NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

18 APRIL 2013

REVIEWING ASSURANCE OVER VALUE FOR MONEY

Report of the Corporate Director – Strategic Resources

1.0 **PURPOSE OF THE REPORT**

1.1 To consider the arrangements made within the County Council in respect of achieving Value for Money.

1.2 To consider the Committee's role in obtaining assurance about these arrangements.

2.0 **BACKGROUND**

2.1 In its October 2012 edition, the CIPFA Better Governance Forum, as part of its quarterly update service, included an item on "The Audit Committee role in supporting the achievement of Value for Money". The relevant extract from the document is attached as **Appendix 1**.

2.2 The document covered:

- some background to how value for money might be defined
- the types of assurance that might be available in a typical authority

2.3 A series of questions were posed, that were considered to be a useful starting point for an Audit Committee's review of these arrangements. These have been used to structure this report. The report also invited Audit Committees to review their terms of reference in respect of value for money.

3.0 **WHAT IS VALUE FOR MONEY?**

3.1 Traditionally, value for money is defined as having three elements – economy, efficiency and effectiveness. Put more simply, this might be defined as doing the right things, doing them well, and doing them in the most cost effective way.

3.2 The County Council does not have a discrete single 'Value for Money Plan' but this does not mean that it does not plan with value for money in mind. The concepts underlying the term are reflected in a number of key documents, and underpin much of what the Council is seeking to achieve in its plans.

3.3   Bearing in mind the current tight financial position, it is perhaps not surprising that the efficiency aspect of value for money receives the most attention in our planning and delivery processes.

3.4   The following sections deal in turn with each of the key questions highlighted in the CIPFA document.

4.0   **STRATEGY**

        What is the strategy for improving value for money?

4.1   The overriding strategy is reflected in the **Council Plan**. A service vision is agreed on a rolling three year basis with our partners in the context of the North Yorkshire Community Plan, with specific priorities identified for County Council action over the period of the Plan. One of the key values in the delivery of the service objective is to "deliver excellent and effective services which are value for money".

4.2   The financial aspects of our value for money planning are, of course, reflected in the **Budget and MTFS**.

4.3   Preparation for this annual exercise takes place over a number of months each year, and the final documents are, therefore, underpinned by considerable discussions on how the Council can achieve value for money gains. There is Executive Member involvement throughout the process, including formal challenge sessions where Directorate proposals are reviewed and Members seminars involving all Members at key points in the process. The approach taken aims to ensure that any savings required to balance the Budget take full account of service impacts. In addition, any proposals for additional expenditure, for example to meet new areas of demand, will be scrutinised to ensure that service approaches used will give value for money.

4.4   Work on the Council Plan and MTFS is closely aligned with the ongoing monitoring process which links together financial and performance information. This happens at a number of levels within the organisation, and is pulled together on a quarterly basis for consideration by the Executive at its Performance Monitoring meetings with the active participation of Overview and Scrutiny Committees.

4.5   The Council has also implemented a **One Council vision and approach** to reviewing its service provision. This is an overarching strategy, although the main budget implications have arisen through the review of back office functions, aimed at saving £7.6m over the four year period 2011/12 to 2014/15.

4.6   The overarching vision for the One Council Programme is attached as **Appendix 2**.

4.7   **Partnership working** is an important part of service provision, and in many cases the driver for such working is the potential to achieve better value for money across different service providers.

4.8   The Council has a **Procurement Strategy** that reflects the need to achieve value for money and cost reductions. A copy of the draft Strategy that is being updated

for 2013/16 is attached as **Appendix 3** and is due to be considered by the Executive shortly.

How effective is it in practice?

4.9   Each year the **Council Plan** looks back at achievements in the previous period and forward to the next period. For example the 2013-2016 Plan has reviewed areas of achievement in 2012 where initiatives have delivered changes and benefits to the community whilst recognising our achievement of significant savings and the freeze on Council Tax for the fourth year in succession. The Plan indicates:

> *In common with other local authorities, we are also making significant savings – in our case £93 million over the next four years. We have a good track record of improving outcomes and delivering good value for money for local people. However we need to be even more certain that we are using our resources as effectively and efficiently as we can.*
>
> *To help us do this we are challenging existing ways of working. We are improving how we:*
>
> * *Put the customer at the heart of what we do.*
> * *Simplify, standardise and share processes and services across the Council.*
> * *Foster a culture of performance, continuous innovation and customer excellence.*
> * *Identify and maximise opportunities for further savings.*
>
> *Even given our track record, increased efficiency alone is not sufficient to make the savings required. We have had to make changes to front line services, and will need to do so in future, but, while this is challenging, we are determined to see this as an opportunity not only to find new ways of doing things, but also to change our relationship with local communities. There are areas where we need to step back from service provision in order to allow communities to take on a more active role, making it easier for local people to volunteer, to take community ownership of council buildings and to support each other. A recent example has been the work to prepare for the transfer of some smaller libraries into community hands.*

4.10   The Council Plan goes on to set priorities for 2013 against the background of the need for further budget reductions.

4.11   The overall governance issues are set out in the Plan and referred to further in Section 8 of this report.

4.12   Progress on the **Budget and MTFS** is reviewed by the Executive on a quarterly basis alongside other performance related information. The focus on performance monitoring is assisted by having a separate meeting focussed on these matters. Scrutiny Committee chairs are invited to join the meeting and share in the discussion.

4.13 **One Council** matters are considered in detail by a Programme Board comprising the Chief Executive and other members of the Management Board. Reports are submitted to the Executive and savings are reflected in Budget/MTFS summaries.

4.14 **Partnership working** issues are reflected in the approach to the Council Plan, but in addition, the Council undertakes an annual review of partnership working. This includes a challenge to whether the partnership continues to provide service benefits, as well as looking at governance issues.

4.15 **Procurement matters**, particularly in relation to savings obtained from procurement, are also reflected more widely in Budget reporting. An annual report is prepared and considered by the Corporate and Partnerships Overview and Scrutiny Committee looking at procurement outcomes, including savings achieved.

5.0 ASSURANCE TO THE AUDIT COMMITTEE

What assurance does the Audit Committee receive regarding the value for money strategy?

5.1 At present, the Committee is able to consider this in a number of ways:

- the Annual Governance Statement (dealt with in more detail later in this paper)
- the reports issued by the External Auditor
- matters arising from internal audit reports during the year
- more informal means such as training events/updates on issues of interest.

5.2 In respect of External Audit, the key assurance comes from the work on the accounts and, in particular, the requirement for the Auditor to express an opinion on whether the Authority has put in place "proper arrangements to secure economy, efficiency and effectiveness in its use of resources". As in previous years the conclusion in respect of 2011/12 was that proper arrangements were in place with an unqualified opinion.

5.3 For the last two years the approach required of Auditors by the Audit Commission has been to look at two aspects, and this will continue into the 2012/13 audit work. The criteria are:

- the organisation has proper arrangements in place for securing financial resilience
- the organisation has proper arrangements in place for challenging how it secures economy, efficiency and effectiveness.

5.4 Details of the VFM conclusions for 2011/12 are attached as **Appendix 4**.

5.5 Currently, Internal Audit's primary objective is to provide assurance on the control environment although, in doing so, it should support the achievement of the County Council's key priorities by recommending improvements in control, performance

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and productivity. Internal Audit, in carrying out its work, may therefore identify VFM opportunities, which are reflected in the Audit report and discussed with management. However, the Audit Plan has previously not included any specific VFM reviews or related assignments. Significant matters arising from the Plan and individual audits are, of course, reported to the Committee. The intention during 2012/13 is to include a small number of reviews designed to evaluate the effectiveness of VFM arrangements in the areas looked at. The specific areas will be agreed with the Corporate Director – Strategic Resources. 50 days are included in the plan for this initiative:

- Savings Delivery Planning and Value for Money (30 days)

- Council Business – Performance and Value for Money (20 days)

Are assurances received from the right people?

5.6   The work on the Annual Governance Statement is co-ordinated by the Corporate Governance Officers' Group (CGOG). This comprises officers with statutory responsibilities in respect of governance (the Section 151 Officer, the Monitoring Officer and the Head of Internal Audit) supported by specialist officers able to make an input independent of line management responsibility for services, including the Corporate Insurance and Risk Manager and the Lawyer in the Legal Team who deals with governance matters. As such this group appears well placed to provide the level of assurance needed by the Committee.

5.7   The Chief Executive and members of Management Board also provide personal statements of assurance.

5.8   Both External Audit and Internal Audit advise the Committee in their own right and are able to provide assurance independently to the Committee.

6.0   **RISK**

Are value for money risks identified through the risk management process and are there any value for money risks identified currently?

6.1   Some of the key risks that should be addressed when looking at value for money (VfM) are as follows:

- Lack of clear leadership and engagement from Members and senior managers
- Convincing service managers that VfM is about quality not just cost (or cuts)
- Persuading managers to take responsibility for financial & performance management
- Ensuring managers and their staff feel and take ownership of changes
- Having too many priorities and investing resources in non-priority areas
- Difficulties in identifying the evidence that links investment with improved performance
- Risk aversion: lack of innovation, reluctance to make mistakes and to learn from them

- Past experience of badly scoped, drawn out reviews that lack genuine challenge and
- don't lead to real changes
- Poor communications with staff and customers about the reasons we need to improve
- Technology can be an obstacle to improved service delivery, rather than an enabler

6.2   Our risk management process, including the development of a hierarchy of service, directorate and corporate risk registers together with risk registers for projects such as the Waste Strategy and Bedale and Leeming Bypass, is linked to the wider governance processes in place. In principle risks involving value for money considerations such as the issues mentioned in paragraph 6.1 might be identified at any / all of these levels. For the purpose of this report, however, information is restricted to the Corporate Risk Register.

6.3   This Committee reviewed the Corporate Risk Register at its meeting in December 2012. The Register has since had its 6 month review and the risks remain the same apart from a change to the risk around Connecting North Yorkshire which is now called Superfast North Yorkshire. The updated Register is attached at **Appendix 5.** In the light of the risks listed in paragraph 6.1, the following risks from the Corporate Risk Register have the most obvious links to VFM:

- **Funding challenges** – because of the link to overall budget position and the need to identify savings/additional income, and review and reprioritise services.

- **One Council Change Programme** – because of the underlying principles of achieving a best value approach to back office services, in particular, and meet the MTFS target

- **Communication** – because of the link to public consultation and the need to reflect these points of view in determining priorities and services that are valued by the public.

- **Organisational Performance Management** – because of the importance of non-financial factors as well as costs, in determining VFM.

The following may have some links to VFM

- **Health Responsibilities** – because of the link to the overall strategy, and service capacity issues.

- **School Funding Reform** – because of the impact on school budgets, noting that these do not affect the 'bottom line' for the Council because of the direct grant funding arrangements.

- **Economic development in North Yorkshire** – because of the link between supporting cash or other support mechanisms to achieving a thriving local economy.

- **Waste Strategy** – because of the impact on budgets if there are issues during the implications of the Strategy.

- **Superfast North Yorkshire** – because of the need to prioritise funding and approaches adopted, to maximise benefits to the local economy and local communities.

The following does not appear to have a strong link to VFM

- Major Emergencies in the Community

7.0   SERVICE PLANNING AND BUDGETS

How are issues around economy, efficiency and effectiveness address during service planning and setting budgets?

7.1   The context of service planning and budgeting lies with the priorities set out in the Council Plan. For the last few years, the focus of work on the Medium Term Financial Strategy (MTFS) has inevitably been on achieving savings required to match service spend against reduced resources. Within that context, however, achieving VFM has been a key consideration. Examples of key factors taken into account are:

- improved modelling of service demand, particularly in areas of budget pressure such as social care and waste

- considering different and innovative ways of meeting demand

- back office efficiencies (One Council) before front line service cuts

- different models of community involvement, eg community library

- role of procurement in achieving better VFM. Savings have arisen, for example, from improved category management and the review of service specifications. All significant procurements are subject to a Gateway process which ensures that value for money considerations are taken into account before permission is given to proceed.

7.2   Whilst the use of standard benchmarking tools has continued, experience has indicated some of the difficulties inherent in over-reliance on this approach to service or cost comparison. For example we have found that different organisations account for services in significantly different ways, and the availability of notes of guidance has not always given the level of consistency expected. In terms of some of the data sets used previously, there has been a reduced involvement by authorities in some more detailed benchmarking clubs.

7.3   So whilst benchmarking still has a role to play, as an indicator of service areas that might be reviewed, our approach now focusses on identifying best practice service approaches in other similar authorities. Budget savings are then best identified by understanding where costs might be removed from current service models in the context of the local factors affecting our population or geography.

8.0   **ASSURANCE TO THE PUBLIC AND STAKEHOLDERS**

What information and assurance does the organisation provide to the public and stakeholders concerning value for money?

8.1   As noted in Section 4 above, the Council Plan is the main corporate document setting out our approach to the public and stakeholders. It has an important section which summarises how we will monitor our performance.

It is very important to us that we monitor how we are doing against our plan, to ensure that we are doing things right, as well as doing the right things.

We will:

- *talk to, and consult with, residents and users of our services, and listen to what they have to say, in line with our engagement promise;*

- *regularly monitor how well we are delivering services in our priority areas;*

- *compare our performance to that of other councils or areas, where appropriate, and use that information to help us manage our services;*

- *use the results of inspections by national bodies like Ofsted (which inspects children's services) and the Care Quality Commission which inspects social care services for adults) to help us improve;*

- *continue to be actively involved in the national sector-led improvement programme Towards Excellence in Councils' Adult Social Care and participate in a programme of peer reviews*

- *regularly gather together information about our spend and performance as a whole Council, to be considered by our Executive Members;*

- *regularly review the performance of services, both internally within the County Council and in partnership with other councils, partners, and the wider community through our scrutiny committees;*

- *publish information about all the above on our website;*

- *treat people fairly, ensuring that no section of our community is disproportionately affected by our decisions; and*

- *tell you in our next year's Council plan about how we have done.*

8.2   There are, of course, a range of other routes used to communicate these matters including, for example

- the budget leaflet made available with the Council Tax bill each year

- the on-line citizen's newsletter "North Yorkshire Now"

- pages taken in some local newspapers

8.3 The Council makes available a wide range of information on its website

- access to reports on the budget and our quarterly performance monitoring reports

- our open data page provides information and links on a range of relevant topics including budget spending, information on our contracts and organisations we spend money with etc.

What is included in our Annual Governance Statement?

8.4 The Annual Governance Statement for 2011/12, considered by the Committee at its meeting in June 2012, included a section on the underlying principles of our Corporate Governance Arrangements. The first principle, in particular, is relevant to this review. The extract is attached as **Appendix 6**.

8.5 The CIPFA / SOLACE guidance on these matters, issued in 2007, has recently been reviewed and the addendum issued in December 2012 will be used in compiling the 2012/13 Annual Governance Statement to be considered by the Committee in June 2013.

8.6 The document reminds authorities that the Statement:

".... should be high level, strategic and written in an open and readable style. It should be focussed on outcomes and value for money and relate to the authority's vision of the area".

8.7 Key elements for the Statement should include:

"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 best use of resources and value for money".

8.8 This clause indicates the importance of VFM being wider than simply taking financial considerations into account. The equivalent clause last year did not include the last few words "and value for money".

8.9 The section of the 2011/12 Annual Governance Statement covering the response to these issues is attached as **Appendix 7**.

8.10 The nature of the annual report is to set out the governance framework itself but also to highlight any significant governance issues arising during the year. These are sourced from a combination of the Statements of Assurance completed by Corporate Directors, internal audit findings and risk registers.

8.11 Unsurprisingly, a number of the issues raised in this report relate to those referred to above in the section on the Risk Register.

8.12 The extract from the response to this section in the June 2012 report is attached as **Appendix 8**. The issues that appear to have a particular VFM aspect are highlighted in the Appendix as follows:

- A2 – Waste Management procurement and performance
- A3 – Delivering the One Council change programme
- A4 – Reviewing the Corporate Performance Management Framework
- A6 – Demand outstrips budget provision for Adult Social Care
- A9 – Medium Term Financial Strategy

9.0 SUMMARY

9.1 Value for money as a concept often means different things to different people. As discussed earlier in this report, it is a combination of economy, effectiveness and efficiency. As such, the view is that it is simply not possible or practical to produce a single "Value for Money Strategy / Plan" – it needs to be part of the organisational DNA which runs through all the Council does.

9.2 Given the financial climate there will be an on-going push to secure greater value for money by delivering more for the same but, a more likely scenario of delivering the same (or more) for less. Whatever the financial pressures, however, there is clearly a need to ensure the best possible outcomes for whatever resources are deployed. Any monitoring arrangements will need to reflect that position.

10.0 RECOMMENDATION

10.1 That Members:

(i) consider the arrangements in place for assuring value for money;

(ii) identify any areas for further development in the assurance arrangements.

(iii) identify any issues that will inform the way in which Veritau might progress its VFM work during 2013/14

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Corporate Director – Strategic Resources

BACKGROUND DOCUMENTS
CIPFA – Audit committee Update Issue 9
Council Plan 2013-2016
MTFS and Budget 2013/14
Annual Statement of Assurance – Audit Committee June 2012
Deloitte audit letter 2011/12
Corporate Risk register

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The audit committee role in supporting the achievement of value for money

Making the best use of resources has been a long-standing goal for the public services and is a key component of the stewardship of public money. In the current financial climate it is an imperative. Accountability for value for money is demonstrated through public reports and the audit committee of a public body is well placed to have oversight of the organisation's strengths and weaknesses in this area. The audit committee role is a developing one and there isn't a 'one size fits all' approach. In our survey of audit committees in local government in 2011[1] we found that 48% of authorities' audit committees did include results of value for money reviews on their agendas. This briefing will outline the governance framework for value for money and explores the role of the audit committee in supporting that framework.

The policy and governance framework in respect of value for money

Local Government

The good governance framework for local government[2] has six principles, each of which is broken down into supporting principles. One of the supporting principles of Principle 1 is: *'ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money'*.

Central Government

HM Treasury set the financial framework for a wide range of government bodies, including academies, in 'Managing Public Money'[3]. This identifies the responsibilities of the Accounting Officer for the use of resources and for accountability through the Annual Governance Statement.

Translating the framework into delivery

How an organisation will go about maintaining or improving the value for money of its services and operations is the responsibility of the Board / Leadership Team. Many aspects of the financial management and performance framework will contribute to this, for example the medium term financial plan and annual budget, service plans, performance targets and monitoring arrangements. The use of benchmarking data and other statistics can be used to compare performance with similar bodies or monitor changes over time. New ways of assessing value for money may be needed when new forms of service delivery are established, for example devolvement to community groups.

The concept of value for money is made up three elements – economy, efficiency and effectiveness. An organisation's goals for value for money may include aspects of each of these and may vary according to service and also over time. This will be a reflection of the priorities and goals of the organisation. For example financial constraints will be likely to result in a greater focus on 'more for less' or 'same for less', i.e. greater economy and efficiency in the use of resources.

Time is an important factor when considering value for money. For example it may only be possible to assess the effectiveness of a programme or initiative several years on. When a new building opens it may be possible to draw a conclusion about the use of resources in its

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[1] CIPFA Survey on Audit Committees in Local Government 2011, <u>Commentary report</u>
[2] <u>Delivering Good Governance in Local Government</u>, Framework, CIPFA SOLACE 2007
[3] Managing Public Money, H M Treasury <u>http://www.hm-treasury.gov.uk/psr_mpm_index.htm</u>

development, for example was it delivered on time and to budget and to specification? Only when the building has been operational for a period of time can a judgement be made over its effectiveness in achieving the goals set out in the business case.

The role of external audit

In the public services there is a long tradition of the external auditors reviewing and reporting on value for money. This derives from the need for assurance over the application of public money and for public reporting to stakeholders. The stakeholders are the Government, Parliament and the public, as well as the organisation itself.

In local government in England the audit code of practice requires the external auditor to make a value for money conclusion over the arrangements in place to secure value for money. The definition of what will be considered in reaching this conclusion is set out by the Audit Commission. It covers the arrangements for securing financial resilience and for challenging how it secures economy, efficiency and effectiveness.

The draft Local Audit Bill sets out the scope of the audit of local government in England, once the Audit Commission has been abolished. The draft Bill confirms that the scope of the audit will continue to include an assessment of value for money. Going forward the responsibility for drafting the code of audit practice will lie with the National Audit Office and all external auditors in local government will continue to work to this code.

In Scotland all public bodies have a duty to achieve Best Value. Audit Scotland conduct best value reviews on Scottish public bodies on a periodic basis. The review consists of a corporate assessment that includes the use of resources together with a performance assessment.

Performance audits are undertaken by national audit bodies, including the National Audit Office, Audit Scotland, Wales Audit Office and the Northern Ireland Audit Office to fulfil their reporting responsibilities to the respective Parliaments on the use of public money. Whilst the findings and recommendations arising from these reports are primarily a matter for the organisations under review, often the recommendations and 'lessons learned' can benefit a wider range of bodies. Recent examples are the IT projects review by Audit Scotland[4] and a shared services review by the National Audit Office[5].

The internal need for assurance

Whilst organisations will receive assurance from the work of their external auditors, it should be remembered that the reports are retrospective and will be annual at best. An organisation should have arrangements in place to have assurance on a more frequent basis and to inform the decision making process. Output from performance and financial monitoring arrangements will be key aspects of this process. Major projects and programmes would normally have assurance arrangements in place to monitor budget, milestones and finally the realisation of benefits. Another source of assurance is the risk management process which may identify risks to value for money.

Much of the assurance process will form part of day-to-day management or overall financial control of the organisation, so where does the audit committee role fit in? As a non-executive body the audit committee would not determine value for money objectives or set budget and performance targets. Where it can add value is to have oversight of how effectively the organisation makes arrangements for the achievement of its value for money objectives and highlight areas for improvement.

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[4] Managing ICT contracts: An audit of three public sector programmes, Audit Scotland August 2012
[5] Efficiency and reform in government corporate functions through shared service centres, National Audit Office, March 2012

The audit committee receives its assurances to support the Annual Governance Statement from a range of assurance providers, so in relation to value for money the sources of assurance are likely to be similar as those for other aspects of governance, risk and internal control. These could include internal audit reports.

Public reporting and accountability

The audit committee also has a key role to play in ensuring that public reports such as the Annual Governance Statement adequately provide accountability on value for money, in accordance with the good governance framework or Managing Public Money. For local government in England, audit committee members should be aware of the draft addendum recently circulated for consultation by CIPFA. This highlighted that an authority's review of the effectiveness of its governance arrangements should include arrangements for achieving value for money. A recent report from the Accounts Commission in Scotland 'Managing performance: are you getting it right?'[6] looks at good practice in performance management. It highlights that councils should report publicly on its performance, including information on achievement of value for money.

Next steps

Audit committee members are encouraged to review their terms of reference to consider how they should be covering issues around value for money and whether this is an area where the audit committee could add further value to the organisation. A focus by the audit committee on value for money will enhance the Annual Governance Statement, but perhaps more importantly help the audit committee to highlight any risks to value for money experienced by their organisation.

The following key questions for audit committee members provide a starting point for this review.

Key questions to ask:

1. What is the organisation's strategy for improving value for money? How effective is it in practice?
2. What assurance does the audit committee receive regarding the value for money strategy? Are we receiving assurances from the right people?
3. Are value for money risks identified through the risk management process and are there any value for money risks identified currently?
4. How are issues around economy, efficiency and effectiveness addressed during service planning and setting budgets?
5. What information and assurance does the organisation provide to the public and stakeholders concerning value for money? What is included in our Annual Governance Statement?

Sources of further information:

Value for Money conclusion, Audit Commission Code of Audit Practice

Best Value guidance, Audit Scotland

Best Value Toolkit: Efficiency, Audit Scotland (other toolkits are also available)

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[6] Managing performance: are you getting it right? Accounts Commission, October 2012

EXTRACT FROM THE ONE COUNCIL VISION DOCUMENT
HIGHLIGHTING THE LINK TO VALUE FOR MONEY

Why we need the One Council change programme

There are many reasons why we need this One Council change programme. These include:

The local government financial settlement for the next 2 years is particularly challenging and we need to plan for further significant savings in years 3 and 4. In response, many local authorities are looking at fundamentally reshaping their structures and approaches to service delivery. Salami-slicing alone is neither sustainable nor desirable. The County Council's savings programme still leaves a significant gap which needs to be filled. The challenge is to identify and maximise any **further opportunities to deliver savings** which do not impact on frontline service delivery. Savings are likely to be greatest by looking at opportunities and functions which operate across the council.

Whilst the council's budget is reducing, the demand for its services is still increasing. We face a situation where the council will employ fewer staff and managers but needs to deliver more service. This will only work if the council's workforce is given the tools to do the job. This means empowering staff to respond flexibly to the needs of our customers, underpinned by good quality support services and systems. We will encourage an **enhanced culture of customer excellence**.

Expectations and obligations change on a regular basis. We need to embrace our new responsibilities, such as leading in public health and working alongside other health partners, and demonstrate how we make a difference to the people of North Yorkshire. This means being able to work **responsively with people in their own local communities** (however customers define them) rather than expecting the customer to fit in with our way of doing things.

A successful organisation has a sense of common purpose and of team. This helps to bind people together and improves the chances of successfully delivering the priorities and objectives of the council. The aim of the council is to deliver high performing services for the benefit of its customers where all staff see the value of their contribution. We need to ensure that there is a **strong focus on performance** at individual, team and council level. To achieve this staff will work to secure the best outcomes for customers using innovative means of delivery.

The County Council is high performing and delivers good value for money when compared to similar councils. However, the changing environment and the desire to improve further mean that it is simply not possible to preserve the status quo. The One Council change programme aims to deliver the positive attributes identified above, and as a result will make the council more fit to meet future challenges.

What do we do well and what are the issues with the way the council operates now?

Many of our services are rated as good or excellent by external inspection - "focus on service delivery is excellent".[1]

The council has a good record of delivering service change and innovation - "project/programme delivery capability is strong"[1] and we are therefore well placed to deliver a change programme.

However, the way in which support functions are currently fragmented and spread across the organisation means that there is a lot of duplication of effort and a proliferation of local systems which results in inconsistency and higher costs. There are a large number of small and/or bespoke technology solutions which have taken up development time and resources, which require knowledge and ongoing technical support, and often do not talk to each other.

There is no single view taken of the customer across the organisation so the customer experience remains highly dependent on the service they require. There is no single record of the customer that the customer service centre and services can access, far less the customer themselves.

The fragmented arrangements for business and administrative support lead to duplicated management and supervisory arrangements across directorates and the geography of the county. This adds cost and works against the adoption of streamlined best practice systems.

The case for change

All staff within the Council work to either deliver frontline services or to support that delivery. It is important that the right level of support is provided to frontline services whether that be from the "front office", "back office" or the "strategic core"[2] of the Council. Without such support the impact of frontline services would be diminished.

The challenge is to reduce the costs of delivering services, regardless of where those costs arise, and to do this in a way that improves the customer experience and ensures continued service excellence. The change programme aims to create a future organisation which focuses on customers (external and internal customers in the case of support services) and maximises the resources for frontline service delivery. It does this by adopting a one council approach with clear expectations of staff and managers and a continuing focus on ensuring high performance.

NORTH YORKSHIRE COUNTY COUNCIL CORPORATE PROCUREMENT STRATEGY 2013 - 2016

VISION

Our vision is to ensure that we:
- Contribute to the achievement of the County Council's objectives including One Council
- Achieve value for money
- Deliver high quality services
- Are compliant with all regulatory requirements
- Address the need for Sustainability and Social Value
- Encourage local suppliers to bid for appropriate work
- Adopt and maintain best practice in our procurement processes

OBJECTIVES

Focus on Current & Future Strategic Suppliers	Cost Reduction	Review of Supplier Base and Supply Chain	Robust and Simple Procedures	Enhance Contract Management	Quality	Training and Skills Transfer	Communication Strategy
Identify and engage with strategic suppliers who will support the Council in delivering its vision	Implement effective cost reduction and demand management techniques that will deliver sustainable results	Develop a detailed understanding of key categories, including the scope for innovation in the way we work with suppliers	Implement effective ways of procuring that ensure compliance with legislation and regulations	Raise the profile and implement best practice in Contract Management	Ensure quality elements are clearly defined and well balanced during procurement and Contract Management	Ensure all personnel undertaking procurement have the appropriate skills and knowledge	Develop and implement a strategy that ensures a full and effective flow of information to all stakeholders

CRITICAL SUCCESS FACTORS

- Delivery of evidence based efficiencies and cashable savings
- Provision of goods and services which offer value for money
- Evidenced delivery of the Economic, Environmental and Social aspects of sustainability
- Effective engagement with local businesses and the voluntary and community sectors
- Utilisation of procurement techniques that are fit for purpose
- No successful challenges by suppliers

6. Value for money (VFM) conclusion

From 2010/11 the Audit Commission introduced new requirements for local value for money ("VFM") audit work at councils. This year, there has been no change in the scope of our work and auditors are again required to give their statutory VFM conclusion based on the following two criteria:

- proper arrangements for securing financial resilience: work to focus on whether the Council has robust systems and processes to manage risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and

- proper arrangements for challenging how economy, efficiency and effectiveness are secured: work to focus on whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We have determined our local programme of work based on our risk assessment, which is informed by a series of risk factors determined by the Audit Commission. There were no changes to our risk assessment as reported to the Audit Committee in June.

It should be noted that the work carried out was light touch, in line with Audit Commission guidance, focusing on updating our understanding of arrangements and controls in place. As arrangements have previously been assessed as adequate and we are not aware of any changes, we did not carry out detailed testing of the implementation of those controls in the current year.

Delivery of financial targets and the management of reduction in financial resources

Background

Following the Government's comprehensive spending review and the extent of the reduction in the funding settlement, the Council is facing severe financial pressures over the next few years. The first year of the four year medium term financial strategy (MTFS) was delivered successfully and savings proposals are in place for 2012/13. Work is on-going to develop further measures to address the financial funding gap in 2013/14 and 2014/15. The MTFS identifies specific risks in relation to the longer term financial position in relation to Adult Social Care.

Response

We have carried out a high level review of proposals within the MTFS, and have tested a sample of initiatives to assess the reasonableness of quantification of savings to be achieved and the identification and management of risks. During the course of this work, we have also considered the effectiveness of arrangements to assess the implications of savings measures and to manage their impact on the delivery of strategic priorities.

Of the sample of six savings initiatives selected for testing, the quantification of recurring savings brought on line in 2012/13 was found to be reasonable and costs of implementation / costs of alternative service provision have been recognised. However there were in some of the schemes selected for testing, delays in the timescales in which these budgeted savings were to be brought on line. As a result further savings needed to be found for the full savings budgeted to be realised. Those charged with planning for and realising the budgeted savings were aware of these timing differences and were actively managing the overall position.

We also noted some non-recurrent savings within the sample tested:

- £144k within the Corporate Miscellaneous (terms and conditions savings), impacting from 2013/14. Management anticipate further recurring savings to be identified to address this; and

- £2.6m within Health and Adult Services (reduction of in-house domiciliary care). These savings are no longer to be delivered as originally planned but additional recurring grant income is being received which addresses this shortfall.

Overall, the response of the Authority to the financial pressures is considered appropriate and the shortfalls and timing differences identified within our sample testing do not affect our value for money conclusion. At Quarter 1, the Authority is projecting an underspend and several savings, including One Council measures, being delivered ahead of plans.

6. Value for money (VFM) conclusion (continued)

Delivery of the One Council transformation programme

Background

The One Council transformation programme will be critical to the achievement of financial savings within 2012/13 and the remaining period of the MTFS. Central project management arrangements are in place and based on our initial risk assessment appear appropriate. Successful delivery however involves several cross-cutting work streams impacting all directorates.

Major changes in the ways in which the Council works increase the risk of corporate governance arrangements becoming out-dated or of non-compliance with existing arrangements. In response to this risk, the Audit Committee has requested an assurance mapping exercise be carried out in relation to the One Council transformation programme. We are providing support to Internal Audit who are carrying out this exercise.

Deloitte response

In line with our plan, we have held a series of meeting with directorates to further develop our understanding of the implications of the programme for the directorates and how these are being addressed with directorate plans and activities. No matters of concern were identified so no detailed audit work has been undertaken at this stage.

We have discussed the assurance mapping exercise with Internal Audit and provided an example of how this can be documented. We have agreed the nature and timing of the support we will provide, which will primarily be a quality assurance review. Internal Audit work is now on-going.

Reduction in capacity resulting from the reduction in the financial settlement

Background

As part of the savings proposals within the budget, the Council is reducing capacity across the organisation including key functions such as finance and performance management. Although we have not identified any specific risks in these areas, the adequacy of capacity and capability in both of these functions is particularly critical during the current period of change and financial pressures.

Reduction in capacity also increases the risk of slippage in or non-compliance with the current control environment which has previously been assessed as strong.

The Council has continued to make progress in each of these areas and no issues have been identified that would impact our vfm conclusion.

Deloitte response

No matters of concern arising from reducing capacity as a result of reducing resources have been identified during the course of our audit work. Similarly, no issues reported by Internal Audit relate to deteriorating controls as a result of reducing capacity.

6. Value for money (VFM) conclusion (continued)

The VFM conclusion

Under the Code, auditors are required to include a positive conclusion in their statutory audit report as to whether they are satisfied that, in all significant respects, the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The conclusion has regard to the criteria specified by the Commission and we do not consider all aspects of the Council's arrangements. This conclusion is given within our audit report on the Council's accounts.

We are required to report if, in our judgement, matters come to our attention which are significant enough to prevent us from concluding that proper arrangements are in place in the areas considered. In such a circumstance, we qualify our conclusion in relation to particular criteria, either on an 'except for' basis (i.e. the Council has put in place proper arrangements except for...) or in the form of an 'adverse' conclusion (i.e. the Council has not put in place arrangements in that...).

For 2011/12, we have assessed the Council for both criteria as having proper arrangements in place and we will be issuing an unqualified conclusion.

Phase 1 - Identification						
Risk Number	20/1	**Risk Title**	20/1 - Funding Challenges	**Risk Owner** Chief Exec	**Manager**	CD SR
Description	Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation up to and including the next Comprehensive Spending Review resulting in legal challenge, unbalanced budget and public dissatisfaction			**Risk Group** Resources	**Risk Type**	

Phase 2 - Current Assessment								
Current Control Measures			Existing MTFS, Budget Review Group, Members Budget seminars, modelling carried out on implications of CSR and other funds				**Effectiveness**	
Probability H		**Objectives** H		**Financial** H	**Services** H	**Reputation** H	**Category**	1

Phase 3 - Risk Reduction Actions

			Action Manager	**Action by**	**Completed**	**%**
Reduction	20/42 - Ongoing review of existing MTFS including assurance on existing budget savings		CD SR	Sat-31-Aug-13		0%
Reduction	20/43 - Carry out modelling on implications of CSR and other funds		CD SR	Mon-31-Dec-12	Thu-31-Jan-13	100%
Reduction	20/44 - Further exploration (including Members) on savings or income opportunities		All Mgt Board	Sat-31-Aug-13		0%
Reduction	20/45 - Lobby MPs and Govt regarding the interests of the County Council		CD SR	Sat-31-Aug-13		0%
Reduction	20/46 - Ensure effective consultation/communication with staff, public and Members		All Mgt Board	Sat-31-Aug-13		0%
Reduction	20/913 - Research and review of ways of working and innovation to meet service demands		All Mgt Board	Sat-31-Aug-13		0%
Reduction	20/914 - Review of priorities with a view to reducing &/or re-allocating funding		All Mgt Board	Sat-31-Aug-13		0%
Reduction	20/972 - Carry out second budget		CD SR	Wed-31-Jul-13		0%

Phase 4 - Post Risk Reduction Assessment								
Probability H		**Objectives** H		**Financial** H	**Services** M	**Reputation** M	**Category**	1

Phase 5 - Fallback Plan

		Action Manager
Fallback Plan	20/504 - Further review in order to discharge statutory responsibilities	All Mgt Board

Corporate Risk Register

Risk Register: **month 6 (Feb 2013) – detailed**
Report Date: 21st March 2013 (*cpc*)

Phase 1 - Identification

Risk Number	20/47	Risk Title	20/47 - Health Responsibilities		Risk Owner	Chief Exec	Manager	CD HAS
Description	Failure to be sufficiently prepared for our Health responsibilities and deliver integrated approaches with Health partners resulting in lost financial opportunities through joint provision of services, inability to protect the public adequately and not make sufficient progress in health improvement				Risk Group	Partnerships	Risk Type	

Phase 2 - Current Assessment

Current Control Measures		Legal and constitutional framework, shadow H & W Board and assoc. partnerships, NY Transition Board, draft transition plan including governance arrangements, joint Health & NYCC needs assessment, principles of public partnership approach agreed, budget in place, H&W board agreed health integration review,	Effectiveness	
Probability	H	Objectives	M	Financial	H	Services	M	Reputation	M	Category	1

Phase 3 - Risk Reduction Actions

		Action Manager	Action by	Completed	%
Reduction	20/41 - Refresh communication and engagement strategy for Health	CSD AD Comms HAS AD HR&D	Sun-31-Mar-13		50%
Reduction	20/57 - Develop and agree Health & Social Care performance framework in line with national expectations for all Health partners	CD HAS	Sat-31-Aug-13		30%
Reduction	20/60 - Develop, consult on and agree Health & Wellbeing strategy	Chief Exec	Sun-30-Sep-12	Mon-31-Dec-12	100%
Reduction	20/245 - Continue preparation for Public Health duties including ensuring sufficient capacity and skills are in place	Dir Public Health	Sun-31-Mar-13		40%
Reduction	20/246 - Determine public partnership approach (Adult Partnership Trust or equivalent) for delivering local Clinical Commissioning Group Healthwatch etc	CD HAS	Wed-31-Jul-13		30%
Reduction	20/909 - Safeguarding Adults Board to consider risks of new system for safeguarding. Independent Chair to meet CCGs to highlight importance of Safeguarding work	HAS AD ASCO	Wed-31-Oct-12	Wed-15-Feb-12	100%
Reduction	20/910 - Arrange a workshop for appropriate people relating to health protection arrangements	CD HAS	Wed-31-Jul-13		0%
Reduction	20/967 - Develop action plan to implement the recommendations from the Health Integration Review	CD HAS	Sat-31-Aug-13		0%
Reduction	20/969 - Continue to review and revise shadow arrangements to ensure effectiveness	CD HAS	Sun-31-Mar-13		30%

Phase 4 - Post Risk Reduction Assessment

Probability	H	Objectives	M	Financial	M	Services	M	Reputation	M	Category	2

Phase 5 - Fallback Plan

			Action Manager
Fallback Plan	20/210 - Review transition plan prior to moving to next formal phase		CD HAS

Corporate Risk Register

Phase 1 - Identification								
Risk Number	20/331	**Risk Title**	20/331 - School Funding Reform		**Risk Owner**	Chief Exec	**Manager**	CD CYPS
Description	Inability to respond to major changes in national school funding developments, local priorities and grants resulting in inadequate response to these developments, poor advice to Members, Officers and schools, potential loss of income and significant budget turbulence at school level.				**Risk Group**	Financial	**Risk Type**	

Phase 2 - Current Assessment									
Current Control Measures			Keep up to date with current publications, new corresp, email, etc. Reg review of DfE and other critical websites. Liaison with other LAs. Early assessment of resource implications on new development. Advocacy of NYCC case for funding, involvement in appropriate national conferences, participation in DfE priorities when possible and liaison with Schools Forum. Action plan developed to consider the implications of the potential change in funding arrangements and the required response					**Effectiveness**	
Probability	M	**Objectives**	H	**Financial**	H	**Services**	H	**Reputation** M	**Category** 2

Phase 3 - Risk Reduction Actions					
			Action Manager	**Action by**	**Completed**	**%**
Reduction	20/871 - Continue to work with and use effective lobbying channels		CYPS AD FMS	Sat-31-Aug-13		0%
Reduction	20/872 - Ensure good communication within team and NYCC		CYPS AD FMS	Sat-31-Aug-13		0%
Reduction	20/873 - Promote changes and encourage discussion with partners, independent and third sector providers		CYPS AD FMS	Sat-31-Aug-13		0%
Reduction	20/875 - Ensure there is a clear specification of developments and financial inputs		CYPS AD FMS	Sat-31-Aug-13		0%
Reduction	20/876 - Ongoing effective work prioritisation		CYPS AD FMS	Sat-31-Aug-13		0%
Reduction	20/877 - Ongoing review of structures in place		CYPS AD FMS	Sat-31-Aug-13		0%
Reduction	20/878 - Support for the Directorate in modelling of potential funding cuts scenarios to assist in forward planning		CYPS AD FMS	Sat-31-Aug-13		0%

Phase 4 - Post Risk Reduction Assessment									
Probability	M	**Objectives**	H	**Financial**	H	**Services**	H	**Reputation** L	**Category** 2

Phase 5 - Fallback Plan		
		Action Manager
Fallback Plan	20/594 - Respond to Corporate priorities and guidance	CD CYPS

Corporate Risk Register

Phase 1 - Identification							
Risk Number	20/334	**Risk Title**	20/334 - Economic Development in North Yorkshire	**Risk Owner**	Chief Exec	**Manager**	BES AD EPU
Description	Failure to develop the North Yorkshire economy resulting in lack of growth in employment & impact on future County Council funding caused by the reduced growth in business rates			**Risk Group**	Strategic	**Risk Type**	

Phase 2 - Current Assessment								
Current Control Measures		LEP - supporting small businesses to grow, maximising the benefit to local economy from business growth, being a strong voice for businesses with Government Infrastructure Delivery Steering Group - NYCC wide co-ordination of development needs linked to District plans, CYPS involvement Broadband - investment secured					**Effectiveness**	
Probability	M	**Objectives**	L	**Financial**	H	**Services**	L	**Reputation** L	**Category**	2

Phase 3 - Risk Reduction Actions						
			Action Manager	**Action by**	**Completed**	**%**
Reduction	20/915 - Ensure development of an appropriately skilled workforce for the future		BES AD EPU CD CYPS	Sat-31-Aug-13		0%
Reduction	20/916 - Implement a programme to stimulate businesses to take advantage of opportunities		BES AD EPU	Sat-31-Aug-13		0%
Reduction	20/917 - Ensure good quality business support is available throughout the whole of North Yorkshire		BES AD EPU	Sat-31-Aug-13		0%
Reduction	20/918 - Ensure ongoing development of the LEP		BES AD EPU	Sat-31-Aug-13		0%

Phase 4 - Post Risk Reduction Assessment								
Probability	M	**Objectives**	L	**Financial**	H	**Services**	L	**Reputation** L	**Category**	2

Phase 5 - Fallback Plan		
		Action Manager
Fallback Plan	20/596 - Review effectiveness of LEP & position of EPU service, and consider level of investment in economic development	BES AD EPU

Corporate Risk Register

Phase 1 - Identification							
Risk Number	20/45	**Risk Title**	20/45 - Waste Strategy	**Risk Owner**	Chief Exec	**Manager**	CD BES
Description	Failure to deliver the Waste Strategy			**Risk Group**	Performance	**Risk Type**	

Phase 2 - Current Assessment							
Current Control Measures		Strategic group, officer and Member groups (strat and proc), PFI group, project plan and indicators, adopted waste strategy, adopted local plan (waste), strategy for sites and planning developed, business case approved, approval of Treasury (FBC), Contract awarded, waste flow and MTFS position monitored, monitoring of sites and planning strategies, IAA with CYC signed, ongoing close liaison with CYC, Close liaison with CYC to agree decision making process. CYC and NYCC Council approvals to award PFI Contract, planning advisor, Contractor appointed, planning permission granted subject to Judicial Review.				**Effectiveness**	
Probability M	**Objectives** M	**Financial** H	**Services** L		**Reputation** H	**Category**	2

Phase 3 - Risk Reduction Actions		Action Manager	Action by	Completed	%
Reduction	20/35 - Carry out Technical review including engineering to minimise long term contracts costs, demonstrate value compared with alternative options	BES AD W&CS	Sun-30-Jun-13		0%
Reduction	20/37 - Continue to ensure sufficiency of budget provision and strategy for Waste PFI (ongoing review)	Waste Strategy Finance Lead	Sat-31-Aug-13		0%
Reduction	20/38 - Progress project funding with Amey Cespa and fully explore all alternative and options	Waste Strategy Finance Lead	Sun-30-Jun-13		0%
Reduction	20/39 - Do soft market testing and scope options for interim solutions assuming delays in the long term	BES AD W&CS	Sun-30-Jun-13		0%
Reduction	20/40 - Make representations to Government and consider judicial review (as appropriate) to seek to recover PFI credits or compensation	CSD ACE LDS	Fri-31-May-13		0%
Reduction	20/891 - Seek Members' approval on strategy to procure services	CD BES	Wed-31-Jul-13		0%
Reduction	20/980 - Procurement of agreed front end facilities	BES AD W&CS	Tue-31-Dec-13		0%
Reduction	20/981 - Continual review of waste flow to inform future strategy (ongoing)	CD BES	Sat-31-Aug-13		0%

Phase 4 - Post Risk Reduction Assessment							
Probability L	**Objectives** M	**Financial** H	**Services** L		**Reputation** M	**Category**	3

Phase 5 - Fallback Plan		Action Manager
Fallback Plan	20/206 - Landfill, pay the fines, media management, delay and/or review procurement strategy	CD BES

Corporate Risk Register

Risk Register: **month 6 (Feb 2013) – detailed**
Report Date: 21st March 2013 (*cpc*)

Phase 1 - Identification								
Risk Number	20/332	**Risk Title**	20/332 - Superfast North Yorkshire		**Risk Owner**	CEX NYnet	**Manager**	CEX NYnet
Description	Failure to maximise the opportunity to provide high quality broadband services to North Yorkshire businesses and residents resulting in significant lost opportunities, community dissatisfaction, sub optimal procurement, criticism				**Risk Group**	Contracts	**Risk Type**	

Phase 2 - Current Assessment								
Current Control Measures		Regular Connecting North Yorkshire Board and NYnet Board meetings, Connecting North Yorkshire vision and strategy fully managed by NY net, community co-ordinator network being established, existing pilots, community schemes and lessons learned, website and Connecting North Yorkshire updates being developed as part of communications approach, stakeholders engaged (LGNYY, LEP), project team established, County and District members and members of the public engaged, Community internet Service Provider capacity and business models reviewed to test sustainability, roll-out plans in place and risk register					**Effectiveness**	
Probability M	**Objectives** M	**Financial** M		**Services** M		**Reputation** H	**Category**	2

Phase 3 - Risk Reduction Actions					
		Action Manager	**Action by**	**Completed**	**%**
Reduction	20/250 - Continue to review Community Internet Service Provider capacity and business models to test sustainability	CEX NYnet	Sat-31-Aug-13		0%
Reduction	20/879 - CNY Board continues to meet regularly – NYnet is managing agent for delivery purposes	CEX NYnet	Sat-31-Aug-13		0%
Reduction	20/880 - Continue to regularly monitor roll-out plan with BT and Business Support and instigate escalation arrangements if necessary	CEX NYnet	Sat-31-Aug-13		0%
Reduction	20/881 - Roll out Community Schemes using the framework procurement process	CEX NYnet	Mon-30-Jun-14		0%
Reduction	20/882 - Continue discussions with BT UK/ERDF for further funding re 10% Schemes	CEX NYnet	Sat-31-Aug-13		0%
Reduction	20/883 - Create roll out plan for Demand Stimulation across business and local communities	CEX NYnet	Sat-31-Aug-13		0%
Reduction	20/884 - Continue to engage County and District members and members of the public through seminars and scrutiny	CEX NYnet	Sat-31-Aug-13		0%

Phase 4 - Post Risk Reduction Assessment								
Probability L	**Objectives** M	**Financial** M		**Services** M		**Reputation** H	**Category**	3

Phase 5 - Fallback Plan		
		Action Manager
Fallback Plan	20/595 - Rethink community engagement and overall approach	CEX NYnet

Corporate Risk Register

Risk Register: **month 6 (Feb 2013) – detailed**
Report Date: 21st March 2013 (*cpc*)

Phase 1 - Identification							
Risk Number	20/207	**Risk Title**	20/207 - One Council Change Programme	**Risk Owner**	Chief Exec	**Manager**	CD SR
Description		Failure to deliver the One Council change programme resulting in financial cost, poorer service outcomes, lost opportunities including failure to grasp cultural change, need to revisit savings on front line services		**Risk Group**	Strategic	**Risk Type**	

Phase 2 - Current Assessment							
Current Control Measures		One council vision and approach, ongoing work within the 9 workstreams, communications strategy with Members and staff, linked to MTFS, CEO meetings with staff, Exec updates, Members task group through C&POSC, established governance arrangements including programme office, "make it happen" sessions, "volunteer" staff programme, network of similar Councils, established monitoring arrangements, One Council Vision refreshed as part of wider Council operating model			**Effectiveness**		
Probability M	**Objectives** M	**Financial** H		**Services** M	**Reputation** M	**Category**	2

Phase 3 - Risk Reduction Actions						
			Action Manager	**Action by**	**Completed**	**%**
Reduction	20/52 - Ongoing review of programme governance arrangements		CD SR	Sat-31-Aug-13		0%
Reduction	20/239 - Ongoing review of overall programme plan (activity information, timescales & saving potential)		CD SR	Sat-31-Aug-13		0%
Reduction	20/241 - Continue to develop and deliver an ongoing communication and engagement plan		CSD ACE BS	Sat-31-Aug-13		0%
Reduction	20/242 - Ongoing review of capacity and approach to deliver change management to support services throughout the authority		CD SRCSD ACE BS	Sat-31-Aug-13		0%
Reduction	20/243 - Consideration of arrangements for critical friend / peer review		CD SR	Sat-31-Aug-13		0%
Reduction	20/244 - Promote and embed cultural change		All Mgt Board	Sat-31-Aug-13		0%
Reduction	20/251 - Refresh ICT strategy and ways of working in line with ICT risk number 15/162		CD SR	Sat-31-Aug-13		0%
Reduction	20/261 - Revise approach to modernising the finance function as a new workstream		CD SR	Sat-31-Aug-13		0%
Reduction	20/885 - Increased positive involvement of all managers and staff		Chief Exec	Sat-31-Aug-13		0%
Reduction	20/887 - Refresh of One Council Vision as part of wider Council operating model		Chief Exec	Mon-31-Dec-12	Mon-31-Dec-12	100%

Phase 4 - Post Risk Reduction Assessment							
Probability L	**Objectives** L	**Financial** M		**Services** L	**Reputation** M	**Category**	5

Phase 5 - Fallback Plan		
		Action Manager
Fallback Plan	20/529 - Front line savings, further restructure	All Mgt Board

Corporate Risk Register

Phase 1 - Identification							
Risk Number	20/8	**Risk Title**	20/8 - Major Emergencies in the Community	**Risk Owner**	Chief Exec	**Manager**	Chief Exec
Description	Failure to plan, respond and recover effectively to major emergencies in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation			**Risk Group**	Performance	**Risk Type**	

Phase 2 - Current Assessment							
Current Control Measures			NYLRF, experience and resources of partners, existing plans (training and exercises), EPU, partnership working with District Councils, community resilience, silver response in the County Council major incident plane tested			**Effectiveness**	
Probability	L	**Objectives**	L	**Financial** H	**Services** L	**Reputation** H	**Category** 3

Phase 3 - Risk Reduction Actions						
			Action Manager	**Action by**	**Completed**	**%**
Reduction	20/54 - Fully test the silver response in the County Council major incident plan		Chief Exec	Sun-30-Jun-13	Mon-31-Dec-12	100%
Reduction	20/249 - Test effectiveness and robustness of emergency plans relating to the public health of the NY population		Chief Exec	Mon-30-Sep-13		0%
Reduction	20/745 - Ensure effective, robust & co-ordinated emergency plans relating to health of population are in place (transition of public health to local authority)		Chief Exec	Sun-31-Mar-13		0%
Reduction	20/968 - Effective contributions by all partners to NYLRF process as a result of the transition of public health		Chief Exec	Sun-31-Mar-13		0%
Reduction	20/970 - Continue to ensure effective co-ordination and communication with County and District/Borough Council services & NYLRF in light of reduction in resources		Chief Exec	Sat-31-Aug-13		0%
Reduction	20/971 - Continue to ensure effective and efficient processes are embedded amongst all partners to prioritise workstreams (incl. plans, training and exercises)		Chief Exec	Sat-31-Aug-13		0%

Phase 4 - Post Risk Reduction Assessment							
Probability	L	**Objectives**	L	**Financial** H	**Services** L	**Reputation** M	**Category** 3

Phase 5 - Fallback Plan		
		Action Manager
Fallback Plan	20/207 - Review and prioritise resources dependent on nature and impact of event (inc effective media management)	Chief Exec

Corporate Risk Register

Phase 1 - Identification							
Risk Number	20/51	**Risk Title**	20/51 - Communication	**Risk Owner**	Chief Exec	**Manager**	All Mgt Board
Description	Failure to effectively inform, consult, engage and involve the public/staff/Members, resulting in public dissatisfaction, loss of reputation, sub optimal working, criticism of Members and missed opportunities			**Risk Group**	Communication	**Risk Type**	

Phase 2 - Current Assessment							
Current Control Measures		Communication strategy, budget consultation, public consultations on key change projects, media relationships, CEO key messages, continual MB overview, community engagement mechanisms such as parish liaison groups, Member seminars and digest, continuing development and use of the intranet, website and social media, resident communications through e-newsletters and media partnerships.				**Effectiveness**	
Probability	L	**Objectives**	M	**Financial**	L	**Services** M **Reputation** H	**Category** 3

Phase 3 - Risk Reduction Actions				
		Action Manager	**Action by**	**Completed**	**%**
Reduction	20/48 - Ongoing communication/engagement arrangements and monitoring for One Council	Chief Exec	Sat-31-Aug-13		0%
Reduction	20/248 - Further develop means by which we can communicate overall service changes incl. those as a result of the savings programme	Chief Exec	Sat-31-Aug-13		0%
Reduction	20/911 - Develop and manage channels for resident communication and engagement, using electronic and printed channels.	CSD AD Comms	Sat-31-Aug-13		0%
Reduction	20/912 - Communicate and engage with members through seminars, briefings, training and regular news and updates	Chief Exec	Sat-31-Aug-13		0%

Phase 4 - Post Risk Reduction Assessment							
Probability	L	**Objectives**	M	**Financial**	L	**Services** M **Reputation** M	**Category** 5

Phase 5 - Fallback Plan	
	Action Manager
Fallback Plan	20/208 - Review of overall communications approach with the public	All Mgt Board

Corporate Risk Register

Risk Register: **month 6 (Feb 2013) – detailed**
Report Date: 21st March 2013 (*cpc*)

Phase 1 - Identification

Risk Number	20/49	Risk Title	20/49 - Organisational Performance Management	Risk Owner	Chief Exec	Manager	CD SR
Description	Lack of adequate focus on performance at council, service, team and individual level resulting in poorer service delivery, public dissatisfaction, criticism, suboptimal working and lost opportunities			Risk Group	Performance	Risk Type	

Phase 2 - Current Assessment

Current Control Measures		Corporate Performance Management Framework including service planning, quarterly reports to Exec, participation in benchmarking exercises, Corporate Performance Management Group, emerging team performance management matrix, internal peer review of performance management matrix, review of Q performance reports				Effectiveness	
Probability	M	Objectives	M	Financial	M	Services	M	Reputation	M	Category	4

(Phase 2 second row expanded:)

Probability	M	Objectives	M	Financial	M	Services	M	Reputation	M	Category	4

Phase 3 - Risk Reduction Actions

		Action Manager	Action by	Completed	%
Reduction	20/247 - Ensure that there is a good understanding of performance across all teams	CD SR	Sat-31-Aug-13		0%
Reduction	20/888 - Review and implementation of new Q reporting arrangements	CD SR	Sat-31-Aug-13		0%
Reduction	20/890 - Review of service performance planning (SPP) approach	CD SR	Sun-31-Mar-13		0%
Reduction	20/975 - Following review by management team, further revise the Corporate Performance Management Framework	CD SR	Sun-30-Jun-13		0%
Reduction	20/976 - Ongoing use of benchmarking data to identify relative performance (where available)	All Mgt Board	Sat-31-Aug-13		0%
Reduction	20/977 - Implementation of team / service based performance matrix which includes assessment of cost drivers	CD SR	Sun-31-Mar-13		0%
Reduction	20/978 - Review of revised arrangements including feedback from internal peer review	CD SR	Sun-30-Jun-13		0%

Phase 4 - Post Risk Reduction Assessment

Probability	L	Objectives	M	Financial	M	Services	M	Reputation	M	Category	5

Phase 5 - Fallback Plan

		Action Manager
Fallback Plan	20/533 - Review current arrangements and make necessary changes	CD SR

**EXTRACT FROM ANNUAL CORPORATE GOVERNANCE STATEMENT 2011/12
RELATING TO VFM**

4.0 **CORPORATE GOVERNANCE ARRANGEMENTS**

Core Principle 1 : Focussing on the purpose of the County Council and on outcomes for the community, and creating and implementing a vision for the local area

4.1 The County Council will develop a clear vision and purpose, identify intended outcomes and ensure that these are clearly communicated to all stakeholders of the organisation, both internal and external. In doing so, the County Council will report regularly on its activities and achievements, and its financial position and performance. The County Council will publish annually -

- a Council Plan

- a Community Plan in conjunction with local partners

- a Statement of Final Accounts together with the Annual Governance Statement

4.2 The County Council will keep its corporate strategies, objectives and priorities under constant review, so as to ensure that they remain relevant to the needs and aspirations of the community.

4.3 In undertaking all its activities, the County Council will aim to deliver high quality services which meet the needs of service users. Delivery may be made directly, via a subsidiary company, in partnership with other organisations, or by a commissioning arrangement. Measurement of service quality will also be a key feature of service delivery.

4.4 In addition, the County Council will continue to monitor the cost effectiveness and efficiency of its service delivery, as well as

- ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money in its use

- ensure that the authority maintains a prudential financial framework; keeps it commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary

- ensure compliance with CIPFA's Code on Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code

4.5 The County Council will also seek to address any concerns or failings in service delivery by adhering to and promoting its Complaints Procedure.

**EXTRACT FROM THE ANNUAL GOVERNANCE REPORT 2011/12
CONSIDERED BY THE AUDIT COMMITTEE IN JUNE 2012 IN
RESPECT OF THE "VALUE FOR MONEY" QUESTION**

**(c)   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**

- there is an **integrated Service Planning and Budget Process**
  under which each Service Unit in each Directorate prepares a
  Service Performance Plan which sets out its detailed objectives,
  performance targets, available resources and risk assessment.
  These feed into both the Council Plan and the annual Budget/MTFS
  process

- the **Performance Management framework**, developed since the
  Comprehensive Performance Assessment (CPA) in 2002,
  continues to be refined. There is quarterly reporting of key
  performance indicators to Management Board and a joint meeting
  of Executive and the Scrutiny Committee Chairs. Risks to the
  achievement of key objectives are highlighted via a quarterly 'traffic
  lights' report to enable Management Board / Executive to take
  action to manage those risks. Performance monitoring is fully
  integrated with routine personnel, budgetary and savings plan
  monitoring so that the Executive can rely on the provision of correct
  and current information for decision making. This is supported by
  more frequent reporting and monitoring processes within
  Directorates

- **comprehensive budgeting systems** are applied consistently across
  all Directorates

- the County Council outperformed the Government's **Annual
  Efficiency (Gershon)** targets. A three year Value for Money Plan
  (targeting 3% pa) covering the period 2008/11 was successfully
  completed. Ongoing savings targets (which include efficiency
  items) are now incorporated in the overall MTFS; targets were
  achieved in 2011/12

- independent statistics continue to show that the County Council is a
  low spending but high performing authority. The annual Budget
  process includes a specific exercise to relate performance data with
  that regarding unit costs

- a number of **corporate work streams** (the **One Council** change
  programme) are in place to develop and implement a single
  operating model and consistent processes for a range of

infrastructure and support arrangements including procurement, ICT applications, management structures and hierarchies, key administrative and business processes, use of flexible/mobile working, an aggressive accommodation review, and consideration of employee terms and conditions. The 4 year programme started in 2011/12 and is targeted to achieve total recurring savings of £69m; the target for 2011/12 was £36.9m and savings of £39.7m were achieved

- an **Asset Management Strategy** has been in place since 2006. In addition to the redefinition of key corporate processes (eg purchasing and disposal of property) the adoption of a corporate approach to repairs/maintenance combined with up to date condition data, etc, has provided a foundation for a systematic approach to property improvement based upon the needs of the services (both users and providers). A Capital Project Management system (Gateway) has been implemented to improve the delivery of larger projects. The system is integrated with the job management system (PMCS) used by the County Council's property adviser, Jacobs UK; this integration means there is now a single source of data relating to projects, shared by the County Council and its principal adviser on property matters. The Corporate Asset Register system has been upgraded and has shared access for County Council and Jacobs' UK staff. The Executive also receives an **Annual Property Performance report** that details the progress made on key indicators relating to property and asset management

- the County Council's improvement priorities, as set out in the Council Plan and in its service performance plans and strategies, are **reviewed regularly** throughout the year. This is achieved through -

  ➔ quarterly reports on key service performance indicators plus corporate issues such as personnel, finance and commendations / complaints are considered by Management Board, the Executive and Chairs of the Overview and Scrutiny Committees

  ➔ regular reports to Corporate Directors and Executive Portfolio Holders

  ➔ publication of an **Annual Report on Overview and Scrutiny** by the Scrutiny Board

SIGNIFICANT GOVERNANCE ISSUES IDENTIFIED IN THE 2011/12 ANNUAL GOVERNANCE STATEMENT WITH REFERENCE TO VFM

Those issues that appear to have particular relevance to Value for Money have been highlighted in the document.

7.0 **SIGNIFICANT GOVERNANCE ISSUES**

7.1 The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the County Council's objectives have been mitigated.

7.2 On the basis of the review work carried out it was considered that the majority of the internal control arrangements were operating adequately in the financial year 2011/12. **There were, however, some areas identified which require attention to address weaknesses and ensure continuous improvement of the system of internal control; included within this definition are issues related to service delivery, the satisfactory achievement of which will depend in some measure on changes to / improvements in internal control systems.** Having regard to the published guidance on internal control matters, these are disclosed in the Table below.

7.3 As part of preparing the Table below, a review was undertaken of the issues identified in the equivalent Table in the 2010/11 Annual Governance Statement. Some of these issues were not fully resolved in 2011/12, but all of these "incomplete" issues have reappeared in the Statements of Assurance for 2011/12 prepared by Corporate Directors. Therefore, the items included in the Table below represent a complete list of "issues requiring attention" in 2012/13

Ref	Issue requiring improvement	Action taken to date / planned 2012/13
A1	**Economic Development** Provide support to the YNYERLEP through • acting as Accountable Body • providing the professional / technical input to facilitate appropriate use of funding / strategic way forward Ensure compliance with funder requirements on conditions relating to specific funding allocations.	(a) Review the proposals to the LEP ensuring compliance with NYCC requirements, and monitor ongoing arrangements (b) Continue to facilitate, advise and deliver the actions agreed at the LEP Board (c) Monitor progress against targets and retain appropriate records to ensure funding is achieved
A2	**Waste management procurement and performance** Continue to deliver the Waste Strategy for the County including • progressing the Waste PFI procurement to financial close • leading the YNY Waste Partnership in delivering updated Strategy for minimisation, reuse, recycling and disposal	(a) Regular review of funding and Unitary Charge protocol to ensure project is value for money and affordable (b) Continue to identify opportunities to improve recycling performance and improved efficiencies in collection and disposal methods (c) Continue to progress the development of infrastructure outside the PFI project (d) Continue to work with Yorwaste to develop and deliver a strategy for effective management of waste disposal across North Yorkshire

Ref	Issue requiring improvement	Action taken to date / planned 2012/13
A3	Delivering the **One Council Change Programme** resulting in financial savings and a more fit for purpose organisational approach to meet service demands in the future.	The One Council Change Programme has been approved by the Council. It is charged with moving to more joined up ways of working across the Council as well as delivering £7.6m of recurring savings. The emphasis is now on delivering the Programme following a period of intensive development of workstreams and cross cutting issues.
		(a) Implementation commences on the workstreams (as already identified).
		(b) Review of governance and programme arrangements to deliver optimal approach at workstream, programme and Member level.
		(c) Refreshed and comprehensive Communication Plan to set out how staff, Members and customers will be involved.
		(d) Review of the One Council Vision and Strategy to produce a more detailed operating manual for the Council that sets out how the Council will operate in order to deliver the Council Plan.
		(e) On-going assessment of the Programme including Management Board, Workstream Boards, Overview and Scrutiny Committee, Audit Committee and the Executive.
		(f) Changes to policies and procedures to reinforce the One Council way of working including:- - Performance management framework - Behaviour and skills framework for staff - Staff development programmes
		(g) Improving the ways of working to deliver greater customer satisfaction. This will include a revised Customer Strategy led by the Customer Access workstream.

Ref	Issue requiring improvement	Action taken to date / planned 2012/13
A4	Reviewing the **Corporate Performance Management Framework** in order to - • underpin the One Council values and principles • embed a culture of individual / team ownership of performance • identify areas for improvement, and • refresh reporting arrangements across the Council and with Members • reflect the existing national reporting requirements	Changes have already been made to performance management arrangements as a result of changes from government and a wish to ensure that arrangements are appropriate. Further work has already been done to set out how performance issues are addressed at team level sp the next stage is to implement an embed across the Council (a) production and approval of an updated Council Performance Management Framework (b) capturing of performance activity at team level across the Council which is aimed and understood by teams and is then used to guide continuous improvement (c) further revision of service performance planning arrangements alongside Council Plan and team based performance arrangements (d) review of quarterly performance monitoring reports and the introduction of revised arrangements following discussion with Members of Management Board
A5	Safeguarding	Since the crisis in Haringey over the death of Baby Peter, all authorities and other agencies working with children, including North Yorkshire, have needed to respond to the challenges of - • increased expectations on all aspects of safeguarding • an increase in the number of assessments which Social Care staff have to undertake • an increase in the number of children placed into care. Additional resources provided by the Council have included - • additional provision for child placement in 2010/11 of at least £1.25m • provision in 2009/10 for 9 additional Social Workers with further provision for 12 extra Social Workers in 2010/11 (in aggregate an additional budget provision of £800k) Work continues to improve the efficiency and

Ref	Issue requiring improvement	Action taken to date / planned 2012/13
		effectiveness of the placements strategy and this will be consolidated in 2012/13. The expected outcomes of this are factored into efficiency savings – with no impact on service quality – in the later years of the MTFS. */cont…* Added to this are pressures arising from the numbers of: • children going through the Common Assessment Framework • older children in the care system with higher levels of need • vulnerable teenagers The Directorate will also seek to monitor and react to programmes for homelessness amongst young people, while recognising the strains being placed on partner organisations through external pressures, and recognising the risks to funding such as that for Supporting People.
A6	**Demand outstrips budget provision for adult social care**	The Directorate has developed a resource predictive model based on nationally approved population, demographic trend analysis. These tools and techniques have been used to create a forecasting model to predict the pattern and anticipated cost which could occur within the County. Based on this model it is estimated that the incremental demand cost could be approx £3m per year for the foreseeable future; this equates to an additional 500 clients. In response to this pressure the County Council has provided, within the Medium Term Financial Strategy, incremental budget provision of £3m per annum. This provision will be regularly reviewed to ensure it is responsive to fluctuations of price and number of people being supported and this will in turn feed into the revised budget projections. There is also an emerging financial challenge relating to other authorities exercising ordinary residence rights of clients living within the North Yorkshire boundary which results in NYCC becoming responsible for the person's care and financial liability. This is a significant risk because

Ref	Issue requiring improvement	Action taken to date / planned 2012/13
		of the 2 large community villages within the County which provide accommodation for in excess of 150 people and the FE college for visually impaired people in Harrogate.
A7	**Personalisation and Think Personal Act**	The Directorate has a made significant progress in this area in relation to the milestones required by the Department of Health. More recently the Authority has also signed up to 'Making it Real programme' which is a public statement of actions required to develop the personalisation agenda. The progress against plan will be monitored and published on the website. This is a challenging agenda which will also be performance monitored by the number of clients receiving a personal budget. The target is 100% by the end of 2013. The greater challenge then relates to increasing the number of people who take up a direct payment and decide to manage their own care. The administrative arrangements for direct payments are currently being reviewed in light of experience and to simplify the supporting paperwork. It is hoped that this will remove internal barriers which may have been a stumbling block for staff and lead to improved referral rate for clients choosing to take up a Direct Payment. In addition 6/8 week reviews are being introduced to ensure that Direct payment recipients are managing their personal care and financial arrangements more effectively. This check will provide an earlier warning of potential problems or where additional support is required. As part of the recent AIS updates the next phase of system development will be to utilise the needs assessment questionnaire. This will further simplify the processes within the Directorate and improve the speed at which people can be informed of their indicative personal budget. The charging policy was revised to bring this in line with personalisation guidelines issued by Dept of Health. This took place from May 2011. There has been a small increase in the number of

Ref	Issue requiring improvement	Action taken to date / planned 2012/13
		complaints and some clients who have made choices about their care requirements once the financial assessment has been completed. These situations continue to be monitored and a report will be presented to Care and Independence Overview and Scrutiny in the Autumn 2012.
A8	The **changing Health Agenda** is complex. The new systems must not adversely impact on the health and wellbeing of citizens of the County	As the largest Local Authority in the area now assuming a key role in relation to Health and Public Health Services the County Council must provide strategic leadership on this agenda ensuring the new structures work effectively and raising concerns when they do not with partners.
A9	**Medium Term Financial Strategy** • need to validate funding assumptions and achieve targeted savings through the 3-year period 2012/15	In addition to funding uncertainties, the MTFS for the period 2012/15 reflects the need for substantial savings in order to "balance the books". There is an approved and detailed savings matrix for 3-year period; the matrix includes savings from the One Council change programme. Achievement of the savings is monitored by Management Board on a regular basis and reported to the Executive as part of the Quarterly Performance Monitoring report. All the key assumptions used in the current MTFS are monitored on an ongoing basis. Any material variations will be reported to the Executive so that appropriate action can be taken as considered necessary.
A10	**Information Governance** • need to maintain roll-out of the Information Governance Framework Action Plan	The Corporate Information Governance Group (CIGG2) has developed a comprehensive set of policies within a single coherent Framework. The related Action Plan focuses on roll-out issues (eg training of staff) that need to be progressed. CIGG2 meets regularly to monitor progress. A rigorous IT based process for tracking and reporting the investigation of breaches has been designed. It will be implemented in 2012/13.

Ref	Issue requiring improvement	Action taken to date / planned 2012/13

A11	**ICT Strategy**
	
	• a revised Corporate ICT Strategy needs to be in place that reflects the IT priorities of the County Council but is reconciled to the level of resources that will be available in the future
	
	• within that Strategy the key items to address are
	
	   o migration from Novell to Microsoft
	
	   o service continuity / disaster recovery
	
	   o control weaknesses within service based IT applications and the proliferation of applications generally
		A revised and funded ICT Strategy (and resourced Action Plan) will be presented to the Management Board by September 2012. The Strategy must address key issues as well as be compatible with the requirements of the One Council change programme.
		
		The Microsoft roll-out plan is on schedule but will need to be monitored to avoid delays having consequential knock-on implications for dependent plans (eg IT aspects of One Council proposals).
		
		An off-site facility for service continuity / disaster recovery is in place via NYnet. During 2012/13 the priority status of applications needs to be established.
		
		Proposals to standardise control procedures, review applications, etc, will be developed / implemented in 2012/13.

A12	**Connecting North Yorkshire** • need to progress BDUK procurement and secure commensurate grant funding • also need to progress "not-spot" programme along with the BDUK project	The Procurement is on schedule to be completed by June 2012 so that funding streams can be maximised. Need to develop key partner links (eg LEP) to support delivery of grant funded outcomes (eg ERDF). In addition to the procurement, the not-spot programme needs to be maintained. Also need to ensure that the viability of the NYnet PSN is not compromised by the outcome of the BDUK procurement.
A13	**Service Continuity Planning** • a Corporate Policy/Strategy	The Civil Contingency Act 2004 places a

Ref	Issue requiring improvement	Action taken to date / planned 2012/13
	needs to be in place supported by the development, and testing, of a comprehensive suite of service based Continuity Plans	requirement on the County Council to have in place a set of internal SCP arrangements. Following a review of progress to date, a revised approach has been approved by Management Board. This will need to be fully rolled out in 2012/13. In particular, the "generic corporate responses" required by Services (eg ICT recovery) will need to be identified and mitigating actions taken.