



CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 22nd April, 2013
at 2.00 pm

MEMBERSHIP

Councillors

P Grahame
N Taggart
T Hanley
G Hussain
T Murray
E Taylor
J Illingworth

J Bentley

C Fox
R Wood

J Elliott

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 25 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 25, 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> <p>To receive any apologies for absence.</p>	
6			<p>MINUTES - 19TH MARCH 2013</p> <p>To approve the minutes of the meeting held on 19th March 2013.</p>	1 - 6
7			<p>CALDERDALE SHARED SERVICES AGREEMENT</p> <p>To receive a report of the Director of Adult Social Services providing members of the Corporate Governance and Audit Committee with an update on progress and the assurance that the shared services agreement with Calderdale is operating as intended.</p>	7 - 16
8			<p>BUSINESS CONTINUITY MANAGEMENT ARRANGEMENTS FOR LCC'S MOST CRITICAL SERVICES.</p> <p>To receive a report of the Director of Resources providing assurance on the adequacy of business continuity management arrangements for LCC's most critical services.</p>	17 - 22

Item No	Ward	Item Not Open		Page No
9			<p>ANNUAL INFORMATION SECURITY REPORT</p> <p>To receive a report of the Assistant Chief Executive (Customer Access and Performance) providing the Committee with an annual report on the steps being taken to improve Leeds City Council's information security in order to provide assurance for the annual governance statement.</p>	23 - 32
10			<p>CAPITAL PROGRAMME APPROVALS FRAMEWORK</p> <p>To receive a report of the Director of Resources providing an update for the Committee as to how the revised framework has operated since April 2012. The report also sets out proposals for further changes to the process which will give Directors more responsibility and accountability for decision making on capital schemes.</p>	33 - 38
11			<p>WORK PROGRAMME</p> <p>To receive a report of the Director of Resources notifying and inviting comment from the Committee on the work programme.</p>	39 - 44

Agenda Item 6

Corporate Governance and Audit Committee

Tuesday, 19th March, 2013

PRESENT: Councillor T Murray in the Chair
Councillors T Hanley, C Fox, G Hussain,
R Wood, E Taylor, J Illingworth, J Bentley
and T Leadley (as substitute for J Elliot)

Apologies Councillors P Grahame and J Elliott

39 Appeals Against Refusal of Inspection of Documents

There were no appeals against the refusal of inspection of documents.

40 Exempt Information - Possible Exclusion of the Press and Public

There were no resolutions to exclude the public.

41 Late Items

There were no late items added to the agenda.

42 Declaration of Disclosable Pecuniary and Other Interests'

There were no declarations made.

43 Apologies

Apologies for absence were received from Councillor J Elliot. Councillor T Leadley was in attendance as substitute. Apologies were also received from Councillor P Grahame.

44 Minutes - 9th November 2012

RESOLVED - The minutes of the meeting held on 9th November 2012 were confirmed as a correct record.

45 Internal Audit Quarterly Report

The Principal Audit Manager presented a report of the Director of Resources. The report provided a summary of Internal Audit Activity for the period October 2012 and January 2013 highlighting the incidence of any significant control failings or weaknesses.

Draft minutes to be approved at the meeting
to be held on Monday, 22nd April, 2013

Members sought assurances around the financial management arrangements in place in Leeds Schools, particularly the extent to which independent and objective Internal Audit opinion is provided to Governing Bodies on how those arrangements are complied with.

The Principal Audit Manager confirmed that those schools outside of the control of the LEA had discretion as to whether to engage Internal Audit to provide those assurances. It was confirmed to the committee that all non LEA schools and LEA schools have been contacted by Internal Audit (by letter) to offer this support, but that uptake had been limited. Members were concerned as to the lack of comprehensive audit coverage and asked that contact be made with other near neighbour and core cities authorities to understand whether similar concerns were held by those authorities and what, if any, steps they have taken.

Members also noted the further information in respect of procurement cards. Members noted that the numbers of cards issued were reducing in number and received assurances about the procedures in place to stop cards being misused.

RESOLVED – The Committee resolved to:

- (a) note the work undertaken by Internal Audit during the period covered by the report;
- (b) request that the Head of Internal Audit makes contact with other near neighbour and core cities authorities in respect of audit coverage provided to schools leaving the control of the LEA.

46 Annual Audit Plan

The Principal Finance Manager (Financial Management) presented a report of the Director of Resources. The report presented the Committee with the Annual Audit Plan for the 2012/13 Accounts and the Value for Money conclusion.

Heather Garrett , representing KPMG, was in attendance to answer Member questions.

The principal concern of Members related to the disclosure in the audit plan that some of the audit work necessary to deliver the plan may be completed outside of the UK, in India.

Members sought assurances in respect of:

- The security of the Council's data being audited in India;
- The details of tasks undertaken by staff in the India office and what qualifications they had;

- Whether previous years' work had been completed by staff based in India.

Ms Garrett confirmed that data worked on in India was accessible only by accessing servers based in the UK, and that it was not possible to further copy or otherwise save that data. The data being analysed overseas was described by Ms Garrett as basic checking of the Council's already published accounts. Ms Garrett also confirmed that some of the previous years' audit work had been completed by the India office.

Members were disappointed that opportunities to work with the authority, particularly to seek to secure work experience for local young people had not been explored, Members highlighting that it was a priority of the Council to help find work for people in Leeds specifically younger people who were looking to gain work experience. The Committee requested KPMG further explore providing training and graduate opportunities to people in Leeds and the Leeds City Region. KPMG did highlight that they had offices in Leeds and a substantial trainee accountant recruitment programme.

Members question why the Audit Plan no longer included Public Health Ms Garrett confirmed that this work had been completed and provided assurance in respect of the council's arrangements for the transfer of public health functions to the authority. As no report had been provided to the committee on this matter by KPMG, Members requested details of the conclusions that had been reached.

RESOLVED – The Committee resolved to:

- (a) Agree the nature and scope of the external audit plan;
- (b) ask that KPMG;
 - a. explore, and report back to the committee, on the opportunities available for local training and graduate employment opportunities for local people in Leeds and the Leeds City Region in respect of how the audit plan is carried out, and
 - b. provide details of the conclusions reached in respect of the arrangements to transfer public health functions from the NHS to the Council.

47 Annual Audit Fee 2012/13

The Principal Financial Manager presented a report of the Director of Resources. The report informed Members of the costs of external audit work relating to the 2012/13 year.

RESOLVED – The Committee resolved to note the external audit fees for work relating to the 2012/13 financial year.

48 KPMG Certification of Grants and Returns 2011/12

The Principal Financial Manager presented a report of the Director of Resources. The report informed the Committee on the result of the work KPMG have carried out on the Certification of grant claims in respect of 2011/12.

RESOLVED – The Committee resolved to note the results of the 2011/12 audit of grants and returns.

49 School Academy and Trust Conversions

The Senior Surveyor (City Development) presented a report of the Asset Management Service. The report provided details of the due diligence processes undertaken for the conversion of schools to academies or trusts, particularly around governance, insurance and financial management.

The Chair commented that this report specifically related to schools converting to academies and trusts and that a report looking into other Council transfers of assets would be brought at a later date.

Members discussed the number of schools that are now academies and the process of the LEA handing over its assets. Members considered the value of assets that have been transferred to trusts and academies and raised concern about the management of both buildings and finances at the new trusts and academies.

Members considered the situation where schools were encumbered by debt and who would be responsible for servicing this. It was confirmed to the Committee that the Council maintains responsibility for all debt in relation to schools converting to trusts or academies. Such schools do however continue to contribute towards PFI contractual arrangements.

RESOLVED – The Committee resolved to:

- (a) Request that a report be brought to the Committee looking at the wider issues relating to transfers of assets across the Council; and
- (b) Note the contents of the report.

50 Transforming Procurement Update

The Senior Executive Officer presented a report of the Chief Officer PPPU and Procurement. The report informed the Committee of progress with respect to the Transforming Procurement Programme and invited comments on the contents of the report.

Members considered the report and questioned the officer present about contract procedure rules. It was confirmed to the Committee that the contract procedure rules had not been re-written yet as it was considered important to

get the procurement strategy in place before it was done. It was confirmed though that amendment to the rules would be necessary in due course, not least to reflect the new procurement methodology being advocated.

Members noted the importance of ensuring that small local businesses were given the opportunity and support to enable them to tender for Council contracts. Members were informed about the on-going work to ensure that small and medium sized enterprises get opportunities to bid for Council contracts.

The savings made over the last year by central procurement were welcomed by the Committee. However it was felt that there was scope to save even greater sums in the future and that more ambitious savings targets should be set.

Members identified a potential area for savings to be made where contract procedure rules are waived and which allow contracts to roll on without going out to tender again. Members were informed that a procurement calendar was being put in place to ensure that when contracts are due to expire they are reviewed and where savings could be achieved, re-tendered.

RESOLVED - The Committee resolved to note the contents of the report.

(Councillor R Wood left the meeting at 11.35am during discussion of this item)

51 Licensing Decision Making Framework

The Head of Licensing and Registration presented a report which detailed the decision making framework for licensing decisions.

Also in attendance to answer Members' questions was the Section Head (Entertainment Licensing) and the Section Head (Taxi and Private Hire Licensing).

Members asked questions about how often taxi drivers are checked by the DBS (previously known as the CRB) and the process to undertake this. The Committee were informed that a check is currently done on first application, and the Licensing Committee were currently considering proposals to introduce a more regular check for existing drivers. The police are also required to inform the Taxi and Private Hire Licensing Section if a licensed hackney carriage or private hire driver commits an offence which may require their suitability to hold a licence to be reviewed. The committee were currently awaiting further details of a new online facility being introduced by the DBS this year which could allow the authority to check drivers details online for a reduced fee and at more frequent intervals. A decision is expected later this year after details of the new online facility provided by the DBS are known.

Trade in scrap metal was raised as an issue of concern by the Committee, who were informed that scrap metal traders are required to be registered with the Council before they can trade.

RESOLVED – The Committee resolved to note the assurances provided in the report.

52 Work Programme

The Director of Resources submitted a report notifying members of the work programme.

The Committee reviewed its forthcoming work programme.

Members requested that a report be submitted to the Committee looking at the processes and risks relating to the re-organisation of ALMOS.

Also requested was information on contingency plans that are in place when a building is forced to shut on an emergency basis.

RESOLVED – The Committee resolved to:

- (a) note the forthcoming reports;
- (b) receive a report detailing the processes and risks relating to the re-organisation of ALMOS; and
- (c) request that information relating to the contingency plans that are in place when a building is forced to shut on an emergency basis be reported as part of the forthcoming business continuity report due to be submitted to the April meeting of the Committee.

Report of Director of Adult Social Services

Report to Corporate Governance and Audit Committee

Date: 22nd April 2013

Subject: Update - Shared Service Partnership with Calderdale Metropolitan Borough Council to meet Adult Social Care Technology Requirements

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:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

- 1 This is the second report presented to the Corporate Governance and Audit Committee, regarding the shared service partnership with Calderdale. A previous report was presented on 28th September 2012, at the request of the Executive Board, and members of the committee requested that an update be provided six months from this date.
- 2 A general update on progress is also due to be considered by the Executive Board on 24th April 2013. The report to Executive Board recommends that further monitoring of progress is undertaken by Corporate Governance and Audit Committee.
- 3 The key areas this report focusses on are;
 - The governance arrangements implemented to ensure the solution implemented is fully fit for purpose and that any risks are effectively managed throughout the implementation
 - The contract arrangements that have been put in place to ensure a clear understanding of the working arrangements of the shared service and provide appropriate safeguards and protection for both Leeds and Calderdale.
- 4 A comprehensive and formal contractual agreement has been drawn up between Leeds City Council and Calderdale Borough Council. Being a unique type of contract for the two authorities additional diligence has been applied to ensure

there is adequate protection provided for both parties during and after the systems are implemented.

- 5 Robust governance arrangements have been established to both manage the successful implementation and to monitor and manage the partnership arrangements going forward. Appendix 1 defines the governance arrangements that have been put in place.

Recommendations

- 6 That the Corporate Governance and Audit Committee review this report and are invited to make comments and raise any issues/concerns in support of the successful implementation of the programme.
- 7 That the Corporate Governance and Audit Committee agree to receive a further update in 6 months time.

1 Purpose of this report

- 1.1 This report provides members of the Corporate Governance and Audit Committee with an update on progress and the assurance that:
- 1.2 Adequate governance arrangements have been established to ensure the solution implemented is fully fit for purpose and that any risks are effectively managed throughout the implementation
- 1.3 The contract arrangements that have been put in place do ensure a clear understanding of the working arrangements of the shared service and provide appropriate safeguards and protection for both Leeds and Calderdale.

2 Background information

- 2.1 In July 2012 the Executive Board gave approval to enter into a partnership agreement with Calderdale Metropolitan Borough Council for the purchase of an initial 20% share of their Adult Social Care Client Information System (CIS) to replace the existing ESCR and ESCR financial systems.
- 2.2 It also authorised the necessary capital spend to undertake the following:-
 - purchase a share in the system and implementation support from Calderdale Metropolitan Borough Council;
 - implement the Case management, integrated financial and contract management modules of Calderdale's CIS in partnership with Calderdale Metropolitan Borough Council to meets Leeds requirements;
 - implement and integrate Leeds City Council's corporate Electronic Document and Records Management System (EDRMS) in parallel with the Case Management System;
 - build and develop a reporting and Business Intelligence (BI) solution utilising existing corporate reporting and Business Intelligence technology.
- 2.3 Responding to specific concerns raised as to whether the Adult Social Care Client Information System used by Calderdale Council would be fit for Leeds' purpose, The Executive Board requested that related matters were referred to the Corporate Governance and Audit Committee, so that the acquisition of the system could be monitored.
- 2.4 A report was considered by the Corporate Governance and Audit Committee on 28th September 2012 addressing those issues and the Members of Corporate Governance and Audit committee requested a further report to provide an update on progress of the acquisition and implementation of the system.

3 Main issues

3.1 Governance Arrangements

- 3.1.1 A significant amount of time and effort has been put into establishing appropriate and effective governance arrangements both within the council and with

Calderdale Metropolitan Borough Council. The governance model (see Appendix 1) is designed to manage the relationships between the two councils during the implementation as well as for the on-going development and support and maintenance of the system and the commercial aspects. All Boards in the governance model, including the Calderdale CIS joint Strategic Development Group and the Leeds and Calderdale Partnership Board have been established. Terms of reference for each board have been defined and agreed and form a schedule within the overarching contract agreement.

- 3.1.2 Additional groups and formal boards have been established alongside existing governance forums e.g. Adult Social Care's Directorate Leadership Team and Directorate Senior Management Team. The diagram (in Appendix 1) shows existing and newly established forums in three parts; forums displayed in the top centre/right of the diagram are the existing forums, those displayed in the centre/bottom of the diagram are the programme implementation specific forums and those displayed on the left of the diagram are the partnership/joint user forums. The diagram also outlines the key role and responsibility of each forum in governing the overall implementation.
- 3.1.3 Ultimate accountability for the successful implementation and overall governance lies with the Sponsoring Group, the ASC Directorate Leadership Team. The sponsoring group has delegated the responsibilities for managing the implementation to the Delivery Board through the Chief Officer Resources and Strategy who attends on both boards.
- 3.1.4 Each board has specific responsibilities to both the implementation projects and the councils themselves to manage relationships, budgets, timescales and risks. Senior representatives from each authority attend the board with specific management roles and clear responsibilities within each organisation.
- 3.1.5 The governance arrangements also provide the forums and mechanisms for effective management of the programmes implementation risks as well as the unique risks presented by this type of partnership working. Escalation routes have been clearly defined to ensure appropriate and timely action can be taken to mitigate risks or quickly resolve any issues that occur.
- 3.1.6 The User Group arrangements are also supplemented by the on-going engagement between front line staff and the Delivery Board facilitated by a dedicated Communication and Engagement Officer who has been engaging with front line teams and reporting key messages to each Delivery Board.

3.2 Contract Arrangements

- 3.2.1 A formal contract agreement has been drawn up by legal teams and chief officers within Leeds City Council and Calderdale Council. It is a comprehensive contract agreement and in recognition of its unique nature, additional diligence has been applied in drawing it up.
- 3.2.2 One of the key aspects of the agreement is to establish clear working principles and arrangements including detailed responsibilities and obligations. These arrangements cover the implementation of the system as well as the on-going development and support of the system by Calderdale.

- 3.2.3 Another aspect it covers is to ensure there is protection for both councils in the event the partnership breaks down or is terminated by either party for any reason. The legal principles put in place are there to ensure either party can continue to operate and provide the same high level of service whilst alternate arrangements can be put in place.
- 3.2.4 The agreement also formalises how individual and joint risks will be managed throughout the life of the agreement.

4 Overall Progress with Implementation

Plans are in place to complete system build, development and testing prior to December 2013. Implementation plans are under review to assess optimum timescales for live roll out between January 2014 and March 2014. The preferred time for implementation will be determined by other factors within ASC including:

- Key staff availability during Christmas/New Year period.
- The national introduction of Zero Based Review with a number of new requirements from the 1st of April 2014.
- Coordination with the planned activity from Better Lives Programmes
- Year-end considerations including statutory returns and financial year end.

In overall terms the programme is on track to planned timescales and within planned budget. Further details of specific progress of key areas for implementation are:

- 4.1 **Establishing business readiness:** The implementation of the new system has been seen by ASC senior managers as an ideal opportunity to streamline our processes and make sure all teams are working in the most effective ways possible, appropriately supported by technology. Since September 2012, work has continued with staff from across ASC to map and validate all of our business processes. The roles, responsibilities and recording requirements of each team have been set out in relation to information management and data quality. These 'process maps' provide a detailed breakdown for every area of work, all of which need to be supported by CIS. Operational social work practitioners specialist are being seconded onto the project team to ensure the system and any developments and configuration fully support best practice and efficient ways of working.
- 4.2 **Gap analysis:** A 'gap analysis' has been undertaken to compare Leeds ASC process maps showing the way we want to work in each area, to how CIS is currently set up in Calderdale. Any areas where these processes do not currently match have been flagged up as gaps or potential opportunities. ASC representatives then worked with Calderdale Colleagues to see where CIS should be developed to match our processes, and when we should adapt our processes to make the most of the functionality available in CIS.
- 4.3 **CIS Development Plan:** The results of the gap analysis were used by ASC representatives from Leeds and Calderdale to establish how CIS will be developed to support Leeds ASC's future operating model. These have been laid out in a

development plan, and categorised into 'day one' and 'day two' developments. Day one developments have been defined as those developments that must be in place for when CIS first goes live in Leeds to meet existing requirements. Day two developments are those that are not essential for go live and so will be implemented as part of the on-going system upgrades after go-live so that the implementation is not delayed. Day two requirements will focus on supporting the development and delivery of integrated services. Since January 2011, and as of December 2012, a total of twelve joint Social Care and Health demonstrator sites have been setup. Following the successful implementation of the demonstrator sites work is progressing to expand the model to all community pathways. Work to deliver the Health integration agenda has progressed significantly over the last two years and transformation continues at a pace. Whilst there is no intention, at this stage to develop one integrated system, to ensure that information can be shared (electronically or otherwise) to support integrated working requires significant work to be undertaken in relation to consistency of information standards. A flexible system and agile development capability, together with the inherent improvements in data security available within the CIS system, will be crucial to undertaking this work efficiently and effectively. On-going system development is a critical part of ASC's approach to information management and will be an important new way of working to ensure the directorate stays up-to-date with both local and national requirements. As part of the joint development plan, Calderdale have expanded their CIS development team who are beginning the work to set up the system for Leeds.

- 4.4 **Test system and hardware:** At the time of writing this update a CIS test system was being built and installed in Leeds. Initial performance testing is scheduled to start in April to test how well the system operates on the Leeds' infrastructure. The plan is to have a Leeds specific configured system, including first phase developments, by the end of June 2013 to take out to operational teams in a series of interactive demonstrations.
- 4.5 **Reporting:** A specific project team has been established to focus on building and developing a reporting and Business Intelligence (BI) solution. The team are utilising existing corporate reporting and Business Intelligence technology. The team has been working jointly with Calderdale Metropolitan Borough Council to specify what will be developed within the enhanced reporting solution for the system. The developments will incorporate statutory reporting, work-load management, performance management and business intelligence. The reporting and BI work is also a shared endeavour with Children's Services, utilising the same technology, to provide enhanced reporting alongside the new children's social care system.
- 4.6 **Data Migration:** Governance for the ASC Data Preparation and Migration Board has been established. Data Quality Owners from ASC have been identified and Data Quality Groups have been set up to ensure data quality is being managed and seen as 'everybody's business'. The quality of ASC data will be key to supporting a successful migration of data from the existing ESCR case management system to the new CIS system. The quality of all ASC data is being monitored by a set of reports forming a data quality dashboard. Significant progress has been made with regards to improving the quality of ASC data. This supports the objective of improving the ASC data set, as far as is possible, ahead of the migration to CIS. This has enabled us to do joint and detailed mapping with

Calderdale to ensure that all the information we need has been identified for migration from ESCR and all of the other places we currently store information (information assets) into CIS.

- 4.7 **Electronic Data Records Management System (EDRMS):** the intention was to utilise Leeds City Council's corporate EDRMS solution, Wisdom, to provide a full electronic CIS record. The supplier of Wisdom, who were also our integration partner, has gone into administration. However, another company has recently taken over the Wisdom product and we are in discussions with the vendor to understand their proposals. Corporately we are also looking at the feasibility of using Sharepoint2010 to deliver an EDRMS solution. Whilst the extent that this may affect the CIS implementation is under review, Calderdale Metropolitan Borough Council were able to quickly develop a proof of concept to integrate SharePoint2010 providing assurance if this is identified as the preferred corporate solution.

5 Risk Management

- 5.1 As the partnership is an innovative approach, the relevant procurement and legal resources have worked on the definition and documentation of the partnership, commercial principles and arrangements. Careful diligence and specific arrangements have been put in place to ensure the partnership is successful and this due diligence will continue throughout the lifecycle of the programme to ensure that Leeds City Council and Calderdale have the relevant assurances and protection in place.
- 5.2 Effective and robust governance arrangements have been established within Leeds City Council and across the partnership with Calderdale Metropolitan Borough Council to manage dependencies, risks and budget and ensure the effective delivery of the project as well as ensuring the system is fully fit to meet future requirements.
- 5.3 To illustrate the progress made, in the last 6 months, in reducing and mitigating the significant risks in implementing a replacement system, the number of open risks have reduced from 42 to 31, of which those that are rated high/very high have reduced from 31 to 16.

6 Conclusions

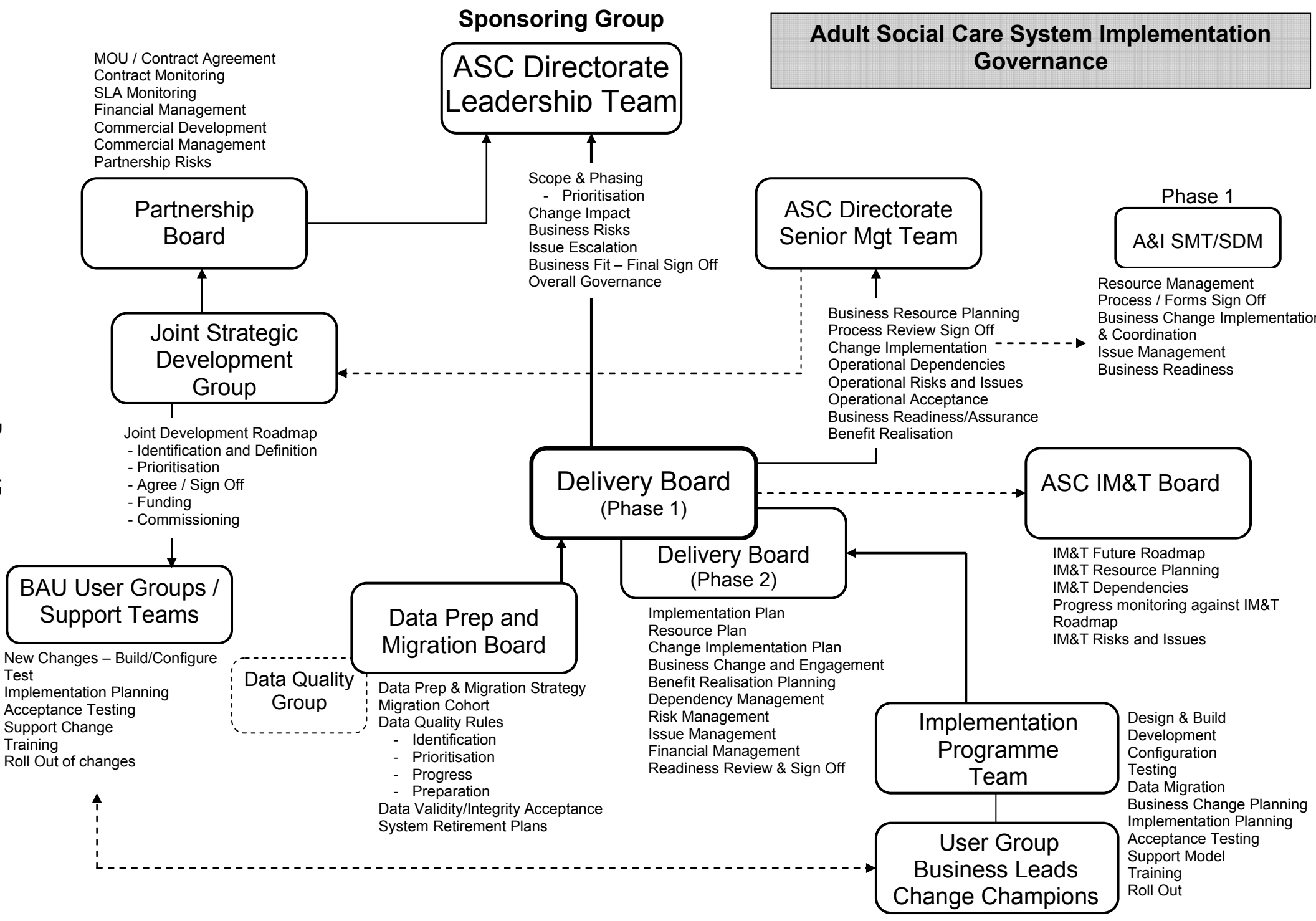
- 6.1 The key emphasis within this report is that the programme is on track to deliver on time and within the approved budget.
- 6.2 The governance arrangements and the contractual agreement that have been established, together with the implementation work undertaken to date provide the council with the assurance that the solution itself will be fit for purpose to fully support Adult Social Care services and that the budget, timescales and risks are and will continue to be effectively managed.

7 Recommendations

- 7.1 That the Corporate Governance and Audit Committee review this report and are invited to make comments and raise any issues/concerns in support of the successful implementation of the programme.

7.2 That the Corporate Governance and Audit Committee agree to receive a further update in 6 months time.

Adult Social Care System Implementation Governance



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Report of Director of Resources

Report to Corporate Governance & Audit Committee

Date: 22 April 2013

Subject: Business Continuity Management Arrangements for LCC's Most Critical Services.

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 assurance that Leeds City Council is making acceptable progress towards meeting its statutory duties required under the Civil Contingencies Act 2004 by having in place arrangements to be able to continue to deliver critical aspects of day to day functions in the event of an emergency.
2. The 94 service areas identified as most critical will be covered by 64 Business Continuity Plans. There are currently 27 plans in place, with 37 in development.
3. Progress is being made across all directorates to encourage, engage and support managers and officers in developing the required plans and arrangements.
4. The BCM Toolkit of templates and guidance is now published on the LCC 'InSite' Website for managers and officers to use. The toolkit and centrally provided support has been designed to support a fast-track route to implementing business continuity arrangements.
5. The transfer of Public Health duties to Local Government control in April 2013 will include the provision of business continuity advice and assurance. The transfer will bring additional interest and challenges and liaison with colleagues in Public Health is on-going to clarify the roles and responsibilities.

6. LCC's responsibility under the Civil Contingencies Act 2004 to offer business continuity advice and guidance to business and voluntary organisations continues to be provided through the BCP Network.

Recommendations

7. The Committee to note that the current level of assurance on the adequacy of business continuity management arrangements is acceptable and that further progress is being made with all directorates to meet the statutory duties required of the Civil Contingencies Act 2004.
8. The Committee to note this report for information and receive an annual update detailing progress and achievements in 2014.

1 Purpose of this report

- 1.1 To provide assurance on the adequacy of business continuity management arrangements for LCC's most critical services.

2 Background information

- 2.1 The Civil Contingencies Act 2004 made it a statutory duty of all Councils to have in place arrangements to be able to continue to deliver critical aspects of their day to day functions in the event of an emergency, if the impact on the community is to be kept to a minimum.
- 2.2 For LCC to achieve and maintain compliance with the statutory duty, a centrally managed BCM Programme is providing a structured approach and proactive support to directorates using good practice guidance aligned with the British Standard BS 25999.
- 2.3 Initially, work was completed to identify LCC's *most* critical services i.e. those services that require recovery from a disruptive incident within 24 hours or less. This was achieved by co-ordinating a self-assessment exercise with managers responsible for a total of 727 service areas. At the time, the self-assessment exercise identified 94 services as being *most* critical. Some of these services were found to have existing Business Continuity Plans in place, though many of these had not been maintained.
- 2.4 Critical services without plans in place, or with unmaintained plans is exposing some of LCC's *most* critical service areas to resilience issues in the event of a disruptive incident occurring. The importance of this is recognised by CLT through the identification and on-going management of Corporate Risk LCC2 - Council Resilience, a risk "unlikely to ever go away" for which CLT requires annual assurances.
- 2.5 The BCM Programme approach has two clear strands. The first is to develop Business Continuity Plans for the *most* critical service areas currently without such plans in place. The second strand is to support managers in reviewing and revising existing Business Continuity Plans. This report presents the current status of the BCM Programme and LCC's responsibilities under the Civil Contingencies Act 2004 and in doing so aims to provide assurance to the Corporate Governance & Audit Committee of the adequacy of the business continuity management arrangements currently in place for LCC's *most* critical services.

3 Main issues

- 3.1 **BCM Toolkit.** In order to bring good practice guidance and consistency to the development of business continuity plans and arrangements, a BCM Toolkit was developed consisting of BCM policy, guidance and templates. The templates have proven to be straightforward for managers and officers to use and with centrally provided support can provide a fast-track route to implementing documented business continuity arrangements. The BCM toolkit is published on LCC's 'Insite' Website.

3.2 **Key Services.** ICT Services, Human Resources and Facilities Management are key services that all other services depend upon. It is essential that each set out what they can realistically provide as part of an emergency response during a disruptive incident. This might include hands on technical support, deployment of specialist staff and equipment or professional guidance to help managers and officers during a disruption.

A descriptive template of what each can provide has been developed and published on 'InSite'. The templates help to manage expectations and ensure that unrealistic assumptions are not made by managers and officers when developing business continuity plans and arrangements.

3.3 **Industrial Action.** To manage the impact of industrial action on critical services and ensure that a consistent response based on previous experience is invoked, a cross service procedure has been drafted. The procedure is based on the role of the Industrial Action Core Strategic Group which is convened in response to the threat of industrial action. The procedure includes the key input of Human Resources, Health & Safety, Emergency Planning, ICT Services, Facilities & Corporate Property Management, Communications and the Contact Centre in the event of industrial action. The outcome is to ensure that a prompt, co-ordinated, structured cross service response is invoked at the earliest opportunity to protect our most critical services.

3.4 **Supply Chain Resilience.** Supplier resilience is an area where guidance is being developed to assist managers and officers responsible for procuring or commissioning services to gain confidence with their current or future supply chain. The guidance is based around a series of questions to help managers and officers to assess the capability of low, medium and high risk suppliers in the event of a disruptive incident.

3.5 **Business Continuity Plans.** There are 64 Business Continuity Plans required to cover 94 LCC services identified as most critical. Of the 64 plans required there are currently 27 plans in place with a further 37 in development.

3.6 Business Continuity Plans are developed and maintained in readiness for use during a disruptive incident and provide managers and officers with solutions in the event of loss of staff, loss of buildings and accommodation, loss of ICT, loss of or disruption to key suppliers and partners and loss of any other key requirements such as vehicles and specialist plant and machinery identified in the Business Impact Analysis as essential to supporting critical services.

3.7 Progress is being made across all directorates to encourage, engage and support managers and officers in developing the required plans and arrangements.

3.8 **Schools.** The Schools Financial Value Standard (SFVS) requires local authority maintained schools to complete and submit their SFVS by 31 March 2013. Question 23 requires that schools develop an appropriate business continuity or disaster recovery plan. In anticipation of an increase in enquiries from schools, work is currently on-going with colleagues in Education including Head Teachers and school staff to develop school specific guidance and a template in readiness.

3.9 **Public Health.** The transfer of Public Health duties to Local Government control from April 2013 will include the provision of business continuity advice and assurance. The transfer will bring additional interest and challenges. Liaison with colleagues in Public Health is on-going to clarify the roles and responsibilities.

3.10 **Businesses & Voluntary Organisations.** The Civil Contingencies Act 2004 requires Councils to offer business continuity advice and guidance to businesses and voluntary organisations. LCC's commitment to this duty is affirmed through the BCP Network which now exceeds 500 members representing businesses in the Leeds area. With twice yearly BCP Network events offering informative presentations from a varied range of speakers, the BCP Network continues to attract new members.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The BCM Toolkit has been shared with the Emergency Planning College and Core Cities for peer review purposes. Positive feedback was received providing additional confidence in the adequacy and completeness of the toolkit.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 All published templates have been assessed by the Equality & Diversity Team to check that due regard has been given and that the templates meet Plain English requirements.

4.3 Council policies and City Priorities

4.3.1 The Council Business Continuity Policy sets out the requirements placed upon services across the Council. The Policy is due for its initial review in September.

4.4 Resources and value for money

4.4.1 No implications.

4.5 Legal Implications, Access to Information and Call In

4.5.1 A failure to deliver critical services may result in a risk to the health and well-being of service users or a failure to comply with our legal responsibilities. Robust business continuity arrangements will help to reduce the likelihood of litigation against the Council for failing to meet its responsibilities.

4.6 Risk Management

4.6.1 The 'Corporate Risk LCC2 – Council Resilience' is one of six 'standing risks' on the Corporate Risk Register "unlikely to ever go away" for which CLT requires annual assurances on how the risk is being mitigated and managed. The implementation of Business Continuity Plans for LCC's most critical service areas will underpin the required assurances relating to the mitigation and management of this risk.

5 Conclusions

- 5.1 The focus of the BCM Programme continues to be the development of Business Continuity Plans for the service areas identified as being *most* critical currently without such plans.
- 5.2 The BCM Toolkit of templates and guidance has been published on the 'InSite' Website. The toolkit and the support provided centrally provide a fast-track route to implementing documented business continuity arrangements.
- 5.3 Progress is being made across all directorates to encourage, engage and support managers and officers in developing the required plans and arrangements.
- 5.4 The transfer of Public Health duties to Local Government control from April 2013 will bring additional interest and new challenges; work is currently on-going with colleagues in Public Health to clarify the roles and responsibilities.
- 5.5 LCC's responsibility under the Civil Contingencies Act 2004 to offer business continuity advice and guidance to business and voluntary organisations continues to be provided through the BCP Network.

6 Recommendations

- 6.1 The Committee to note that the current level of assurance on the adequacy of business continuity arrangements is acceptable and that further progress is being made with all directorates to meet the statutory duties required of the Civil Contingencies Act 2004.
- 6.2 The Committee to note this report for information and receive an annual update detailing progress and achievements in 2014.

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.



Report author: Andrew Nutting
and Terry Booth
Tel: 07891 276168

Report of Assistant Chief Executive (Customer Access and Performance)

Report to Corporate Governance and Audit Committee

Date: 22nd April 2013

Subject: Annual Information Governance 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 checked="" type="checkbox"/> Yes <input 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 report provides a summary brief of work being undertaken to ensure the Council is in the best position to mitigate against the threat of future information security breaches.
2. The report outlines progress being made in delivering information governance training across the organisation, together with information about resource and capacity to deliver information governance initiatives across the organisation.
3. The report provides an overview of the Information Commissioner's decision to issue a monetary penalty notice and undertaking on the council in December 2012.
4. The report details progress made by IT Services to implement a range of technologies to improve security across the Council.
5. This report provides Committee Members with assurances about the on-going work across the council to mitigate against the risk of future information security incidents, although it should be noted that this will not provide the council with a guarantee of security breaches not happening in the future. The conclusion of this report, identifies that whilst the range of information technologies deployed across the council's IT estate over the last five years provides Committee with relatively good assurance about protecting electronic information assets against cyber attack and security mishaps, on-going work is required to improve information handling practice across the council to

reduce the risk to hardcopy information. This report outlines measures being introduced to improve all types of information handling, including a strategy for training staff on information governance matters.

Recommendations

6. Corporate Governance and Audit Committee is asked to consider the contents of this report and the assurances provided as to the Council's approach to information security.

1 Purpose of this report

- 1.1 To provide Corporate Governance and Audit Committee with an annual report on the steps being taken to improve Leeds City Council's information security in order to provide assurance for the annual governance statement.

2 Background information

- 2.1 Leeds City Council recognises the need to protect its information assets from both accidental and malicious loss and damage. Information security is taken very seriously by the council and this is evidenced by the on-going work to improve the security of our information as outlined in this report.
- 2.2 The report provides Committee Members with an update on the more strategic and cross-council activity on-going to provide assurance on our approach to information security. In this regard it covers actions taken to address the policy framework and development, information governance training, skills and competencies and the technology requirements within the organisation.
- 2.3 This year's report additionally provides Committee Members with an outline of the incidents that led to the intervention by the Information Commissioner and the steps being taken to help prevent similar incidents occurring in the future.

3 Main issues

Framework and Policy Development

- 3.1 The council's Information Governance Framework sets out the strategic plan for the organisation to ensure that appropriate arrangements are put in place to protect the council's information assets and reputation. The Framework was reviewed in 2012 and the Information Governance Management Board approved minor changes to its content at its meeting on 13th November 2012. **The** Information Governance Framework is underpinned by fourteen key policies, which enable the council to meet its legal, regulatory, contractual and business obligations. These policies are listed below:

- Information Security Policy;
- Data Protection Policy;
- Information Sharing Policy;
- Information Risk Management Policy;
- Information Security Risk Management Policy;
- Information Systems Acceptable Use Policy;
- Protective Marking and Asset Control Policy;

- Freedom of Information & Environmental Information Regulations Policy;
- Records Management Policy;
- Remote Access Policy;
- Clear Desk and Clear Screen Policy;
- Removable Media and Mobile Computing Policy;
- Records Retention and Disposal Policy;
- Data Quality Policy.

- 3.2 The policy on Information Risk Management was approved on 25th October 2012, which means all policies have been approved. It is the intention of the council to ensure information risk management is embedded into business processes and functions, in a very practical manner that is both scalable and proportionate in the way it is applied. To this extent a framework of supporting work is to be developed for this purpose and this will be aligned with the council's corporate risk management policy and procedures.
- 3.3 To support the implementation of information risk management measures and to mitigate against future information security incidents, the council is implementing a range of solutions aimed at providing secure methods of information handling. A blended solution for secure email accounts has been introduced, which has led to a reduction in implementation costs for services. A corporate process is being developed for deployment of secure email accounts to all those service areas identified as high risk, including those in Adult Social Care and Children's Services. Some deployment of secure email accounts to these high risk service areas has already happened, with the remainder expected to take place during the first two quarters of 2013/14.
- 3.4 Members of Governance and Audit Committee will be aware from previous reports that the council intends to deploy the Government Protective Marking Scheme (GPMS) as an information security classification system. This is to ensure that the council is able to share sensitive data with other public authorities through secure solutions. A tactical technical solution has been procured that will automate the labelling of secure markings on documents and emails is to be piloted within three service areas. This will provide a comprehensive evaluation of the product, before an implementation to secure email account holders and consideration of changes to GPMS descriptors proposed by the Cabinet Office for July 2013.
- 3.5 During 2012 a procedure for reporting information incidents was successfully implemented across the council to support the Information Incident Management policy. Each Directorate across the council and each of the ALMO's have an Information Compliance Officer who is trained to investigate incidents involving the council's information assets. A quarterly report about information incidents occurring across the council is provided to the council's Senior Information Risk Officer and the Information Governance Management Board. Furthermore, a

review of the incident management process is to take place early in 2013/14, to evaluate a stricter interpretation of an information incident and examine how the council's Disciplinary Procedure can be consistently applied to staff involved in the most serious information incidents.

Information Governance Policy Training

3.6 In order to embed information governance practice it is recognised that the council's workforce will need to undertake training, and the degree and regularity of this training will depend, in part, to the type of information being processed. Members will be aware from last year's report that the information governance training programme consists of three levels:

- Level One – Mandatory basic training on information governance policies – e-learning for PC users, receipt of a brochure for non-PC users;
- Level Two – builds on the Level One training, is classroom based, face-to-face and interactive. It provides staff with a high level of understanding about appropriate data handling;
- Level Three - will comprise bespoke training, briefings and development sessions delivered to services which have been identified as high risk by Information Compliance Officers.

As at 26th March 2013, 94% of council staff have undertaken Level One training. This figure excludes ALMO staff, who are conducting a separate training programme on information governance. Work on Level One training is on-going to ensure staff who have been on long term absence are captured and to drive up the compliance rate to as close to 100% as is possible.

3.7 Level Two training has been piloted in Revenues and Benefits, Business Support and with Student Social Workers and feedback about training content has been favourable and positive. A programme to rollout this training is being developed, but priority will be given to those service areas identified as high risk.

3.8 Where a need is identified to provide more specific information governance training, bespoke training will be developed and delivered. For example, this may be determined through delivering level two training that staff require more focused information governance training, or, training is required to deliver part of the information governance programme such as the delivery of GPMS.

3.9 A dedicated officer with requisite training skills and experience has been appointed on a two year fixed term contract to develop and deliver information governance training.

3.10 In June 2012 Members Management Committee approved a recommendation to offer Members information governance training. To this extent Members will be invited to attend a series of workshops to be held in April and May 2013 that will help to improve their understanding about managing and sharing information in a safe and secure way.

Skills and Competencies

- 3.11 In addition to providing a framework of best practice, there is also a need to ensure the council has the relevant expertise in place to support the provision and implementation of effective policies and approaches regarding information security.
- 3.12 An information governance resource now exists in each Directorate of the council and is engaged with implementing aspects of the Information Governance Framework. Children's Services have now completed a review and have a full complement of information governance resources. Adult Social Care have strengthened their information governance capacity by engaging an Information and Knowledge Management manager to coordinate information governance activities in relation to the integration with Health. The appointment of an Information Governance manager within the ALMO's Business Centre Limited as provided assurance that the council's information governance policies will be implemented across the three ALMO's and BITMO.
- 3.13 Whilst there is an information governance resource within each Directorate, arrangements vary within each Directorate and it continues to be difficult to provide assurance about the consistency to the delivery and implementation of the Information Governance Framework across the council. However, an assessment of how information governance is currently delivered and scope for future requirements is being reviewed as part of the Enabling Corporate Centre review and the Business Management Programme. The views of the corporate Information Governance team about how information governance can be delivered across the organisation more effectively and efficiently are being fed into both projects.
- 3.14 A member of Corporate Leadership Team has been identified and trained to act in the capacity of the council's Senior Information Risk Officer (SIRO). This meets Local Government Association guidance about local authorities have a SIRO at board level. The SIRO will play a fundamental role in shaping the council's information risk management environment and is responsible for advising the Chief Executive about risks associated with the council's information assets. The SIRO is a member of the newly formed West Yorkshire SIRO Group, which meets quarterly to discuss the practicalities of providing a consistent approach to managing information risk within public authorities across West Yorkshire.

The Information Commissioner's Issuing of a Monetary Penalty Notice and Undertaking on the council

- 3.15 Members of this Committee will be aware that the ICO served a Monetary Penalty Notice on Leeds City Council on 16th November 2012 in respect of documents containing sensitive personal information being sent to a wrong recipient from within Children's Services and issued the Chief Executive with an Undertaking as a result of a breach of security to the Leeds Initiative website. Both incidents were reported to the ICO in July 2011.
- 3.16 Following the incident, Children's Services have implemented remedial measures to militate against a similar incident occurring again, and the Information

Governance Management Board has approved similar measures being adopted across the council. A project to ensure all council contracts with third parties meet data protection requirements is underway across the council. The council is confident that the requirements listed in the ICO's Undertaking will be met in full. Furthermore the exercise is providing the opportunity to review all existing contracts and ensure appropriate information governance requirements form part of the contract. Moving forward, information governance requirements will form essential criteria in the council's new procurement management framework.

Technology

- 3.17 The past year has been dominated by the Essential Services Programme (ESP), the most visible part of which is the deployment of Windows 7 and Office 2010 onto the desktop. However, within the Essential Services Programme there have been a number of developments which maintain or improve the council's technical security:
- There have been a completed refresh of the council's DMZ (Demilitarised Zone) which has seen the replacement of technology approaching the end of its life with more up to date technology;
 - Microsoft Unified Gateway has been deployed, giving us ways of better securing our services to staff, partners and the public from outside the council;
 - Microsoft Active Directory and 'NetApp' storage have been implemented which gives us the capability to better control access to stored information;
 - We have brought forward 'Actividentity' tokens to replace the existing Vasco tokens. These are more flexible, cost effective and can be used in more different ways than the Vasco tokens, plus they are more secure;
 - Windows 7 has security features as standard; a key feature is the ability to encrypt the hard disks of laptops. With Windows XP, we had to purchase and install encryption software separately. Windows 7 will save time and money whilst maintaining our levels of security.
- 3.18 The past year has been dominated by the Essential Services Programme (ESP), the most visible part of which is the deployment of Windows 7 and Office 2010 onto the desktop. However, within the Essential Services Programme there have been a number of developments which maintain or improve the council's technical security.
- 3.19 There has been a completed refresh of the council's DMZ which has seen the replacement of technology approaching the end of its life with more up to date technology;
- 3.20 Microsoft Unified Access Gateway has been deployed, giving us ways of better securing our services to staff, partners and the public from outside the council;

- 3.21 Microsoft Active Directory and 'NetApp' storage have been implemented which gives us the capability to better control access to stored information;
- 3.22 We have brought forward 'ActivIdentity' tokens to replace the existing Vasco tokens. These are more flexible, cost effective and can be used in more different ways than the Vasco tokens, plus they are more secure;
- 3.23 Windows 7 has security features as standard; a key feature is the ability to encrypt the hard disks of laptops. With Windows XP, we had to purchase and install encryption software separately. Windows 7 will save time and money whilst maintaining our levels of security.
- 3.24 The council has been implementing an Electronic Document and Records Management System (EDRMS) for Business Support Centre as part of Phase One development, but due to the supplier going into receivership, the council is currently re-assessing its options around how EDRMS can be best deployed across the council.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Consultation on the development of all information governance policies, procedures and standards are extensively undertaken across a broad range of stakeholders including information management professionals, representatives from all Directorates, Trades Unions and Information Governance Management Board members.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Equalities, diversity, cohesion and integration are all being considered as part of delivering the Information Governance Framework. This refers to the way training is being delivered as well as how the policies will impact on staff and partners.

4.3 Council policies and City Priorities

- 4.3.1 The policies support the Information Governance Framework and contain areas of legal requirement. Furthermore, the implementation of the Information Governance Framework will improve the quality of the council's Policy Framework by ensuring the authenticity, integrity and security of the information contained therein.
- 4.3.2 Under the Code of Corporate Governance in Part Five of the council's Constitution, the fourth principle (taking informed and transparent decisions which are subject to effective scrutiny and risk management) requires decision making processes and enables those making decisions to be provided with information that is relevant, timely and gives clear explanation of technical issues and their implications.

4.4 Resources and value for money

- 4.4.1 Capacity within Directorates to deliver, embed and monitor compliance to the information governance policies and practice is required, and resources for this are deployed from existing FTE's within Directorates and capacity is continually monitored by the Corporate Information Governance Team.
- 4.4.2 The way Information Governance is structured and organised is being reviewed as part of the Enabling Corporate Centre project with a view to improving the way information management is deployed and delivered across the organisation and city.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 There are no legal implications from this report.
- 4.5.2 There are no restrictions on access to information contained in this report.

4.6 Risk Management

- 4.6.1 The risk associated with not implementing information governance policies, procedures and practice across the Council leaves the organisation more susceptible to breaches of legislative, regulatory and contractual obligations, affecting the confidence of its citizens, partners, contractors and third parties when handling and storing sensitive and protectively marked information.
- 4.6.2 The risk of not deploying the range of technologies already commissioned to secure the Council's information assets leaves the organisation vulnerable to malicious attacks on its IT network infrastructure and exposes information assets to unnecessary security risks.

5 Conclusions

- 5.1 Information Governance has rightly been identified as a key area of risk and is being addressed through the implementation of improved policies, procedures and practice, training and technology. The range of Information Technology products implemented across the council over the past five years provides the council with relatively good assurance that it can protect its electronically held information assets. The nature of information incidents suggest that further work is required to embed information governance policies into council processes and practice, and that on-going training is required to educate staff in respect of handling council information.
- 5.2 Work will continue over the next twelve months to continue and extend the range of training, develop an information risk management framework and monitor compliance with policies. These measures will help to mitigate the council against future security threats and incidents.

6 Recommendations

- 6.1 Corporate Governance and Audit Committee is asked to consider the contents of this report and the assurances provided as to the Council's approach to information security.

7 Background documents¹

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.

Report of Director of Resources

Report to Corporate Governance and Audit Committee

Date: 22nd April 2013

Subject: Capital Programme Approvals Framework

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 checked="" type="checkbox"/> Yes <input 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 Capital Programme approvals framework is set out in the Council's Financial Regulations. Some changes to delegations were implemented during 2012 and these are reviewed in this report.
2. A new approach to the way capital programme resources and overprogramming are managed together with changes to how capital programme management staff are organised, have provided a further opportunity to review capital processes.
3. The report sets out some proposed changes to the Capital Approvals framework which, if put in place, will strengthen accountability for capital decisions and streamline the decision making process. As the capital programme is now fully funded, checks previously required to control capital expenditure within resources available are no longer required.
4. Support will be provided for Directors taking capital decisions through provision of financial information and the development of a checklist to support the capital decision making process.

Recommendations

5. Members are asked to note:
 - the impact of the changes made to the Capital Approvals process in April 2012
 - the structural improvements that have been made.
6. Members are asked for comments on the new additional proposed changes

1 Purpose of this report

- 1.1 On 23rd January 2012, Corporate Governance and Audit Committee considered some proposed changes to the capital programme approvals framework which were consequently introduced in April 2012. This report provides an update for the Committee as to how the revised framework has operated since then.
- 1.2 The report also sets out proposals for further changes to the process which will give Directors more responsibility and accountability for decision making on capital schemes.

2 Background information

- 2.1 The capital approvals framework is made up of a number of stages which are designed to ensure that:
- Authorisation is given before schemes are injected into the capital programme
 - The Council's own resources are prioritised and controlled
 - The Director of Resources has assurance that resources are available to finance schemes
 - Authority to progress a scheme is sought at the appropriate stage of its development
 - The relevant checks have been made before tenders are invited on a scheme
- 2.2 The capital approvals framework sets different approval requirements and limits depending on the nature and value of the capital scheme. Schemes are classified depending on the nature of the works.
- 2.3 Within the current financial constraints, staffing numbers within the Council are reducing leading to a reduction in capacity across service areas. There is a wish to remove unnecessary duplication and bureaucracy to ensure that staff can be as effective and productive as possible. The approvals framework was reviewed and amended in 2012 to streamline the process but also to improve accountability whilst maintaining an adequate level of control and assurance regarding capital expenditure.

3 Changes Implemented in April 2012

- 3.1 The changes made to the approvals process are set out below together with comments on how the changes have operated during the last year.
- 3.2 **Authority to Spend** – The process was changed to allow Service Directors to give Authority to Spend on capital schemes up to £500k, the limit previously given to the Director of Resources. In order to ensure that resources are available for schemes, the Director of Resources is now a mandatory consultee and is required to sign off “funding approval” prior to a Service Director taking the Authority to Spend decision.
- 3.3 This new process was introduced in April 2012. During the last year 46 approvals were given by Service Directors that would previously have been given by the

Director of Resources. No issues have arisen as a result of Service Directors taking these decisions.

- 3.4 **Increased delegation for injections for corporate resources** – the delegated limit for the Director of Resources to make an injection to the capital programme, funded by the Council, was increased from £100k to £250k. During the review period no approvals were given.
- 3.5 **Injections to the capital programme funded by borrowing** – the process was changed to allow the Director of Resources to approve injections to the capital programme funded by borrowing, up to £500k, for the following types of schemes:
- Vehicle and equipment replacement
 - Demolition of property
 - Asbestos removal and other health and safety works
 - Energy Efficiency projects (where capital investment is funded by savings on energy costs)
 - Any other spend to save/operate where a business case has been approved
- 3.6 Since April 2012 two approvals have been given which fall into these categories. This increased delegation has allowed a more streamlined process for enable these schemes to progress, thereby minimising delay.
- 3.7 **Increased delegation for injection of ringfenced grants** – the delegated limit of £100k for Directors to inject ringfenced grants to the capital programme was removed giving Directors full delegation. During the review period this delegation was used 13 times by Directors No issues have arisen as a result of Service Directors taking these decisions.
- 3.8 **Full delegation to directors for authority to tender** – for schemes exceeding £500k, authority to tender was previously approved by the Director of Resources. Full delegation was given to Service Directors from April 2012. During the review period up to December 2012, 56 tenders were sought that would previously have needed the approval of the Director of Resources.
- 4. Proposed changes for 2013**
- 4.1 Since the changes were made to the approvals process in 2012, two key changes have occurred; firstly, a new approach to the way the capital programme is financed and presented has been introduced and secondly changes in how capital programme management staff are organised.
- 4.2 **New approach to presenting capital programme resources** - The capital programme has always included a level of overprogramming (in the form of anticipated capital programme slippage) whilst the Treasury Management statement also includes overprogramming in the form of use of reserves and

balances. As far as the Council is concerned, the cost of the capital programme ends up in the revenue budget as debt costs and therefore it is the management of debt costs that is the key financial control.

- 4.3 In preparing the February 2013 capital programme and debt costs, overprogramming has been eliminated from the capital resources statement by introducing additional borrowing. The capital programme is fully funded and all overprogramming is now held on the Treasury Management statement. Monitoring, checking and review of the capital programme is in place to ensure that the capital programme remains affordable.
- 4.4 **Capital Programme Management Arrangements** - Previously, capital programme staff based within Service Directorates were supporting services in the delivery of their capital programmes. The corporate capital team within the Financial Development division of Resources Directorate carried out a checking, compliance and advisory role. With the reduction in capital resources available generally, the opportunity was taken to review the way the capital programme is managed.
- 4.5 With a view to standardising the service provided, sharing best practice and harnessing staffing capacity, all capital programme management staff have been brought together within the Financial Development division of the Resources Directorate. A standard approach to supporting the delivery of capital programmes has been introduced which focusses on ensuring accuracy of financial information. By involving capital programme staff at an earlier stage in the reporting process, the corporate capital team checking role on financial information in capital reports can be reduced.
- 4.6 The changes referred to above have allowed a further review of the capital approvals procedures to take place with a view to reducing the corporate capital team checking and compliance role. The proposals are set out below.
- 4.7 **Funding Approval** – This financial check was introduced in April 2012 at the same time as increased delegated authority was given to Directors to approve Authority to Spend. It was introduced to ensure control of the overall capital programme funding and is carried out on all schemes regardless of value. The check makes sure the funding is in place before an Authority to Spend decision is taken. On the basis that all schemes are now funded, it is proposed that this check will only remain for reports being scheduled for Executive Board, to ensure that Executive Board reports are accurate. For ATS decisions on Category A schemes up to £500k and all Category B schemes Directors will be accountable for decisions and for seeking the appropriate professional advice (Financial, Legal, Procurement etc.) The Directorate capital programme teams will support this process where required to ensure financial information in delegated decision reports is correct.
- 4.8 **Chief Officer Approval (COA)** – All schemes currently require a COA before a contract can be awarded. This acts as the final affordability check and is the stage at which a scheme moves from being contractually uncommitted to committed. On the basis that the capital programme is fully funded and that Directors have sought the professional advice they need, it is proposed to remove

this process entirely, giving Directors full accountability for the award of capital contracts. In doing this it is imperative that the capital programme system is kept up to date on the status of schemes so that capital programme monitoring and the Council's financial accounts are accurate. In order to do this, other existing governance reporting arrangements will be used to supply the necessary information instead of the COA.

4.9 As well as making financial checks on schemes, the corporate capital team could also pick up other capital scheme or governance issues which may need further consideration. To ensure these aspects continue to be addressed sufficiently, a decision making checklist is being developed to support Directors in their decision making role.

4.10 The proposed changes do not impact on members existing roles in the decision making process, rather the changes will provide greater clarity for Members on formal decision points, thereby providing greater consistency in terms of pre-notification of key decisions and recording of significant operational decisions. This will be of benefit to Executive Members in respect of their decision making oversight responsibilities and to Members in Scrutiny and Area Committees roles.

5 Corporate Considerations

5.1 Consultation and Engagement

5.1.1 The proposed changes have been considered by Service Directors and no issues have been raised. This report forms part of the consultation process.

5.2 Equality and Diversity / Cohesion and Integration

5.2.1 This report concerns a change to financial processes and therefore there are no equality, diversity, cohesion and integration issues arising from the report.

5.3 Council policies and City Priorities

5.3.1 Schemes within the capital programme support the Council's priorities. The proposed changes to the capital approvals process will mean that schemes within the programme can be delivered within a more streamlined governance process.

5.4 Resources and value for money

5.4.1 Under the new approach to presenting capital programme resources, the capital programme is funded, with overprogramming reflected in the Treasury Management statement. As such, the changes proposed will not impact on the resources available to fund the capital programme.

5.5 Legal Implications, Access to Information and Call In

5.5.1 The capital programme approvals form part of the Council's Financial Regulations and any changes made will be reflected within the Financial Regulations. The report sets out proposed changes to Financial Regulations and in advance of taking a decision, the Director of Resources seeks the view of the Corporate Governance and Audit Committee.

5.5.2 The report sets out the position on the governance of decision making in relation to the various approvals described. The Monitoring Officer has authority to amend the Constitution for the purposes of clarification and will consider whether any amendments are necessary as a result of this statement of position.

5.5.3 There are no other Legal or Access to information issues.

5.6 Risk Management

5.6.1 As all capital schemes are now funded within the capital programme, there is no risk that the programme will be unaffordable. Mechanisms are in place to control new injections to the capital programme which are funded by borrowing. The source of funding for borrowing costs needs to be identified within the revenue budget when a new scheme is proposed.

5.6.2 Support will be provided to Directorates by the capital programme team to ensure they have the necessary information to take decisions on capital schemes.

6 Conclusions

6.1 Changes to the way capital overprogramming is managed and changes to the organisation of capital programme staff have provided the opportunity to review the capital approvals process.

6.2 Changes proposed in this report will enable the capital programme to be delivered within a streamlined governance framework and will make clear where accountability for decisions rests.

7 Recommendations

7.3 Members are asked to note:

- the impact of the changes made to the Capital Approvals process in April 2012
- the structural improvements that have been made.

7.4 Members are asked for comments on the new additional proposed changes

8 Background documents¹

8.1 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.

Report of Director of Resources

Report to Corporate Governance and Audit Committee

Date: 22nd April 2013

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

Summary of main issues

1. Members are requested to consider whether they wish to add any items to the work programme.
2. The draft work programme is attached at Appendix 1.

Recommendations

3. Members are asked to note the draft work programme and advise officers of any additional items they wish to add.

1 Purpose of this report

- 1.1 The Purpose of this report is to notify Members of the Committee of the draft work programme. 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 whether they wish to add any items to the work programme

3.2 The draft work programme is attached at Appendix 1.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 This report consults Members on the content of the work programme of the Committee.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 No significant issues.

4.3 Council Policies and City Priorities

4.3.1 This report helps support the implementation of the Code of Corporate Governance.

4.4 Resources and Value for Money

4.4.1 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.

4.5 Legal Implications, Access to Information and Call In

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

4.6 Risk Management

4.6.1 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.

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

5 Conclusions

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

6 Recommendations

6.1 Members are asked to note the work programme and advise officers of any additional items they wish to add.

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE
WORK PROGRAMME**

ITEM	DESCRIPTION	RESPONSIBLE OFFICER
July 2013		
Release of Accounts for Public Inspection	To receive a report releasing the Accounts for public inspection.	Chief Officer (Financial Management) Doug Meeson
Annual Internal Audit Report and Audit Plan	To receive the Annual Internal Audit Report	Chief Officer (Audit and Risk) Tim Pouncey
Annual Decision Making Report (Including Licensing / Planning)	To receive a report presenting the outcome of the monitoring process relating to decisions taken at the Council	Head of Governance Services Andy Hodson
Annual Report on Performance and Risk Management	To receive a report regarding the Council's risk management arrangements.	Chief Officer (Audit and Risk) Tim Pouncey
Internal Audit Quarterly Report	To receive the Internal Audit quarterly report	Chief Officer (Audit and Risk) Tim Pouncey
Annual Financial Management Report (Incorporating Capital)	To receive the annual report reviewing the Financial Planning and Management Arrangements at the Council	Chief Officer (Financial Management) Doug Meeson
KPMG – Interim Audit report	To receive the KPMG Interim audit report	Chief Officer (Financial Management) Doug Meeson

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

Clinical Governance Assurance	To receive a report of the Director of Public Health to highlighting the risk to the service and the plans to mitigate against these.	Dr Ian Cameron
September 2013		
KPMG – Report to Those Charged With Governance –	To receive a report giving the opinion on the financial statements, value for money conclusion and audit certificate.	Chief Officer (Financial Management) Doug Meeson
Approval of LCC Accounts	To receive a report requesting approval of the LCC Accounts	Chief Officer (Financial Management) Doug Meeson
Annual Governance Statement (and Review of the Code of Corporate Governance)	To receive and approve the Annual Governance Statement	Head of Governance Services Andy Hodson
Internal Audit Quarterly Report	To receive the Internal Audit quarterly report	Chief Officer (Audit and Risk) Tim Pouncey
Local Government Ombudsman’s Annual Letter	To receive the annual letter from the Local Government Ombudsman	Chief Officer Customer Services Paul Broughton
January 2014		
KPMG – Annual Audit Letter – including opinion	To receive a report certifying grants and returns and to consider the Audit Fee letter.	Chief Officer (Financial Management) Doug Meeson
KPMG – Certification of Grant Claims and Returns	To receive a report certifying grants and returns and to consider the Audit Fee letter.	Chief Officer (Financial Management) Doug Meeson

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

KPMG – Approval of External Audit Plan	To receive a report requesting approval of the external audit plan	Chief Officer (Financial Management) Doug Meeson
Internal Audit Quarterly Report	To receive the Internal Audit quarterly report	Chief Officer (Audit and Risk) Tim Pouncey
Treasury Management Annual Report	To receive the annually Treasury Management Report providing assurance on the processes used by the department	Chief Officer (Financial Development) Maureen Taylor
April 2014		
Internal Audit Plan	To receive a report informing the Committee of the Internal Audit Plan for 2013/14	Chief Officer (Audit and Risk) Tim Pouncey
Internal Audit Quarterly Report	To receive the Internal Audit quarterly report	Chief Officer (Audit and Risk) Tim Pouncey
Information Security Annual Report	To receive a report on the Council's Information Security arrangements.	Chief Officer (Business Transformation) Lee Hemsworth
Annual Business Continuity Report	To receive the annual report reviewing the Councils Business Continuity planning.	Chief Officer (Audit and Risk) Tim Pouncey
Annual Report of the Committee	To receive the Annual report of the Committee reviewing the work completed over the last year	Head of Governance Services Andy Hodson
Unscheduled Items		
Transfer of Assets	To receive a report looking at the wider issues relating to transfer	Chief Officer (Corporate Support) Mariana Pexton

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE
WORK PROGRAMME**

Re-organisations ALMOS	of	To receive a report detailing the processes and risks relating to the re- organisation of ALMOs	Assistant Chief Executive (Customer Access and Performance)
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