 1991 486">This report builds on the <i>Global Audit campaign – Value of Audit: Shaping the future of Corporate Reporting</i> – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed.</p> <p data-bbox="292 505 1991 601">Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future.</p> <p data-bbox="292 619 609 648">What are the key issues?</p> <ul data-bbox="292 666 1881 886" style="list-style-type: none"> ■ The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements. ■ The importance of trust and independence of government across different markets. ■ How government audits can provide accountability thereby enhancing the government’s controls and instigating decision-making. ■ The importance of technology integration and the issues that need to be addressed for successful implementation ■ The degree of reliance on government financial reports as a result of differing approaches to conducting government audits <p data-bbox="292 905 1976 933">The <i>Value of Audit: Perspectives for Government</i> report can be found on the KPMG website at https://home.kpmg.com/xx/en/home/insights.html</p> <p data-bbox="292 952 1929 1009">The <i>Value of Audit: Shaping the Future of Corporate Reporting</i> can be found on the KPMG website at www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx</p>



cutting through complexity

Technical update

Area	Level of impact	Comments	KPMG perspective
<p>New local audit framework</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 77</p>	<p>● Medium</p>	<p>The Local Audit and Accountability Act 2014 included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20.</p> <p>DCLG have now announced that the audit contracts for large local government bodies (including district, unitary and county councils, police and fire bodies, transport bodies, combined authorities and national parks) will be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies will need to appoint their own auditors; it is not yet clear whether there will be a sector-led body that is able to undertake this role on behalf of bodies.</p> <p>NHS and smaller local government bodies (town and parish councils, and internal drainage boards), will not have their contracts extended, and will have to appoint their own auditors for 2017/18, one year earlier than for larger local government bodies.</p>	<p><i>We understand guidance is being prepared by CIPFA on the request of the NAO.</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>Reporting developments – Infrastructure assets</p> <p>Page 78</p>	<p>● Medium</p>	<p>CIPFA/LASAAC, the group that produce the <i>Code of Practice for Local Authority Accounting</i>, have confirmed that transport infrastructure assets owned by local authorities will be required to be included in the accounts from 2016/17.</p> <p>The changes require local authorities to recognise the value of all transport infrastructure assets using the depreciated replacement cost method, i.e. the cost required to replace the asset with a new replacement depreciated over the life of the existing asset. Transport infrastructure assets include:</p> <ul style="list-style-type: none"> ■ roads, bridges, roundabouts and traffic calming measures; ■ footways, footpaths and cycle tracks; ■ tunnels and underpasses; and ■ water supplies and drainage systems, as they support the assets identified above. <p>Even non-highway authorities will be affected to the extent that footways etc are material to their accounts. Railway assets are not currently included in the proposals, although it is possible that these may be included in subsequent periods.</p> <p>CIPFA have issued a <i>Code of Practice on Transport Infrastructure Assets</i> which contains the requirements to be included in the Local Authority Code. This is available to purchase from the CIPFA website.</p> <p>Local authorities should have developed a project plan to identify all of the relevant transport infrastructure they own and a timetable for valuing these.</p> <p>The Whole of Government Accounts submission includes unaudited data on transport infrastructure assets. 2013/14 data indicates assets of over £400 billion will be accounted for on local authority balance sheets. However, only 93% of authorities provided this information, and of these less than 70% used actual inventory data to complete the return. This indicates that the sector faces a significant challenge in accurately identifying the assets it owns and will have to account for.</p>	<p><i>The Committee may wish to enquire of officers whether a project plan has been developed to address the requirements and review progress against this on a regular basis.</i></p>


Area	Level of Impact	Comments	KPMG perspective
<p>NAO report – Care Act first-phase reforms</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 79</p>	<p>● Low</p>	<p>The NAO’s report examines the first phase of the Department of Health’s new approach to adult social care, finding that it has been implemented well, but places new responsibilities on local authorities whose core funding is being significantly reduced. This could result in their having to delay or reduce services in the short term if demand for care exceeds expectations, presenting a risk to VFM which needs to be managed.</p> <p>Key findings within the report include:</p> <ul style="list-style-type: none"> ■ The <i>Care Act</i> will increase demand for assessments and services at a time when local authority provision has been falling and the number of people in need is rising. ■ The Department’s innovative joint governance with the sector has provided support to implement this challenging legislation. It has provided guidance materials and will give extra support to local authorities. ■ The Department’s tight time frame for the sector to act on final guidance and funding allocations has inhibited local implementation planning in some areas. ■ Despite the challenging timetable, of local authorities with adult social care responsibilities, 99% were confident that they would be able to carry out the Care Act reforms from April 2015. However, it will take longer to change the culture. ■ The Department might have underestimated the demand for assessments and services for carers. ■ The Department has learned from the problems it encountered in modelling the cost of Phase 1 and has improved its approach for Phase 2. ■ There is variation in the extent to which individual councils might have been over or underfunded. ■ A significant proportion of the funding which the Department is providing for the Care Act’s new burdens is not new money. The Department assumes that £174 million (40%) of Care Act funding will come through the Better Care Fund, from money previously allocated to clinical commissioning group budgets and existing local authority capital grants. ■ If costs exceed expectations, pressures will fall first on individual local authorities. The Department may not have sufficient information and does not have a contingency fund to avoid impacts on services. <p>The full report is available from the NAO website at www.nao.org.uk/report/care-act-first-phase-reforms/</p>	<p><i>The Committee may wish to seek assurances the issues raised in the report are understood and plans in place address the likely impact at their Authority.</i></p>

Area	Level of Impact	Comments	KPMG perspective
NAO report – Local Government New Burdens	<p style="text-align: center;">● Low</p>	<p>This report from the NAO considers how well central government has applied the New Burdens Doctrine. This sets out how the government would ensure that new requirements that increased local authorities’ spending did not lead to excessive council tax increases. The focus of this report is more on central government but includes findings that may also be of interest to local government bodies.</p> <p>The report is available from the NAO website at www.nao.org.uk/report/local-government-new-burdens/</p>	<p><i>The Committee may wish to review the report to understand what impact this could have at the local government level</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015</p> <p>Page 81</p>	<p>● Low</p>	<p>With effect from 1 April 2015, certain provisions of the <i>Local Audit and Accountability Act 2014</i> (LAAA 2014) came into force and are applicable to auditors’ work for the year 2015/16. Whilst the <i>Audit Commission Act 1998</i> is transitionally saved for audit work on 2014/15, insofar as auditors are engaged in planning work for 2015/16, or possibly considering public interest reports (PIRs) to be made during 2015/16, they need to be aware of the provisions of LAAA 2014 that are already in force.</p> <p>Provisions affecting auditors’ work with effect from 1 April 2015 are:</p> <p>1) New duty to publish PIRs on audited bodies’ websites</p> <p>Under the new audit regime, there is an emphasis on the publication of relevant information on the relevant authority’s website. The following provisions are relevant to auditors carrying out work on 2015/16 if they decide to issue a public interest report during the audit.</p> <p>Under Schedule 7 LAAA 2014, the following matters must be published on the relevant authority’s website (if it has one):</p> <ul style="list-style-type: none"> ■ PIRs (relating to the relevant authority or a connected entity); ■ notice of a meeting to consider a PIR/written recommendation; and ■ notice summarising those decisions approved by the auditor as a result of consideration of the PIR/recommendation. <p>Where the relevant authority does not have a website, it is instead generally required to make the relevant publication “in such manner as it thinks is likely to bring the notice or report to the attention of persons who live in its area”. This could be, for example, in a local newspaper (as was required in certain cases under the previous legislation).</p>	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015 (continued)</p> <p>Page 82</p>	<p>● Low</p>	<p>2) Prohibition on disclosure</p> <p>The prohibition against disclosure that was previously to be found in section 49 of the <i>Audit Commission Act 1998</i> has been repealed and replaced by provisions in Schedule 11 of LAAA 2014. This change has not been transitionally introduced and auditors and local authority bodies need to be aware that this applies to all audits, irrespective of the year. Thus, any reference to the prohibition against disclosure needs to be to Schedule 11 and not section 49. There are no material differences between the two sets of provisions.</p> <p>3) Connected entities</p> <p>LAAA 2014 introduces a new concept into the audit regime, “connected entities”. Connected entities are bodies that are separate to the relevant authority, but are associated with the authority in such a manner that requires the authority to record financial information relating to the entity in its accounts.</p> <p>The full definition of “connect entities” is set out in paragraph 8 of Schedule 4 LAAA 2014.</p> <p>For the purposes of this Act, an entity (“E”) is connected with a relevant authority at any time if E is an entity other than the relevant authority and the relevant authority considers that, in accordance with proper practices in force at that time:</p> <ul style="list-style-type: none"> ■ the financial transactions, reserves, assets and liabilities of E are to be consolidated into the relevant authority’s statement of accounts¹ for the financial year in which that time falls; ■ the relevant authority’s share of the financial transactions, reserves, assets and liabilities of E is to be consolidated into the relevant authority’s statement of accounts for that financial year; or ■ the relevant authority’s share of the net assets or net liabilities of E, and of the profit or loss of E, are to be brought into the relevant authority’s statement of accounts for that financial year. 	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015 (continued)</p> <p>Page 83</p>	<p>● Low</p>	<p>3) Connected entities (continued)</p> <p>Authorities have a number of duties in relation to their connected entities under LAAA 2014 beyond those which are expanded on below:</p> <ul style="list-style-type: none"> ■ Auditors have a right to access documents (at all reasonable times) relating to connected entities, as well as those relating to the “parent” relevant authority. The auditor can inspect, copy or take away documents. The auditor can also require people who are in possession or are accountable for the document (or have been in the past) to provide the auditor with any information or explanation that may be needed, and can require a meeting with such persons. Where a document is stored electronically, the auditor can require assistance from the relevant person at the connected entity or relevant authority in accessing the document. The connected entity must provide the auditor with such facilities and information as are reasonably required to carry out the audit functions. ■ The right to information and explanation, or to require a meeting, extends in relation to connected entities to: <ul style="list-style-type: none"> – any persons elected or appointed to an entity; – any employee of the entity; and – an auditor of the accounts of the entity. <p>Many of the provisions on PIRs and written recommendations in Schedule 7 apply to connected entities. Accordingly, auditors must consider whether a PIR should be made on any matter coming to their attention during the audit and relating to the authority and/or a connected entity. Similarly, an auditor may make a written recommendation to a relevant authority relating to a connected entity.</p>	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
Local Audit and Accountability Act 2014 – provisions affecting auditors’ work from 1 April 2015 (continued)	 Low	<p>4) Power to call for information: exception for legally professionally privileged information</p> <p>Section 22(12) LAAA 2014 clarifies that the auditor’s right to information and documents cannot be used to compel disclosure of legally privileged information. If a person would be entitled to refuse to produce documents in legal proceedings in reliance on the doctrine of legal professional privilege, they are equally entitled to refuse to provide the relevant information or documents to the auditor. This is a notable new provision and auditors will need to bear this in mind in requesting sight of an audited body’s own legal advice. Any provision of such will be voluntary and cannot be compelled.</p>	<p><i>The Committee need to be aware of the provisions that are in place from 1 April 2015</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>NAO report – Devolving responsibilities to cities in England: Wave 1 City Deals</p>	<p>● Low</p>	<p>Wave 1 City Deals encouraged cities to develop capacity to manage devolved funding and increased responsibility. The report finds it is too early to tell whether the deals will have any overall impact on growth, and that the government and the cities could have worked together in a more structured way to agree a consistent approach to evaluating the deals’ impact. There have been early impacts from some of the individual programmes agreed in the deals. It has, however, taken longer for cities and departments to implement some of the programmes that required more innovative funding or assurance mechanisms.</p> <p>The government has set out its ambition to continue devolving responsibility for local growth to cities and other local places. The report highlights that both the government and local places can learn from the experience of Wave 1 City Deals to manage devolution to local places effectively.</p> <p>The report is available on the NAO website www.nao.org.uk/report/devolving-responsibilities-to-cities-in-england-wave-1-city-deals/</p>	<p><i>The Committee may wish to seek assurances how their Authority fit into the emerging City Deals.</i></p>

Area	Level of Impact	Comments
Care Act first-phase reforms – local experience of implementation	<p style="text-align: center;">●</p> <p style="text-align: center;">For Information</p>	<p>This report has been published by the National Audit Office and complements its earlier report on central government’s approach to the Care Act first-phase reforms.</p> <p>This further report provides examples from local case study areas which show how different authorities are addressing risks arising from uncertainty in demand from carers and self-funders.</p> <p>The report was published on 3 August and is available from the NAO website at www.nao.org.uk/report/care-act-first-phase-reforms-local-experience-of-implementation/</p>



cutting through complexity

© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International.

This page is intentionally left blank



Report author: Andrew White
Tel: 2660002

Report of the Chief Officer, Customer Access

Report to the Corporate Governance & Audit Committee

Date: 28 January 2016

Subject: Report on the recent customer relations issues and trends 2015-16

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

- 1 This report provides an update to the committee on recent customer relations issues and trends.
- 2 Using an overview of the complaints to the council during 2015, this report sets out the council's arrangements for responding to complaints made by the public, the key objectives of which are:
 - 1 to make it easy for people to complain or provide feedback;
 - 2 to try to resolve complaints at an early stage; and
 - 3 to learn lessons from the issues raised through complaints.
- 3 The report provides an update on recent trends for each directorate, focusing on specific issues about complaints to the council.
- 4 Taken together, these developments provide assurance that the council's processes for handling complaints are, on the whole, working effectively. However, areas for development/improvement have been identified for 2016.

Recommendations

- 1 Members are asked to consider the issues raised in the report and the supporting contextual information provided in the appendices.
- 2 Members are asked to confirm that the report and supporting information provides external assurance as to the effectiveness of the council's approach to complaints.

1 Purpose of this report

- 1.1 To provide an update to the committee about the council's complaints and ombudsman cases for the period 1 January 2015 to 31 December 2015, following the annual review of 2014-15 discussed at the September 2015 meeting.
- 1.2 To assess the overall effectiveness of the council's approach to compliments, complaints and feedback.

2 Background information

2.1 The council has a compliments and complaints policy and procedure which has been in place for a number of years, co-ordinated by twelve customer relations teams, and accountable to the council's Customer Strategy Board. The policy and framework has three aims:

- i) to make it easy for people to complain to the council;
- ii) for the council to resolve complaints at the earliest stage possible; and
- iii) for the council to learn lessons from compliments, and feedback, and from complaints to prevent them from recurring.

In order to make it easy for people to complain to the council, the council uses a range of posters, leaflets, online forms and online supporting information. The teams currently use two different ICT systems to administer complaints, although the council is planning to converge on one core customer relations system in the next several months

2.2 The table below outlines a framework for how different types of feedback (particularly complaints, appeals against decisions and critical feedback) are handled in the council. The four columns on the right hand side show the routes for formal complaints to the council and the relevant policies and standards. The other columns illustrate the framework when people don't use the 'complaints' approach, such as appealing against a decision, contacting their local councillor, and using social media.

2.3 In many cases, the officer or manager may speak to the customer and see if they can resolve the problem without initiating a complaint. If the problem needs to be dealt with as a complaint, the council operates a two stage complaint process. In order to try and resolve the complaint as early as possible, at this first stage, the complaint is handled by an officer or manager from the service complained about, who investigates the issues raised, looks to resolve them and responds to the customer within the relevant timescale.

Table 1: Types of complaint to the council

	Appeal against decision	Ward member contact	Social media	Telephone complaint	In person complaint	Web complaint	Complaint form/letter
	includes school place, parking fine, parking permit, application for council tax support	http://democracy.leeds.gov.uk/mgFindMember.aspx	https://www.facebook.com/Leedscouncil/ https://mobile.twitter.com/leedscouncil_help	0113 22 4405	At every public building	http://www.leeds.gov.uk/council/Pages/Let-Us-Know-Compliments-Complaints-and-Feedback.aspx	By post (freepost address) Email to complaints@leeds.gov.uk
Timescale for reply:	Set by the specific service	10 working days (based on current email and letter standards)	Same day	Acknowledgment within 3 days Reply 10-20 days (depending on type of complaint)			
Policy:	Covered by the relevant policy, guidelines	Members' correspondence policy	Social media guidelines	Compliments, Complaints and Feedback policy Special procedure for complaints with alleged equality or discrimination aspect Special procedure for complaints about Data Protection (DPA), Freedom of Information (FOI)			
Appeal/escalation:	Set by the specific service	Executive/Lead Member	Will depend on the subject	Option for stage 2 (review)			
External appeal:	Ombudsman or court	None		Local Government Ombudsman Housing Ombudsman			

- 2.4 Should the customer remain dissatisfied after this stage, they can take their complaint to a second, review, stage of the complaints process. At this stage, a more senior officer will investigate and respond to the customer's concerns. The officer will look at how the original complaint was dealt with and also respond to any further issues that the customer may have raised with the council. Adult Social Care and Children's Social Care have procedures in line with statutory regulations, and the council also has specific procedures for complaints with an alleged discrimination aspect, or which are about data protection or freedom of information.
- 2.5 A customer who progresses to the review stage of our complaints policy is advised of their right to take their complaint to the relevant ombudsman, should they remain dissatisfied with the outcome, and depending on the Ombudsman's jurisdiction. The Local Government and Housing Ombudsmen advise customers to go through all stages of an authority's complaints procedure before investigating a complaint.
- 2.6 In recent years, the committee has received an annual report, which provides information on compliments and complaint volumes and trends, and the annual letter from the Local Government Ombudsman. The most recent annual report is attached at **Appendix 2**.

3 Main issues

- 3.1 This report covers the following issues, arising from discussion of the annual report at the September committee meeting, and input from a working group drawn from committee members.
- Patterns of complaints during 2015 and commentary on the top service-specific issues which cause complaints, and showing what lessons have been learned to reduce and prevent them from recurring;
 - Assessment of the customer experience of complaints, such as which overlap between members support teams and customer relations teams, which complaints are upheld, which cases are most likely to progress to stage 2 and ombudsman, or which ombudsman settlements reveal fault on the part of the council.

Overview of complaints to the council

- 3.2 The majority of complaints to the council do not progress beyond the initial stage described in section 2.4. Reviews and ombudsman complaints continue to be a very small proportion of complaints which are made to the council each year, summarised in the table below. To date in 2015 (January – November) the council received 3163 stage one complaints, of which 270 (8.5% of all complaints) progressed to the second stage of our complaints process. Of those, 116 people complained to the LGO/HOS, of which 17 found fault.
- 3.3 There is no simple comparison between unitary metropolitan councils to assess how Leeds compares with other major cities. We have made communication with Bradford and Birmingham council and the wider Yorkshire and Humber regional working group to see if meaningful benchmarking information can be shared on customer relations outcomes.

3.4 Table 2 below shows the breakdown of the 14 settlements against the council during 2014 and 2015, where the ombudsmen found fault and recommended that the council make payment as part of putting the matter right. Four were about Children's Services, three were about Housing, two each about Adult Social Care, City Development and Strategy & Resources. The council made three payments of more than £1000 during this period – one of over £21,000 about Children's Social Care and two about Adult Social Care.

Table 2: List of recent ombudsman settlements

Date	Directorate	Subject	Status	Decision	Value
Jan 2014	Env & Housing	Anti social behaviour	Upheld: Mal and injustice	Fault	£350
Feb	Adults	Errors and delays in disability adaptations	Upheld: Mal and injustice	Fault	£1,761
Feb	Strategy & Resources	Errors and delays in housing benefit	Upheld: Mal and injustice	Fault	£300
Mar	Childrens	Child protection	Upheld: Mal and injustice	Fault	£500
Mar	Childrens	Errors and delays in transport for contact meetings	Upheld: Mal and injustice	Fault	£500
Mar Wildman	Strategy & Resources	Errors in council tax billing	Closed after initial enquiry	Fault	£100
Apr	Adults	Impact of specialist learning disability housing on neighbours	Upheld: Mal and injustice	Fault	£4,225
Jul	Env & Housing	Rehousing delays	Upheld: Mal and injustice	Fault	£900
Oct	Childrens	Errors and delays in backdating carer payments	Upheld: Mal and injustice	Fault	£21,559.78
Feb 2015	Env & Housing	Errors and delays in bathroom repairs	Upheld: Mal and injustice	Fault	£500
Mar	City Dev	Errors and delays in planning and environmental health	Upheld: Mal and injustice	Fault	£250
Apr	Env & Housing	Errors and delays in bathroom repairs	Upheld: Mal and injustice	Fault	£150
Jun	City Dev	Errors and lack of clarity in resolving a dispute between market traders	Outside jurisdiction	Outside Jurisdiction	£250 (not LCC)
Oct	Adults	Leeds and York Partnership NHS Foundation Trust	Closed after initial enquiry	Outside Jurisdiction	£200

Directorate updates

3.4 **Appendix 1** contains directorate by directorate updates. These have been written by each directorate's Customer Relations Officer and signed off by a chief officer or director.

Assessment of the effectiveness of the council's overall approach to compliments, complaints and feedback

- 3.8 An assessment of the effectiveness of the council's overall approach to compliments, complaints and feedback balances positive trends with some areas for improvement.
- 3.9 On the positive side, the council continues to encourage people using a range of channels to let us know how well we have done, and ask that we take action, either to remedy a problem, or to pass on a compliment or thanks to the member(s) of staff. The number of complaints at stages 1 and 2 has fallen, and the council is responding to complaints more quickly than in previous years.
- 3.10 Below the high level trends of a reduction in complaints, the council needs to ensure that it welcomes and responds to feedback, comments and complaints. Given that the increases in complaints in 2015 have been about adult social care and children's services, a key area identified for development is that of the need to identify and address whether vulnerable people are aware of their right to complain about council services.
- 3.11 A further area for development is to make sure that the council remains as customer focused as possible, and is not confused or distracted by internal processes. The council is looking at ways to make sure that customer experiences are positive, and part of this work has included a senior manager masterclass on customer experiences, development of more personal, restorative approaches and a refresh of customer services training courses.

4 Corporate Considerations

Consultation and Engagement

- 4.1 As this report is providing the committee with information on past performance with regards to compliments, complaints and feedback, and LGO/HOS cases, no specific consultation or engagement has been sought.
- 4.2 The LGO, Healthwatch and Parliamentary and Health Ombudsman November 2014 report 'My expectations for raising complaints and concerns' was a response to concerns about NHS and social care scandals. It proposes a user-led approach based on engagement. This approach might be most easily applicable to Adult and Children's Social Care, but may also be relevant to other areas of the council who have customers who are perceived as vulnerable and unlikely to complain.

Equality and Diversity / Cohesion and Integration

- 4.3 Previous reports have raised the risk that the council may be under-reporting and potentially not paying appropriate attention to complaints where there are equalities or alleged discrimination aspects, or where vulnerable people do not complain. The cross-council customer relations meetings discuss ways to make sure that we are learning from the very best practice, such as LGO, Healthwatch and Parliamentary and Health Ombudsman report:
http://www.ombudsman.org.uk/_data/assets/pdf_file/0010/28774/Vision_report.pdf

Council policies and City Priorities

- 4.4 The review of compliments, complaints and feedback has not raised any issues that would impact on council priorities or city priorities.

Resources and value for money

- 4.5 Our compliments and complaints are relatively free feedback from our customers on what has gone wrong for them, and what we could or should have done differently or better. In doing this, we can also identify areas of improvement, to make our services more effective, in particular, more joined up and responsive to people's individual needs and circumstances. Each Ombudsman investigation and equality/discrimination complaint uses a case conference approach, the aims of which are to ensure that the investigation is i) thorough and timely, and ii) actions are put in place to prevent similar problems from occurring.
- 4.6 The cost of financial settlement and compensation detailed in section 3 is significantly outweighed by the amount of staff time spent administering and investigating complaints. The earlier faults or mistakes are identified and addressed, the more cost effective the process is. Ombudsman cases can have resource implications as the council should have resolved the issue earlier, but also have financial implications as the Ombudsman has the authority to impose financial settlements. All cases of financial settlement are reported to the council's Customer Strategy Board to ensure that lessons are learnt across the council.

Legal Implications, Access to Information and Call In

- 4.7 As this report is providing an update on past performance relating to compliments, complaints and feedback, and LGO/HOS cases dealt with during 2015, it does not have any legal implications. None of the information enclosed is deemed to be sensitive or requesting decision, and therefore raises no issues for access to information or call in.

Risk Management

- 4.8 As this report is providing an update on past performance relating to compliments, complaints and feedback, and LGO/HOS cases dealt with during 2015, there are no significant risks identified by this report.

5 Conclusions

- 5.1 This updated report has focused in more detail about the specific issues and patterns emerging in services, and what the council is doing to anticipate and respond to the .
- 5.2 This report has described the general arrangements in place for responding to complaints made by the public. It has also described how in practice the council has a balancing act, to make it easy for people to complain to the council, to resolve

customer complaints at an early stage and to learn lessons from the issues raised through complaints.

- 5.3 The report has drawn on the overview of 2015 to show that the council is continuing to inform people of their right to complain to us. The report has also shown that the trend in complaints is downward, and that the majority of complaints continue to be resolved at the first stage. It has also shown some more specific examples from each directorate, to ensure that lessons are learnt from current issues and trends complaints. The information detailed in this report enables us to give assurance that the current system is fit for purpose in this respect, and this provides assurance that complaints are operating as intended.

6 Recommendations

- Members are asked to consider the issues raised in the complaints update.
- Members are asked to confirm that the information provides assurance as to the effectiveness of the council's approach to complaints.

Appendices

Appendix 1 Directorate by directorate customer relations updates patterns and learning points for 2015

Appendix 2 Annual review of customer relations

Appendix 3 Adult Social Care Complaints report 2015

This page is intentionally left blank

Appendix 1 Directorate updates

1 Adult Social Care

Top complaint issues:

Blue badge applications - where people are have been turned down for a disabled parking permit following an assessment by our Independent Mobility Assessment team. Complainants often cite that their disability had been overlooked, that on the day of the assessment they had taken strong medication which enabled them to get through the assessment. They often cite that their blue badge had been turned down because the assessment did not take into account their medical condition, further that removing the blue badge would take away their independence.

Social work practice - relating to: a) assessments and care plans, i.e. delays in assessments being undertaken, and assessments and support plans being inadequate and not meeting needs; b) social workers not giving service users and their representatives sufficient information, e.g. about support services available to them and the cost of services; c) Social workers not communicating with families and following things through, including not keeping them informed, and not providing support at times of crisis.

Poor customer service - staff not responding to important telephone calls or correspondence; a lack of empathy and sympathy particularly during assessments or when service users or their representatives raise concerns about their support.

Trends

We have seen an increase in complaints about older people's social work, learning disability social work, equipment & adaptations.

Complaints have fallen in blue badge applications and support services

We have seen increases in compliments for in-house mental health residential and day services and in-house physical disability day services

Learning points

Overall, 53% of Adult Social Care complaints are upheld in full or in part. There are some services where we uphold more than the average - community equipment and telecare, private sector residential care, strategic commissioning, and LCC contracting services (catering and transport).

Where a complaint has been upheld, it is often the case that the manager undertaking the resolution of the complaint will make recommendations on how the service should be improved to avoid a similar situation arising for another service user. These actions will be brought to the attention of the complainant and there is a system in place for recording the action and the person with responsibility for implementing the action. Our annual report (attached as an appendix) contains seven pages of detailed analysis of lessons learned and improvements made as a result.

We contact every complainant after they have received a response, to check if they are satisfied, and whether there is anything more we can do to resolve their complaint.

2 Children's Services

Top complaint issues:

Social work support - this is either the manner of social work support or lack of it and often reflects a general unhappiness about social care's involvement in a complainant's life.

Placement moves for looked after children - this is either wanting to move and being informed they are unable to or not wanting to move placement (usually residential care).

Quality of information held - this is either disputing the accuracy of the information held or alleging a breach of confidentiality including sharing information in assessment documents and in court.

Trends, learning points

We recognise that challenging conversations need skill and have trained all Children's Services staff in restorative practice (a personal approach to building, maintaining and repairing relationships) which has helped our officers in working with families in difficult situations.

We also know that complaints are more likely to be resolved through face to face discussion and ask complaint investigators to meet with complainants where possible. This now happens in over 80% of cases.

Moving placement is stressful for looked after children and communication is key to getting the move to go smoothly. Young people want to feel they have been listened to and have some say in what happens to them. These cases are overseen by the chief officer for children's social care and the head of service for looked after children so that the young person is seen quickly and their views listened to.

Links have been formed between customer relations and the Independent Reviewing Officer (IRO) team to resolve placement issues at an early stage

Information governance training is mandatory and is available online and face to face so it is clear to everyone how and when information can be shared; an action plan is implemented after every security breach.

Assessment of resolution

Although every complaint is assessed as being upheld or not, the focus of our response is to find a resolution for the complainant. This is the reason for meeting with the complainant so that the resolution can be restorative.

The percentage of complaints that escalate to stage two has reduced over the last few years, now standing at 4% of stage one complaints, last year was 6.8% and the year before 8%. This gives some indication that more restorative ways of dealing with complaints at the initial stage may be having an impact in resolving cases without escalation to further stages. It also reflects the concerted efforts being made to facilitate an early resolution as this brings benefits not only to ourselves in terms of cost but also the complainant.

Independent investigators are commissioned at stage two for children's complaints. However, for appropriate cases these people are also commissioned to do mediation work with some complainants.

Restorative meetings are offered to complainants at every stage of the process and after the complaint has closed - these are facilitated by trained facilitators

3 Citizens & Communities, including Public Health

Top complaint issues:

Contact Centre advice and service – 366 complaints were submitted against the contact centre in 2015. In the main, these were about advice provided by staff, wait times and complaints over staff conduct.

Welfare and Benefits – 85 complaints were submitted in relation to benefit claims. Whilst there is a separate benefits appeal process, we still received a large amount of complaints relating to the assessment of benefit claims.

Council Tax billing – 75 complaints were submitted about council tax administration (not recovery). These typically focused on disputes over liability or a change made that a customer disagrees with.

Public Health received three complaints during 2015, and while this is too few to draw conclusions from, these are included in this report for information.

What are the top complaints about?

Contact centre advice and service - Whilst the largest number of complaints received by Citizens & Communities have been about the contact centre, to date in 2015 the contact centre have answered over 600,000 calls, meaning a complaint is received for every 1736 calls answered.

One of the largest areas where complaints have been received is in relation to perceived incorrect advice being provided by staff, particularly on housing, council tax and waste enquiries. Of the 128 complaints received over this issue, only 23 were not upheld, with 105 partially or fully upheld.

There have been a significant number of complaints in relation to staff conduct or knowledge. The areas where the largest amount of these have been received have been within council tax, benefits and housing. Of the 148 received, 106 were upheld or partially upheld, with the remaining 42 not being upheld.

Wait times, in particular on the waste, council tax and benefits lines, have generated a total of 54 complaints where this has been the main issue, however there have also been a significant number of complaints where wait times have been mentioned alongside other issues.

Welfare and benefits – The complaints received have often been received from customers whose claims have not been processed as they would wish.

Council tax billing – The complaints made against council tax billing have been varied throughout the year as can be expected for a department that deals with many different types of enquiry and additionally is tasked with collecting revenue. Overall, around 20% of complaints have been dealt with as service requests, and of those that have been processed as complaints, 39 of the 75 received have not been upheld, 23 partially upheld and only 13 fully upheld.

Key trends and issues

Contact centre advice & service – All three key areas where complaints have been generated within the contact centre have been influenced in some part by high staff turnover. Staff knowledge and coaching has been a challenge as a significant number of experienced staff have left the contact centre for other areas within the council. With staff leaving, the contact centre has to recruit and train additional staff, which takes time, and with a larger number of inexperienced staff this has led on occasion to incorrect advice being provided. Wait times have typically been longer in 2015 also in part due to low staff numbers at times.

The contact centre has received 4 more complaints in 2015 than had been received in 2014 which overall is negligible; however this does show that the issues faced in 2014 have continued through 2015. The three main areas where complaints had been received have been consistent from 2014 to 2015. There had been a small increase in complaints concerning wait times and an increase of around 40 complaints relating to staff attitude but no significant change in staff knowledge complaints.

Welfare and benefits – The main areas where complaints have been received are where a customer feels that a claim has been processed incorrectly or a customer is aggrieved at the time it has taken for a claim to be processed. Interestingly, particularly since April, as many complaints have been dealt with as service requests as have been dealt with as a formal complaint. This indicates that on many occasions where complaints have been received, action can be taken to placate the customer and speed up the processing of their claim.

Of the complaints logged, 15 have been due to delays in processing and 25 due to failure to provide claim entitlement, annual reviews and claims for discretionary housing payment. Half of the delay complaints were not upheld, and six of the failure to provide claims were not upheld, meaning fault (or partial fault) had been found with the majority of these.

Compared to 2014, there has been a significant decrease in complaints received in relation to Welfare and Benefits in 2015, dropping by just over 25%. The issues which customers have complained about have been consistent from 2014 to 2015, however the complaints received in relation to delays in processing and failure to provide have both fallen by a third from 2014.

Council tax billing - In particular a number of complaints have been generated due to the single persons discount review. This review is led by Capita, who will check credit records and the electoral register to identify properties where a sole occupiers discount is claimed, but it appears that more than one occupant is resident. The complaints received are from customers who typically will live alone, however there is information that incorrectly suggests there is another occupier.

There has been an increase of nearly 50% in complaints received from 2014 to 2015 in relation to Council Tax billing. However, in 2015 the number of complaints that have been upheld has been double the amount that there had been in 2014. The issues which have generated complaints have been similar.

Public Health - Complaint related to a patient who was unable to access an NHS healthcheck at two Leeds Asda stores. Complaint regarding care received from a provider of social care services. Complaint regarding health and safety concerns in an alcohol and drug service in Leeds. In addition, a number of complaints were about Adult Social Care (where Public Health supported Adult Social Care on the response).

Learning points

Contact centre advice & service - Whilst the main issues have been consistent over 2015, the factors that have in part led to these complaints being generated are continually addressed and worked towards being improved. Team leaders focus on soft skill training to improve the customer experience and staff are provided with coaching and support around their roles to ensure that staff are competent and confident in their roles. Measures have been taken throughout the year to develop our online capability and encourage good channel shift from phone to online.

Welfare and benefits – As with council tax billing, there are arrangements in place to learn from feedback and provide additional training. Benefits can be an emotive subject for many, and often these are amongst our most vulnerable customers who can be in significant financial need. As can be seen by the number of complaints converted to service requests, often a complaint is submitted which can be handled as a service request.

Council tax billing - Of the 13 upheld complaints, these were often where staff error had led to customer dissatisfaction. Lessons were learnt from these errors and feedback is provided where mistakes have been made to prevent any future recurrences. Of the remainder of the complaints that were partially or not upheld, effort is taken to ensure that information is made available to customers over charging and liability issues, however as council tax billing is underpinned by legislation, often complaints will not be upheld if the legislation has been applied and followed correctly.

Public Health – Public Health receives too few complaints to draw lessons. However, it is notable that in 2015, Public Health received eight compliments, five of which related to the services provided by the Public Health Resource Centre.

4 City Development

Top complaint issues:

Sport received 108 complaints in the year of which 41 were upheld. The complaints were varied and cover all aspects of the sport centre. Of those complaints upheld, the highest number (12) related to staff conduct.

Planning received 91 complaints of which 14 were upheld. The majority of complaints were, as would be expected, disagreeing with properly taken planning decisions. Of the 14 upheld, 9 were unhappy with delays in determining planning applications.

Key trends, learning points

Overall there has been a small rise in complaints during 2015, compared with 2014, but the increase cannot be attributed to any one issue.

As many of the complaints received within City Development are expressions of dissatisfaction with decisions properly arrived at under processes governed by various statutes, it is unlikely this type of complaint can be significantly reduced.

There has been an increase in complaints regarding staff conduct a number of which relate to contracted in services such as external security for events and we continue to address this with the companies involved. This issue has been discussed at our Chief Officer meeting and we are in the process of developing an action plan aimed at improving the customer experience.

We continue to raise awareness of the importance of excellent customer service and positive customer experience within all City Development. A number of customer facing staff will be attending 'excellence in customer services' training in the coming months.

We are also in the process of developing workshops for staff focusing on customer expectations and understanding the customer experience.

5 Environment & Housing

Top complaint issues

The largest services in terms of customer contact and complaints in Environment and Housing are housing and waste, followed by environmental action services.

Housing Leeds

Quality of repairs – where customers remain dissatisfied with the work carried out. Property and Contracts staff will engage with customers and ensure that feedback is discussed at ‘toolbox talks’ to contractors’ staff. The focus is on ensuring we communicate key messages and manage, where appropriate, the expectations of our customers. Positive and negative comments received from our customers are provided to contractors so they can identify service improvement areas. This has contributed to a current satisfaction rate in excess of 90%.

Process failings –staff not adhering to processes; or processes not supporting customer’s needs. Training needs identified for individuals and teams and implemented.

Staff attitude/conduct – concerning lack of communication or clear advice/signposting. Face to face meetings take place with complainants where possible to ensure a way forward is agreed. Restorative practice training being introduced for all staff across housing. We are also engaging with involved customer groups to explore ways of improving services.

Leeds building services - are responsible for repairs across one third (the east side) of the city, are undergoing a period of significant change. During this change, which is being managed as a formal project, all processes are being reviewed. Best practice identified during the review will be shared with contractors city-wide to improve the consistency and mechanics of the services delivered.

Anti-social behaviour - most complaints are linked to customer’s dissatisfaction with the response of the service, specifically the action taken or the time taken to act. Very few complaints have been upheld, and only four have progressed to stage 2.

Waste management - Top complaint issues are: missed bins, followed by crew issues, then bin orders and deliveries. Taking the missed bin figures, that black bins have the most complaints about them, followed by green then brown. This reflects the importance to residents of a regular efficient black bin collection, the availability of the brown bin (garden waste) service for approx. 220,000 residents from March to November and participation with the green bin recycling service..

Environmental action and localities

Parking services - Issues raised are about parking tickets and fines and complaints involving staff attitude. The complaints are about a range of issues including broken/faulty ticket machines taking money and not giving (appropriate) tickets, receipt of parking fines where the customer does not believe they are justified (these generally should be processed as appeals), complaints about receiving fines for driving in bus lanes and the attitude of the parking attendants.

Street cleansing issues - Complaints relate to blocked gullies causing flooding and issues around leaf sweeping and other street cleansing issues, which can be quite seasonal in nature. Complaints involve concerns about the lack of leaf sweeping or the machines attending at the wrong time of day. There are also one or two customers who make multiple simultaneous complaints about blocked gullies.

Bulky collections- In early 2015, the missed collection of pre-booked bulky items of household waste received an increased number of complaints as a wider group of staff became involved in delivering this service as part of a restructure. This has now settled down and complaints of missed collections are now lower than prior to the restructure.

Key trends:

Housing - Increase in number of property and contract complaints in recent months – (Oct-Dec), and an increase in number of complaints relating to missed timescales or incomplete works for repairs. 60% of complaints between January 2015 and October 2015 were partially or fully upheld. These complaints related mainly to our failure to provide a service, or to complete works on time, quality matters or related to about staff and/or operative attitude/conduct.

Waste management - Figures tend to remain consistent throughout the year, with peaks occurring at various points. For example, overall complaints about missed bins increase during the summer months as more people use their garden bins. Complaints about alternative weekly collection peaked in the two months following the implementation of phase 4 in May 2015 (as residents adjust to the changes to their collection service, and crews become familiar with new routes). The introduction of permits for use at household waste sites also increased complaints from April 2015. Complaints in general are falling, which can be attributed to the drop in missed bins, improvements to the bin delivery process /timescales and indicates an overall improvement in service.

Environmental action and localities - The number of complaints we now receive about bulky collections has decreased noticeably. There was a slight increase during the summer of 2015 when the work first transferred from the bulky item team to our locality teams, however the work has now been absorbed into their workloads and the processes have bedded in. We have recently had a number of compliments regarding staff attitudes amongst the streets crews who are undertaking the bulky collections.

The main areas of complaint continue to involve situations where customers have received some form of financial penalty (parking ticket, fixed penalty notice or fine). These situations are always going to be difficult and are likely to involve unhappy customers.

Other services include community safety, housing options (homelessness and vulnerable housing) and parks and countryside. The numbers of complaints for each service range from an average of five (community safety) to 18 (parks and countryside) per month. Trends can also vary widely, for example, some are seasonal, such as grass cutting and other similar environmental activities. Some relate to the issues around case management such as anti-social behaviour and homelessness. These complaints tend to be more complex and complaints can be affected in line with levels of demand for these services (housing options has a statutory review process where customers can challenge decisions).

Learning points:

Housing - Both housing management and property and contracts have developed both new processes and are implementing a continuous service development culture. Central to this is identifying training needs and implementing induction programmes which are being run regularly throughout the year. This ensures that all staff are aware of who the key contacts are for each area and the processes to be followed. The service is actively engaging with community hub developments and working with tenants to develop service standards and improve services. The lessons learned from the service improvement programme implemented with our contractor Mears over the past three years are being applied to the Leeds building services integration and development programme.

Lessons learnt from complaints about anti social behaviour point towards a need to better address their expectations of the service in light of the evidence needed to support appropriate action under our procedures and the legislative tools available. The appointment of a new service development officer in Leeds anti social behaviour team will also assist the service to provide training to staff where needed.

Waste mgt - given the nature of the complaints we receive it is often difficult to place the root cause with the crews or the customer. For example, a resident may report a missed bin, however it is possible that the bin was not placed out for collection until after the crew had been. However

there is no way of disproving what the resident has said, so this would be upheld even though it is possible that the bin was not actually missed. Given that the in-cab technology has not yet been fully implemented to log when a bin hasn't been presented for collection, then these will generally be upheld. On crew issues, these are often a case of one word against another, with no physical evidence either way, and these tend to be upheld.

Environmental action and localities - The complaints are dealt with by managers across the service. The factors that have led to some of the complaints have been removed, i.e. the restructure has been completed and the new service is proving to be successful, if judged by the increase in compliments.

6 Strategy & Resources, including Civic Enterprise

Top complaint issues:

Council tax recovery – 58 complaints were received about council tax recovery. The main issues have included bailiff action (including conduct), staff conduct and recovery action.

Passenger services – 15 complaints were received about passenger services. Ten of these concerned staff conduct.

What are the top complaints about?

Council tax recovery – Overall, breaking down the ten staff attitude complaints, one was upheld, another partially upheld and eight not upheld. Eight complaints were made against the bailiffs with three partially upheld and five not upheld. Other common complaints have been over the amount customers are charged and are expected to pay, whether this is to the council directly or through the bailiffs.

Passenger services – Most complaints have been about staff conduct, particularly the driving and parking of council vehicles.

Key trends and issues

Council tax recovery – As can be seen by the number of staff attitude complaints received, and the number not upheld, debt recovery is an emotive area and often customers are struggling financially. Customers contact with the recovery office where they have failed to pay their council tax as billed. If the customer does not pay the recovery office, they will have to deal with the bailiffs, who are used as a last resort. Both recovery and bailiff staff will deal with the customer in a more robust way than they would if they had called the council's contact centre following receipt of their initial bill. This difference generates staff conduct complaints, however recovery staff where possible will try and reach an amicable agreement.

Complaints have also been received where customers feel they have been incorrectly charged or there has been bailiff action (including charges added to balances). Overall, of the 58 complaints received, eight have been upheld, 14 partially upheld and 36 not upheld. This suggests that whilst council tax recovery has received the largest amount of complaints within the directorate, on balance complaints are made because of dissatisfaction with the amount or method by which a customer has to pay, rather than a pattern of errors made by the council.

Compared to 2014, there has been a minor decrease in complaints received in 2015, reducing from 61 to 58. Whilst the overall total has not changed a great deal, the number of complaints concerning bailiff action has increased from 7 in 2014 to 19 in 2015, with mean these complaints now make up a third of the complaints received. It's worth noting however that only 1 of the bailiff complaints was fully upheld.

Passenger services – Of the 15 complaints received, 12 have focused on staff conduct and of these, five were upheld, six were partially upheld and one not upheld. The majority concern the actions of council staff driving council vehicles. Issues raised cover what the customer views as erratic driving and inconsiderate parking.

Compared to 2014, complaints received by passenger services have increased slightly from 13 in 2014 to 15 in 2015. The complaints received in both 2014 and 2015 concern the same issues relating to the driving of others and are on the whole, upheld.

Learning points

Council tax recovery – There have been no patterns identified that would indicate any process or policy issues within council tax recovery. However, the welfare reforms continue to impact on the most vulnerable in society, and over 2016 attention will be paid to ensure that we continue to do our best by the customer, and refer them for assistance if required from external sources, such as the Stepchange debt advice charity.

Passenger services – the driving habits of others can be quite an emotive subject, and the council needs its drivers to set a good example. If a customer is able to identify that a driver is working for Leeds City Council, then there is a route for feedback to be provided to passenger service teams and individual drivers on driving habits.

This page is intentionally left blank

Report of the Chief Officer, Customer Access

Report to the Corporate Governance & Audit Committee

Date: 18 September 2015

Subject: Report on the review of customer relations 2014-15 and Local Government Ombudsman's Annual Review Letter 2014-15

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- 1 This report provides comment and feedback for the committee on the review of customer relations (compliments, complaints and feedback) for 2014-15, including Local Government Ombudsman's (LGO) annual review letter for Leeds, dated 18 June 2015.
- 2 Using an overview of the complaints to the council during 2014/15, this report sets out the council's arrangements for responding to complaints made by the public, the key objectives of which are:
 - 1 to make it easy for people to complain or provide feedback;
 - 2 to try to resolve complaints at an early stage; and
 - 3 to learn lessons from the issues raised through complaints.
- 3 The report shows broadly positive trends against these objectives. The number of complaints received by the council has fallen on the previous year, and the council is responding to more complaints within stated timescales than ever before. The proportion of cases which progress beyond the early stages has also fallen, with comparatively few complaints proceeding to the LGO and Housing Ombudsman Service (HOS), and a comparatively small number and proportion of investigations find fault on the part of the council.
- 4 The report does show that there are, however, some areas where complaints are increasing, where the council needs to improve in learning lessons from

compliments, complaints and feedback. The report shows that these issues are being appropriately addressed.

- 5 Taken together, these developments provide assurance that the council's processes for handling complaints are, on the whole, working effectively.

Recommendations

- 1 Members are asked to consider the issues raised in the report and the supporting contextual information provided in the appendices.
- 2 Members are asked to confirm that the report and supporting information provides external assurance as to the effectiveness of the council's approach to complaints.

1 Purpose of this report

- 1.1 To summarise the council's complaints and ombudsman cases for the period 1 April 2014 to 31 March 2015.
- 1.2 To discuss the effectiveness of ombudsman arrangements and LGO Annual Review Letter to the council, a copy of which can be found in **Appendix 1**.
- 1.3 To assess the overall effectiveness of the council's approach to compliments, complaints and feedback.

2 Background information

- 2.1 Citizens and businesses have a choice about who they contact about council services, and there are a wide range of options open to people when they choose to provide feedback or to make a complaint. As a broad rule, the council seeks not to limit that choice, but to operate a 'no wrong door' approach. This means that, irrespective of whom the person chooses to contact, and channel by which they make that contact, their questions should be answered and appropriate action should be taken, and steps taken to learn lessons from what went wrong.
- 2.2 The table below outlines a framework for how different types of feedback (particularly complaints, appeals against decisions and critical feedback) are handled in the council. The four columns on the right hand side show the routes for formal complaints to the council and the relevant policies and standards. The other columns illustrate the framework when people don't use the complaints approach, such as appealing against a decision, contacting their local councillor, and using social media.

Table 1: Types of complaint to the council

	Appeal against decision	Ward member contact	Social media	Telephone complaint	In person complaint	Web complaint	Complaint form/letter
	includes school place, parking fine, parking permit, application for council tax support	http://democracy.leeds.gov.uk/mgFindMember.aspx	https://www.facebook.com/Leedscouncil/ https://mobile.twitter.com/leedscouncil_help	0113 22 4405	At every public building	http://www.leeds.gov.uk/council/Pages/Let-Us-Know-Compliments-Complaints-and-Feedback.aspx	By post (freepost address) Email to complaints@leeds.gov.uk
Timescale for reply:	Set by the specific service	10 working days (based on current email and letter standards)	Same day			Acknowledgment within 3 days Reply 10-20 days (depending on type of complaint)	
Policy:	Covered by the relevant policy, guidelines	Members' correspondence policy	Social media guidelines			Compliments, Complaints and Feedback policy Special procedure for complaints with alleged equality or discrimination aspect Special procedure for complaints about Data Protection (DPA), Freedom of Information (FOI)	
Appeal/escalation:	Set by the specific service	Executive/Lead Member	Will depend on the subject			Option for stage 2 (review)	
External appeal:	Ombudsman or court	None				Local Government Ombudsman Housing Ombudsman	

2.3 The council has a compliments and complaints policy and procedure which has been in place for a number of years, co-ordinated by twelve customer relations teams, and accountable to the council's Customer Strategy Board. The policy and framework has three aims:

- i) to make it easy for people to complain to the council;
- ii) for the council to resolve complaints at the earliest stage possible; and
- iii) for the council to learn lessons from compliments, and feedback, and from complaints to prevent them from recurring.

In order to make it easy for people to complain to the council, the council uses a range of posters, leaflets, online forms and online supporting information. The teams currently use two different ICT systems to administer complaints, although the council is planning to converge on one core customer relations system in the next several months

2.4 In many cases, the officer or manager may speak to the customer and see if they can resolve the problem without initiating a complaint. If the problem needs to be dealt with as a complaint, the council operates a two stage complaint process. In order to try and resolve the complaint as early as possible, at this first stage, the complaint is handled by an officer or manager from the service complained about, who investigates the issues raised, looks to resolve them and responds to the customer within the relevant timescale.

2.5 Should the customer remain dissatisfied after this stage, they can take their complaint to a second, review, stage of the complaints process. At this stage, a more senior officer will investigate and respond to the customer's concerns. The officer will look at how the original complaint was dealt with and also respond to any further issues that the customer may have raised with us. Adult Social Care and Children's Social Care have procedures in line with statutory regulations, and the council also has specific procedures for complaints with an alleged discrimination aspect, or which are about data protection or freedom of information.

2.6 A customer who progresses to the review stage of our complaints policy is advised in our response of their right to take their complaint to the relevant ombudsman, should they remain dissatisfied with the outcome, and depending on the Ombudsman's jurisdiction. The LGO and HOS advise customers to go through all stages of an authority's complaints procedure before investigating a complaint.

3 Main issues

3.1 This report covers the following issues relating to the review of 2014-15 and LGO Annual Review Letter:

- Analysis of complaints to the council;
- Patterns and trends of LGO and HOS enquiries and complaints;
- Analysis of compliments and feedback short of a complaint (known as 'service requests'); and

- Assessment of the effectiveness of the council’s overall approach to compliments, complaints and feedback.

Overview of complaints to the council

3.2 The majority of complaints to the council do not progress beyond the initial stage described in section 2.4. Reviews and LGO/HOS complaints continue to be a very small proportion of complaints which are made to the council each year, summarised in the table below. In 2014/15 the council received 4133 stage one complaints, of which 284 (7% of all complaints) progressed to the second stage of our complaints process. Of those, 127 people complained to the LGO/HOS, of which 28 found fault.

Table 2: Trends in complaints, last three years

Year	Initial complaints	Reviews (stage 2 or 3)	Ombudsman cases	Ombudsman finding fault
2014-15	4133	284	127	28
2013-14	4795	329	145	24
2012-13	5473	440	146	30

3.3 In June 2015 a report on 2014/15 compliments, complaints and LGO/HOS cases was presented to the council’s Customer Strategy Board, provided at **Appendix 2**. As part of the annual report process, all directors are required to provide feedback on any trends in complaints identified over the year and what actions were taken to address them. Particular attention was given to cases where the council has been instructed by the LGO/HOS to make a payment. This accountability process is important in delivering one of our objectives in relation to learning from complaints.

3.4 A trend identified in the report was that complaints had fallen in volume, both at stage 1 (down by around 600) and stage 2 (down by around 40), largely accounted for by a fall in complaints about housing management issues. Complaints had increased in volume about Adult Social Care and Children’s Services (each up by around 50). The council also recorded a fall in compliments (1192, down from 1429 the previous year).

3.5 A related trend identified was that the council had responded more quickly to complaints than in previous years, an increase to 93% of stage 1 complaints (up from 89% last year) responded within stated timescales. The directorates with the largest improvement in responsiveness were Environment & Housing, Belle Isle TMO, and Citizens & Communities. Two directorates, City Development and Children’s Services, had a slight (3-5%) fall in responsiveness.

3.6 The report also identified areas for improvement, particularly around the early identification and investigation of complaints which have an equalities or alleged discrimination aspect. The council only identified 35 complaints during 2014-14 where the complainant had alleged that discrimination had taken place or that their

equality characteristics had not properly been taken into account. These are discussed in sections 3.18 and 4.2 below.

Patterns and trends of LGO/HOS enquiries and financial settlements

- 3.7 In previous years, the LGO has produced a detailed breakdown of the council's performance, including how many complaints were remedied during the LGO's investigation and the number of cases where the LGO identified only minor injustice. The LGO changed their way of handling complaints during 2012/13 and with housing landlord complaints falling within the remit of the HOS, the LGO no longer writes a detailed report on each council. The HOS does not provide an annual report on each landlord.
- 3.8 During 2014/15, the LGO and HOS issued decisions on 128 complaints (compared to 145 decisions in 2013/14). The number of decisions includes complaints where the ombudsman has used their discretion not to investigate or because the issue is outside of their jurisdiction. Of these 127 complaints, the ombudsman found fault in 28 of these cases. The number where the ombudsman found fault has increased (22%) a rise from 17% of cases last year. The remaining cases were either 'no fault', 'fault remedied during investigation' or 'outside jurisdiction'.
- 3.9 The nature of complaints by service area has shifted from previous years, with schools and planning overtaking housing as the largest areas of investigation by the ombudsman. In 2014/15 a third of all ombudsman cases related to schools and school places, compared to around a third of cases the previous year.
- 3.10 The total financial settlements agreed by the LGO/HOS for the previous 3 years are set out below:-
- | | |
|------------------|---------|
| 12/13 = 17 cases | £13,664 |
| 13/14 = 16 cases | £67,036 |
| 14/15 = 13 cases | £11,886 |
- 3.11 This is a fall on previous years. The value of financial settlements last year was skewed by one case where the LGO imposed a settlement of £43,527. The average value of settlements by the ombudsman was around £900, and settlements ranged from £100 to £4225. In 15 cases, the ombudsman found fault but did not impose a financial settlement.

Implications of changes in LGO/HOS role and jurisdiction

- 3.12 On 1 April 2013, the role and jurisdiction for investigating complaints about the council's function as a landlord passed from the LGO to the HOS, as set out in the Localism Act 2011.
- 3.13 The major change for the council was that in accordance with the Localism Act 2011 complainants have the option to take their case to a 'designated person', to see if the dispute can be resolved, before contacting the HOS. Any UK MP and any Leeds City Council Councillor can currently act as a designated person, and the council is investigating options for tenant panel members to act as designated persons. Member support teams have been provided with guidance to provide support to individual members who are contacted in their role as a designated person.

Designated persons can decline to consider a complaint or they can choose to refer a complaint on to the HOS. A complainant can also 8 weeks from the date of the council's final response rather than approach a designated person first.

- 3.14 In 2014/15 there were very few referrals to designated persons to try and resolve housing complaints informally. The number of decisions made by the LGO (25) significantly exceeded those by the HOS (3), as the LGO continues to have jurisdiction over the council's wider activities, for example in discharging their statutory duties. Further, only in a very small proportion of stage 1 complaints (1-5%) had an elected member recommended that this be investigated as a complaint.
- 3.15 In March 2015, the Cabinet Office began consultation on proposals to combine public services ombudsman into a single body, following on from the Gordon report of 2014. It recommends creating a new Public Service Ombudsman (PSO), bringing together the existing jurisdictions of the Parliamentary and Health Service Ombudsman, Local Government Ombudsman and Housing Ombudsman Service. The report highlighted the opportunity for an improved customer experience through an integrated service and the opportunities to improve public service systems.

Assessment of the effectiveness of the council's overall approach to compliments, complaints and feedback

- 3.16 The assessment of the effectiveness of the council's overall approach to compliments, complaints and feedback balances positive trends with some areas for improvement.
- 3.17 On the positive side, the council continues to encourage people using a range of channels to let us know how well we have done, and ask that we take action, either to remedy a problem, or to pass on a compliment or thanks to the member(s) of staff. The number of complaints at stages 1 and 2 has fallen, and the council is responding to complaints more quickly than ever before.
- 3.18 Below the high level trends of a reduction in complaints, the council needs to ensure that it welcomes and responds to feedback, comments and complaints. Given that the increases in complaints last year were about adult social care and children's services, a key area identified for development is that of the need to identify and address equality and alleged discrimination, particularly at a time when the council is making difficult choices in service design and provision. The perceived under-recording of these types of complaints is being addressed with the twelve teams which administer complaints across the council, and particularly with the two customer relations teams in Adults and Childrens Services directorates. Around one third (ten of the 35) equalities related complaints last year were upheld, and a further eight partially upheld, many about issues of access, and there are opportunities for customer relations teams and complaints investigators across the council to learn from these cases.
- 3.19 A further area for development is to make sure that the council remains as customer focused as possible, and is not confused or distracted by internal processes. The council is looking at ways to make sure that customer experiences are positive, and part of this work has included a senior manager masterclass on customer experiences, and refresh of customer services training courses.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 As this report is providing the committee with information on past performance with regards to compliments, complaints and feedback, and LGO/HOS cases, no specific consultation or engagement has been sought.
- 4.1.2 The LGO, Healthwatch and Parliamentary and Health Ombudsman November 2014 report 'My expectations for raising complaints and concerns' was a response to concerns about NHS and social care scandals. It proposes a user-led approach based on engagement. This approach might be most easily applicable to adult and children's social care, but may also be relevant to other areas of the council who have customers who are perceived as vulnerable and unlikely to complain. A link to the report is provided in section 7 below.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Sections 3.6, 3.18 and 4.1.2 highlighted the risk that the council may be under-reporting and potentially not paying appropriate attention to complaints where there are equalities or alleged discrimination aspects, or where vulnerable people do not complain. The next cross-council customer relations meeting in September 2015 will discuss ways to make sure that we are learning from the very best practice.
- 4.2.2 The LGO has not highlighted any issues regarding Equality, Diversity, Cohesion or integration in the Annual Letter for 2013/14.

4.3 Council policies and City Priorities

- 4.3.1 The review of compliments, complaints and feedback and LGO letter has not raised any issues that would impact on council priorities or city priorities.

4.4 Resources and value for money

- 4.4.1 Our compliments and complaints are relatively free feedback from our customers on what has gone wrong for them, and what we could or should have done differently or better. In doing this, we can also identify areas of improvement, to make our services more effective, in particular, more joined up and responsive to people's individual needs and circumstances. Each LGO/HOS investigation and equality/discrimination complaint uses a case conference approach, the aims of which are to ensure that the investigation is i) thorough and timely, and ii) actions are put in place to prevent similar problems from occurring.
- 4.4.2 The cost of financial settlement and compensation is significantly outweighed by the amount of staff time spent administering and investigating complaints. The earlier faults or mistakes are identified and addressed, the more cost effective the process is. LGO/HOS cases can have resource implications as the council should have resolved the issue earlier, but also have financial implications as the LGO/HOS has the authority to impose financial settlements. All cases of financial settlement are reported to the council's Customer Strategy Board to ensure that lessons are learnt across the council.

4.5 Legal Implications, Access to Information and Call In

4.5.1 As this report is providing an update on past performance relating to compliments, complaints and feedback, and LGO/HOS cases dealt with during 2013/14, it does not have any legal implications. None of the information enclosed is deemed to be sensitive or requesting decision, and therefore raises no issues for access to information or call in.

4.6 Risk Management

4.6.1 As this report is providing an update on past performance relating to compliments, complaints and feedback, and LGO/HOS cases dealt with during 2013/14, there are no significant risks identified by this report.

5 Conclusions

5.1 In previous years the Annual Review Letter has provided the council with valuable feedback as to the LGO's view on our performance during the previous year. The letter this year does not comment on the effectiveness of our arrangements, so this report has focused in more detail about the broader pattern and trend of compliments, complaints and feedback to the council.

5.2 This report has described the general arrangements in place for responding to complaints made by the public. It has also described how in practice the council has a balancing act, to make it easy for people to complain to the council, to resolve customer complaints at an early stage and to learn lessons from the issues raised through complaints. It has described that while complaints are being responded to in shorter timescales, there are plans to deal with complaints better in areas showing an increase in complaints, and to make sure that the council is working harder to make sure it is not overlooking complaints with an alleged equality or discrimination aspect.

5.3 The report has drawn on the overview of 2014-15 to show that the council is continuing to inform people of their right to complain to us. The report has also shown that the trend in complaints is downward, and that the majority of complaints continue to be resolved at the first stage. It has also shown that good practice is in place, particularly for LGO/HOS complaints, to ensure that lessons are learnt from complaints. The information detailed in this report enables us to give assurance that the current system is fit for purpose in this respect, and this provides assurance that complaints are operating as intended.

6 Recommendations

6.1 Members are asked to consider the issues raised in the year end complaints results and LGO Annual Review Letter.

6.2 Members are asked to confirm that the information provides external assurance as to the effectiveness of the council's approach to complaints.

7 Background documents

Appendices:

Appendix 1: LGO Annual Review Letter to Leeds City Council, 18 June 2015

Appendix 2: Year end Customer Relations report to Customer Strategy Board, 26 June 2015

Links:

LGO and LGA Councillor workbook for complaint handling:

http://www.local.gov.uk/web/guest/publications/-/journal_content/56/10180/7159167/PUBLICATION

LGO, Healthwatch and Parliamentary and Health Ombudsman report:

http://www.ombudsman.org.uk/_data/assets/pdf_file/0010/28774/Vision_report.pdf

Cabinet Office consultation on proposals for a single public service ombudsman:

<https://www.gov.uk/government/consultations/public-service-ombudsman>

Complaint analysis 2014-15 vs 2013-14	Volume of complaints received this qtr/ prev qtr					Effectiveness of Complaints Handling			Responsiveness	
	Compl - iments	Service requests	Stage 1	Stage 2	Ombudsman	Stage 2 complaints (% stage1)	Fault found YTD/ Last year YTD	Financial settlement YTD/ Last year YTD	Stage 1 response within standard #	Stage 2 response with 15 working days
Belle Isle TMO	3	0	34	4	0	12%	0	£0	97%	100%
	5	0	37	6	0	16%	0	£0	89%	100%
Adults Social Care *	197	0	380	32	11	8%	3	£5,986	97%	94%
	0	0	340	38	23	11%	1	£0	98%	n/a
Children's Services	62	32	352	15	8	4%	4	£1,000	80%	27%
	57	44	297	14	28	5%	10	£59,336	83%	n/a
City Development	268	122	263	48	24	18%	8	£450	86%	81%
	286	169	257	61	0	0%	0	£0	91%	82%
Citizens & Communities (inc Public Health and Civic Enterprise)	375	35	594	45	7	8%	0	£0	97%	94%
	339	24	415	19	9	5%	0	£0	89%	84%
Environment & Housing **	293	658	2405	125	14	5%	1	£2,000	94%	92%
	169	63	1851	52	22	3%	3	£175	83%	71%
Strategy & Resources ###	194	18	105	15	15	14%	3	£400	87%	87%
	330	63	282	25	15	9%	1	£750	81%	72%
Housing ***	127	625	1014	85	16	8%	0	£1,250	98%	98%
	243	627	1316	114	22	9%	9	£6,775	98%	96%
Education ****					32		4	£0		
Total	1195	860	4133	284	127	6.9%	28	£11,086	93%	87%
	1429	992	4795	329	145	8.0%	24	£67,036	89%	83%

Higher than last year

Equal to or lower than last year

On or above target

Within 10% of target

Below 10% of target

Corporate standard is 15 working days, Adult Social Care and Children's Social Care are 20 working days

* No Stage 2, ASC use medium risk as an alternative

** Includes Housing in 2014/15 but not in 2013/14

*** Already included in Environment & Housing except Ombudsman

**** Ombudsman only, Compliments and Complaints in Children's Services

Civic Enterprise in Strategy & Resources in 2013/14



Complaints and Compliments **Annual Report**

1 April 2014 – 31 March 2015



Adult Social Care Customer Services

Contents

Executive Summary

1. Purpose of Report
2. Background
3. What is a complaint
4. Who can make a complaint?
5. The Complaints Procedure
6. Review of Compliments Received 2014/15
7. Review of Complaints Received 2014/15
8. Outcomes
9. Nature of Complaints
10. Formal Investigation
11. The Local Government Ombudsman
12. Local Settlements and Public Reports
13. Timescale Performance
14. Compensation Payments
15. Methods of notifying complaints
16. Equality Monitoring
17. Lessons Learned
18. Customer Satisfaction Surveys
19. Developments / Update – 2014/15
20. Training
21. Review of information literature for service users
22. Complaints Handling – national developments
23. Other priorities to be taken into account during 2014/15
24. Conclusion

Appendix 1	Compliments received by client group Compliments received by service area
Appendix 2	Complaints by service area
Appendix 3	Complaints – how received Complaints – received from
Appendix 4	Timescale Performance
Appendix 5	Breakdown of Ombudsman complaints
Appendix 6	Equality Monitoring
Appendix 7	Lessons Learnt

Executive Summary

This report provides information about compliments and complaints received between 1 April 2014 and 31 March 2015 under the Local Authority Social Services and NHS Complaints regulations 2009.

The purpose of the report is to inform customers, carers, elected members, partner agencies and staff about the work of the Complaints Service within Adult Social Care, the extent to which services are meeting our customer's expectations and the action we are taking to improve the quality of the social care services that we deliver.

The report highlights how various services within Adult Social Care Services have performed in line with key principles outlined in the complaints regulations. The learning and service improvements that have been made as a result of responding to complaints are also discussed, as are plans for further service developments.

The year under review has been a busy, challenging and successful one for the Complaints Service. In a year of on-going change with transformation of services, the focus has been to maintain and/or raise the standard of complaints handling by focussing on strategies that will improve the customer experience when things go wrong. The Complaints Service has been involved in a number of initiatives, including:-

- Providing briefings to voluntary sector organisations so that they understand the complaints process to enable them to effectively support people who may wish to access the complaints process.
- Attending service users and carers' workshops. This gives us the opportunity to engage directly with service users and carers and to promote the complaints process focussing on what they can expect from the Complaints Service in the event of a complaint.
- Providing Complaints Training to commissioned provider staff so that they understand the health and social care complaints process and how this dovetails to their systems. Training was provided to 334 support and professional staff.
- Continuing to promote the complaints service across all Adult Social Care operational teams by attending their Team meetings sharing the key issues highlighted, the national picture and the impact this will have on their practice.
- Strengthening links with our NHS partners and Advonet via the Leeds citywide Complaints Managers Group which is chaired by the Director of Leeds Healthwatch. The aim of the group is to influence and promote best practice in complaints handling across the city and to share learning and good practice.
- 635 compliments were recorded. Analysis of compliments evidence how the Adult Social Care Directorate are meeting the key qualities service users and carers expect from health and social care i.e. being offered choice, treated with dignity, respect and being heard.
- 433 complaints were recorded compared to 391 in the previous year, representing an increase of just over 10%. This tells us that more people are becoming aware of their right to access the complaints procedure. There may be a correlation between the training provided to staff which reminds them of the statutory requirement to provide

information to service users and carers at assessment and/or at review of how they can provide feedback good or bad.

- Improvements in acknowledging and responding to complaints within timescales agreed with the complainant are continuing. 97% of complaints were responded to within 20 working days compared to 98% the previous year. During this period the Complaints Service has further improved the monitoring of timescale performance and the support offered to service managers in an effort to improve performance.
- 9 enquiries were made to the Local Government Ombudsman compared to 25 the previous year. A breakdown of the 9 enquiries is detailed in Appendix 5 of the Report.
- Monitoring of our compliments and complaints procedure has again led to a number of actions and areas for development set out in the report.

Judith Kasolo
Head of Complaints

1. Purpose of Report

This report provides information about compliments and complaints received during the twelve months between 1 April 2014 and 31 March 2015, under the Local Authority Social Services and NHS Complaints regulations 2009.

2. Background

- 2.1 The Regulations place a duty on Local Authority Social Services and the National Health Service to establish and implement a procedure for dealing with complaints and representations.
- 2.2 The provision of an Annual Report is a statutory requirement, providing information on the number of compliments and complaints received, lessons learned leading to service improvements and the adequacy of the Complaints Procedure.

3. What is a complaint?

The Department of Health defines a complaint as:

‘An expression of dissatisfaction or disquiet about the actions, decisions or apparent failings of a local authority’s Adults Social Services and the National Health Service provision which requires a response’. Leeds Adult Social Care uses this definition.

If it is possible to resolve the matter immediately, there is no need to engage the complaints procedure.

4. Who can make a complaint?

Anyone coming into contact with Leeds City Council can make a complaint. The Corporate Complaints Procedure provides a process for all customers to use. If the complaint is about Adult Social Care, the statutory complaints procedure for Health and Social Care services must be used.

A person is eligible to make a complaint under the statutory complaints procedure where the Local Authority and the Health Service have a power or duty to provide or secure a service. This includes a service provided by an external provider acting on behalf of the Local Authority. In such a case service users can either complain directly to the provider or to the Adult Social Care Complaints Team.

Commissioned providers are encouraged to attempt to resolve complaints at the first point of contact in line with good practice highlighted by the Local Government Ombudsman, but are equally advised to direct service users and/or their carers to commissioners of the service where local resolution is not possible or appropriate, or where the service user/carer remains dissatisfied.

A complaint can be made by the representative of a service user who has been professionally defined (under the Mental Capacity Act 2005) as having no capacity to make decisions, as long as the representative is seen to be acting in the best interests of that service user.

Anyone can complain who is affected (or likely to be affected) by the actions, decisions or omissions of the service that is subject to a complaint.

5. The complaints procedure

The complaints procedure is a two-stage complaints system, focusing on local resolution and, if unresolved, an investigation by the Ombudsman.

The aim of the Local Authority Social Services and the National Health Service complaints regulations is to make the whole experience of making a complaint simpler, more user-friendly and more responsive to people's needs. The emphasis is to offer a more personal and flexible approach, which is effective and robust. Complaints are risk assessed and graded. The level of investigation needed is linked to the potential risk and the wishes of the complainant.

Complaints Officers contact the complainant to agree the complaint, resolution plan and sought outcome. They then determine the level of risk and complexity and, using the Department of Health Complaints Toolkit, determine a resolution plan. Options include mediation, resolution by the Service Manager or an independent investigation.

Each complaint is treated according to its individual nature and the wishes of the complainant.

In the reporting year 11,389 people received a service from Adult Social Care.

When looking at the total number of complaints of 433, therefore, 3.8% of customers or someone acting on their behalf raised a complaint about a service that they received and 635 (5.75%) of customers or their representative were happy with the service that they had received.

6. Review of compliments received

Table 1 – Compliments Received by Service Area

Service area	2014/15	%	2013/14	%
Community Support Service	314	49.5%	301	40%
Mental Health Residential and Day Services	79	12.5%	49	6.5%
Access and Care Assessment and Care Management	64	10%	165	22%
Learning Disability Housing and Day Services	40	6%	39	5%
Equipment and Adaptations	35	5.5%	41	5.5%
Physical Disability Day Services	33	5.5%	1	-
Learning Disability Assessment and Care Management	23	3.5%	23	3%
Resources and Strategy	16	2.5%	18	2.5%
Older People Residential and Day Services	15	2.5%	43	6%
Independent Sector Home Care	7	1%	5	0.5%
Strategic Commissioning	6	1%	14	2%
Transport/Meals	2	0.5%		
Independent Sector Care Homes	1	-		
Leeds Shared Lives			52	7%
Total	635	100%	751	100%

- 6.1 Table 1 above details the number of compliments received during 2014/15 reporting period. 635 compliments have been received compared to 751 in the previous year and represents a decrease of over 15%. Customers and their representatives are encouraged to tell us what they think of our services, good or bad. People can complete the feedback form or contact the relevant social care team to express this.
- 6.2 Compliments are, however, largely made directly to frontline staff either verbally or by personal letter. Whilst all staff and managers are encouraged to make sure that all compliments are passed to the Complaints Team so that good practice can be recorded and reported across the Directorate, many frontline staff choose to keep this information to themselves. However, as part of the Complaints and Customer Experience Training, staff continue to be reminded to pass the compliments to the Complaints Team so that the information can be recorded and used to influence and promote best practice.
- 6.3 The largest number of compliments was received by the in house Community Support Service which saw a further rise in the number of compliments receiving 314 (49%) compared to 301 in the previous year. Of these 298 were made to the Reablement service with a further 6 to the Reablement (mental health) team and 10 to the long-term generic community support team. Service users and family members expressed their appreciation for the caring and professional help and support they had received from staff.

Some examples of the compliments are as follows:-

"I feel that the team was very supportive. They had a mature common sense approach to caring. They dealt with all my dad's foibles and peculiarities. They were thorough and professional. I must make particular mention to Karen and Lynn who had the most contact with my dad. Smashing ladies doing a difficult job with cheerfulness and humour. I wish I could use this team on a permanent basis."

"The care received has been second to none. We are so grateful for the kindness and professionalism of the carers who she has become very fond of and will miss them. We cannot thank them enough. The service they have provided has been excellent! Nothing has been too much trouble."

"You have certainly done your job re-enabling my mum to get herself dressed and undressed most days and able to make herself a cup of tea or coffee. I have been reassured that she was in safe hands and just wanted to say a big thank you to all who were involved with her."

- 6.4 The Learning Disability Housing and Day care services which received 39 (5%) compliments last year received 40 this year (6%). The Learning Disability & Mental Health Assessment Care Management Team received 23 compliments this year, the same number as last year

Some examples of the compliments are as follows:-

"..I just want to thank you and your team for all the support and understanding I have received during the most traumatic year of my life

Marie, nothing seemed to be too much trouble for you to help me through this, you so understood.

John, your patience and understanding with me knew no bounds.

Neil, thank you for a cracking cup of coffee and for just being there with John on that Monday morning

I feel very lucky at the level of support and words of encouragement I have received, I really do not believe I would have come out of it without this. The counselling I received from care plus was second to none. I now feel that I am fit and well and looking forward to new beginnings. The whole staff team at Scott hall have been amazing, what a great team and a great place to work."

- 6.5 Mental Health Provider Services received 79 (12%) compliments this year as opposed to 49 last year. The compliments thanked Outreach Support workers for the help and support given to service users.

Some examples of the compliments are as follows:-

"I really like the follow-up that you don't forget about me, that you call me if we haven't met for a while"

“Ruth I won’t be meeting you today because I no longer need your services, I am doing very well. I have you and your colleagues to thank for that. Ruth you have helped motivate me and make me feel good. Thank you. I wish you the best for the future. Take Care”

- 6.6 The number of compliments for commissioned independent sector home care providers sent to Adult Social Care Complaints Team directly is 7. In addition to this the providers received 1725 compliments sent to them directly. The compliments received by providers directly are sent to the Contracts Team as part of the Quality Standards Assessment return.
- 6.7 Compliments for the Access and Care Assessment and Care Management service fell markedly, to 64 (10%) compared with 165 (22%) in the previous year. Compliments were received across the city, thanking a variety of workers for the help and support they have given service users and their families.

An example of assessment and care management compliment is as follows:-

“..Nicola turned out to be exactly what we needed. She quickly, effectively and thoroughly assessed our needs and supported us in finding the right support and the best services for us. She helped me wade through the benefit system and got us the help we needed to sort our financial problems. She gave me information I needed to be able to access the right support and she provided a much needed pillar of support when I needed someone understanding to talk to. Throughout what has been the most difficult period in the life of my family, Nicola has been invaluable and I honestly believe that I would have been unable to continue to care for my wife.”

- 6.8 There was a marked increase in the number of compliments for Physical Disability provider services with 33 being recorded this year as opposed to just 1 last year. This is mainly due to 29 being received by Holt Park.

An example of one of the compliments is as follows:-

“I would just like to take this opportunity to express mine and my family’s appreciation for the weekly computer skills sessions by Caroline at Holt Park Active Day Centre when my father attends on a Wednesday. My father, who suffers from Alzheimer’s disease has never used a computer in his life. Also he is generally quite passive, tending not to interact. So it was to our utter amazement when, on returning from the Day Centre a few weeks ago he informed us that he had been working on a computer! I have not seen him as animated as he was that afternoon for a number of months/years. It was as if a light had been switched back on and it has remained “switched on” since. He is generally more alert, interactive, responsive and seems to have a renewed enjoyment in things he has previously got such pleasure from, such as listening to his favourite music, something that he had stopped doing as it seemed to have become more of an irritant than a joy.

As for his computer sessions – these have continued weekly and he is really enjoying them. I cannot express the overwhelming delight of receiving my first email from him, something I will treasure forever! Not only does he have an email account, but he also has a Facebook account (thanks to Caroline) and many family members are now his Facebook friends, posting photographs and comments on his

page, ready for him to see/read/respond to every Wednesday, all of which is providing such fantastic pleasure and stimulation. Best wishes and thanks again”

- 6.9 In-house residential care homes and day services for older people received 15 (2.5%) compliments, compared to 43 last year. Family members gave thanks for the staff teams providing excellent care to relatives.

An example of one of the compliments is as follows:-

“A” was at “D” residential home for a long stay and spent a considerable amount of that time in bed. Staff, I am sure, made some attempt at encouraging her out of bed and to address her personal hygiene issues but with very little or no success. Since she has been at “C” residential home, her motivation has improved and her personal hygiene has massively improved. This has everything to do with the input and attention from your staff. The work that went into her “hairedressing” in particular was excellent and has no doubt made an enormous difference to her self-esteem and confidence. Thanks again to all your staff for their efforts”

“my ... moved into residential home in September 2014 and I would like to compliment the staff which includes the kitchen staff, carers and managers of the excellent service they provide. I often visit at different times of the day and the staff have always been extremely kind, caring, helpful and happy. I have been astounded by the commitment to the job in hand and nothing is too much trouble. I felt I must portray my thoughts in writing and hope someone would pass my message on and also congratulate the staff on the wonderful service they provide. He has settled well into the home and I couldn't have wished for a smoother transition.”

- 6.10 Compliments about Resources functions fell again this year from 18 to 16. Community Care Finance services received 8 compliments (down from 9 last year), thanking staff for the work they had done regarding service users' finances; the Complaints service received 7 compliments (up from 6). 1 compliment was received for Support Services.

Examples of the Resources & Strategy compliments included the following:-

Finance: “.. it is unfortunately rare in these circumstances to be dealing with someone who (1) gets the problem and (2) can grasp the nettle and sort it. Seriously, you are a whizz. Thanks once again for your help.”

Complaints Team: “..Leeds City Council has to be one of the very best performing Councils when it comes to briefing providers with relevant local and national information”. “.. just to let you know my managers were very impressed with the complaints training today and really excited to implement some of the ideas”, “..we both found it 10/10 informative, entertaining, “S” and I felt it encouraged us both to question ourselves to look at it as a positive process, way of learning, improving. I would recommend it.”

- 6.11 Equipment and Adaptation's services received 35 compliments compared with 41 last year. Some of the compliments thanked workers processing Blue Badge applications and other compliments thanked staff in area teams for the support and help given to service users.

An example of one of the compliments received is as follows:-

".. I am truly grateful for your effort and I feel certain that you must have gone far beyond the norm in the kindness and understanding of my somewhat current fragile emotional state. I much appreciate the advice you gave me in discussing with the practicalities of my rather strange condition and am considering taking it on board"..

- 6.12 Commissioning Services received a total of 6 compliments this year compared to 11 last year. Small numbers of compliments were received in other services. 1 compliment was received for the private residential sector. 1 compliment each was recorded for Other Council Departments providing Meals and Transport to service users.

7. Review of complaints received

Table 2 – Complaints received by service area

Service area	2014/15		2013/14	
	Number of complaints	% of total complaints	Number of complaints	% of total complaints
Total	433	100.0%	390	100.0%
Access and Care Blue Badge Applications	119	27.5%	137	35.1%
Access and Care Assessment and Care Management	85	19.5%	58	14.7%
Learning Disability Assessment and Care Management	37	8.5%	20	5.1%
Support services	31	7.1%	49	12.5%
Community Support Service	31	7.1%	31	7.8%
Access and Care Equipment and Adaptations	27	6.1%	13	3.3%
Independent Sector Home Care	23	4.9%	18	4.6%
Mental Health Assessment and Care Management	18	4.2%	14	3.5%
Learning Disability Housing and Day Services	13	2.8%	10	2.6%
Other Council Department	10	2.3%	12	3.1%
Mental Health Accommodation and Day Services	10	2.2%	9	2.4%
Independent Sector Care Homes	10	2.1%	7	1.9%
Strategic Commissioning	8	1.8%		
Independent Sector Other	3	0.6%	2	0.6%
Older People Direct Provision Residential Care	3	0.6%	5	1.3%
Older People Direct Provision Day Services	3	0.7%	4	1.2%
Safeguarding Unit	1	0.2%	1	0.3%
Care Communication	1	0.2%		

7.1.1 Whilst we appreciate positive feedback, we also understand that sometimes things do go wrong and as a result customers are unhappy with the support they have been provided with. The teams are encouraged to attempt to resolve problems at the first point of contact in line with good practice, but are equally advised to direct service users to access the complaints procedure where an instant resolution is not possible or appropriate. In these circumstances, they and/or their relatives/carers are advised to raise concerns with the Complaints Team. The Complaints Team recorded 433 complaints in this reporting period. This number shows just over 10% increase on the previous year.

8. Outcomes

The table below shows the outcome of complaints following an investigation. The three main categories for classifying the outcome of a complaint are “Upheld”, “Partly Upheld” and “Not Upheld”. Also included is a proportion that were “inconclusive” and those that were “Withdrawn”. It will be noted from the table that 52.9% of complaints were either upheld or partially upheld.

	2014/2015 %
Ongoing	1.3
Upheld	34.1
Partially upheld	18.8
Not upheld	37.1
Withdrawn	3.2
Inconclusive	5.5
Total	100%

9. Nature of Complaints

The nature of complaints received were mainly in relation to

- Assessment and care planning
- Quality of service provision
- Customer service
- Charging/Finance

9.1 119 complaints were made about **Blue Badge assessments** compared with 137 the previous year. Complainants often cited that their disability had been overlooked, that on the day of the assessment they had taken strong medication which enabled them to get through the assessment. Some people were of the view that the assessment did not take into account their medical condition and that removing the blue badge would take away their independence.

9.2 The other **assessment and care planning complaints** related to concerns about the care plans being inadequate citing that social workers had not taken time to listen to their needs and that, therefore, the care plans did not meet their needs. Other people argued that the assessment appeared to be process driven and not taking into account individual needs. The other concern raised was that the questions in the assessment were not appropriate for someone with dementia and questioned whether staff undertaking the assessments had had dementia training.

People also raised concerns about the lack of clarity/information regarding local authority rates of pay and contributions.

Assessment and Care planning complaints also raised concerns about the delays in carrying out the assessments.

9.3 **Quality of Service – assessment and care management.** The second most common cause for complaints across the service areas has been the quality of service provision citing delays in service provision; failure to provide a service; inconsistent home care service; poor standard of service and lack of social work support. Service users and carers have cited concerns about:-

- Staff not adhering to arrangements made with families and not keeping them informed of any changes, meetings cancelled without informing families when often family members have had to take time off work to attend the said meetings.
- Social work staff changing appointment times without notifying family members who wished to attend and going ahead with meetings without family members being present.
- Social workers failing to provide them with the right information about what they are entitled to and what they reasonably expect in terms of support.
- Lack of contact and response to questions and not being able to contact the social worker during a crisis.
- Lack of social work support whilst in residential care. The social worker not liaising with the care home to ensure that the service user is getting the right support and not ensuring that the care home have been provided with the right information.
- Social workers not taking time to carefully listen to service users' problems to help inform appropriate support.
- Failure to keep service users informed, not doing what has been agreed and not following up on agreed tasks resulting in service users not getting the services they should be getting.

9.4 **Quality of Service – Independent Home Care** complaints have included the following

- Poor standard of home care service i.e. workers not washing up properly dishes still dirty after they have been washed up.
- Lack of clarity about the support plan, expecting workers to undertake certain tasks which they are not undertaking.
- Care assistants not adhering to the support plan resulting in service users not receiving the service.
- Several missed calls – care assistants not attending at all and the back office neither keeping service users informed of changes nor replying to telephone messages.
- Poor communication between the agencies especially when service user is admitted to hospital and provider visits are cancelled but they then fail to inform the providers when the service user returns home resulting in lack of service provision.
- Lack of consistency of trained staff resulting in providers sending untrained staff to attend to service users.

As reported last year, the Social Care Complaints Service has continued to invest in Complaints Handling Training for Commissioned Provider support and professional staff and the Contracts Team has continued its rigorous monitoring programme. The complaints service also attends provider's forums to report on trends, key issues and developments and to advise on best practice. These initiatives are ongoing.

9.5 Quality of Service – community support complaints have included the following:-

- Not adhering to times specified on the support plan – inconsistent homecare service
- Service users feeling under pressure as the Care Assistant rushing the visit
- Missed calls impacting on medication not being provided

9.6 Quality of Service – supported living complaints have included the following:-

- Poor quality of service due to constant changes in staffing.
- Poor communication with families.
- Re-active as opposed to being pro-active with staffing resources resulting in families exploring seeking direct payments so that they can recruit their own staff for their children who reside in supported living.

9.7 Quality of Service – assisted living complaints included the following:-

- Not collecting equipment promptly and/or not turning up to collect the equipment as agreed
- Equipment delivered which was not serviced and/or faulty
- Delayed discharge from hospital due to equipment delays

9.8 Poor Customer Service was the third most common cause for complaints across all the service areas i.e. calls not being answered and poor staff attitude/conduct.

Examples of the poor customer service includes:-

- In the process of blue badge assessments, people feeling as though they were being cross-examined when asked about their medication and/or their disability.
- Staff not responding to important phone calls and emails and/or correspondence.
- people feeling as though there were being talked down to by the social workers and failing to provide accurate information.
- When families have telephoned passenger transport to complain about the transport not turning up, the staff in the office have appeared to lack empathy and unable to provide answers to queries.

9.9 **Charging/Finance was** the fourth most common cause for complaining. The majority of these related to delays in processing payments and challenging the outcome of financial assessments and the lack of information about charges and how people are assessed and when charges apply, examples include

- Being incorrectly charged as the service user had been in respite for the period they had been charged'
- Challenging the outcome of financial assessments and the lack of information about charges and how they are assessed.
- Being told they owed money they didn't think they owed due to direct payments not having been audited for over three years and when audited being told that they owed money.
- Delays in processing direct payment payments resulting in Personal Assistants not being paid for over three months
- Delays in processing payments by the Council Receivership Section
- Challenging decision not to give service user the 12 week disregard and the delay in providing a response
- Complaints from care home owners about the delay in payment of fees
- Complaint about receiving an invoice six months after charging for the service was introduced
- Complaint about being charged when discharged from hospital to a residential home. They are of the view that it should be free as it followed a hospital discharge. Also raised concerns about lack of clarity about charges and when they apply

9.10 **Safeguarding** concerns included complaints about delays in concluding the process, concerns were also raised about the safeguarding practice, lack of information about what people should expect and how the case conference had been conducted. Family members also raised concerns about poor quality of care in commissioned residential services. Although the complaints procedure will not consider complaints about the outcome, it will consider complaints about how the outcome is reached and if safeguarding procedures have been followed.

9.11. Other complaints considered were in relation to services provided on the Directorate's behalf by other council departments, these related to Passenger Transport Services, for instance, transport arriving much later than they should resulting in the service user being late for their appointment. Meals provision concerns about the quality of the meals.

10. **Formal investigation**

This year 4 of the 433 complaints were escalated to formal investigation by Independent Investigating Officers. As is standard practice, complaints requiring formal investigation are investigated by Investigating Officers who are independent of Leeds City Council. Independent investigation has proved effective in resolving complex complaints.

Appendix 7 of this report contains examples of the lessons learnt during this reporting period and actions taken to improve the quality of services.

11. The Local Government Ombudsman

11.1 Summary of Ombudsman Cases

9 complaints have been made to the Ombudsman in this reporting period compared to 25 the previous year. Last year the increase was largely attributable to the assessment of Disabled Parking Permits (Blue Badges) and people challenging the outcome of the assessments. In this reporting period the number of Blue Badge complaints reduced from 10 to 2. In both cases the Ombudsman found no fault in the decision not to award a blue badge.

6 of the remaining 7 complaints made to the Ombudsman related to Access and Care, Assessment and Care Management cases. In 3 of these the Ombudsman decided that the complaints were outside her jurisdiction to investigate. In one case the Ombudsman decided that an investigation was not appropriate.

In one case the Ombudsman found that the complaint was upheld and that maladministration causing injustice had occurred. She decided the most appropriate way of resolving the complaints were by recommending a Local Settlement which the council fully complied with.

One case was closed after an initial enquiry and no maladministration was found.

The final complaint fell within the remit of Resources and Strategy and again after initial enquiries had been made no maladministration was found.

A breakdown of the Ombudsman enquiries and the findings are detailed in Appendix 5 of this report.

12. Local Settlements and Public Reports

Where the Ombudsman finds fault she will either recommend a local settlement or issue a public report. In this reporting period two cases were settled by local settlement totalling £5,986 and none resulted in a public report.

13. Timescale Performance

13.1 The statutory timescale for acknowledging complaints is 3 working days. In 2014/15 performance against this timescale was at 96%, a drop from the previous year 99%.

13.2 Whilst the statutory timescale for fully resolving a complaint is now up to six months based on level of risk and complexity, the service aims to provide an initial response to complaints risk assessed as low within 20 working days. This year performance against this timescale dropped slightly to 97% compared to 98% the previous year. The continued achievements in timescale performance has been as a result of joint efforts and close working with Chief Officers, Heads of Service, Service Delivery Managers, Team Managers and the Complaints Team. Other initiatives employed include the highly effective reminder system and monitoring of complaints at risk of going overdue.

14. Compensation Payments

- 14.1 Under Section 92 of the Local Government Act 2000, Local Authorities are empowered to remedy any injustice arising from a complaint. It is now practice to consider small *ex gratia* payments by way of recompense for costs incurred or compensation for a distress caused as a result of a matter complained about. The Local Government Ombudsman also has powers to direct the authority to pay compensation and to recommend the amount. In this reporting period £4,403.81 has been paid in compensation to complainants.

15. Methods of notifying complaints

- 15.1 There is no requirement that a complaint must be written, although a person making a complaint is always encouraged to be as specific as possible. Consequently, complaints can be received via a number of different channels and the chosen channel of communication is recorded. Leaflets providing information on how service users can send compliments and complaints are widely available across all service areas and the leaflet contains a simple form, which people can use.
- 15.2 173 people chose to make their complaints by letter compared with 179 the previous year. This remains by far the most popular way for people to make their complaints. The numbers using email increased to 100 (23%) from 70 (18%) the previous year. The numbers of people using the complaints form remained static at 16 (3.7%).
- 15.3 Although there was a reduction in the numbers of people making their complaints in person it is still clear that many customers prefer to discuss their complaints by various means such as telephoning the complaints service (36); complaining directly to workers (36); telephoning the Contact Centre (49) and visiting Head Office (4). 11 complainants made their complaint through their local Councillor or MP and 7 went directly to the Ombudsman. Overall 143 people made their complaints by direct contact.
- 15.4 The trend of relatives (85, 20%) and carers (105, 24%) making complaints rather than service users themselves has continued this year, although this year there has been a drop in the numbers of service users complaining in their own right, down slightly to 197 (45%) compared to 213 (55%) last year.

16. Equality Monitoring.

- 16.1 All complaints are subject to equality monitoring, which now includes all the equality characteristics protected through legislation (age, disability, gender, race, religion or belief, sexual orientation). Information is most frequently provided on ethnicity, gender and disability. No information has been provided about other characteristics. 53% of all complaints have ethnicity recorded, reflecting a decrease on 62% last year, falling below the level of previous years. 98.5% have gender recorded and 80% of complaints state whether the person was disabled or not (slightly lower than 81% of people willing to provide this information in 2013/14). A breakdown of the equality related information provided by complainants is detailed in Appendix 6 of this report.
- 16.2 Overall, data demonstrates that fewer people are willing to provide information relating to equality monitoring. Our priority is to continue focusing on the nature of any complaint which may cause the service user an inequality.

16.3 Data also demonstrates that the proportion of people from a non-UK/white background making a complaint is lower than both the proportion of the same groups receiving a social care service. This is an established trend and a better understanding of the reasons for this lack of recourse to the complaints procedure is required.

17. Lessons Learned

17.1 Where a complaint has been upheld, it is often the case that the manager undertaking the resolution of the complaint will make recommendations on how the service should be improved to avoid a similar situation arising for another service user. These actions will be brought to the attention of the complainant and there is a system in place for recording the action and the person with responsibility for implementing the action. Appendix 7 of this report contains examples of the lessons learnt during the course of the year and actions taken to improve the quality of service.

18. Customer Satisfaction surveys

18.1 The Complaints Service sends a satisfaction questionnaire to all complainants after they have received a response to their complaint. The purpose of the questionnaire is to seek complainants' views on how easy they found it to complain and how satisfied they are with key aspects of the process and outcome.

18.2 This year 47 (9%) complainants returned completed questionnaires. 91.5% of respondents said they found it either very easy (51%) or quite easy (40.5%) to make their complaints. Satisfaction with the time taken to respond increased to 83.5% with 47% of respondents being very satisfied and 36.5% being quite satisfied. 66% of respondents were satisfied with the outcome of their complaint, which compares to 52% last year, with 42.5% reporting that they were very satisfied and 23.5% that they were quite satisfied.

18.3 Amongst the 14 complainants who were dissatisfied with the outcome of their complaint the reasons given were:

7 complainants believed that their concerns had not been addressed and not looked into properly and seriously which left them with unresolved complaints.

3 complainants did not give reasons for their dissatisfaction with the investigation and response to their complaints.

3 people complained about their Blue badge applications, although only one was about the decision not to award a badge. The other 2 complainants were dissatisfied with the length of time it took to re-award the badge, having to attend in South Leeds for assessment when there was the facility to assess in West Leeds; and a delay in receiving a response to the complaint.

1 complainant was unhappy she had to have a second financial assessment which caused her some stress.

18.4 4 respondents (8.5%) said that they found it difficult to complain. They gave the following reasons for this. 2 said that they found staff unhelpful with one adding that they were concerned that services would be withdrawn. The other 2 said that they were unsure who they should complain to. The above feedback will be shared with staff as part of the frontline complaints handling training.

19. Developments / updates - 2014/15

2014/15 has proved to be another busy, challenging and successful year for the Complaints Team. The team were able to work on most of the priorities set for the year. The team has seen more complaints and experienced more contact from service users and their representatives and the issues being raised have been more complex, often cutting across a number of organisations. The focus has been to maintain and/or raise the standard of complaints handling by focussing on improving customer experience when things have gone wrong.

20. Training

20.1 Training for front line support and professional staff has continued from the previous year. When Councils commission or pay for a service on behalf of someone who has social care needs, the Council remains responsible for the quality and efficiency of the service. In view of this, it is important for commissioned provider staff to understand the health and social care statutory complaints procedure and how this dovetails to their systems. In the reporting period, the training was provided to 334 support and professional commissioned provider staff. The training focuses on customer service, staff behaviour and the role that workers have in resolving complaints. The training also provides an overview of the health and social care statutory complaints procedure and how this dovetails to their systems.

20.2 The feedback from the training has been excellent. One of the compliments states "Leeds City Council has to be one of the very best performing councils when it comes to briefing providers with relevant local and national information". ".."just to let you know my managers were very impressed with the complaints training today and really excited to implement some of the ideas", ".."we both found it 10/10 informative, entertaining, wanted input, we felt it encouraged us both to question ourselves to look at it as a positive process, way of learning, improving. I would recommend it.." "it was very informative, well presented and engaging".

21. Review of information literature for service users

21.1 Monitoring and review of information for service users to ensure that the Complaints Procedure is accessible to all service users and carers is one of ongoing monitoring, development and review.

21.2 The vision of developing Leeds citywide core branding for complaints information is continuing. Leeds City Council Adult Social Care, Leeds Community Health NHS Trust and Leeds & York Partnership Foundation Trust have adopted the core branding. The 3 Leeds CCGs and Leeds Teaching Hospital Trust are in the process of taking the development of the "Tell us What you Think" branding through their governance process.

21.3 Information for people with a Learning Disability as well as information for Deaf people who use British Sign Language are in the process of being updated.

22. Complaints Handling – national developments

22.1 **Department of Health chaired Complaints Programme Board:** Following the outcome of the public inquiry led by Sir Robert Francis QC and the complaints review by the Rt Hon Ann Clwyd MP and Professor Patricia Hart, the Department of Health set up a Complaints Programme Board which meets monthly to oversee the work on improving local complaints handling across Health and Social Care. The Secretary of State made it clear that the membership of the Board must run across the care system, therefore, its membership includes CQC, LGO, PHSO, LGA, Healthwatch England, ADASS and the National Complaints Managers' Group.

The aims of the Programme Board includes to:-

- Ensure all forms of feedback help improve care for all service users and patients
- Ensure that when things go wrong the Complaints system is clear, fair and open
- Ensure patients and service users know who they can turn to for independent local support, if they want and
- Ensure that at every level the NHS and Social Care learns from mistakes to improve care.

The above agenda has led to further research and influenced a number of reports on the state of complaints handling evidenced below.

22.2 **Local Government Ombudsman Review of Adult Social Care Complaints 2013 - Report published on 28 May 2014:** The Ombudsman published its first Annual Review of Adult Social Care complaints (2013/14) highlighting a number of issues where, nationally, complaints handling could be improved particularly Accessibility, Working Effectively and Accountability.

22.3 **Advising residents about health and social care complaints: a guide for councillors published in June 2014 by the Local Government Association and the Centre for Public Scrutiny:** The LGA and CfPS have published a guide for Councillors to help them support residents who wish to make a complaint about a health or social care service. The guide provides basic information and sources of further advice.

22.4 **Healthwatch England Report – Suffering in silence published October 2014:** Healthwatch England (the National Consumer Champion) report followed their research to dig deep into people's experiences of health and social care services. Their findings highlight the following:

- People are not given the information they need to complain. People fed back that staff were often unable to tell them how to complain, resulting in people having to find out for themselves
- People do not have confidence in the system to resolve their concerns. As opposed to a simple explanation and/or an apology or a simple change, people found themselves drawn into a bureaucratic and adversarial process that did not reflect their reason for complaining

- People find the complaints system complex and confusing. There are so many different agencies and providers involved i.e. service providers, commissioners, regulatory bodies - people found the process complex and difficult to navigate
- People need support to ensure their voices are heard. Over 70% of people who experienced poor care but did not complain said that they would be more likely to in the future if there offered advocacy and support.
- People need to know that health and social care services learn from complaints. People fed back to the effect that their main motivation in complaining was a desire to make sure health and social care improves for the future.

In view of the above, Healthwatch England have put forward a number of recommendations to make it easier for people to complain, ensure a compassionate response and resolution are provided and to hold to account those who fail to listen.

22.5 Care Quality Commission Complaints Matter Report published in October 2014: - “Complaints matter – to individuals, to health, social care services and to CQC”: The report followed the outcome of the public inquiry led by Sir Robert Francis QC and the complaints review by the Rt Hon Ann Clwyd MP.

From October 2014, CQC have made complaints central to their inspection process and will include a lead inspector for complaints and staff concerns in large inspection teams. They will use people’s feedback to tell them how responsive a provider is, how safe, effective, caring and well-led they are.

22.6 My expectations for raising concerns and complaints report by the Local Government Ombudsman, Healthwatch England and Parliamentary and Health Service Ombudsman Report published in November 2014: As part of the Complaints Programme Board set up by the Department of Health the Parliamentary and Health Service Ombudsman (PHSO) was invited to lead the development of a user-led vision for good complaints handling across both the health and social care sectors, in partnership with Healthwatch England (HWE) and the Local Government Ombudsman (LGO). The research included patients, service users, frontline staff and stakeholders.

The vision lays out a comprehensive guide to what good outcomes for patients and service users look like if complaints are handled well. It presents a series of ‘I statements’ laid across a complaint journey. The ‘I statements are expressions of what patients and service users might say if their experience of making a complaint was a good one. The 5 ‘I statements’ are as follows:-

I felt confident to speak up

I felt that making my complaint was simple

I felt listened to and understood

I felt that my complaint made a difference

I would feel confident making a complaint in the future

The above vision will be incorporated into frontline staff training and good practice guidance for staff to understand what the outcomes of good complaint handling should be and consistently deliver them.

It is important to note that CQC will use the framework in its new inspection regime and that NHS England will also use it as a performance management tool to be built into the NHS Outcomes Framework. The PHSO and the LGO will also integrate the vision into principles of good complaint handling.

22.7 **Healthwatch England: Independent Complaints Advocacy standards** - of what good advocacy must look like from a user perspective. Published February 2015

23. Other priorities to be taken into account during 2015/16 include:

- Contributing to achieving the Council and Adult Social Care Strategic Priorities by continuing to work closely with operational and support services' teams and sharing lessons learned from customer feedback in order that the information can be used to inform assessment and care management policy and practice, commissioning of services, contract monitoring, training and service planning.
- Continuing with the training programme to staff and managers on the statutory complaints procedure, incorporating learning from customer feedback.
- Continue to provide briefings to voluntary sector organisations so that they understand the complaints process to enable them to effectively support people who may wish to access the process.
- We will continue to push forward a learning culture throughout the organisation. We will continue to do this by ensuring learning is followed up by simple action actions plans with the Service Managers at the time the complaint is closed. Learning which has a wider impact will be incorporated into the Master Action Plan which will be monitored via the Chief Officer Access and Care Delivery Senior Management Team
- Monitor the Care Act 2014 impact and inform performance management
- We will continue to monitor and evaluate information provided to service users and carers to ensure that the complaints procedure is accessible to all service user groups.
- We will contribute to the Leeds City Council Change Programme through work undertaken by Departmental Customer Relations Officers for Customer Strategy Board.
- Continuing to promote the complaints service across all Adult Social Care operational teams by attending their Team meetings sharing the key issues highlighted, the national picture and the impact this will have on their practice.

24. Conclusion

2014-2015 has been a busy, challenging and successful year for the Adult Social Care Complaints Team. In a year of on-going change with transformation of services, the focus for the Complaints Team has been to maintain and/or raise the standard of complaints handling by focussing on improving the customer experience when things go wrong.

The Complaints Team continues to work with staff at all levels to ensure that the complaints procedure is effective and trusted by people wishing to access it, and encourages workers to have a positive attitude towards complaints. This reporting year has seen, through the collective efforts of Service Managers and the Complaints Team significant progress in respect of the key principles of the complaints process, such as the speed of response, respecting and listening to service users and a positive approach to dealing with complaints.

Effective monitoring of customer feedback from compliments and complaints and ensuring that lessons from such customer feedback are learned and understood by staff and incorporated into service planning, commissioning and practice is crucial. It is equally important to acknowledge that staff are working in difficult and complex situations, often where there is no clear cut and right answer. It is vital that staff feel able to acknowledge mistakes but equally they should be supported and given praise when this is due. Complaints continue to be a complex and difficult service area with both legal and insurance implications.

If you would like to comment on this report, or to receive it in large print, Braille or other format, please contact:

Complaints Service, Leeds City Council, Adult Social Care, PO Box 848, Leeds LS1 9PQ

Telephone: (0113) 2224405. If you are a textphone user you can contact us on (0113) 2224410

Email: Judith.kasolo@leeds.gov.uk

Complaints Team Members include:

Judith Kasolo, Head of Complaints, Dominic Wyatt, Complaints Manager;

Tina Price, Complaints Officer and Sarah Jones, Complaints Co-ordinator

Appendix 1 - Compliments received by service area

Service area	2014/15	%	2013/14	%
Community Support Service	314	49.5%	301	40%
Mental Health Residential and Day Services	79	12.5%	49	6.5%
Access and Care Assessment and Care Management	64	10%	165	22%
Learning Disability Housing and Day Services	40	6%	39	5%
Equipment and Adaptations	35	5.5%	41	5.5%
Physical Disability Day Services	33	5.5%	1	-
Learning Disability Assessment and Care Management	23	3.5%	23	3%
Resources and Strategy	16	2.5%	18	2.5%
Older People Residential and Day Services	15	2.5%	43	6%
Independent Sector Home Care	7	1%	5	0.5%
Strategic Commissioning	6	1%	14	2%
Transport	2	0.5%		
Independent Sector Care Homes	1	-		
Leeds Shared Lives	-	%	52	7%
Total	635	100%	751	100%

Appendix 2 - Complaints by service area

Service area	2014/15		2013/14	
	Number of complaints	% of total complaints	Number of complaints	% of total complaints
Total	433	100.0%	390	100.0%
Access and Care Blue Badge Applications	119	27.5%	137	35.1%
Access and Care Assessment and Care Management	85	19.5%	58	14.7%
Learning Disability Assessment and Care Management	37	8.5%	20	5.1%
Support services	31	7.1%	49	12.5%
Community Support Service	31	7.1%	31	7.8%
Access and Care Equipment and Adaptations	27	6.1%	13	3.3%
Independent Sector Home Care	23	4.9%	18	4.6%
Mental Health Assessment and Care Management	18	4.2%	14	3.5%
Learning Disability Housing and Day Services	13	2.8%	10	2.6%
Other Council Department	10	2.3%	12	3.1%
Mental Health Accommodation and Day Services	10	2.2%	9	2.4%
Independent Sector Care Homes	10	2.1%	7	1.9%
Strategic Commissioning	8	1.8%		
Independent Sector Other	3	0.6%	2	0.6%
Older People Direct Provision Residential Care	3	0.6%	5	1.3%
Older People Direct Provision Day Services	3	0.7%	4	1.2%
Safeguarding Unit	1	0.2%	1	0.3%
Care Communication	1	0.2%		

Appendix 3 - Complaints—how received

How received	2014/15	%	2013/14	%
Letter	173	39.7%	179	45.8%
Email	101	23.0%	70	17.8%
Corporate call centre	49	11.0%	41	10.6%
Telephone	36	8.3%	35	9.0%
Via staff	36	8.3%	27	7.0%
Form	16	3.7%	16	4.1%
Via an elected member	11	2.5%	10	2.6%
Via the Ombudsman	7	1.6%	5	1.3%
In person	4	0.9%	7	1.8%
Total	433	100.0%	390	100.0%

Complaints—received from

Complainant—how involved	2014/15	2013/14
Service user	197	213
Relative	105	93
Carer	73	47
Other	22	18
Other agency	21	6
Parent	12	7
Worker	2	3
Advocate	1	3

Appendix 4 - Timescale performance

	Acknowledged within			Responded within		
	Average days	% within 3 days	% after 3 days	Average days	% within 20 days	% after 20 days
Access and Care	1	97%	3%	17	97%	3%
Strategic Commissioning	1	95%	5%	18	100%	
Care Delivery	1	92%	8%	28	96%	4%
Other Council Services	1	100%	-	10	100%	
Resources	1	93%	7%	15	97%	3%
Total	1	96%	4%	18	98%	2.0%

Appendix 5 - Breakdown of Ombudsman complaints and enquiries received between 1 April 2014 and 31 March 2015

	After initial enquiry No investigation.	Outcome				Total
		No fault found	Outside Jurisdiction	Local Settlement	Ongoing	
Finance		1	-			1
Learning Disability Assessment and Care Management	-	-		1		1
Access & Care Assessment and Care Management	1	1	3			5
Access and Inclusion Blue Badge	1	1	-			2
Total	2	3	3	1		9

Appendix 6 - Complainants by ethnicity provided by complainants

Ethnicity	2014/15 Number	%	2013/14 Number	%
UK/E	219	50.7%	211	55.0%
Not known	186	42.9%	150	38.0%
Indian	9	2.1%	8	2.0%
Pakistani	8	1.8%	8	2.0%
Black African	4	0.9%	3	0.7%
Black Caribbean	3	0.7%	7	1.6%
Other	2	0.5%	3	0.7%
Black Other	1	0.2%		
Chinese	1	0.2%		
Total	433	100.0%	390	100.0%

Complainants by gender

Gender	2014/15 Number	%	2013/14 Number	%
Female	258	60.0%	217	55.8%
Male	163	37.4%	152	39.1%
Not known	4	0.8%	12	2.8%
Joint (Mr and Mrs)	8	1.8%	9	2.3%
Total	433	100.0%	390	100.0%

Complainants by disability provided by the complaints

Disability	2014/15 Number	%	2013/14 Number	%
Disabled	194	44.9%	208	53.7%
Non-disabled	152	35.2%	108	27.2%
Not known	47	19.9%	74	19.1%
Total	433	100.0%	390	100.0%

Appendix 7 - Lessons learnt

Access & Care Community Support	Lessons Learnt
A complaint was made about the attitude of a social worker who chaired a review meeting of a service user with learning disabilities at her residential commissioned placement	The service delivery manager investigated the complaint and found that the social worker had acted appropriately in questioning the providers about the lack of communication to ASC regarding 2 incidents where the service user had suffered significant injuries. The service delivery manager insisted that procedures be put in place at the home to ensure that ASC were kept fully informed about such incidents.
Access & Care Assessment & Care Management	Lessons Learnt
Following a complaint about a social worker failing to attend a meeting with a family and not letting them know that she would not be able to attend due to illness.	The service manager apologised to the family and has spoken to the staff team to ensure that workers who are unable to attend meetings for any reason will ensure that families are kept informed as soon as possible.
Access & Care Assessment & Care Management	Lessons Learnt
A complaint was raised about the attitude of a member of staff. The complainant felt that the worker did not listen to her resulting in a delay in service provision	The team manager agreed that there had been a delay and will put in procedures to ensure that staff are managing outstanding cases in an efficient manner
Access & Care Assessment & Care Management	Lessons Learnt
A complaint was made by the daughter of a service user who had been a resident of a care home commissioned by ASC. She raised concerns about the quality of care her mother received, and on being placed back home with a package of care about the quality of service provided by the allocated social worker.	The issues raised by the complainant regarding the quality of care provided by the care home were investigated by the contracts team and resolved to the satisfaction of the complainant by means of an improvement plan for the home to be monitored by the contracts team. The ASC team manager investigated the alleged lack of service provided by the social worker and confirmed that he has addressed

	the above issues with the social worker, and her line manager . The social worker acknowledged that there were lessons to be learnt for her, and it has been agreed that she will be supported by her line manager to develop her practice within the realms of formal supervision and appraisal.
Access & Care Assessment & Care Management	Lessons Learnt
Following a complaint from the sister of a service user about the quality of service she received from ASC and also a delay in assessment.	The Service Delivery Manager thoroughly investigated the complaint and could not find any delay in the assessment process that could have been avoided. However, she did find some incorrect information had been given and that some work to the service user's home had been sub-standard. To prevent future misinformation she has let all her staff know, via a staff meeting, of their responsibilities of providing the correct information to people. The manager of the service installing equipment has reminded all staff to ensure that the equipment is secure before they leave the premises.
Access & Care Assessment & Care Management	Lessons Learnt
Following a complaint from the manager of a care home regarding the procedures and outcome of a safeguarding investigation regarding one of the residents	The Service Delivery Manager writes to the complainant to confirm that the lessons to be learned where elements of the investigation were not to the standard expected have been taken on board, as discussed with the head of the Adult Safeguarding Unit.
Access and Care Assessment & Care Management	Lessons Learnt
A complaint was made by a family member who had contacted ASC to ask to be updated about his relative's welfare. This was not given due to DPA	The Service delivery Manager agrees that it was correct for the administrative staff not to give personal information about a service user but should have forwarded the call to the duty officer who

	could have called the service user to see if it was alright to pass on information. Staff have been reminded that this is the procedure which should be followed in the future.
Access and Care Assessment & Care Management	Lessons Learnt
Complainant is the daughter of a service user who receives a Personal Budget. She was concerned about the delay in receiving the money and her mother was in arrears and concerned that her services may be withdrawn.	The Service Delivery Management notes that a number of errors had been made and put the following procedure in place to prevent this from happening again: All staff have been reminded of the changes to the Direct Payment Agreement and that they must be sure that the correct form is being used. We have ensured that copies of the old form have been removed from the website. We have also instigated a more rigorous checking system of the post received by those colleagues who are off on sick leave for any length of time, to ensure that this is brought to the attention of the team manager.
Access and Care Assessment & Care Management	Lessons Learnt
A complaint was made by a service user who was unhappy with the installation of an adaptation to her home. She was unhappy with the quality of the workmanship and with the attitude and behaviour of the workmen.	Staff to be reminded that they should try to minimise the spread of dust. The complainant's comments have been listened to and refresher training will be given. Council surveying staff will monitor the company and will check with future clients about their worker's behaviour.
Access and Care Assessment & Care Management	Lessons Learnt
Following a complaint by a disabled service user who complained about the attitude of a worker who undertook an assessment of her level of disability.	The team manager has spoken to the worker and has set up a programme of assessment observation and close supervision to address the issues raised.
Access and Care Assessment & Care Management and Commissioning (Home Care)	Lessons Learnt
A complaint about the quality of home care provided to her mother and the assessment and review of her needs. The	The home care provider undertook an audit of all timesheets and invoices submitted to the Council. Adult Social Care undertook to

complainant also questioned the accuracy of the charges for the home care service and the legitimacy of charges for the residential care placement to which she ultimately moved.	monitor the performance of the home care provider in respect of the reporting of significant events that may indicate a change in a service user's needs.
Access and Care Assessment & Care Management – Mixed Sector with NHS England, Leeds Teaching Hospitals Trust, and Leeds NHS Clinical Commissioning Groups	Lessons Learnt
A relative complained about a wide variety of health and social care services that were involved in her elderly mother's journey through the health and social care system in the last six months of her life.	The Head of Service for Assessment & Care Management and Health Partnerships undertook to meet with her counterpart in Leeds Teaching Hospitals Trust to review the service user's discharges from hospital and how these were co-ordinated with other health and social care services. Adult Social Care undertook to write to service users or their representatives to clearly spell out how their care will be funded and how much the service user shall contribute. Adult Social Care also undertook to reimburse residential care home fees that should have been funded by the Local Authority.
Access and Care Assessment & Care Management	Lessons Learnt
A disabled member of the public complains about the withdrawal of his disability scooter which he needs to attend hospital treatment in Leeds. The reason given was that the hospital lies outside the boundary set by Leeds ASC	The manager of the service clarifies that the hospital concerned still lies within the boundary and the service user can use the disability scooter to access his treatment
Access and Care Mental Health Social Work	Lessons Learnt
A person complained that he had been discharged from the Community Mental Health Team under the Care Programme Approach without a proper support plan or any follow-on services having been identified.	All CMHT workers undertook training in holistic CPA assessments; managers within CMHT undertook training in quality assurance of assessments; information to service users about the CPA was reviewed and revised so that service users have clear expectations of the service; the CMHT already had plans to carry out an annual review of the CPA protocol and it undertook to include in this clear

	guidance on professional roles and responsibilities; Managers within CMHT to ensure that workers understand that they must record in sufficient detail every contact with service users.
Access and Care Learning Disability Assessment & Care Management	Lessons Learnt
A service user had to move out of her bedroom in which she had been settled for many years following the admission to her supported living placement of a violent service user. It took 16 months to find alternative accommodation for the violent person.	In similar cases in future where a person has challenging behaviour a full risk assessment shall be carried out and a report presented to nominations panel (i.e. before the placement is made).
Other Council Department – Passenger Transport	Lessons Learnt
A complainant about a 91 year old service user who was being transported back home from his respite care. The complaint is regarding the conduct of the driver / escort who took his father home.	Procedures for Passenger Transport Drivers were amended in respect of staff induction, mobility, exiting buses, and reporting significant incidents up the line to gain advice and support. Information about whether passengers have support in place at their destination is to be provided to the service.

Independent Sector Home Care	Lessons Learnt
Following a complaint from a service user about her commissioned provider not fulfilling their agreed care plan and falsifying time sheets.	The management of the care provider undertook a full investigation and found that there had been significant failings in the actions of their staff. The main member of staff was disciplined and the company put in place positive actions to ensure that these mistakes were not repeated. All the recommendations underlined in the investigating officer's report will be implemented.
Independent Sector Home Care	Lessons Learnt
Regarding a complaint from a family carer about a commissioned provider failing to attend to his mother-in law's home regularly as per her care plan.	The company has put in place a system to talk to carers weekly by phone to confirm the calls to be made and to monitor this by weekly calls to make sure calls are not missed.
Care Delivery	Lessons Learnt
A complaint was made about the attitude of his son's social worker, lacking understanding and empathy as well as his professional attitude in working with a man with a rare and debilitating illness.	Feedback was given to the worker regarding practice areas. The Service Delivery Manager assures the complainant that lessons have been learnt from the complaint and that further training will be offered to social work staff.
Care Delivery	Lessons Learnt
A complaint was made about the failure of ASC to manage an extension of a sitting service over a weekend with the provider. The response from the social worker was poor and tried to put the responsibility of care back on to the family.	The Service manager upheld the complaint and has taken up the issues raised with the worker and the rest of his team to ensure that their practice responds positively to people asking for help in the future.
Care Delivery	Lessons Learnt
Following a complaint from a service user about the behaviour of fellow residents	A meeting was held with service users and staff to discuss the issues raised in the complaint. House rules drawn up and regular house meetings to be implemented

Care Delivery	Lessons Learnt
A complaint regarding the quality of care a service user is receiving whilst in extra care housing	The service manager puts in place an action plan and this will be monitored on a daily basis.
Resources and Strategy	Lessons learnt
A complaint was raised about the lack of information regarding a change to funding arrangements for a service user in an out-of authority residential placement causing confusion with the family and the provider.	Head of Finance apologises for not providing the required information. The Community Care Finance manager has taken this up with the worker concerned and his team to ensure this does not happen again.
Resources & Strategy	Lessons Learnt
A complaint from a service user about a delay in receiving an invoice for payment following her financial assessment which made her feel stressed as it will likely mean a large bill will arrive which she cannot afford to pay.	The investigating officer explains the reasons for the delay and waives the charges for the period up to the current date. Arrangements are now in place to ensure that billing will commence for all customers from now on.
Resources & Strategy	Lessons learnt
A complaint from the parent of a disabled service user regarding a delay in the transfer of monies from the Direct payments team to the team at ASSIST. As a result her son's PA has not been paid for 2 months and the complainant is extremely stressed as a result.	The Community Finance manager apologises for the delay and rectifies the situation. He adds that a new team has been set up to deal with payment backlogs and queries to try and prevent the issues raised.

Complaints and Compliments

**Adult Social Care
PO Box 848
Leeds
LS1 9PQ**

**Telephone: 0113 222 4405
Textphone: 0113 222 4410**

Email: complaints.socs@leeds.gov.uk



Report author: Mary Hasnip
Tel: x74722

Report of **the Deputy Chief Executive**

Report to **Corporate Governance and Audit Committee**

Date: **28th January 2016**

Subject: **Changes to the statutory timescales for approving the accounts and future arrangements for appointing external auditors**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The Accounts and Audit Regulations 2015 have made changes to the statutory timescales for the production of local authority accounts and to the requirements for the public inspection period. Whilst the reduction in the timescales for approval of the statement of accounts will not apply until 2017/18, there are some changes which will affect the 2015/16 accounts process.
2. The Local Audit and Accountability Act 2014 introduced significant changes to the audit regime for local authorities, but did not specify when these changes would come into effect. It has now become clear that transitional arrangements will apply until the 2017/18 financial year, and the new arrangements for appointing external auditors will apply from the 2018/19 accounts process onwards.
3. KPMG have also asked that the attached report, which gives their views on the future arrangements for appointing external auditors, should be presented to committee.

Recommendations

4. Members are asked to note the changes to the public inspection arrangements for the 2015/16 accounts and the reduced statutory timescales for producing the accounts from 2017/18 onwards.

5. Members are asked to note the latest position on the new arrangements for appointing external auditors, and that these are not expected to come into force until 2018/19.
6. Members are asked to receive and note the report from KPMG giving their views on the future appointment of external auditors.

1 Purpose of this report

- 1.1 This report is to inform members of changes to the statutory timescales for approving the accounts which have come into force for 2015/16, and to update members on the latest developments on the future appointment of external auditors for local authorities.

2 Background information

- 2.1 During 2015 the government issued new Accounts and Audit Regulations which made changes to the timetable for approval of the accounts. Although the main changes apply from 2017/18, there are some which apply from the 2015/16 accounts onwards.
- 2.2 The Local Audit and Accountability Act 2014 introduced significant changes to the audit regime for local authorities and local NHS bodies. It abolished the Audit Commission and established a new structure for the appointment of external auditors for local authorities. The Act itself did not specify commencement dates for its various provisions, but left this to be established by subsequent regulations. There has therefore been some uncertainty as to when its provisions would take effect, but the situation has now become clearer. The Audit Commission was abolished at 31st March 2015, and transitional arrangements are now in place until the remaining sections of the Act come into force.

3 Main issues

3.1 Changes to the timetable for approval of the accounts

- 3.1.1 The Accounts and Audit Regulations 2015 introduced changes to the statutory timetable for the production of local authority accounts, which will bring forward the timetable for audit and approval. These will not fully come into effect until the 2017/18 accounts process, but there are transitional arrangements in place for 2015/16 and 2016/17 which will bring some changes.
- 3.1.2 The changes which will apply from 2017/18 are :
- The draft accounts must be certified by the responsible financial officer on or before 31st May.
 - The public inspection period must commence on or before 1st June, and will last for 30 working days, rather than the 20 working days which applied until 2014/15.
 - The Annual Governance Statement must be included in the documents published for public inspection. This must be as a draft document if it has not yet been formally approved
 - The final statement of accounts must be approved by this committee on or before 31st July, and published together with the auditors' report and the annual governance statement

- 3.1.3 For the 2015/16 and 2016/17 accounts, the transitional arrangements are :
- The approval dates will remain as 30th June for the draft accounts and 30th September for the final published accounts.
 - The increase of the public inspection period to 30 days and the inclusion of the Annual Governance Statement in the documents to be made available for public inspection will both apply from 2015/16 onwards.
 - However the deadline date for commencement of the public inspection period will be 1st July for 2015/16 and 2016/17.
- 3.1.4 The new deadline for the start of the public inspection period will restrict the opportunity within the statutory timescales for the draft accounts to be reviewed by this committee before they are made available for public inspection. During the two years of the transition period, as the authority works towards earlier production of its accounts but still with a 1st July deadline for the public inspection period to start, it should still be practical for committee to meet between the draft accounts being certified by the Deputy Chief Executive and 1st July. However for future years there would be considerable difficulties in completing the accounts in time for them to be distributed with committee papers within the normal timescales for a committee to be held before the end of May.
- 3.1.5 To illustrate the scale of the reduction in timescales which we will have to meet, under the previous regulations, an authority had approximately 12 weeks in which to prepare its draft accounts. Under the transitional arrangements, allowing for a committee meeting before public inspection will reduce the time available to 10 weeks. From 2017/18 onwards, the time available will reduce to 8 weeks.
- 3.1.6 Whilst it is not a statutory requirement, the committee has in the past determined that it wished to receive and review the draft accounts before they were made available for public inspection. If the committee wishes to continue to receive the draft accounts at an early stage in the process, there are two suggested options as regards timescales from 2017/18 onwards. The certified draft accounts could be circulated to the committee at the end of May for a committee meeting in early June, so that Members would have sight of the draft accounts before they were made available to the public. Alternatively, the committee meeting could be held at the end of May but with the draft accounts being circulated as a late item a few days before the meeting.
- 3.1.7 The authority is working towards meeting the reduced statutory timescale gradually. The 2014/15 draft accounts were produced a week earlier than usual, and plans are in place to produce the 2015/16 accounts a further two weeks earlier. It is intended that the 31st May deadline will be met for the 2016/17 draft accounts.
- 3.1.8 It should also be noted that there is a similar reduction of 4 weeks in the timescales allowed for the audit of the accounts from 2017/18. Discussions will be held during the year with KPMG on their proposed approach to this, and the implications for the council in terms of the working papers and data they will require.

3.2 Arrangements for future appointment of external auditors

3.2.1 The Local Audit and Accountability Act introduced a requirement for each local authority to appoint its own auditors, with new appointments having to be made at least every five years. In order to ensure the independence of auditor arrangements, each authority is required to have an auditor panel to advise it on the appointment of its auditor and on the maintenance of an independent relationship with its auditor. Auditor panels must have a majority of members who are independent of the authority, and must have an independent chair. The Act does allow groups of authorities to establish joint audit panels. It also allows the government to issue regulations to make provision for collective procurement of external audit via an 'appointing person'.

3.2.2 The government has since issued such regulations, allowing it to specify an 'appointing person' who would have the powers to appoint auditors for local authorities. Authorities would be invited to opt in for the duration of the appointing period (expected to be five years) and would then have their auditors appointed as part of a national procurement exercise. Authorities which opted in to these arrangements would not be required to have auditor panels. The Local Government Association is currently developing proposals for a national sector-led body to fulfil the role of an 'appointing person' for local authorities.

3.2.3 In March 2015 the government issued regulations which would have required the new audit appointment arrangements to take effect from 2017/18. However, the Local Government Association has successfully lobbied for this to be delayed by one year until 2018/19. Auditor appointments for the 2018/19 accounts will have to be made by 31st December 2017. The LGA requested the delay to allow sufficient time for them to fully develop their proposals for a national procurement body to act as the 'appointing person'. However the delay also means that new auditor appointments will no longer coincide with the start of the earlier statutory deadlines for publishing the final audited accounts in 2017/18.

3.2.4 In summary, the council will have three options for procuring its auditors for 2018/19 :

- Independently procuring its own auditors
- Acting with a group of other authorities, for example within West Yorkshire, to run a joint procurement exercise
- Opting in to the national scheme so that its auditors are appointed by the 'appointing person'

A further report will be brought to committee once there are some clear proposals available for the national procurement option.

3.2.5 Transitional arrangements were initially put in place until the end of the 2016/17 accounts process, and the existing audit contracts which were let by the Audit Commission are now being managed by Public Sector Audit Appointments Ltd (PSAA), a company owned by the LGA. KPMG's current contract to be our

auditors expires at the end of the 2016/17 audit, and it is expected that we will be consulted by PSAA on audit arrangements for 2017/18.

- 3.2.6 The attached report from KPMG sets out some issues which they feel that local authorities may wish to take into account in deciding which route to follow in appointing their external auditors.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This is a factual report informing members of the impact of legislative changes and consequently no public, Ward Member or Councillor consultation or engagement has been sought.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no direct implications for equality, diversity, cohesion and integration arising from this report.

4.3 Council policies and Best Council Plan

- 4.3.1 Under this Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including the receipt of external audit reports. The report updates members on future arrangements for appointing external auditors.

4.4 Resources and value for money

- 4.4.1 There are no immediate implications for value for money arising from this report. However this will be a consideration when the council is required to decide on its approach for appointing its auditor for 2018/19 onwards.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This report advises members of the impact of legislation and statutory regulations.
- 4.5.2 As this is a factual report based on legislative changes none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

4.5 Risk Management

- 4.6.1 The reduced timescales for publication of the draft and final statement of accounts represent a reputational risk for the council, should it be unable to meet the deadlines. Plans are in place to work towards achieving the 31st May deadline by 2016/17.

5 Conclusions

- 5.1 The Accounts and Audit Regulations 2015 have increased the period for public inspection of the accounts from 20 days to 30 days, and for 2015/16 this must start no later than 1st July. From 2017/18, the draft accounts will need to be certified by

the Deputy Chief Executive by 31st May, and the final audited accounts will need to be approved by this committee by 31st July.

- 5.2 New arrangements for the appointment of external auditors will come into force from 2018/19. The council will have the choice of opting into national procurement arrangements, joining together with other authorities, or acting alone to procure its auditors.

6 Recommendations

- 6.1 Members are asked to note the changes to the public inspection arrangements for the 2015/16 accounts, and the reduced statutory timescales for producing the accounts from 2017/18 onwards.
- 6.2 Members are asked to note the latest position on the new arrangements for appointing external auditors, and that these are not expected to come into force until the 2018/19 accounts process.
- 6.3 Members are asked to receive and note the report from KPMG giving their views on the future appointment of external auditors.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

This page is intentionally left blank



cutting through complexity

Appointing your external auditor

Considerations for the local government sector

January 2016

Page 69

Assurance
 Suppliers
 Regulators
 Customers
 Employees
 Shareholders
 Tax authorities
 Banks
Financial
 100%
Audit
 Framework
 Reporting
 Opinion
 Enhance
 View Statements
 Internal
 Law
 Cost
 Risk
 Error
 False
True
 Misstatement
 Confidence
 Express
 Accuracy
 Framework
 Reporting
 Opinion
 Enhance
 View Statements
 Internal
 Law
 Cost
 Risk
 Error
 False
True
 Misstatement
 Confidence
 Express
 Accuracy
 Framework
 Reporting
 Opinion
 Enhance
 View Statements
 Internal
 Law
 Cost
 Risk
 Error
 False
True

Appointing your external auditor

Background

In August 2010 the then Secretary of State for Communities and Local Government, Eric Pickles, announced that he intended to close the Audit Commission, the body that appointed external auditors to Local Government and NHS organisations (excluding Foundation Trusts). As part of this announcement, he also stated that organisations whose appointments were previously controlled by the Audit Commission should have the freedom to appoint their own external auditors.

The Audit Commission closed on 31 March 2015. At that time contracts were already in place for local government and NHS external audit appointments that covered audits up to and including the financial year 2016/17. Within these contracts there is an option to extend for a maximum of three further years, i.e. up to and including the financial year 2019/20.

A consultation exercise with key stakeholder groups has recently been concluded on whether, and if so for how long, to extend these contracts. The Government decided that for local government bodies the contracts will be extended by one year, so incorporating the audit of the 2017/18 financial year. Contracts for NHS bodies will not be extended.

What does this mean for your organisation?

This decision means that you will assume the power to appoint your external auditor from the 2018/19 financial year onwards. This will be the first time you have made such an appointment. External auditors provide an important professional service and play a critical role in the stewardship of public spending, so it is vital that this new decision making power is exercised after careful consideration on how to proceed. Whilst you have different options open to you on how to approach this new power, you will need to comply with some specific requirements.

Appointing your external auditor

What should local authorities be considering?

In deciding what to do there are a number of considerations.

Do your current external auditors provide you with a good service?	If yes, do you need to change? If no, now you have an opportunity to do something about it.
How could we procure an external audit service to ensure we get best value?	You will have a number of options on how and when to procure your external audit service – these are summarised later in this document. Given the range of options it will be important to consider the best approach for your organisation.
What do we need to do before we start a procurement process?	The new regulations require you to have an Audit Panel, which will be responsible for recommending who your external auditor should be. This Panel must include a majority of independent (i.e. not elected) members and an independent chair. It makes sense for the Panel to have links with your audit committee.
When do we need to undertake a procurement exercise?	The regulations require you to have appointed your external auditor by 31 December in the year preceding the year of audit. As 2018/19 is the first year of these new arrangements, you will need to have appointed your auditor by 31 December 2017. You will need to undertake whatever procurement process you follow in good time – sometime between the Spring and Autumn of 2017. And before doing that you will need to have established your Audit Panel – by early 2017 would be sensible.
Who can I appoint to be our external auditor?	You will only be able to appoint an audit firm that has been authorised by the ICAEW to undertake ‘local audit work’. Local government auditing is highly specialised and you will need to ensure that your auditor has the necessary capability, experience and capacity to fulfil the statutory duties of a local government auditor.

Appointing your external auditor

Procurement options

Although local government bodies will all assume the same power to appoint their external auditor, it is likely that various options will be followed on how they go about doing this. The main options are set out below.

Re-appoint incumbent auditor	One option might be to continue with your current audit provider for a short period, say between one and three years subject to compliance with the requirements of the Official Journal of the European Union (OJEU). This would delay testing the market, although you could benchmark proposed fees for reasonableness against published data or by comparing to similar bodies. This would provide stability of service in the short term and also avoid the 'rush to market' as large numbers of local authorities undertake procurement exercises within a short period of time, allowing you to procure later in a more settled audit market.
Stand-alone tendering	As with any other service, you could run your own procurement process. This allows complete autonomy over how and when you want this to be done, although you will need to ensure you follow the Regulations and consider any guidance issued by DCLG or other relevant bodies. However, you should consider whether you will have sufficient purchasing power on your own to obtain best value.
Combined procurement	You could join together with one or more neighbouring authorities to undertake a collective procurement exercise. This would enhance your purchasing power, but would diminish your autonomy over the process and you would need to consider how to retain sufficient sovereignty over decision making and whether this might complicate auditor independence considerations.
Existing frameworks	You could use one of the many existing government or public sector frameworks. These list firms who have already been shortlisted and therefore might speed up the process. You will need to ensure that the firms on any framework have been authorised by the ICAEW for local audit work, however.
Sector led procurement	The new audit legislation allows for a sector-led body (referred to as a 'specified person' in the Regulations) to undertake a bulk procurement process. If such an organisation emerges then this option provides an administratively easy route and would most likely have the greatest element of specialist audit procurement expertise. It would also provide good purchasing power, although with less autonomy than some other options, and might afford easier management of potential auditor independence issues than other combined procurements approaches. It will be the most similar option to the current arrangements.

Appointing your external auditor

What other factors should you consider?

When you are deciding who to appoint as your external auditor you will need to consider a range of factors. Key areas to consider are as follows:

- **Quality:** This is a vital consideration and should be appropriately weighted in any scoring methodology for assessing tenders. Relevant considerations include audit methodologies, systems and processes, staff training and expertise, and quality monitoring arrangements.
- **Experience:** Local government auditing is a specialist business and your auditor must have the necessary skills and sector experience. This is not just about understanding local authority financial reporting, but extends into auditors' value for money audit responsibilities and 'challenge' work.
- **Independence:** You will need to consider possible relationships with audit firms via non-audit work such as consultancy and tax advice. Independence is also an important mind-set for auditors to adopt, where you should be satisfied that your future auditor will be sufficiently challenging (and your current auditor should not be constrained in exercising their duties by any tendering process).
- **Organisational fit:** As with any service it is important to consider how the people you see in the audit team fit with your own organisational culture – i.e. can you work with these people.
- **Price:** Like any other out-sourced service you need to obtain good value through a competitive audit fee. However, best value does not mean the cheapest quote. The fee must be sufficient to provide a good quality service taking account of the scale, nature and risk profile of your organisation, and also the requirement for your external auditor to comply with auditing standards and other statutory duties.
- **Other services:** Although ethical standards provide limitations, you should consider what other services you might want your auditor to perform, whether that is other assurance services (e.g. certifying grant claims) or more added-value services.

Appointing your external auditor

What next?

There is still plenty of time before you appoint your external auditor for the first time, but there will be a long lead up to that decision. It is therefore important to think about how your organisation should approach this in good time. We would suggest that you should be developing your procurement strategy and selecting your preferred approach during 2016.

It is likely that further guidance and support will be issued by DCLG, and potentially other organisations such as CIPFA, to help you with the decisions you need to make and how you proceed. We will continue to update you on key developments.

If you want to discuss this further please contact your audit Engagement Lead (Tim Cutler) on 07818 845212 or Senior Audit Manager (Andy Smith) 07798 853924.

Contact



Tim Cutler
Partner, KPMG LLP
Public Sector Audit

Tel: 07818 845212
Email: Tim.Cutler@kpmg.co.uk

Contact



Andy Smith
Senior Audit Manager, KPMG LLP
Public Sector Audit

Tel: 07798 853924
Email: Andy.Smith2@kpmg.co.uk



cutting through complexity

This page is intentionally left blank

Report of Chief Officer - Financial Services

Report to Corporate Governance and Audit Committee

Date: 28th January 2016

Subject: Treasury Management Governance Report 2015

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This annual report provides assurance that the Treasury Management (TM) function is operating within its governance framework.
2. TM fully complies with the current CIPFA Code of Practice, the Prudential Code and the revised guidance notes for practitioners issued in 2013.
3. Since the last update all borrowings and investments undertaken have been in accordance with the approved governance framework.
4. TM operates within the governance framework and also uses additional market intelligence and information gathered from a variety of sources. These sources have been integral to protecting the authority from undue risk in the financial and money markets.
5. Internal Audit has provided substantial assurance on the control environment and compliance in their 2014/15 audit report.

Recommendations

6. Note that Treasury Management continues to adhere to its governance framework including the CIPFA Code of Practice, the Prudential Code and revised CIPFA guidance notes issued in 2013. All borrowing and investments undertaken have been compliant with the governance framework.

1. Purpose of this report

- 1.1 This annual report outlines the governance framework for the management of the Council's TM function. This report also reviews compliance with updated CIPFA guidance notes for practitioners on the Prudential Code for Capital Finance in Local Authorities issued in 2011.

2 Background information

- 2.1 The operation of the TM function is governed by provisions set out under part 1 of the Local Government Act 2003 whereby the Council is required to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities 2011 in particular: The Prudential Code requires that full Council set certain limits on the level and type of borrowing before the start of the financial year together with a number of Prudential indicators.

- Any in year revision of these limits must be set by Council.
- Policy statements are prepared for approval by the Council at least two times a year.

- 2.2 TM is responsible for managing the Housing Revenue Account and General Fund long term debt which is in the region of £1.55bn and investments that currently stand at around £20m. It also manages the cash flow requirements of the Council.

3 Main issues

- 3.1 The role of the Corporate Governance and Audit Committee is to ensure that TM is adhering to and operating within its governance framework, as shown in Appendix A.
- 3.2 During the year TM has continued to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, Prudential Code (2011) and its guidance notes (2013). As such a strategy report was presented to Executive Board in February together with an update in November. A further outturn report for the previous financial year was presented in July.
- 3.3 During the year all borrowings and investments undertaken have been in accordance with the approved governance framework and are in line with the Treasury Management Policies and Practices.
- 3.4 The November Executive Board update report highlighted that the current borrowing strategy continues to fund the borrowing requirement of the capital programme from short dated loans and internal cash balances. There will come a point when rates begin to rise and more expensive longer dated funding will be required, even though this continues to be pushed further back as the economic outlook evolves. The strategy of deferring long term borrowing will increase the amount of debt that the Council is funding from short term loans and its balance sheet to a forecast £532m. This exposure is considered manageable given historical capital programme slippage, the continued strength of the Council's balance sheet and the market for supplying short term funds remaining strong. These factors will continue to be monitored and should be considered in the context of the stability of the current debt maturity profile.
- 3.5 The Council's current long term debt of £1.367bn has an average maturity of just over 38 years if all debts run to maturity. Approximately 33% of the Council's debt

has options for repayment, in the unlikely event that all these options were exercised at the next option date then the average maturity of long term debt would be lowered to 21½ years. This compares favourably with the average maturity of the UK's government debt portfolio which remains just above 14 years and the US where the average is just under 6 years (source FT 20/10/2015). The existing profile of the Council's debt provides considerable certainty of funding costs.

- 3.6 To mitigate against the exposure to rising interest rates the Council is exploring a number of forward funding options which will give the Council the ability to lock in future funding at current rates.
- 3.7 TM continues to review key aspects of the framework including prudential indicators to ensure that they continue to be fit for purpose and provide the right evidence that TM is operating within acceptable levels of risk. The strategy updates to Executive Board include an update on prudential indicators. TM is complying with all of CIPFA's prudential indicators.
- 3.8 The operation of TM within its governance framework is also complimented by additional market intelligence and information gathered from a variety of sources. For example when the Icelandic banking crisis unfolded the Council had already reduced its investments in a number of banks, despite the rating agencies indicating that they were sound investments. These tools involve:
- The use of real time market information on the financial and money markets in the UK, Europe, US and other major economies;
 - Discussions with market participants and brokers;
 - Use of treasury advisors to test market views;
 - Networking and sharing of information with Core Cities and West Yorkshire districts;
 - Attending market seminars providing technical and economic updates;
 - Daily market updates from financial institutions and brokers;
 - Thorough review of new financial products and how they fit within the governance structure; and
 - Undertaking continuing professional development and ensuring that appropriate training is undertaken.
- 3.9 Furthermore TM undertakes to respond to all treasury management consultations and influence the national governance framework, through attendance at regular core city meetings.
- 3.10 Internal Audit has completed its annual review of the TM function. This involved a risk based system audit of TM to evaluate and validate key systems controls. Key controls for a sample of investments, loans and interest payments for 2014/15 were reviewed. Internal Audit report issued 20th February 2015 provided two opinions:
- Control Environment - Substantial Assurance (highest level). This provides assurances that there are minimal control weaknesses that present very low risk to the control environment.
 - Compliance with the Control environment - Substantial Assurance (highest level). This level indicates that the control environment has substantially operated as intended although some minor errors have been detected in the sample tested.

- 3.11 The outcome of the 2015/16 internal audit will be reported as part of the Financial Planning and Management Arrangements 2016 report expected to be made to Committee in July 2016.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 There has been no consultation in relation to this report

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This report does not have any direct equality and diversity/cohesion and integration issues.

4.3 Council policies and Best Council Plan

- 4.3.1 The execution of the Treasury Strategy enables funding to be raised and managed in the most efficient manner. This supports revenue and capital spend in line with City Priority Plans and the Best Council Plan.

4.4 Resources and value for money

- 4.4.1 The execution of the Treasury Strategy enables funds to be raised and managed in the most efficient manner in line with the approved strategy as presented to Executive Board on 11th February 2015.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The legislative framework which governs TM is outlined in section 2.1. This framework includes compliance with the CIPFA Treasury Management Code of Practice, the prudential code 2011 and revised guidance notes issued in 2013.
- 4.5.2 There are no legal or access to information issues arising from this report.

4.6 Risk Management

- 4.6.1 As set out in the Treasury Management Policy Statement, TM activities are carried out within a risk management framework and the management of risk is key to securing and managing the Council's borrowing, lending and cash flow activities.
- 4.6.2 By complying with and adopting the CIPFA Treasury Management Code of Practice, Prudential Code and guidance notes, assurance is given that arrangements are in place to manage risks effectively.

5 Conclusions

- 5.1 This report confirms that the Council is operating within its governance framework and as such is complying with the CIPFA Treasury Management Code of Practice, Prudential Code and updated guidance notes. A 2014/15 internal audit report gave TM substantial assurance on both control and compliance.

6 Recommendations

- 6.1 Note that Treasury Management continues to adhere to its governance framework including the CIPFA Code of Practice, the Prudential Code and revised guidance

notes issued in 2013. All borrowing and investments undertaken have been compliant with the governance framework.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Treasury Management Governance Framework

FULL COUNCIL	EXECUTIVE BOARD	CORPORATE GOVERNANCE & AUDIT COMMITTEE	RESOURCES AND COUNCIL SERVICES SCRUTINY BOARD
Setting Borrowing limits	Treasury Management Strategy	Adequacy of Treasury Management policies and practices	Review / scrutinise any aspects of the Treasury management function
Changes to borrowing limits	Monitoring reports in year	Compliance with statutory guidance	
Treasury Management Policy	Performance of the treasury function		
↓ DELEGATIONS TO OFFICERS			
DELEGATION SCHEME	TO WHOM	FUNCTION DELEGATED	
Officer delegation scheme (Executive Functions)	Deputy Chief Executive	Making arrangements for the proper administration of the authority's financial affairs	
Directors delegation under Articles, Specific delegations of the Deputy Chief Executive 12.4 Page 10	Discharged through Chief Officer Financial Services	Making arrangements for the proper administration of the authority's financial affairs (includes S151 responsibilities as his deputy)	
Executive Functions Specific Delegations Page 24 (d) Treasury Management	To Chief Officer Financial Services	The provision of financial services, including treasury management (encompassing the making of payments and borrowing of loans)	
Miscellaneous Functions - Financial Regulation 20: Treasury Management Page 32	Function delegated to Chief Officer (Financial Services) with the power to sub delegate to the Chief Officer (Audit and Investments)	To ensure that all investment and borrowing is valid, accurate, efficient, properly accounted for and in accordance with statutory and corporate requirements	

↓ OPERATIONAL AUTHORITY OF OFFICERS/CONTROL FRAMEWORK

POLICY DOCUMENT	TO WHOM	OPERATIONAL AUTHORITY
Treasury Management Policy Statement (section 11) Policy on Delegation and Review Requirements and Reporting Arrangements	Chief Off. Financial Services Chief Off. Audit & Investment Principal Financial Manager Senior Treasury Manager Assistant Finance Manager	Implementation of decisions taken at Treasury strategy review meetings and day to day management of treasury operations
CIPFA: Code of Practice Prudential Code Guidance Notes	Principal Financial Manager Senior Treasury Manager Assistant Finance Manager	Ensure compliance and that any changes are reflected in the operating framework.

This page is intentionally left blank



Report author: Tim Pouncey/
Sonya McDonald
Tel: 74214

Report of the Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 28th January 2016

Subject: Internal Audit Update Report 1st August to 31st December 2015

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the Council’s Corporate Governance arrangements. Reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
2. This report provides a summary of internal audit activity for the period 1st August to 31st December 2015 and highlights the incidence of any significant control failings or weaknesses.
3. The detailed proposals for the Audit Plan for 2016/17 will be presented to the March 2016 Corporate Governance and Audit Committee.

Recommendations

4. The Corporate Governance and Audit Committee is asked to receive the Internal Audit 1st August to 31st December 2015 update report and note the work undertaken by Internal Audit during the period covered by the report.
5. Members are invited to provide any suggestions on the coverage of the Audit Plan for 2016/17 arising from the work of this committee. These will be incorporated into the audit planning process.

1 Purpose of this report

- 1.1 The purpose of this report is to provide a summary of Internal Audit activity for the period 1st August to 31st December 2015 and highlight the incidence of any significant control failings or weaknesses.

2 Background information

- 2.1 The Corporate Governance and Audit Committee ('the Committee') has responsibility for reviewing the adequacy of the council's corporate governance arrangements. Reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.

3 Main issues

- 3.1 The report details the work undertaken by the Internal Audit Section. The report also contains a summary of completed reviews along with their individual audit opinions.
- 3.2 There are no issues identified by Internal Audit in the August to December 2015 Internal Audit Update Report that would necessitate direct intervention by the Corporate Governance and Audit Committee.
- 3.3 Internal Audit will continue to undertake a follow up audit on reports with limited or no assurance or where the impact has been determined as 'Major' to ensure the revised controls are operating well in practice.
- 3.4 The detailed proposals for the Audit Plan for 2016/17 will be presented to the March 2016 Corporate Governance and Audit Committee.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This report did not highlight any consultation and engagement considerations.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and Best Council Plan

- 4.3.1 The terms of reference of the Corporate Governance and Audit Committee require the Committee to review the adequacy of the council's corporate governance arrangements. This report forms part of the suite of assurances that provides this evidence to the Committee. The Internal Audit Plan has links with each of the 6 strategic objectives for 2015-16 and has close links with the council's value of spending money wisely.

4.4 Resources and value for money

- 4.4.1 In relation to resources and value for money, the Internal Audit work plan includes a number of value for money reviews and a number of initiatives in line with the council's value of spending money wisely. These will be included in the regular update reports to the Committee.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 None.

4.6 Risk Management

- 4.6.1 The Internal Audit plan has been and will continue to be subject to constant review throughout the financial year to ensure that audit resources are prioritised and directed towards the areas of highest risk. This process incorporates a review of information from a number of sources, one of these being the corporate risk register.

5 Conclusions

- 5.1 There are no issues identified by Internal Audit in the August to December 2015 Internal Audit Update Report that would necessitate direct intervention by the Corporate Governance and Audit Committee.

6 Recommendations

- 6.1 The Corporate Governance and Audit Committee is asked to receive the Internal Audit August to December 2015 Update Report and note the work undertaken by Internal Audit during the period covered by the report.
- 6.2 Members are invited to provide any suggestions on the coverage of the Audit Plan for 2016/17 arising from the work of this committee. These will be incorporated into the audit planning process.

7 Background documents

- 7.1 None.

This page is intentionally left blank



**Internal Audit
Update Report
1st August to
31st December 2015**

CONTENTS

Section

1. INTRODUCTION

Background

Progress against the Operational Plan

How Internal Control is Reviewed

**Progress against the Operational Plan –
Individual Reviews**

2. SUMMARY OF AUDIT ACTIVITY AND KEY ISSUES

3. AUDIT PERFORMANCE

Section 1

INTRODUCTION

1.1 Background

1.1.1 The changing public sector environment continues to necessitate an ongoing re-evaluation of the type and level of coverage required to give stakeholders the appropriate level of assurance on the control environment of the council.

1.1.2 This update report provides stakeholders, including the Corporate Governance and Audit Committee, with a summary of internal audit activity for the period 1st August to 31st December 2015.

1.2 Progress against the Operational Plan – High Level

1.2.1 The following table shows the progress against the operational plan for the period 1st August to 31st December 2015.

1.2.2 As reported previously, the projected level of overall resources for the year are less than when the annual audit plan was presented to the Corporate Governance and Audit Committee in March 2015. The shortfall in audit days for the financial year against the original projection is approximately 523 days due to a number of staff leaving the internal audit section. This has resulted in a corresponding saving on the internal audit expenditure budget that is being factored in to the regular monthly reporting to Executive Board on the overall financial position of the authority.

1.2.3 As a result, a number of audit assignments of relatively lower risk have been reserved from the audit plan and will be considered for inclusion in the 2016/2017 audit plan. These assignments are predominantly in areas where there has already been some internal audit coverage during the year.

1.2.4 Internal audit is continuing to actively manage resources to direct these towards the areas of highest risk to ensure that there is not a negative impact on the ability of the section to provide the coverage necessary to support the annual opinion on the authority's control environment. The internal audit work plan for the final quarter of the year has a greater focus in the areas of Key Financial Systems, ICT and Procurement. This will bring the percentage completion figure to an acceptable level across all assurance blocks at the end of the year.

Assurance Block	Total Days per Audit Plan 2015/16	Days spent at 31 st December 2015	% completion at December 2015
Spending Money Wisely	400	327	82%
Anti-Fraud and Corruption	694	425	61%
Key Financial Systems	718	335	47%
Grants and Other Head of Audit Assurances	108	68	63%
Compliance	460	273	59%
Procurement	315	143	45%
Risk Based Audits	490	350	72%
ICT	245	65	26%
Housing Leeds	250	169	68%
Total Financial Resource Risks	3680	2155	59%
<u>Contingency</u>			
General Contingency	300	228	76%
Total Contingency	300	228	76%
Total Audit Days	3980	2384	60%

In addition, the audit plan also included days for the following:

Assurance Block	Total Days per Audit Plan 2015/16	Days spent at 31 st December 2015	% completion at December 2015
External Contracts	237	126	53%
Secondments	135	212	157%
Total Days	372	338	91%

1.3 How Internal Control is reviewed

- 1.3.1 There are three elements to each internal audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.
- 1.3.2 However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- 1.3.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

- 1.3.4 To ensure consistency in audit reporting, the following definitions of audit assurance are used for all systems and governance audits completed:

Control Environment Assurance		
Level		Definitions
1	SUBSTANTIAL ASSURANCE	There are minimal control weaknesses that present very low risk to the control environment.
2	GOOD ASSURANCE	There are minor control weaknesses that present low risk to the control environment.
3	ACCEPTABLE ASSURANCE	There are some control weaknesses that present a medium risk to the control environment.
4	LIMITED ASSURANCE	There are significant control weaknesses that present a high risk to the control environment
5	NO ASSURANCE	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

Compliance Assurance		
Level		Definitions
1	SUBSTANTIAL ASSURANCE	The control environment has substantially operated as intended although some minor errors have been detected.
2	GOOD ASSURANCE	The control environment has largely operated as intended although some errors have been detected.
3	ACCEPTABLE ASSURANCE	The control environment has mainly operated as intended although errors have been detected.
4	LIMITED ASSURANCE	The control environment has not operated as intended. Significant errors have been detected.
5	NO ASSURANCE	The control environment has fundamentally broken down and is open to significant error or abuse.

- 1.3.5 Organisational impact will be reported as either major, moderate or minor. All reports with a major organisational impact will be reported to CLT along with the relevant directorate's agreed action plan.

Organisational Impact		
Level		Definitions
1	MAJOR	The weaknesses identified during the review have left the council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
2	MODERATE	The weaknesses identified during the review have left the council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
3	MINOR	The weaknesses identified during the review have left the council open to low risk. This could have a minor impact on the organisation as a whole.

1.4 Progress against the Operational Plan – Individual Reviews

1.4.1 The individual reports, and the opinions given within those reports, are detailed in the following table. Not all audit reviews will have an opinion in each of the boxes as this is dependant on the type of review undertaken. The following table includes reports issued between 1st August and 31st December 2015:

Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment Assurance	Compliance Assurance	Organisational Impact		
Key Financial Systems					
Payroll Year End Reconciliation	Substantial		N/A	Civic Enterprise Leads	15/09/2015
Bank Reconciliation and Cash Book	Substantial	Substantial	Minor	Strategy and Resources	15/09/2015
Housing Rents	Substantial	N/A	Minor	Environment and Housing	23/11/2015
Risk Based Reviews					
<u>ICT</u>					
Information Governance: Contracts and Commissioning Follow Up Review	Acceptable	N/A	Moderate	Strategy and Resources	01/09/2015
<u>Procurement</u>					
Category Plan Development	Acceptable	N/A	Minor	Strategy and Resources	14/10/2015
Changing the Workplace Contract Review	Good	Substantial	Minor	Strategy and Resources	22/10/2015
West Yorkshire Supply of Coated Materials, Ready Mixed Concrete and Aggregates Contract Review	Good	Acceptable	Minor	City Development	23/10/2015
<u>Other</u>					
Temporary Accommodation and Homelessness Follow Up Review	Good	Good	Minor	Environment and Housing	15/09/2015
Directorate Risk and Performance Management	Substantial	N/A	Minor	City Development	15/09/2015
New Homes Bonus	Good	N/A	Minor	City Development	06/10/2015
Section 278	Good	N/A	Minor	City Development	06/10/2015
Corporate Health and Safety	Good	Good	Minor	Strategy and Resources	06/10/2015
Early Leavers Initiative	Acceptable	Acceptable	Minor	Cross Cutting	28/10/2015
Bequests and Trusts	Good	N/A	Minor	Strategy and Resources	19/11/2015
Spending Money Wisely					
Published Payments and Redactions Follow Up Review	Good	N/A	Minor	Strategy and Resources	29/09/2015
Compliance Reviews					

Internal Audit Update Report - 1st August to 31st December 2015

Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment Assurance	Compliance Assurance	Organisational Impact		
Other Hired and Contracted Services Follow Up Review	N/A	Acceptable	N/A	Environment and Housing	17/08/2015
Travel and Subsistence	N/A	Acceptable	Minor	Civic Enterprise Leeds	17/08/2015
Moortown Primary School	Substantial	Substantial	Minor	Children's Services	06/10/2015
Learning Disability Community Support Service – Clients' Monies	Good	Joseph Court – Good; Iveson Rise - Acceptable	Moderate	Adult Social Care	16/12/2015
Housing Leeds Assurance Framework					
Quality Management Systems	Acceptable	Acceptable	Moderate	Environment and Housing	01/09/2015
Housing Leeds Contractor Data Integrity Follow Up Review	Good	Good	Minor	Environment and Housing	15/09/2015
Major Adaptations	Good	Good	Minor	Environment and Housing	26/10/2015
Disrepair Service	Acceptable	Good	Minor	Environment and Housing	25/11/2015
External Reviews					
Leeds Grand Theatre and Opera House Ltd Budgetary Control	Good	N/A	N/A	External	30/11/2015
Leeds Grand Theatre and Opera House Ltd Creditors	Acceptable	Acceptable	N/A	External	30/11/2015
Leeds Grand Theatre and Opera House Ltd Contracts with Visiting Companies	Acceptable	N/A	N/A	External	30/11/2015
Leeds Grand Theatre and Opera House Ltd Payroll	Good	Good	N/A	External	30/11/2015

Report Title	Results/Opinion	Directorate	Date Issued
Grants and other Head of Audit Assurances			
Additional DfT Highways Capital Grant Awards: Highways Maintenance, Local Pinch Point Fund – Thornbury Roundabout and Rodley Roundabout	To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the three additional DfT Highways Capital Grant Funding Allocations in 2014/15 have been complied with	City Development/ Strategy and Resources	01/09/2015
Local Authority Bus Subsidy Ring Fenced (Revenue) Grant	To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Local Authority Bus Subsidy Ring Fenced (Revenue) Grant Determination 2014/15 have been complied	Civic Enterprise Leeds	15/09/2015

Internal Audit Update Report 1st August to 31st December 2015

Report Title	Results/Opinion	Directorate	Date Issued
	with.		
Troubled Families Grant Claim – September 2015	The audit confirmed that information from reliable sources was held to support that the 'significant and sustained' and 'continuous employment' results had been achieved and that the families claimed for were eligible to be on the programme. Audit testing provides assurance that the results detailed on the grant claim will satisfy the DCLG requirements of reasonableness.	Children's Services	29/09/2015
Additional DfT Highways Capital Grant Awards: Pothole Fund	To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the one additional DfT Highways Capital Grant Funding Allocations in 2014/15 have been complied with.	City Development/ Strategy and Resources	06/10/2015
Corpus Christi School Voluntary Fund	Certification of Account Balances	Children's Services	03/11/2015
Whitecote Primary School Voluntary Fund	Certification of Account Balances	Children's Services	19/11/2015
Boston Spa School Voluntary Fund	Certification of Account Balances	Children's Services	15/12/2015
Temple Moor High School Science College Voluntary Fund	Certification of Account Balances	Children's Services	15/12/2015

Further details of key issues identified within each assurance block are included below in the *Summary of Audit Activity and Key Issues at Section 2*.

Section 2

SUMMARY OF AUDIT ACTIVITY AND KEY ISSUES

A summary of reports issued within each assurance block is included in the table in Section 1. The following section highlights any key issues and outcomes within each assurance block.

2.1 Key Financial Systems

2.1.1 The reviews of the key financial systems are usually undertaken between November and March each year so are currently in progress. These reviews are progressing well and there are no significant emerging issues to date. Two of these reviews have been completed and reported already as shown in the table at 1.4 above. These are: Bank Reconciliation and Cash Book; and Housing Rents. The level of assurance provided for these key financial systems reviews was substantial. Results from the remaining reviews in this assurance block will be reported in subsequent internal audit update reports to the Corporate Governance and Audit Committee.

2.2 Spending Money Wisely

Spending Money Wisely Challenge

- 2.2.1 Spending money wisely is one of the council's five values and is about using the council's limited resources in the right way. The council's Contract Procedure Rules (CPRs) support staff in demonstrating that they have given due consideration to this value as CPRs set out the key responsibilities and actions that must be followed when undertaking procurements. The Spending Money Wisely Challenge reviews assess how well staff are complying with the requirements of CPRs and tests whether value for money can be evidenced for payments that are not linked to a contract.
- 2.2.2 It is important to note that the majority of the council's expenditure is made on-contract with assurance taken that the primary considerations of achieving value for money have been addressed during the procurement of the contract. The Spending Money Wisely Challenge reviews specifically target a restricted population of payments that are not linked to a contract.
- 2.2.3 The results of the previous Spending Money Wisely Challenge reviews have resulted in limited assurance opinions due to the low levels of compliance with CPRs. The committee requested further detail on the areas of non-compliance with

the council's CPRs and this was provided at the last meeting, along with details of the further work that internal audit will undertake in this area.

- 2.2.4 The Spending Money Wisely Challenge testing was undertaken on a sample of transactions for other hired and contracted services within Environment and Housing (this covers a variety of hire and other external services procured by the council that cannot be provided in-house.) The original review provided a low compliance opinion as there was a high proportion of instances where there was no evidence of competition in line with CPRs. The follow up review found that there was an improvement in the level of compliance with CPRs and provided an updated opinion of acceptable assurance in this area. However, the emerging findings from the latest Spending Money Wisely Challenge indicates that improvements have yet to be made across the council's other categories of expenditure that are not linked to a contract.
- 2.2.5 The latest Spending Money Wisely Challenge includes a sample of payments made by four directorates and is currently in the process of being finalised. The emerging findings are that compliance levels have not improved, with similar issues being identified to those previously reported. Internal Audit is currently progressing the issues identified with the relevant Chief Officers and an update on this matter will be reported to the committee at a future meeting.
- 2.2.6 Scrutiny Board (Strategy and Resources) has included non-contract spend on their work schedule for 2015/16. To support this work, we were asked to provide a verbal update at the Board's meeting on 20th July 2015 on relevant audit findings, including issues identified as part of the 2014/15 Spending Money Wisely Challenge work. In addition to this we also provided an update on findings from the 2014/15 Contract Extensions audit.
- 2.2.7 In order to raise awareness of the most recent Spending Money Wisely Challenge findings discussed above, we have attended a further meeting of Scrutiny Board on 21st December 2015 to present a report of our findings, in addition to the findings of our recent audit of Contract Extensions. The Board noted the findings of the report and the ongoing work of internal audit to improve how the authority demonstrates that value for money is achieved for payments that are not linked to a contract. Members were keen to continue to support this work in future as necessary.

2.3 *Information Governance and ICT*

Information Governance – Contracts and Commissioning Follow Up Review

- 2.3.1 At the Corporate Governance and Audit Committee meeting on the 18th September 2015, an update was provided on the emerging findings of this follow

up review of information governance in contracts and commissioning. Members were advised that the outcome of the review would be reported to this meeting.

- 2.3.2 The original audit resulted in a limited assurance opinion for the control environment as the controls in place were not sufficient to ensure that all appropriate information governance and data protection requirements were included and managed within contracts. The follow up review has now been finalised and an assurance opinion of acceptable has been provided. Each of the recommendations made in the previous review have either been implemented or are in the process of being implemented. The improved assurance opinion reflects the progress made in the refreshing of relevant guidance and the steps taken to develop training on the information governance aspects of contracts to ensure that contract managers and officers have the tools and knowledge to understand and manage the risks in this area.

2.4 Compliance Reviews

Area office cash handling arrangements

- 2.4.1 At the previous meeting of the Committee, we reported the results of the review of area office cash handling arrangements where the council acts as appointee for managing service users finances following an unannounced visit to an area office. This highlighted that improvements were required to procedures including spot checks of cash withdrawals to ensure monies are fully accounted for and formalising guidance on the retention and storage of all accounting records including receipts. Further enquiries were also being made by the directorate into a small number of transactions for which there were no receipts (5 transactions with a value of £439.) Members were advised that internal audit would carry out a follow up review later in the year to ensure the recommendations have been implemented and to provide assurance that the internal checks undertaken by directorate staff have been robust.
- 2.4.2 The follow up review is currently in progress. The emerging findings are that there has been significant improvement in the evidencing of cash transfers between Leeds City Council staff and service users or their carer. The service has investigated the transactions for which there were no receipts and concluded that this was due to weaknesses in record keeping. A number of receipts were subsequently provided to support the cash withdrawals. Staff have been reminded of the importance of ensuring transactions are fully supported by appropriate documentation and that policies and procedures are followed. The team manager has received guidance and training on undertaking sample checks on transactions to improve existing controls in this area.
- 2.4.3 Adult Social Care has also undertaken a review of the cash handling process across all area offices and we will be undertaking an audit of this process in the

New Year. Over the longer term, Adult Social Care has set up a working group to review the process of transferring cash to service users for whom we are either a deputy or appointee.

2.5 Risk Based Audits

Early Leavers Initiative

- 2.5.1 The purpose of the Early Leavers Initiative (ELI) is to significantly reduce the council's workforce through employees volunteering to leave early to avoid making compulsory redundancies. Employees are able to leave on Voluntary Severance (the employee receives a lump sum payment), or Voluntary Early Retirement if they are of qualifying age, (the employee receives their pension as well as a lump sum payment).
- 2.5.2 Members expressed an interest in the Early Leavers Initiative at a previous committee meeting and it was noted that an audit of this area was due to be undertaken. The audit has now been finalised and an assurance opinion of acceptable has been provided for both the control environment and for compliance with controls.
- 2.5.3 Sample audit testing confirmed that business cases had been created for each employee and these had been appropriately approved both locally and through the Corporate Panel. This provides good assurance that due consideration has been given to:
- the affordability of the decision and the associated cost and savings;
 - the requirement to reduce employee numbers in the service area;
 - the ability to maintain the required level of service delivery; and
 - the need to maintain qualifications, skills and experience.
- 2.5.4 The sample testing identified an error that resulted in an overpayment being made to a former employee. This overpayment was recovered during the course of the audit and was explained as being a 'keying error'. Further data analytics work was undertaken to gain assurance over the accuracy of all 562 ELI payments made during 2014/15. This confirmed that a total of 15 inaccurate payments had been made. The errors were either due to the severance payment not being recalculated immediately prior to the employee leaving or because the pay awards had not being applied prior to the severance calculation being made, resulting in a net overpayment of £10,733. The actions agreed in respect of these 15 payments were addressed during the audit. Controls were

improved during the course of the audit to prevent, detect and correct errors prior to payments being made moving forward.

- 2.5.5 The audit identified some opportunities to improve reporting arrangements to identify whether anticipated savings are realised in practice.
- 2.5.6 Data analytics work confirmed that all 562 employees who received a severance payment in 2014/15 had been removed from the payroll system.

Temporary Accommodation and Homelessness Follow Up Review

- 2.5.7 The previous review of temporary accommodation and homelessness provided limited assurance for compliance with the control environment as weaknesses were identified in the retention of documentation and ensuring consideration of value for money in the procurement of bed and breakfast accommodation. Missing documentation causes an increased risk that there is a lack of evidence to support that the appropriate processes and checks have been undertaken in accordance with procedures and statute. Insufficient information governance arrangements increase the risk of a breach of data protection resulting in potential fines or reputational damage.
- 2.5.8 The follow up review confirmed that improvements have been made in the controls over retention and management of documentation in line with the council's information governance policies and procedures. Leeds Housing Options (LHO) has introduced an access database to monitor the progress of cases.
- 2.5.9 The service is no longer placing customers in bed and breakfast accommodation. Testing of a sample of 20 cases confirmed that all of the placements were with suppliers who have contracts with the council for the provision of temporary accommodation. The testing also confirmed that there had been no payments by the service to the two previous bed and breakfast providers since April 2014. As a result of the progress made since the previous review, we can now provide good assurance for the control environment and also for compliance with the controls in place.

2.6 *Housing Leeds Assurance Framework*

Housing Leeds Contractor Data Integrity Follow Up

- 2.6.1 A follow up review was undertaken of the integrity of data between the key systems owned and maintained by the former Aire Valley Homes and the systems and documentation maintained by the contractor that undertakes responsive repair and void works on properties. The scope of the original audit was to obtain assurance that asset data was accurate and up to date for voids

works and gas servicing and there were robust systems in place to record the results of customer satisfaction surveys for responsive repairs. Limited assurance was provided on the control environment and a follow up review has now been finalised to establish the progress made in implementing the audit recommendations.

- 2.6.2 As a result of the progress made since the previous review, we can now provide good assurance for the control environment and also for compliance with the controls in place.
- 2.6.3 The previous review identified issues with the integrity of the dates recorded in the trackers used by both the contractor and the former AVHL to monitor and report progress in relation to void properties. It is important that the data is accurate as this feeds into the void turnaround performance indicator information which is a key driver in ensuring that a property is re-let as early as possible. The follow up review confirmed that quality checks on the data have now been introduced and audit testing provided good assurance over the accuracy of this data within the systems.
- 2.6.4 The previous audit could not provide assurance that the properties from the council's information management system had been accurately uploaded into the contractor's system. Discrepancies between the two systems could increase the risk that not all properties are captured in the gas servicing cycle. This issue has now been addressed as a full reconciliation between the two systems was undertaken as at 1st April 2015 and these will be undertaken on a quarterly basis going forward.
- 2.6.5 Improvements were also evident in the actioning of the error reports that are produced when uploads between the contractor's and council's information management systems fail.

2.7 Other Work

- 2.7.1 Following a request from Adult Social Care (ASC), we have provided four training sessions on Financial Regulations to ASC staff with commissioning responsibilities. The aim of these sessions was to increase awareness of the importance of Financial Regulations, the risks that they intend to manage, what happens when they are not complied with and what staff should do if they have any concerns.

2.8 *Counter Fraud and Corruption*

Reports Issued

- 2.8.1 In accordance with our agreed protocols, a report is issued to the relevant Director and Chief Officer for each investigation conducted by Internal Audit. The reports provide details of the allegations, findings and conclusions as well as value adding recommendations to address any control weaknesses identified during the course of the investigation. Internal Audit has issued two such investigation reports during this period.
- 2.8.2 Previously, members have requested that they are informed of the departments where fraud has been discovered. Whilst there are a number of referrals that are in the process of being investigated, there are currently no new cases of confirmed fraud to be brought to the attention of this Committee.

Right to Buy Fraud

- 2.8.3 At the Corporate Governance and Audit Committee meeting on the 18th September 2015 members noted that Right to Buy fraud is a national area of concern.
- 2.8.4 Right to Buy (RTB) fraud could include:
- misrepresenting the length of the tenancy to gain a greater discount;
 - concealing a tenancy history (for example not disclosing previous rent arrears, possession orders, transfers or evictions);
 - attempting to purchase a property whilst not using it as the sole or principal home; and
 - misrepresenting the household composition (for example submitting a joint RTB application with someone who does not reside at the property, or has not done so for the required period).
- 2.8.5 Housing Leeds has a dedicated Tenancy Fraud team to whom any tenancy fraud related cases are referred, including Right to Buy cases. Their role is to investigate these cases and take action as appropriate. To assist in this the Home Ownership Team will refer suspicious Right to Buy applications to the Housing Fraud Officers, who will undertake checks to identify cases of non-occupation or subletting by the tenants making the application. In 2014/15 there were no reported cases of Right to Buy Fraud.
- 2.8.6 We will continue to review the need for any additional audit coverage in this area as part of our ongoing proactive fraud work programme.

Fraud Awareness

- 2.8.7 As part of our proactive fraud work programme we have been raising awareness of fraud risks across the council through news items on InSite, the weekly Essentials e-mail which is sent to all staff with access to e-mail, and targeted communications to particular groups to raise awareness of specific risks.
- 2.8.8 Our work has included communications issued as part of International Fraud Awareness week, which took place during November 2015. In line with good practice, we reminded staff of the council's fraud policies and the ways in which they can report concerns about possible fraud and corruption.
- 2.8.9 Further communications were also made to ask staff to be vigilant following a potential fraud risk that had been reported to us. We reinforced the importance of following council procedures that would prevent the risk from materialising, and requested that staff notify us if they identified any concerns in this area, so that we could ensure the appropriate action was taken to address this.
- 2.8.10 As part of our proactive fraud strategy we will be identifying other areas where we could raise awareness of fraud and corruption, in order to ensure that services have considered their fraud risks and are able to manage these appropriately.

2.9 Plan for 2016/17

- 2.9.1 Initial work has commenced on the Annual Audit Plan for 2016/17. The Head of Audit must provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. To support this, internal audit must develop and deliver a risk based plan which takes into account the organisation's risk management framework and includes an appropriate and comprehensive range of work, sufficiently robust to confirm that all assurances provided as part of the system of internal audit can be relied upon by the Corporate Governance and Audit Committee.
- 2.9.2 To develop this plan, there must be a sound understanding of the risks facing the council. The Corporate Risk Register will be used as a key source of information and the planning process for 2016/17 will again necessitate a thorough evaluation of the appropriate level and scope of coverage required to give stakeholders, including the Corporate Governance and Audit Committee, an appropriate level of assurance on the control environment of the council.
- 2.9.3 The detailed proposals for the Audit Plan for 2016/17 will be presented to the March 2016 Corporate Governance and Audit Committee.

Section 3

AUDIT PERFORMANCE 2015/16 At 31st December 2015

3.1 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

3.1.1 Internal Audit continues to monitor compliance with the Public Sector Internal Audit Standards (PSIAS) on an on-going basis. The results of the most recent self-assessment exercise to confirm conformance with the PSIAS were reported to Corporate Governance and Audit Committee in the annual internal audit report for 2014/15 on the 9th July 2015.

3.2 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

Improvement Action Plans

3.2.1 The Quality Assurance and Improvement Actions Plans for 2014/15 and 2015/16 were reported to Corporate Governance and Audit Committee in the annual internal audit report for 2014/15 at the meeting on 9th July 2015. There were a number of actions which had been implemented in the 2015/16 Action Plan. The actions which are still in progress are as follows:

Improvement Action Plan for 2015/16			
	Action	Timescale	Status
1	Investigate options for integrated Audit Management Software (timesheets and working papers) including business case and implement new automated working practices/documentation.	By 31 st March 2016	In progress. A test version of the software has been made available and User Acceptance Testing on this is currently being carried out. Once this is complete the software will be moved across to the Council servers and further User Acceptance Testing will be undertaken. The new version of the software will then be rolled out to staff.
2	Ensure the recommendations made in the Information	30 th September 2015 – high priority	In progress. High priority

Improvement Action Plan for 2015/16			
	Action	Timescale	Status
	Governance review of Audit and Investment have been fully implemented. The review covered information risk management, collecting, creating and storing information, sharing and disposing of information and using systems securely.	recommendations; 31 st March 2016 (revised timescale) – low and medium priority recommendations.	recommendations - implemented. Low and Medium priority recommendations - currently in progress (Mainly regarding electronic record retention).

3.2.2 The only action which remains outstanding from the 2014/15 Improvement Action Plan is the external assessment process for conformance with the Public Sector Internal Audit Standards which needs to be completed by 2017/18 at the latest. This is planned to be undertaken during Summer 2016 in conjunction with the Core Cities Chief Auditors Group. A meeting of the Group is scheduled to be held in January 2016 to discuss and agree the framework for completion of the external assessments.

3.3 ENSURING QUALITY

3.3.1 Internal Audit is committed to delivering a quality product to the highest professional standards that adds value to our customers. We actively monitor our performance in a number of areas and encourage feedback from customers.

3.3.2 All our work is undertaken in accordance with our quality management system; we have now been ISO accredited for over fifteen years.

3.3.3 A customer satisfaction questionnaire (CSQ) is issued with every audit report. The questionnaires ask for the auditee's opinion on a range of issues and asks for an assessment ranging from 5 (for excellent) to 1 (for poor). The results are based on the percentage of those assessments that are 3 (satisfactory) or above.

3.3.4 The results of the questionnaires are reported to the Audit Leadership Team and used to determine areas for improvement and inform the continuing personal development training programme for internal audit staff. The results are also benchmarked with other core cities who have adopted the same questionnaire.

3.3.5 As at 31st December 2015, 32 completed Customer Satisfaction Questionnaires had been received in relation to audit reports issued since 1st April 2015.

Results from Customer Satisfaction Questionnaires

Question	2015/16 Actual to date At 31 st December - % Score 3 or above	2015/16 Average Score At 31 st December 2015
Notice	100%	4.77
Scope	97%	4.50
Understanding	100%	4.44
Efficiency	97%	4.69
Consultation	100%	4.56
Professional/Objective	100%	4.72
Accuracy of Draft	100%	4.52
Opportunity to comment	100%	4.77
Final Report - Clarity & Conciseness	100%	4.52
Final Report – Prompt	90%	4.23
Recommendations	100%	4.19
Added Value	100%	4.33
Overall Average Score		4.52

- 3.3.6 The results from the Customer Satisfaction Questionnaires are again encouraging given the increasing complexity of some of the audit assignments included within the audit plan.
- 3.3.7 These results show an improvement in the areas of level of consultation on the scope and objectives of the audit and the efficiency of the audit (increased from 95% to 97% scoring 3 or above.) It is also very encouraging to see that the timeliness of final reports has again improved since the previous update report from 85% to 90% scoring 3 or above. We introduced the use of Sharepoint for submission of customer satisfaction questionnaires at the end of September 2015. This has improved the response rate with 32 questionnaires received in the period April to December 2015 compared with 35 received for the full year 2014/15.

This page is intentionally left blank

Report of City Solicitor

Report to Corporate Governance and Audit Committee

Date: 28th January 2016

Subject: Work Programme

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In? .	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1 Purpose of this report

1.1 The Purpose of this report is to notify Members of the Committee of the draft work programme for the 2015/16 year. The draft work programme is attached at Appendix 1.

2 Background information

2.1 The work programme provides information about the future items for the Corporate Governance and Audit Committee agenda, when items will be presented and which officer will be responsible for the item.

3 Main issues

3.1 Members are requested to consider the draft work programme attached at Appendix 1 and determine whether any additional items need to be added to the work programme.

3.2 Members are asked to consider and note the provisional dates for meetings of the Committee in the 2015/16 municipal year; these have been set out in such a way as to enable the Committee to fulfil its functions and responsibilities in a reasonable and proportionate way.

3.3 Corporate Considerations

3.1 Consultation and Engagement

3.1.1 This report consults seeks Members views on the content of the work programme of the Committee, so that it might meet the responsibilities set out in the committee's terms of reference.

3.2 Equality and Diversity / Cohesion and Integration

3.2.1 There are no equality and diversity or cohesion and integration issues arising from this report.

3.3 Council policies and the Best Council Plan

3.4 The work programme provides a balanced number of reports and assurances upon which the committee can assess the adequacy of the council's corporate governance arrangements.

3.5 Resources and value for money

3.5.1 It is in the best interests of the Council to have sound control arrangements in place to ensure effective use of resources, these should be regularly reviewed and monitored as such the work programme directly contributes to this.

3.5.2 Legal Implications, Access to Information and Call In

3.5.1 This report is not an executive function and is not subject to call in.

3.6 Risk Management

3.6.1 By the Committee being assured that effective controls are in place throughout the Council the work programme promotes the management of risk at the Council.

3.6.2 The work programme adopts a risk based approach to the significant governance arrangements of the Council.

4 Conclusions

4.1 The work programme of the Committee should be reviewed regularly and be updated appropriately in line with the risks currently facing the Council.

5 Recommendations

5.1 Members are requested to: consider the work programme attached at Appendix 1 and determine whether any additional items need to be added to the work programme.

6 Background documents¹

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

6.1 N/A

This page is intentionally left blank

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE
WORK PROGRAMME**

18th March 2016		
Internal Audit Plan	To receive a report informing the Committee of the Internal Audit Plan for 2016/17	(Acting Head Of Internal Audit) Sonya McDonald
Internal Audit Update Report	To receive the Internal Audit quarterly report	(Acting Head Of Internal Audit) Sonya McDonald
Information Security Annual Report	To receive a report on the Council's Information Security arrangements.	(Chief Officer Strategy and Improvement) Mariana Pexton
Annual Business Continuity Report	To receive the annual report reviewing the Councils Business Continuity planning.	(Chief Officer Strategy and Improvement) Mariana Pexton
Review of Partnership Financial Governance Arrangements'	To receive a report reviewing partnership financial governance arrangements	Chief Officer (Financial Services) Doug Meeson
KPMG Full Audit Plan	To receive a report presenting the full External Audit Plan	Chief Officer (Financial Services) Doug Meeson

This page is intentionally left blank