

AUDIT COMMITTEE

**Date:- Tuesday, 27th
November, 2018**

**Venue:- Town Hall,
Moorgate Street,
Rotherham. S60 2TH**

Time:- 2.00 p.m.

AGENDA

1. To determine whether the following items should be considered under the categories suggested in accordance with Part 1 of Schedule 12A (as amended 2006) of the Local Government Act 1972
2. To determine any item(s) which the Chairman is of the opinion should be considered later in the agenda as a matter of urgency
3. Apologies for Absence
4. Declarations of Interest
5. Questions from Members of the Public or the Press
6. Minutes of the previous meeting held on 2nd October, 2018 (Pages 1 - 7)
7. Mid-Year Treasury Management and Prudential Indicators Monitoring Report 2018-19 (Pages 8 - 25)
8. External Audit Annual Audit Letter 2017-18 (Pages 26 - 34)
9. External Audit and Inspection Recommendations (Pages 35 - 49)
10. Use of Surveillance and Acquisition of Communications Data Powers - Update (Pages 50 - 54)
11. Code of Corporate Governance (Pages 55 - 99)
12. Risk Management Policy and Guide (Pages 100 - 129)
13. Audit Committee Forward Plan (Pages 130 - 138)

14. External Audit Progress Update (Pages 139 - 144)

15. Items for Referral for Scrutiny

(The Chairman authorised consideration of the following item to enable to the matter to be processed.)

16. Appointment of Independent Member (Pages 145 - 149)

17. Exclusion of the Press and Public

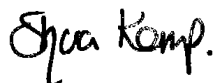
That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

18. Internal Audit Progress Report (Pages 150 - 181)

19. Regeneration and Environment's Directorate Risk Register (Pages 182 - 201)

20. Date and time of next meeting

Tuesday, 29th January, 2019, commencing at 2.00 p.m.



Chief Executive.

Membership 2018/19

Chairman – Councillor Wyatt.

Vice-Chairman – Councillor Walsh

Councillors Cowles, Evans and Vjestica

Bernard Coleman, Independent Person

AUDIT COMMITTEE
2nd October, 2018

Present:- Councillor Wyatt (in the Chair); Councillors Vjestica and Walsh; together with Mr. B. Coleman (independent member).

Messrs. G. Mills and T. De Zoya, Grant Thornton UK LLP, were also present.

Apologies for absence were received from Councillor Cowles.

29. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

30. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the public or press present at this meeting.

31. MINUTES OF THE PREVIOUS MEETING HELD ON 30TH JULY, 2018

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 30th July, 2018.

Resolved:- That the minutes of the previous meeting of the Audit Committee be approved as a correct record of proceedings.

32. AUDIT COMMITTEE TERMS OF REFERENCE

Consideration was given to a report presented by David Webster, Head of Internal Audit, proposing an update to the Audit Committee's Terms of Reference.

The Chartered Institute of Public Finance and Accountancy (CIPFA) had published 'Audit Committees – Practical Guidance for Local Authorities and Police' in May 2018, an update of the 2013 guidance. The Guidance included suggested Terms of Reference for audit committees which had been used as the basis for the proposed update.

The main changes to the Terms of Reference were:-

- Inclusion of the extended membership agreed in December 2015
- A Statement of Purpose outlining the role of the Committee
- Detailed responsibilities were given for governance, risk and control, Internal Audit, External Audit, financial reporting, Treasury Management and accountability

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A number of textual amendments were suggested to the Terms of Reference and it was proposed that an item also be included in respect of the Audit Committee having oversight of the Council's whistle-blowing procedure.

Resolved:- (1) That the updated Terms of Reference for the Audit Committee, as now amended, be approved insofar as this Committee is concerned.

(2) That the updated Terms of Reference for the Audit Committee be recommended for further consideration by the Constitution Working Group and to the Council for approval and adoption.

33. INTERNAL AUDIT CHARTER

Further to Minute No. 22 of the meeting of the Audit Committee held on 19th September, 2017, David Webster, Head of Internal Audit, presented the revised Internal Audit Charter which had been reviewed to ensure compliance with Public Sector Internal Audit Standards (PSIAS).

The main changes were:-

- Updates to refer to the International Professional Practices Framework which PSIAS were based upon
- The need for auditors to have regard to the Committee in Public Life's Seven Principles of Public Life (the Nolan Principles)
- Changes in reporting arrangements whereby summary reports were sent to Cabinet Members
- The referral of reports to the Corporate Risk Manager so that findings could be considered for inclusion in Risk Registers

A number of textual amendments were suggested to the Internal Audit Charter. The external assessment of Internal Audit against PSIAS last took place in early 2016 and it was suggested that, although the requirement is for this to be completed at intervals of five years, the next review ought to take place at an earlier date.

Resolved:- That the Internal Audit Charter, as now submitted and with the inclusion of the suggested textual amendments, be approved.

34. ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY

Further to Minute No. 23 of the Audit Committee meeting held on 19th September, 2017, consideration was given to a report presented by David Webster, Head of Internal Audit, which detailed the proposed update to the Council's Anti-Fraud and Corruption Policy and Strategy following an annual review process designed to ensure that the Policy and Strategy were up-to-date with current best practice and to take into account any changes to the Council's organisational structure.

The report also provided a summary of proposals to further strengthen the Council's fraud and corruption arrangements following a refresh of the self-assessment against the CIPFA Code of Practice on managing the risk of fraud and corruption.

The main changes to the documents were:-

- Update on the way to report a suspected wrongdoing, so that it was in line with the Whistleblowing Policy
- The inclusion of information on the use of a Protected disclosure
- Clarification on the procedure for reaching a decision on contacting the Police
- Deletion of reference within the Strategy to the Rotherham Improvement Plan

The updated Anti-Fraud and Corruption Policy was attached at Appendix A and the updated Strategy at Appendix B. Appendix C of the report contained an update to the self-assessment against the CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and Appendix D was an update to the Council's action plan for Managing the Risk of Fraud. It was important that the arrangements continued to be reviewed and updated where necessary to ensure the risk of fraud continued to be minimised.

A number of textual amendments were suggested to the Anti-Fraud and Corruption Policy and Strategy. Discussion took place on the possibility of matters of concern initially being raised with Elected Members.

Resolved:- (1) That the proposed revisions to the Anti-Fraud and Corruption Policy and Strategy, including the textual amendments now discussed, be approved.

(2) That the proposed actions intended to strengthen the Council's fraud and corruption arrangements be noted.

(3) That all Members of the Council be informed that matters of concern which were raised with them should be referred in the first instance to the Council's Monitoring Officer/Assistant Director of Legal Services in accordance with the Council's Whistleblowing Policy.

35. PLANNED AUDIT FEE FOR 2018-19

Consideration was given to correspondence dated 17th April, 2018, received from Grant Thornton UK LLP concerning the scale fees for the audit of the Borough Council's accounts for the current, 2018/19 financial year. The scope of the scale fees would cover the Company's work on:-

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- : the audit of the Council's financial statements;
- : reaching a conclusion on the economy, efficiency and effectiveness in the Council's use of resources (the value for money conclusion); and
- : the work on the whole of Government accounts return.

Resolved:- That the correspondence now submitted from Grant Thornton UK LLP relating to the scale fees for the audit of the Council's 2018/19 accounts, be received and its contents noted.

36. EXTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report submitted by Grant Thornton UK LLP providing details of the progress of the external audit of the Council's accounts and financial statements for the 2018/19 financial year, for the period from 1st April to 24th September, 2018.

The Committee welcomed Messrs. G. Mills and T. De Zoysa (representatives of Grant Thornton UK LLP) who presented the report and answered questions from Members.

It was noted that a meeting was to be arranged between the members of the Audit Committee and the team of auditors from Grant Thornton UK LLP.

Resolved:- (1) That the report be received and its contents noted.

(2) That the Audit Plan be submitted to the meeting of the Audit Committee to be held on 29th January, 2019.

37. AUDIT COMMITTEE FORWARD PLAN

Consideration was given to proposed forward work plan for the Audit Committee covering the period November, 2018 to September, 2019.

Resolved:- That the Audit Committee forward work plan, now submitted, be supported and any amendments arising actioned in due course.

38. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral to Scrutiny.

39. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

40. INTERNAL AUDIT PROGRESS REPORT 1ST JUNE TO 31ST AUGUST 2018

Consideration was given to a report presented by the Head of Internal Audit which provided a summary of Internal Audit work completed during 1st June to 31st August, 2018, and the key issues that had arisen therefrom.

The completion of the audit plan had been impacted by 2 staff vacancies within the Audit Team. The recruitment process had now begun in respect of these vacancies.

Performance against key indicators had been maintained with performance meeting or almost reaching the required level with the Service having been impacted by the departure of 2 members of staff.

Summary conclusions in all significant audit work concluded during the period were set out in Appendix B of the report submitted. 14 audits had been finalised since the last Audit Committee meeting 2 of which had No Assurance and 6 had Partial Assurance. The remaining 6 all had Substantial Assurance or Reasonable Assurance.

Reference was also made Appendix C which detailed significant responsive work completed since the last Audit Committee meeting.

Appendix D showed the results of a Control and Risk Self-Assessment exercise undertaken by maintained schools during 2017/18. The results will be used to develop themed audits on specific subjects, to be carried out in a sample of schools with the results reported to all.

Appendix E summarised Internal Audit's performance against a number of Indicators and Appendix F showed the number of outstanding recommendations that had passed their original due date, age rated. For those over 120 days old the detail was then given, where they had been deferred the comment received from the Manager was given and where there was no change to the due date or comment, the Manager had not updated the system.

Discussion ensued on various matters contained within the agreed actions section of the report.

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Resolved:- (1) That the Internal Audit work undertaken since meetings of the Audit Committee, 1st June to 31st August, 2018, and the key issues arising therefrom be noted.

(2) That the information submitted regarding the performance of Internal Audit and the actions being taken by management in respect of the outstanding actions be noted and an updated version of the report be submitted to the next meeting.

(3) That the progress of the following items be reviewed at the next meeting:-

Supported Living, Day Care Services and Direct Payments
Supported Living – new contracts

41. RISK REGISTER - ASSISTANT CHIEF EXECUTIVE

Consideration was given to a report, presented by Shokat Lal (Assistant Chief Executive) providing details of the Risk Register and risk management activity within the Assistant Chief Executive's Directorate and in particular highlighting:-

- How the Register was maintained/monitored and at what frequency
- Involvement of the Cabinet member for Finance and Corporate Services
- How risks were included on and removed from the Register
- Anti-fraud activity in the Directorate

Discussion ensued with the following issues raised:-

- partnership working and commissioning arrangements - the need for the Council to be satisfied as to the governance arrangements of those organisations which received funding from the Council and which delivered services on behalf of the Council (via the commissioning process);
- Three risks were currently rated as red :
 - Tackling Family Poverty
 - Improving Confidence in Rotherham
 - Operating sound Recruitment Practices encompassing statutory and safeguarding requirements.
- Reference was made to the new HR and Payroll system being implemented in April, 2019.

Resolved:- (1) That the progress and current position in relation to risk management activity in the Assistant Chief Executive's Directorate, as detailed in the report now submitted, be noted.

(2) That a further report be submitted to a future meeting of the Audit Committee concerning the governance arrangements of those organisations which received funding from the Council and which delivered services on behalf of the Council (via the commissioning processes for Adult Social care and for Children and Young People's Services).

42. DATE AND TIME OF NEXT MEETING

Resolved:- That the next meeting of the Audit Committee take place at the Town Hall, Rotherham on Tuesday, 27th November, 2018, commencing at 2.00 p.m.

Summary Sheet

Council Report

Audit Committee 27th November 2018

Title

Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2018/19

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger – Strategic Director for Finance & Customer Services

Report Author(s)

Graham Saxton, Assistant Director- Financial Services
01709 822034 graham.saxton@rotherham.gov.uk

Ward(s) Affected

All

Executive Summary

1. Mid-Year Treasury Review

The regulatory framework of treasury management requires that the Council produces a mid-year treasury review, this being in addition to the forward looking annual treasury strategy and backward looking annual treasury report.

This report meets the first of those requirements. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).

It is also a requirement that any proposed changes to the 2018/19 prudential indicators are approved by Council.

The monitoring as set out in the Appendix to the report is structured to highlight the key changes to the Council's capital activity (the PIs) and the actual and proposed treasury management activity (borrowing and investment).

The key messages for Members are:

- a. Investments - the primary governing principle remains **security** over return and the criteria for selecting counterparties continues to reflect this.
- b. Borrowing - The Council's Treasury Management Strategy provides for the Council to take out £30m of new borrowing per annum over the 2 years from 2018/19 to 2019/20 to reduce the amount of under-borrowing over time. However, the Council will maintain its strategy of being significantly under-borrowed against the capital financing requirement, as the most cost effective approach in the current financial climate. This position will remain under review and an update of the strategy will be presented to Members within the Budget and Council Tax 2019/20 report to Council in February 2019.
- c. Governance - strategies and monitoring are undertaken by Audit Committee.

Recommendation

Audit Committee is asked to note the contents of the report.

List of Appendices Included

Appendix – Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2018/19.

Background Papers

Budget and Council Tax 2018/19 report to Council 28th February 2018

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2018/19

1. Recommendation

Audit Committee is asked to note the contents of the report.

2. Background

- 1.1 **Mid-Year Treasury Review** – The CIPFA Treasury Management Code of Practice includes a requirement that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.
- 1.2 This review as fully set out in the Appendix meets the revised requirement as set out in section 2.1 above. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Management Strategy and PIs were previously reported to Cabinet and Commissioners Decision Making meeting in February 2018 and approved by Council on 28th February 2018.

3. Key Issues

- 3.1 **Mid-Year Treasury Review** – The review as set out in the Appendix provides Members with details of mid-year performance against the plan.
- 3.2 The key messages for Members are:
 - a. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.
 - b. Borrowing - The Council's treasury management strategy provides for the Council to take out £30m of new borrowing per annum over the 2 years from 2018/19 to 2019/20 to reduce the amount of under-borrowing over time. However the Council will maintain its strategy of being significantly under-borrowed against the capital financing requirement, as the most cost effective approach in the current financial climate. This position will remain under review and an update of the strategy will be presented to Members within the Budget and Council Tax 2019/20 report to Council in February 2019.
 - c. Governance - strategies and monitoring are undertaken by Audit Committee.

4. Options considered and recommended proposal

- 4.1 **Mid-Year Treasury Review** – The review as set out in the Appendix indicates performance is in line with the plan and no proposals to vary the approach for the remainder of the year are proposed.

5. Consultation

- 5.1 The continuing approach to treasury management has been discussed with the Council's external Treasury Management Advisers, Link Asset Services, who have confirmed this is a prudent approach given current market conditions.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The report is for Audit Committee information and noting.

7. Financial and Procurement Implications

- 7.1 Treasury Management forms an integral part of the Council's overall financial arrangements.
- 7.2 The assumptions supporting the capital financing budget for 2018/19 and for future years covered by the Council's MTFS were reviewed in light of economic and financial conditions and the capital programme.
- 7.3 The current strategy is to maintain the Council's position of being significantly under-borrowed against the Capital Financing Requirement and to optimise cash-flows by using short-term loans rather than taking out new longer term debt. This strategy takes advantage of the low interest rates currently available for short term loans and generates savings against the 2018/19 budget which are reflected in the financial monitoring reports.

8. Legal Implications

- 8.1 It is a requirement that changes to the Council's prudential indicators and approved by Council

9. Human Resources Implications

- 9.1 There are no Human Resource implications arising from the report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no implications arising from the proposals to Children and Young People and Vulnerable Adults.

11. Equalities and Human Rights Implications

11.1 There are no implications arising from this report to Equalities and Human Rights.

12. Implications for Partners and Other Directorates

12.1 There are no implications arising from this report to Partners or other directorates.

13. Risks and Mitigation

13.1 Regular monitoring of treasury activity ensures that risks and uncertainties are addressed at an early stage and hence kept to a minimum.

14. Accountable Officer(s)

Graham Saxton (Assistant Director, Financial Services)

Approvals Obtained from:-

Strategic Director for Finance & Customer Services: - Judith Badger

Mid-Year Prudential Indicators and Treasury Management Monitoring**1. Introduction and Background**

- 1.1 The CIPFA Treasury Management Code of Practice includes a requirement that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.
- 1.2 This report meets that revised requirement. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Management Strategy and PIs for 2018/19 were previously reported to Cabinet and Commissioners Decision Making meeting in February 2018 and approved by Council on 28th February 2018.
- 1.3 The Council's revised capital expenditure plans and the impact of these revised plans on its financing are set out below in Sections 2.2 and 2.3 respectively. The Council's capital spending plans provide a framework for the subsequent treasury management activity. Section 3 onwards sets out the impact of the revised plans on the Council's treasury management indicators.
- 1.4 The underlying purpose of the report supports the objective in the revised CIPFA Code of Practice on Treasury Management and the Communities & Local Government Investment Guidance. This states that Members receive and adequately scrutinise the treasury management service.
- 1.5 The underlying economic and financial environment remains difficult for the Council, foremost being the improving, but still challenging, concerns over investment counterparty risk. This background encourages the Council to continue maintaining investments short term and with low risk counterparties. The downside of such a policy is that investment returns remain low.
- 1.6 The Strategic Director for Finance & Customer Services can report that the basis of the Treasury Management Strategy, the Investment Strategy and the PIs are have not changed from that set out in the approved Treasury Management Strategy (February 2018).

2. Key Prudential Indicators

2.1. This part of the report is structured to update:

- The Council's latest capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the PIs and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

2.2 Capital Expenditure (PI)

2.2.1 This table shows the forecast estimates for capital expenditure as reported in the September Financial Monitoring Report presented to the Cabinet meeting held on the 19th November 2018. This position reflects slippage on the capital programme for 2017/18 which is now rolled into 2018/19, as reported in the financial outturn report to Cabinet in July 2018, and new scheme approvals during the year.

Capital Expenditure by Service	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
Children & Young People Services	13.050	9.767
Regeneration & Environment	29.447	42.012
Adult Care & Housing – Non-HRA	8.398	4.153
Assistant Chief Executive	1.338	1.338
Finance & Customer Services	5.151	5.832
Total Non-HRA	57.384	63.102
Adult Care & Housing – HRA	56.527	43.952
Total HRA	56.527	43.952
Total	113.911	107.054

2.3 Impact of Capital Expenditure Plans

2.3.1 **Changes to the Financing of the Capital Programme**

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the expected financing arrangements of this capital expenditure.

Capital Expenditure	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
Total spend	113.911	107.054
Financed by:		
Capital receipts	12.584	10.229
Capital grants, capital contributions & other sources of capital funding	65.837	67.497
Borrowing Need	35.490	29.328
Total Financing	113.911	107.054
Unsupported Borrowing	35.490	29.328
Borrowing Need	35.490	29.328

The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision (MRP)). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

2.3.2 The decrease in borrowing need for 2018/19 (£6.162m) reflects the re-profiling of capital expenditure & financing and new approvals since the original estimate was approved.

2.3.3 **Changes to the Capital Financing Requirement (PI), External Debt and the Operational Boundary (PI)**

The table below shows the CFR, which is the underlying external need to borrow for a capital purpose. It also shows the expected debt position over the period. This expected debt position has previously been used as the basis for the Operational Boundary PI. This was set at the beginning of the financial year at £688.579m. There may be periods where the actual position rises above the Operational Boundary, but this is acceptable practice. It is the Authorised Limit which the Council must not breach. However during 2018/19 it is not expected that the Operational Boundary will be breached as the Council continues to utilise short term borrowing.

2.3.4 In addition to showing the underlying need to borrow, the Council's CFR includes other long term liabilities which have been brought on balance sheet, for example, PFI schemes and finance lease assets. No borrowing is actually required against these schemes as a borrowing facility is already included in the contract and there has been no change in the borrowing need resulting from these requirements.

2.3.5 The current CFR estimate for 2018/19 is £823.558m and this figure represents an increase of £25.537m when compared to the 2017/18 year-end

position of £798.022m. The increase is predominantly due to reflecting the Councils approved Capital Programme within the revised CFR estimate, a further adjustment is made to reflect the repayments of borrowing within PFI schemes. These two adjustments are detailed below;

- The estimated borrowing need for the year £28.699m net of the Minimum Revenue Provision charge for the year (£0.629m)
- The repayments of borrowing contained within PFI and similar schemes (£3.162m).

Prudential Indicator – Capital Financing Requirement	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
CFR – Non Housing	395.969	389.807
CFR – Housing	304.125	304.125
Total CFR excluding PFI, finance leases and similar arrangements	700.094	693.932
Net movement in CFR	34.861	28.699
Cumulative adjustment for PFI, finance leases and similar arrangements	129.626	129.626
Net movement in CFR	-3.162	-3.162
Total CFR including PFI, finance leases and similar arrangements	829.720	823.558
Net movement in overall CFR	31.699	25.537
Prudential Indicator – Operational Boundary	Original Estimate	Current Position
Borrowing	558.953	425.855
Other long term liabilities*	129.626	129.626
Total Debt 31 March	688.579	555.481

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

Former SYCC Operational Boundary for External Debt	2018/19 Original Estimate £m	Current Position £m	2018/19 Revised Estimate £m
Borrowing	37.000	37.000	37.000
Other long term liabilities	0.000	0.000	0.000
Total Debt 31 March	37.000	37.000	37.000

3. Limits to Borrowing Activity

- 3.1 The first key control over the treasury activity is a PI to ensure that over the medium term, gross and net borrowing will only be for a capital purpose. Gross and net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which would only be adhered to if this proves prudent to do so.

RMBC	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
Gross Borrowing	558.953	425.855
Plus Other Long Term liabilities*	129.626	129.626
Total Gross Borrowing	688.579	555.481
CFR*	829.720	823.558
Total Gross Borrowing	688.579	555.481
Less Investments	20.000	20.000
Net Borrowing	668.579	535.481
CFR*	829.720	823.558

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

- 3.2 The Strategic Director for Finance & Customer Services reports that no difficulties are envisaged for the current or future years in complying with this PI.
- 3.3 A further PI controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt (RMBC)	2018/19 Original Indicator £m	2018/19 Revised Indicator £m
Borrowing	714.397	714.397
Other long term liabilities*	132.219	132.219
Total	846.615	846.615

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

Former SYCC - Authorised Limit for External Debt	2018/19 Original Estimate £m	2018/19 Current Position £m	2018/19 Revised Estimate £m
Borrowing	37.000	37.000	37.000
Other long term liabilities	0.000	0.000	0.000
Total	37.000	37.000	37.000

3.4 The Strategic Director for Finance & Customer Services reports that no difficulties are envisaged for the current or future years in complying with this PI.

4. Treasury Strategy 2017/18 – 2019/20

4.1 Debt Activity during 2018/19

4.1.1 The expected borrowing need is set out below:

RMBC	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
CFR	829.720	823.558
Less Other Long Term Liabilities*	129.626	129.626
Net Adjusted CFR (y/e position)	700.094	693.932
Borrowed at 30/09/18	558.953	425.855
Invested at 30/09/18	0.000	-8.180
Under borrowing at 30/09/18	141.141	276.257
Borrowed at 30/09/18	558.953	425.855
Estimated additional borrowing to be taken October to March 2019	0.000	0.000
Total Borrowing	558.953	425.855
Under borrowing at 31/03/19	141.141	268.077
Level of short term borrowing held		182.811

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

- 4.1.2 The Council is currently significantly under-borrowed. The delay in borrowing long-term reduces the cost of carrying borrowed monies when yields on investments are low relative to the borrowing rates. Based on current borrowing rates and investment returns the differential is around 2% and if the Council was fully borrowed the additional cost per year would amount to over £3m. The delay in taking out new long-term borrowing does give rise to an element of interest rate risk, as longer term borrowing rates may rise, but this position is being closely monitored and the overall position carefully managed.
- 4.1.3 During the six months to 30 September 2018 the Council has short term borrowed the following amounts shown in the table below. The borrowing taken highlights the Council's current position of utilising low rate short term deals to generate significant interest savings. The following deals were required for a combination of debt refinancing, pension fund payments profile and cashflow management.

Principal	Type	Term	Interest Rate %
£10,000,000	Temp	11 Months	0.87
£5,000,000	Temp	10 Months	0.70
£10,000,000	Temp	9 Months	0.65
£5,000,000	Temp	9 Months	0.65
£15,000,000	Temp	7 Months	0.72
£10,000,000	Temp	7 Months	0.65
£10,000,000	Temp	7 Months	0.75
£10,000,000	Temp	6 Months	0.70
£20,000,000	Temp	6 Months	0.80
£5,000,000	Temp	6 Months	0.75
£14,000,000	Temp	5 Months	0.82
£10,000,000	Temp	3 Months	0.62
£5,000,000	Temp	3 Months	0.60
£10,000,000	Temp	3 Months	0.55
£10,000,000	Temp	3 Months	0.60
£9,000,000	Temp	3 Months	0.60
£10,000,000	Temp	3 Months	0.50
£5,000,000	Temp	2 Months	0.55

4.1.4 During the six months to 30 September 2018, the Council has repaid a number of long-term loans from the PWLB, and short-term loans from the Local Authority lending market. The principal repaid, and interest rates are detailed in the table below.

Lender	Principal	Type	Interest Rate %
PWLB	£1,000,000	Fixed rate (EIP)	3.46
PWLB	£65,000	Fixed rate (EIP)	1.89
PWLB	£86,890	Fixed rate (Annuity)	Various
PWLB	£5,000,000	Fixed rate	2.82
Local Authority	£15,000,000	Temp	0.50
Local Authority	£10,000,000	Temp	0.50
Local Authority	£15,000,000	Temp	0.50
Local Authority	£10,000,000	Temp	0.50
Local Authority	£15,000,000	Temp	0.50
Local Authority	£5,000,000	Temp	0.50
Local Authority	£20,000,000	Temp	0.55
Local Authority	£4,000,000	Temp	0.45
Local Authority	£10,000,000	Temp	0.43
Local Authority	£14,000,000	Temp	0.55
Local Authority	£10,000,000	Temp	0.55
Local Authority	£10,000,000	Temp	0.60
Local Authority	£10,000,000	Temp	0.87
Local Authority	£10,000,000	Temp	0.62
Local Authority	£5,000,000	Temp	0.70
Local Authority	£5,000,000	Temp	0.60
Local Authority	£9,000,000	Temp	0.60
Local Authority	£15,000,000	Temp	0.72
Local Authority	£10,000,000	Temp	0.55
Local Authority	£5,000,000	Temp	0.65
Local Authority	£10,000,000	Temp	0.65
Local Authority	£10,000,000	Temp	0.65
Local Authority	£5,000,000	Temp	0.55
Local Authority	£5,000,000	Temp	0.60

Included within the long-term loans is one Equal Instalment of Principal (EIP) loan for £20m is being repaid in equal half yearly instalments of £1m over its 10 year term. A second EIP loan for £1.3m is being repaid in equal half yearly instalments of £65,000 over its 10 year term. There are 5 Annuity loans on which variable amounts of principal are repaid each six months.

5. Investment Strategy 2017/18 – 2019/20

5.1 Key Objectives

The primary objective of the Council's Investment Strategy is safeguarding the repayment of the principal and interest of its investments on time – the investment return being a secondary objective. The current difficult economic and financial climate has heightened the Council's over-riding risk consideration with regard to "Counterparty Risk". As a result of these underlying market concerns, officers continue to implement an operational investment strategy which maintains the tight controls already in place in the approved Investment Strategy.

5.1.1 The Council is currently operating a strategy, whereby it is utilising the low rates available in the short term inter-local authority lending market to hold a position of being under borrowed, with the vision of not entering into any long term borrowing until required. This means that the Council has less day to day cash to invest. Historically the Council would place any cash surpluses into one of the following investment options, Debt Management Office (DMO at 0.5%), or Handlesbanken (at 0.55%).

5.1.2 However since June 2018 the Council has been making a greater return on its investments by making stronger use of Money Market Funds's (MMF's), which had comparable investment returns of anywhere from 0.65% to 0.69%, and above. The process for using MMF's is very efficient and effective, with the added benefit that the funds the Council can access are all AAA rated. To enable the Councils Treasury Management Team to make best use of this market, in the most efficient and cost effective way the following change was implemented as part of the Treasury Management Strategy for 2018/19 approved by Members within the Budget and Council Tax 2018/19 report:

Previous Rule:

- Money Market Funds – AAA – restricted to a maximum of 20% of the investment portfolio

New Rule:

- Money Market Funds – AAA – restricted to a maximum investment of £10m per fund

5.2 Current Investment Position

The Council held £8.180m of investments at 30 September 2018, and the constituent parts of the investment position are:

Sector	Country	Up to 1 year £m	1 - 2 years £m	2 – 3 years £m
Banks	UK	0	0	0
DMO	UK	0	0	0
MMF's	UK	8.180	0	0
Total		8.180	0	0

One 'call' account with the top rated bank Handelsbanken is operated. This bank meets the Council's highest investment criteria. This enables the Council to minimise the risk of having to leave unexpected receipts with the Council's current bankers. It allows immediate access to a small amount of funds to cover or part cover any short-term borrowing requirements. However, at present the flexibility and rates that the MMF's offer, mean this account is not currently being utilised.

5.3 **Risk Benchmarking**

A regulatory development is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are requirements to Member reporting and the following reports the current position against the benchmarks:

5.3.1 **Security** – The Council monitors its investments against historic levels of default by continually assessing these against the minimum criteria used in the Investment Strategy. The Council's approach to risk, the choice of counterparty criteria and length of investment ensures any risk of default is minimal when viewed against these historic default levels.

5.3.2 **Liquidity** – In respect of this area the Council set liquidity facilities/benchmarks to maintain:

- Bank overdraft – on a day-to-day basis the Council works to an agreed overdraft limit of £100,000 with the Council's bankers. Whilst a short-term increase could be negotiated less expensive short-term borrowing is accessed through the financial markets to remain within the agreed overdraft.
- Liquid short-term deposits of at least £3m available within a week's notice.

The Strategic Director for Finance & Customer Services can report that liquidity arrangements were adequate during the year to date.

5.3.3 **Yield** – a local measure for investment yield benchmark is internal returns above the 7 day London Interbank Bid Rate (LIBID).

The Strategic Director for Finance & Customer Services can report that the return to date averages 0.45%, against a 7 day LIBID to the end of September 2018 of 0.58%. This is reflective of the Council's current approach to risk whereby security has been maximised by using the Debt Management Office and highly rated banks in the early part of the financial year. However the Council's average return has risen above 0.6% since the use of the MMF's commenced.

It is important to recognise that based on the Council's current average cash investments of £16m, the difference in return at the benchmark when compared to the return achieved at the current rate would be £20.9k. This increase in return has to be measured against the additional risk of placing cash elsewhere.

6. Revisions to the Investment Strategy

- 6.1 The counterparty criteria are continually under regular review but in the light of the current market conditions no recommendations are being put to Members to revise the Investment Strategy.

7. Treasury Management Prudential Indicators

7.1 Actual and estimates of the ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream.

	2018/19 Original Indicator %	2018/19 Current Position %
Non-HRA	5.56	5.46
HRA	15.95	15.75

- 7.2 The revised non HRA indicator reflects the impact of the restructured debt and borrowing being at rates less than originally anticipated for 2017/18. The HRA indicator has also decreased due to the HRA's internal borrowing, which is calculated using the Council's overall average rate of interest, now being at a lower rate than had been assumed in the original indicator.

7.3 Prudential indicator limits based on debt net of investments

- **Upper Limits On Fixed Rate Exposure** – This indicator covers a maximum limit on fixed interest rates.
- **Upper Limits On Variable Rate Exposure** – Similar to the previous indicator this identifies a maximum limit for variable interest rates based upon the debt position net of investments.

RMBC	2018/19 Original Indicator	Current Position
Limits on fixed interest rates based on net debt	100%	83.05%
Limits on variable interest rates based on net debt	30%	16.95%

7.4 Maturity Structures Of Borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) falling due for refinancing.

The current position shown below reflects the next call dates on those Council's LOBO loans (£62m) that are not callable in 2018/19 and thus are regarded as fixed rate. The actual maturity date for most of these loans is greater than 50 years. This approach gives a better indication of risk and whilst there is a possibility that a loan is called with an increase in interest payable the likelihood of any LOBO loans being called in the current climate is assessed as zero for the next three years.

RMBC	2018/19 Original Indicator		Current Position
	Lower	Upper	%
Under 12 months	0%	35%	3.96%
12 months to 2 years	0%	35%	2.82%
2 years to 5 years	0%	45%	11.61%
5 years to 10 years	0%	45%	5.07%
10 years to 20 years	0%	45%	10.36%
20 years to 30 years	0%	50%	2.49%
30 years to 40 years	0%	50%	17.47%
40 years to 50 years	0%	55%	23.34%
50 years and above	0%	60%	22.88%

The former SYCC account is due to be wound up by the end of 2020/21 and the maturity structure is now fixed. As a result future limits are currently set in line with the on-going maturity profile.

Former SYCC	2017/18		Current Position
	Original Indicator		
	Lower	Upper	%
Under 12 months	0%	60%	0.00%
12 months to 2 years	0%	75%	45.59%
2 years to 5 years	0%	100%	54.41%

7.5 Total Principal Funds Invested

These limits are set to reduce the need for the early sale of an investment, and show limits to be placed on investments with final maturities beyond each year-end.

The Council currently has no sums invested for periods exceeding 364 days due to market conditions. To allow for any changes in those conditions the indicator has been left unchanged. This also excludes any Icelandic investments that are due to be recovered after more than 364 days.

RMBC	2017/18 Original Indicator £m	Current Position £m
Maximum principal sums invested > 364 days	10	0
Cash deposits	10	0

7.6 Treasury Management Advisers

The Council is in its third year of a three year contract with Link Asset Services Treasury Solutions (LAS) for the provision of treasury management and asset finance services. This began on 7 October 2016.



Annual Audit Letter 2017/18

**Rotherham
Metropolitan Borough
Council.**

31st August 2018



Section one

Summary for Audit Committee



Summary for Audit Committee

This Annual Audit Letter summarises the outcome from our audit work at Rotherham Metropolitan Borough Council in relation to the 2017-18 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

Audit opinion

We issued an unqualified audit opinion on the Authority's financial statements on 31st July. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

Financial statements audit

Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £11 million which equates to around 1.6 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We report to the Audit Committee any misstatements of lesser amounts, other than those that are "clearly trivial", to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £550k for the Authority.

We have identified four adjusted audit differences with a total value of £993k. These adjustments do not impact the prime financial statements.

We identified eight unadjusted audit differences, with a balance sheet impact of £8,559k and an I&E impact of £1,507k. As the majority of these related to estimates in property, plant and equipment, we did not require an amendment as the actual value of the adjustments was not certain.

We also identified a small number of minor presentational errors, such as prior year balances not being updated in one note, and a number of typographical errors. These were amended in the final set of financial statements.

Our audit work was designed to specifically address the following significant risks:

- **Valuation of PPE** – Whilst the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We considered the way in which the Authority ensures that assets not subject to in-year revaluation are overall not materially misstated. As part of our work we identified a number of audit adjustments. These are unadjusted audit differences.
- **Pensions Assets & Liabilities** – The valuation of the Authority's pension liabilities and assets, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We have reviewed the processes in place to ensure accuracy of data provided to the Actuary and considered the assumptions used in determining the valuation. We identified one unadjusted audit difference in relation to valuation of pension assets. No other issues were identified as a result of our work
- **Faster Close** – The timetable for the production of the financial statements has been significantly advanced with draft accounts having to be prepared by 31 May (2017: 30 June) and the final accounts signed by 31 July (2017: 30 September). We worked with the Authority in advance of our audit to understand the steps being taken to meet these deadlines and the impact on our work. We noted that more errors around PPE were identified during our work, which is in part due to faster close as the finance team had less time to discuss things with the valuers.

Summary for Audit Committee (cont.)

Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

Whole of Government Accounts

We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.

Value for Money conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2017-18 on 31st July 2018. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

Value for Money risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified the following significant matters:

- **Financial Sustainability** – As a result of reductions in central government funding, and other pressures, the Authority is having to make additional savings beyond those from prior years. We have considered the way in which the Authority identifies, approves, and monitors both savings plans and how budgets are monitored throughout the year. We did not identify any issues as a result of our work.
- **Delivery of Children's Services Improvement Plan** – In 2017/18 the Authority has continued to work towards delivering the improvement plan set up in order to allow the full return of powers from the Commissioners. We considered progress against this plan, and found that the improvement plan has been fully implemented, and the Authority continues to work hard ensuring it delivers a high quality children's service and respond to any regulator comments.

High priority recommendations

We raised no high priority recommendations as a result of our 2017-18 work.

Summary for Audit Committee (cont.)

Certificate

We issued our certificate on **31st August 2018**. The certificate confirms that we have concluded the audit for 2017-18 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

Audit fee

Our fee for 2017-18 was £140,828, plus VAT (£144,028 in 2016/17), which is a reduction of 2% from the prior year. The prior year audit fee included an agreed uplift for additional work undertaken in relation to VFM. Further detail is contained in Appendix 2.

Exercising of audit powers

We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about.

We have not identified any matters that would require us to issue a public interest report.

In addition, we have not had to exercise any other audit powers under the Local Audit & Accountability Act 2014.

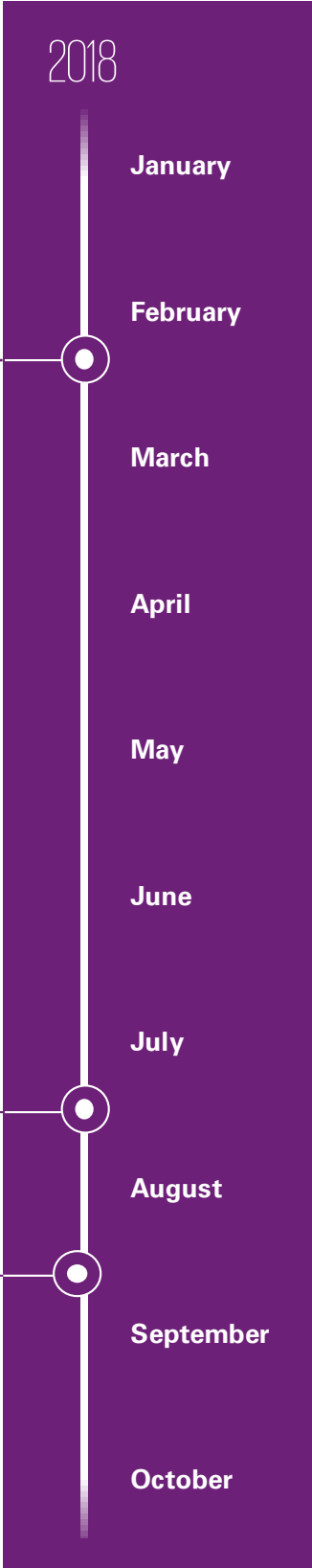


Appendices



Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter. These reports can be accessed via the Audit Committee pages on the Authority’s website at www.rotherham.gov.uk.



External Audit Plan

The External Audit Plan set out our approach to the audit of the Authority’s financial statements and to support the VFM conclusion.

Report to Those Charged with Governance

The Report to Those Charged with Governance summarised the results of our audit work for 2017-18 including key issues and recommendations raised as a result of our observations. We also provided the mandatory declarations required under auditing standards as part of this report.

Auditor’s Report

The Auditor’s Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

Annual Audit Letter

This Annual Audit Letter provides a summary of the results of our audit for 2017-18.

Audit fees

This appendix provides information on our final fees for the 2017-18 audit.

External audit

Our final fee for the 2017-18 audit Rotherham Metropolitan Borough Council was £140,828, which is in line with the planned fee.

Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The planned fee for this work is £15,826 and the final fee will be confirmed through our reporting on the outcome of that work in January 2019.

We are also in the process of agreeing the fees for the audit of the 17/18 teachers pension return and the pooling of housing capital receipt return which are outside of Public Sector Audit Appointment's certification regime.

Other services

We also charged £16,500 for other non- audit services (Demand and service area Consumption work). This work was not related to our responsibilities under the Code of Audit Practice.



The key contacts in relation to our audit are:

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

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

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

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CREATE: CRT086281A

Summary Sheet

Council Report:

Audit Committee – 27th November 2018

Title:

External Audit and Inspection Recommendations

Is this a Key Decision and has it been included in the Forward Plan?

No

Strategic Director Approving Submission of the Report:

Judith Badger – Strategic Director, Finance and Customer Services

Report Author(s):

Tracy Blakemore - Quality and Projects Officer, CYPS

Sue Wilson – Head of Service, Performance & Planning, CYPS

Ward(s) Affected:

All

Executive Summary:

In line with the Audit Committee prospectus “A fresh start”, the purpose of this report is to provide details of recent and current external audits and inspections, including the details of arrangements that are in place regarding the accountability and governance for implementing recommendations arising from these.

The appendix to the report provides a summary of progress against recommendations from across all key external audits and inspections.

Recommendations:

That the Audit Committee notes the governance arrangements that are currently in place for monitoring and managing the recommendations from external audits and inspections.

That the Audit Committee continues to receive regular reports in relation to external audit and inspections and progress made in implementing recommendations.

List of Appendices Included:

Appendix A: Summary of Recommendations from “Active” Inspection and Audit Action Plans

Background Papers

CYPS Improvement Plan

Fresh Start Improvement Plan and Phase Two Action Plan

Ofsted Report published January 2018

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Council Approval Required

No

Exempt from the Press and Public

No

Title – External Audit and Inspection Recommendations

1. Background

- 1.1 In line with the Audit Committee prospectus “A fresh start”, the purpose of this report is to provide details of recent and current external audits and inspections. The report covers the 2 key improvement plans – Fresh Start and the Children and Young People’s Plan plus recommendations from inspections relating to other functions of the Council.
- 1.2 The “Fresh Start” Improvement Plan was the Council’s strategic response to the external Corporate Governance Inspection (CGI) and the Jay and Ofsted reports. The plan was approved in May 2015 and divided into two phases:
- An initial “transition” phase, from May 2015 to May 2016, which focused on ensuring the Council had implemented the basic building blocks of an effective council.
 - The second phase from May 2016 to May 2017, focused on embedding strong leadership and a new culture following the appointment of key, permanent senior staff and the all-out election in May 2016.
 - The implementation of the plan and its governance arrangements were overseen by the “Joint Board” of Commissioners and leading Elected Members (Labour and Opposition Groups), with links to the Strategic Leadership Team (SLT) and Assistant Directors.
 - The final meeting of the Joint Board took place on 20th November 2017, where completion of 98% of the phase two actions was noted along with two remaining milestones anticipated to be completed in December 2017. However, both were delayed with the review of the Council’s constitution finally reported to Council in May 2018 and the Commissioning Action Plan completed in early 2018. Following the launch of the Rotherham Compact in March 2017, the Joint Board agreed that the annual evaluation would be reported by April 2018. A report was subsequently agreed by the Partnership Chief Executive Officers Group in March 2018.
 - Improvement activity continues to be reported and monitored through the appropriate mechanisms such as quarterly performance reporting or reports to SLT, Cabinet, Rotherham Together Partnership or Member Development Panel, as appropriate.

2. Adult Care and Housing

Adult Care has not received any further Care Quality Commission (CQC) or any other additional external inspections since the last report (June 2018). However, a progress update is provided below, regarding any actions referenced in the relevant Service CQC inspections reports

2.1 The CQC undertakes programmed inspections of the Councils Adult Social Care registered providers. They undertake these 'comprehensive' inspections on a risk based rating frequency (services rated as **Good** usually within 30 months). The following table details completed inspections and the most recent ratings for the service

Service	Latest Inspection Report	Overall Rating for Service
Lord Hardy Court	1 st February, 2017	Good
Davies Court	28 th September, 2016	Good
Home Enabling (includes Shared lives)	30 th July, 2016	Good
Parkhill Lodge	5 th March, 2018	Good
Quarryhill Resource Centre	7 th March, 2018	Good
Treefields Resource Centre	23 rd August, 2017	Good

2.1.1 Lord Hardy Court's last CQC inspection in February 2017 resulted in an overall rating of good. However, 2 actions needed to be addressed by the Council, details of which are set out below:-

- (i) There was no dedicated activity staff or a structured activities programme. Due to staff workloads activities were not consistently available for people to participate in.

The roles of the Dedicated Activity Coordinators were deleted from the service in 2013 and because the action references "dedicated" activity staff it is possible the action may never be deemed to be fully complete. Despite this the Council continues to work extremely hard mitigating the impact of this change on customers using the facility. Staff, proactively encourage residents to become more involved in a wider range of activities such as taking part in table top games and attending weekly movement sessions to music. Entertainers are also being booked to visit the unit at regular intervals. Dedicated time continues to be built in to staff rotas to ensure that a variety of activities can be offered on a regular basis.

- (ii) Changes in client's needs have not always been fully incorporated into all care records, and decisions made in client's best interest were not always clearly recorded in their care files.

Action was taken to ensure recording in client files were accurately reflecting the up to date position. Follow up quality assurance checks have been scheduled by the service to ensure improvements are being consistently applied.

Following the inspection in February 2017 care plans were immediately updated to capture the current needs of people using the facility and a robust process was developed to ensure care plans are being updated regularly.

2.1.2 Although rated overall as being good some minor recommendations were made about Parkhill Lodge with regard to how well the service was being led; The following actions were identified to help improve the service;

- (i) There were some actions referring to the repair or replacement of building maintenance which had failed to be met within the agreed timescales. The inspectors recognised the reasons for the delay was that consultations were still underway to determine the future plans for the building, however despite this, the inspectors wanted to see some firm indication when actions in the plan would be completed.

All identified areas of concern have now been reported and or works undertaken to rectify them. This was undertaken within a very short period of time following the inspection. The CQC inspector was informed of the outcome of the works and was satisfied that these have all been completed.

The only outstanding area was the fascia to the outside of the building that needs to have remedial action to remove and replace rotten wood and paint to enhance the look of the building. Unfortunately due to significant cost to the Council and the medium to long term plans for the home being to identify other suitable accommodation, it has been decided to postpone this work.

- (ii) The policies and procedures used to deliver the service were last reviewed in 2013 which was identified as a gap. A refresh was required to ensure the service is:
 - a. meeting its statutory requirements in terms of health and safety etc;
 - b. operating effectively and;
 - c. is able to capture best practice and learning.

The Service now subscribes to Quality Compliance System which provides a full suite of policies that are CQC compliant and regularly updated. Staff training to enable them to make the best use of the system is currently underway.

2.1.3 Adult Social Care (ASC) continues to have a good compliance record with standards subject to inspection. Governance arrangements remain in place and are updated to reflect necessary changes. This has included Project Assurance Meetings being introduced in 2018, to enhance the governance framework, which subsequently report to the Directorate Leadership Team.

2.1.4 Excellent progress has been made by Housing completing 3 of the 4 recommendations made in the Fire Risk Assessment audits carried out by the South Yorkshire Fire and Rescue Service at Hampstead Green, Doncaster Road and Eastwood View flats.

- The bin chute doors and sounders have been improved at Doncaster Road and Eastwood View flats and improvements to the fire stopping arrangements have been made at Hampstead Green flats.
- New timelines have been agreed with South Yorkshire Fire and Rescue Service to complete the outstanding recommendation before the end of the current financial year which will be for the Council to expand the alarm system, reconfigure the sounders and install a sprinkler system in the corridors of Hampstead Green.

2.1.5 Compliance Audit

The Homes England Annual Compliance Audit Programme provides assurance that any organisation in receipt of grant have met all Homes England's requirements and funding conditions, and that the organisations have properly exercised their responsibilities. Standardised checks have recently been made by the Council's appointed Independent Auditors in September 2018. No issues or concerns were raised by the Auditor and this has since been formally submitted to Homes England. The outcome of the audit will be known in May 2019.

3. Children and Young People's Services

3.1 Ofsted carried out a re-inspection of Children's Services in November 2017 under their Single Inspection Framework.

3.1.1 As previously report, the findings from the inspection were published on the 29th January 2018 and were:

- Services for Children and young People in Rotherham are overall Good
- Children in Need of Help and Protection is Good
- Children looked after and achieving permanence is Requires Improvement
- Adoption Performance is Good
- Experiences and progress of Care Leavers is Outstanding
- Leadership, management and Governance is Good

3.1.2 In the report Ofsted identified eight recommendations for improvement:

- Ensure that managers provide challenging, reflective and directive supervision and, with support from independent reviewing officers (IROs) and conference chairs, address the quality of practice and planning for all children effectively.
- Ensure that all assessments are: meaningful to children and their families; reflect the changing needs of children; and effectively evaluate cumulative risks and their impact.
- Ensure that all plans: are clear about how children's and young people's holistic needs are to be met; have clear timescales; can be understood by families; and are always well informed by risk assessment.
- Ensure that early permanence planning is timely and considers the full range of placement options for all children when they are unable to return to their birth families.
- Improve the timeliness of the early help response to children, particularly those who have a disability.
- Work with schools to reduce the number of fixed-term exclusions and persistent absentees from education among children looked after.
- Ensure that children benefit from timely, good-quality life story work and later life letters that are written clearly, so that young people will understand their experiences, life history and reason for separation from their birth families.
- Ensure that birth parents of children who are adopted fully understand what support is available and are helped to access this.

3.1.3 Thirty three actions have been identified to address the eight recommendations and progress against these are managed in the CYPs Improvement Plan. Quarterly Service Plan Performance Clinics and the CYPs Performance Board, chaired by Cllr Watson, Deputy Leader and Lead Member for Children and Young People's Services, monitor and challenge progress against the actions and will sign off each action including the check and challenge of evidence against the recommendations.

3.1.4 Planning for inspections remain a priority with preparations underway for the following key potential inspections of Children's Services:

- Inspection of Local Authority Children's Services (ILACs)
- Joint Target Area Inspection focussing on Familial Sexual Abuse – a dry run of this inspection is scheduled with partner agencies on the 12th November. This will test our ability as a partnership, to respond to, and provide evidence against the criteria in the inspection framework.
- Special Educational Needs Local Area Inspection

3.1.5 Senior Managers are attending the Annual Conversation with HMI Ofsted on the 20th November 2018. This is a formal discussion which includes a self-evaluation by Children's Services, where we are asked to critically evaluate our own performance and articulate what they think is working well for children in their area. This meeting will also discuss progress against the 8 recommendations from the previous inspection, and will inform plans for future inspection activity and focused visits of Children's Services.

3.1.6 Our practice improvement partners, Lincolnshire County Council were on-site at the beginning of November to undertake a peer review which focussed on our Looked After Children Service. As previously reported, this area was given a judgement of 'Requires Improvement' at the Ofsted inspection.

3.1.7 Feedback provided by Lincolnshire was positive and evidences and provides assurance of the continuing improvements in this area and better outcomes for our Looked After Children. Actions identified for improvement during the peer review will be incorporated into the CYPS Improvement Plan and progress monitored through the process identified in section 3.1.3 of this document.

3.2 Liberty House Short Breaks Children's Home is for young people with disabilities. The Home has 9 beds but staffing capacity dictates the number of young people able to access an overnight short break. The number of nights a child accesses the home within the month is varied and subject to their assessed needs.

3.2.1 Liberty House received a full inspection in December 2017, the outcome of which was that Liberty House maintained its 'Outstanding' grading.

3.2.2 In accordance with Children's Homes standards and regulations Liberty House has monthly visits from an independent visitor. These are externally commissioned to ensure independence and objectivity. The reports are sent monthly to Ofsted.

4. Regeneration and Environment Services

4.1 The ground source heat/cooling system at Riverside House was inspected by the Environment Agency in January 2017.

4.2 The recommendation was for a new volume meter to be installed if there are any future upgrades to the system. However the recommended works make no operational or compliance difference as the information required can be calculated without the additional cost of an extra meter.

4.3 When an upgrade or replacement becomes due then this recommendation will be considered at that time, however this is not planned in the foreseeable future.

5. Finance and Customer Services

5.1 Each year the Council's External Auditor (KPMG for 2017/18) issues a range of reports relating to the work to be undertaken and these are presented to Audit Committee:

5.1.1 External Audit Plan which outlines the audit approach and identifies areas of audit focus and planned procedures.

5.1.2 Interim Audit Report which details control and process issues and identifies improvements required prior to the issue of the draft financial statements and the year-end audit.

5.1.3 Report to those charged with Governance (ISA260 report) which:

- Details the resolution of key audit issues.
- Communicates adjusted and unadjusted audit differences
- Highlights recommendations identified during the audit
- Comments on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources (Value for Money)

5.1.4 Annual Audit Letter which summarises the outcomes and key issues arising from the audit work specifically in relation to:

- Audit of accounts
- Value for Money Conclusion
- Any other matters the external auditor is required to communicate

5.1.5 The External Auditor's 2017/18 ISA 260 Report, which was presented to Audit Committee on 30th July 2018, anticipated the issuing of an unqualified audit opinion on the 2017/18 financial statements. The unqualified opinion was subsequently issued to the Council on 31st July 2018.

5.1.6 The ISA 260 report also provided an unqualified opinion on the Value for Money conclusion. The unqualified opinion confirms that the Council has made proper arrangements to ensure it took properly informed decisions and deployed

resources to achieve planned and sustainable outcomes for taxpayers and local people.

5.1.7 The Annual Audit Letter summarising the outcome from the External Audit work in relation to the 2017/18 financial year was issued to the Council on 31st August 2018 and is included on this Audit Committee agenda.

5.1.7.1 Any recommendations made by the External Auditor in relation to issues identified and the management responses to those recommendations are highlighted in the reports presented to Audit Committee. In carrying out the audit work each year the External Auditor examines progress in addressing previous recommendations made and comments on progress within future reports.

- There are no outstanding recommendations from 2016/17 or earlier.
- With regard to 2017/18, six medium and two low priority recommendations were raised within the 2017/18 ISA 260 Report.

5.2 Each local authority's external auditor is required to certify that the annual claim for reimbursement by the Government of Housing Benefit (a means tested benefit administered by local authorities on behalf of the Department for Work and Pensions (DWP)) is fairly stated and to report any errors/adjustments to the DWP in a covering letter that accompanies the claim.

5.3 Whilst the DWP have no formal inspection process it does reserve the right to carry out an inspection if circumstances warrant it, i.e. if a Local Authority's performance causes concern.

5.4 KPMG, who are carrying out the audit for 2017/18 on behalf of DWP, check the financial validity of the housing benefit subsidy claim and, depending upon their findings, can:

5.4.1 Where, no errors are found during their audit, certify the claim as fairly stated (i.e. provide an unqualified opinion on the Council's return).

5.4.2 Where minor errors are found, agree adjustments to the claim with the Council and make no reference to errors in their opinion to the DWP (without qualification).

5.4.3 For more significant errors, either in process or figures, the external auditor is likely to qualify the opinion on the Council's return and explain the reasons for doing so to the DWP, who will then determine what action, if any, needs to be taken on any points raised by the auditor.

5.5 The audit of the Council's 2017/18 Housing Benefit claim is still ongoing and is expected to be finalised in November 2018 with outcomes reported in January 2019.

6. Options considered and recommended proposal

6.1 Audit Committee consider the detail of the report including Appendix A which provides a high level summary of the current position of inspection recommendations.

7. Consultation

7.1 Not applicable to this report.

8. Timetable and Accountability for Implementing this Decision

8.1 The timescales for each inspection recommendation differs and is included in Appendix A.

9. Financial and Procurement Implications

9.1 There are no financial and procurement implications.

10. Legal Implications

10.1 There are no direct legal implications arising from the recommendations within this report.

11. Human Resources Implications

11.1 There are no Human Resources implications.

12. Implications for Children and Young People and Vulnerable Adults

12.1 The recommendations in relation to inspections in both Children and Young People's Services and Adult Social Care have direct implications on the quality of services provided to children, young people and vulnerable adults. Completing the recommendations will improve outcomes for these groups.

13. Equalities and Human Rights Implications

13.1 Equality Assessments are undertaken in relation to any new policies or strategies that are developed as a result of the work being undertaken to improve services.

14. Implications for Partners and Other Directorates

14.1 Partnership approaches are key to improving services, particularly in relation to Children and Young People's Services, the Improvements need to be of a multi-agency nature and owned cross the partnership. The CYPS Improvement Board is made up of senior officers from partner organisations.

15. Risks and Mitigation

- 15.1 There is a risk that actions are reported as completed without substance, it is important that arrangements are in place as part of the respective quality assurance regimes and monitored through performance management, evidencing not just completion of actions, but the associated outcomes. As governance arrangements are strengthened, these risks become mitigated.

16. Accountable Officer(s)

- Anne Marie Lubanski, Strategic Director of Adult Care and Housing
- Paul Woodcock, Acting Strategic Director Regeneration and Environment Services
- Jon Stonehouse, Strategic, Director Children and Young People's Services
- Judith Badger, Strategic Director Finance and Customer Services

Approvals Obtained from:-

Judith Badger, Strategic Director, Finance and Customer Services

This report is published on the Council's website or can be found at:

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>

APPENDIX A

Summary of Recommendations from “Active” Inspection and Audit Action Plans

Inspection / Review (date)	External Assessor	Number of recommendations	Implemented at last report	Implemented since last report	Still outstanding	Overall Completion Date for Recommendations	STATUS
Corporate							
Corporate “Fresh Start” Improvement Plan	DCLG and DfE	132 actions set out in original “Phase One” plan (from May 2015) Revised into 20 objectives in the “Phase Two” action plan (from May 2016)	108 (82%) of Phase One actions complete – May 2016, remainder carried forward to Phase Two	Phase Two action plan – all 20 actions and 99 milestones completed since May 2016	No action or milestone outstanding	1 st phase to May 2016 2 nd phase to May 2017 Outstanding actions completed by May 2018	Formal Commissioner progress reports or letters were submitted to the relevant Secretaries of State every three months, the final letter being sent in August 2018 The role of the Commissioners ended in September 2018 when all powers were returned to the Council Joint Board of Commissioners, Leader, Deputy Leader, Leader of Opposition and Lead Cabinet Member met ten times to review Phase Two progress. The final meeting was held in November 2017. Implementation of the Improvement Plan is now complete.
Domestic Abuse Peer Review	Bradford City Council, Association of Directors of Childrens Services	Not yet finalised	Not yet finalised	N/A	Final Report received.	N/A	Final report received from Bradford following the Peer Review. The Domestic Abuse Priority Group have met and are amending the action plan accordingly to reflect the review recommendations.

Inspection / Review (date)	External Assessor	Number of recommendations	Implemented at last report	Implemented since last report	Still outstanding	Overall Completion Date for Recommendations	STATUS
Adult Care and Housing							
Adult Social Care – Inspection of Lord Hardy Court	QCQ	2	1	0	1	December 2018	The 'dedicated activity' recommendation is awaiting a further CQC inspection visit to determine if the implemented Council's within budget actions satisfy their recommendation in full.
Adult Social Care – Inspection of Parkhill Lodge	CQC	2	0	1	1	Medium Term Plan	In relation to the cosmetics of the building this is under corporate landlord and we are managing day to day repairs and maintenance by raising issues with facilities management building manager. The medium term plan for Parkhill Lodge will be to look for alternative premises.
Housing - Fire Risk Assessment Audit: Hampstead Green Flats	South Yorkshire Fire & Rescue Service	2	0	1	1	April 2019	Reconfigure the sounders in the corridors has been agreed with South Yorkshire Fire & Rescue Service on 19/02/2018. The alarm system will also be expanded at the same time as the installation of a sprinkler system. A new target date has been agreed with SYFR service , completion will be by April 2019

Inspection / Review (date)	External Assessor	Number of recommendations	Implemented at last report	Implemented since last report	Still outstanding	Overall Completion Date for Recommendations	STATUS
Children and Young People's Services							
Children's Services Inspection: November 2017 Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board	OFSTED	8	0	0	8	TBA	Children's Services was re-inspected by HMI Ofsted in November 2017 and received a rating of 'Good' with outstanding features and identified 8 new recommendations.
Finance and Corporate Services							
External Auditor's Report on the Accounts 2017/2018	KPMG	8	0	3	5	Mar 2019	Discussions ongoing with relevant officers to ensure that appropriate action is taken prior to the completion date of March 2019
Regeneration and Environment Services							
Environment Agency compliance audit against environmental permit Licence No. NE/027/0005/004 & Discharge Permit EPR-HP3427GA Ground source heat/cooling system at Riverside House, Main Street, Rotherham, S60 1AE	EA	1	0	0	1	N/A	The recommendation was for a new volume meter to be installed if there are any future upgrades to the system. The recommended works make no operational or compliance difference as the information required can be calculated without the additional cost of an extra meter. When an upgrade or replacement becomes due then this recommendation will be considered at that time. However, this is not planned in the foreseeable future.

Summary Sheet

Council Report

Audit Committee – 27 November, 2018

Title

Update Report on the Use of Surveillance and Acquisition of Communications Data Powers

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Resources and Customer Services

Report Author(s)

Dermot Pearson, Assistant Director Legal Services

Ward(s) Affected

All

Executive Summary

This is a report to update the Audit Committee in its oversight role on the Council's use of surveillance and acquisition of communication data powers under the Regulation of Investigatory Powers Act 2000 (RIPA).

Recommendations

That the Audit Committee:

1. Notes that the Council has not made use of surveillance or acquisition of communication data powers under RIPA so far during 2018.
2. Agrees to receive a further report on the implications of the Home Office's Revised Codes of Practice on covert surveillance and interference with property and on covert human intelligence sources.

List of Appendices

None

Background Papers

Revised Code of Practice - Covert Surveillance and Property Interference [Home Office, 2018]

Revised Code of Practice - Covert Human Intelligence Sources [Home Office, 2018]

<https://www.gov.uk/government/publications/covert-surveillance-and-covert-human-intelligence-sources-codes-of-practice>

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Title

Update Report on the Use of Surveillance and Acquisition of Communications Data Powers

1. Recommendations

1.1 That the Audit Committee:

1.1.1 Notes that the Council has not made use of surveillance or acquisition of communication data powers under RIPA so far during 2018.

1.1.2 Agrees to receive a further report on the implications of the Home Office's revised Codes of Practice on covert surveillance and interference with property and on covert human intelligence sources.

2. Background

2.1 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a mechanism to make it lawful for public bodies such as local authorities, to use directed (i.e. covert) surveillance and covert human intelligence sources e.g. undercover officers and public informants, for the purposes of the detection and prevention of crime. Any use of those powers has to be proportionate and necessary both in use and scope. The Council has a RIPA Policy that governs the use of those powers.

2.2 RIPA also provides a mechanism for public bodies such as local authorities to acquire communications data where it is proportionate and necessary to do so for the purposes of the detection and prevention of crime. The Council has a separate Acquisition and Disclosure of Communication Data Policy to cover this activity. Typically this activity might include acquiring mobile phone subscriber details and details of itemised calls but not the content of calls.

2.3 The Council's corporate policies in this regard make provision for the Audit Committee to oversee the operation of these policies by receiving reports on a 6 monthly basis to ensure that RIPA powers are being used in a manner consistent with the policy. This is the latest update report.

3. Key Issues

3.1 So far during 2018 the Council has not used its powers under RIPA to use directed (i.e. covert) surveillance, covert human intelligence sources, e.g. undercover officers and informants, or to acquire communications data.

3.2 The revised Home Office Codes of Practice advise that the elected members of a local authority should:

3.2.1 Review the authority's use of RIPA and set the policy at least once a year; and

3.2.2 Consider internal reports on use of RIPA on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose.

3.3 The RIPA Policy and the Acquisition and Disclosure of Communications Data Policy were reviewed by this Committee at its meeting on 19 June 2018 and were re-adopted with minor amendments. The publication of the Revised Codes of Practice for Covert Surveillance and Property Interference and for Covert Human Intelligence Sources will require the RIPA policy to be reviewed before the next scheduled annual review in June 2019 and it is recommended that a further report be brought to the next meeting of the Committee.

4. Other considerations and recommended proposal

4.1 The recommendations in this report are to note that the Council has not used its RIPA powers so far during 2018 and to agree to receive a further report on the implications of the Revised Codes of Practice.

5. Consultation

5.1 The Home Office carried out a 6 week consultation on the Revised Codes of Practice.

6. Timetable and Accountability for Implementing this Decision

6.1 It is proposed that a further report be brought to the next meeting of the Committee on the implications of the Revised Codes of Practice.

7. Financial and Procurement Implications

7.1 There are no financial and procurement implications.

8. Legal Implications

8.1 Legal Implications are considered in the main body of this report.

9. Human Resources Implications

9.1 There are no human resources implications.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no direct implications for children and young people and vulnerable adults.

11. Equalities and Human Rights Implications

11.1 Adherence to the Council's policies and the statutory guidance in relation to the use of RIPA and the Acquisition of Communication Data powers should ensure that the any actions taken are in accordance with human rights.

12. Implications for Partners and Other Directorates

12.1 There are no direct implications for partners or other directorates.

13. Risks and Mitigation

13.1 As above at paragraph 3.2 the statutory guidance requires oversight by elected members on the use of RIPA powers and to ensure policies remain fit for

purpose. A failure to follow this guidance would increase the risk of misuse of RIPA powers and intervention by the Investigatory Powers Commissioner.

14. Accountable Officer(s)

Dermot Pearson, Assistant Director of Legal Services.

This report is published on the Council's website or can be found at:-

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>

Summary Sheet

Council Report:

Audit Committee 27th November 2018

Title:

Code of Corporate Governance

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report:

Judith Badger (Strategic Director Finance and Customer Services)

Report Author(s):

David Webster (Head of Internal Audit)
Simon Dennis (Corporate Risk Manager)

Ward(s) Affected:

All

Executive Summary:

In April 2016 CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) published revised guidance on delivering good governance in local government. The Council's Code of Corporate Governance was rewritten at that time to set out how it would comply with this new guidance. There have been no new revisions to the guidance in the last two years. However, it is good practice to review and revise the Council Code on an annual basis. The Corporate Governance Group has done so and the revised Code is presented here for consideration by the Audit Committee.

Recommendations:

- **The Audit Committee is asked to consider the refreshed version of the Code of Corporate Governance**
- **After consideration, advise of any amendments or further development work deemed necessary**

List of Appendices Included:

Appendix 1 – Code of Corporate Governance.

Background Papers:

"Delivering Good Governance in Local Government", published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in April 2016.

Consideration by any other Council Committee, Scrutiny or Advisory Panel:

No

Council Approval Required:

No

Exempt from the Press and Public:

No

Title: Code of Corporate Governance

1. Recommendations

- 1.1 The Audit Committee is asked to consider the refreshed version of the Code of Corporate Governance**
- 1.2 After consideration, the Committee to advise of any amendments or further development work deemed necessary**

2. Background

- 2.1 The Corporate Governance delivery programme section of the Rotherham Improvement Plan stressed the need for improvement in Governance, Decision making and Performance Management arrangements with the ultimate outcome being a robust Governance framework. A new local code of Corporate Governance was introduced in November 2015 in response to the need set out in the Improvement Plan.
- 2.2 In April 2016, CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) published revised guidance on delivering good governance in Local government. The Council's Code of Corporate Governance was rewritten to set out how it complied with this new guidance. The new guidance set out seven key principles of good governance and the Council's new Code reflected these principles. The Code was presented to the Audit Committee in February 2017 with an update in November 2017.
- 2.3 Although there have been no subsequent changes to the guidance, an annual review of the Code has been completed in order to ensure it remains up to date and relevant to the Council.

3. Key Issues

- 3.1 Good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users.
- 3.2 Rotherham Metropolitan Borough Council is committed to ensuring the highest possible standards of governance in order to fulfil its responsibilities. Integrity, openness and accountability are fundamental principles by which the Council operates and these are specifically reflected in two of the Council's values – "Honest" (Being open and truthful in everything we do) and "Accountable" (We own our decisions, we do what we say and we acknowledge and learn from our mistakes).
- 3.3 The guidance sets out the seven key principles which underpin the governance of each local government organisation. The Rotherham

Code follows these principles and demonstrates how they are applied and evidenced in practice. The seven key principles are:

- Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring Openness and comprehensive stakeholder engagement
- Determining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the Councils capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practice in transparency, reporting and audit to deliver effective accountability

3.4 The first two principles underpin the operation of the other five and represent a change in approach from earlier versions of the Code. As can also be seen from the list above, the Council's own values align closely to the key principles in the CIPFA/SOLACE code.

3.5 The Council has adopted this approach in producing its Code of Corporate Governance to give citizens and customers a clear understanding of how the Council manages its decision making, service planning, service delivery and accountability processes, how it ensures that the Council sets out its vision and priorities and how it provides effective and efficient outcomes to its citizens and customers.

4. Options considered and recommended proposal

4.1 "Delivering Good Governance in Local Government", published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) is widely acknowledged as the authoritative guide in this area.

4.2 All Local Authorities within the UK construct their Codes of Corporate Governance utilising the methodology advocated by this guidance. The framework was published in April 2016 and it is important that the Council complies with this code. There have been no changes to the guidance in the last year. An annual review of the Rotherham Code has been completed by the Corporate Governance Group.

4.3 The Audit Committee is invited to review the attached Code and provide any comments. For ease of reference a version showing tracked changes from the previous year is attached, along with the final draft Code.

5. Consultation

5.1 Research has been undertaken into sector codes of governance. The attached Code takes account of current arrangements in Rotherham.

6. Timetable and Accountability for Implementing this Decision

6.1 The refreshed code is to be presented to the Audit Committee for consideration at its meeting on 27th November 2018 and then should be signed off by both the Chief Executive and the Leader of the Council.

7. Financial and Procurement Implications

7.1 There are no immediate financial and procurement implications associated with the refreshed code although, previously stated, good governance leads to good stewardship of public money.

8. Legal Implications

8.1 There are no immediate legal implications associated with the proposals.

9. Human Resources Implications

9.1 There are no Human Resources implications associated with the proposals.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no immediate implications associated with the proposals.

11. Equalities and Human Rights Implications

11.1 There are no immediate implications associated with the proposals.

12. Implications for Partners and Other Directorates

12.1 There are no immediate implications associated with the proposals.

13. Risks and Mitigation

13.1 The implementation of an effective Governance framework is designed to minimise the Authority's exposure to risk.

14. Accountable Officer(s):

Simon Dennis (*Corporate Risk Manager*)
David Webster (*Head of Internal Audit*)

Approvals Obtained from:-

Strategic Director of Finance and Customer Services: Judith Badger

Assistant Director of Legal Services: Dermot Pearson

**Rotherham Metropolitan Borough
Council**

**Code of Corporate
Governance
2018**

CODE OF CORPORATE GOVERNANCE

Governance is about organisations ensuring that they are doing the right things in the correct manner for the right people in a timely, open, honest, inclusive and accountable manner. It follows that good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users.

Good governance enables Rotherham Council to pursue its vision effectively, as well as reinforcing that vision with the mechanisms for control and management of risk.

Following a critical corporate governance inspection in 2014/15, five commissioners were appointed by the Secretary of State for Communities and Local Government and the Secretary of State for Education. The five commissioners initially took all executive and licensing responsibility at the Council. Over the course of the last three and a half years these powers have gradually been handed back to elected members as the Council has delivered two Improvement Plans. At the time of writing, all functions have now been returned to local democratic control.

A further health check is planned for February 2019, which will review the Council's continued progress since the return of local control, and this work will provide additional independent evidence around the effectiveness of the Council's Corporate Governance.

This Code of Corporate Governance explains all of the Council's policies and practices in one document, making them open and explicit. Appropriate procedures and processes are being integrated into the Council's Governance Framework to ensure there will be routine application and ongoing review of the arrangements described in the Code.

Councillor Chris Read
Leader, Rotherham MBC

Sharon Kemp
Chief Executive

Introduction

All of the decisions made by Rotherham Council about the services it delivers, and how to deliver them, are supported by a set of systems and processes which make up the Council's 'governance arrangements'. These include holding meetings where decisions are made, the Council's legal framework, setting out priorities and roles clearly, holding decision makers to account through scrutiny, risk management processes, financial monitoring and ensuring high standards of conduct. Local authorities are encouraged to demonstrate how they ensure effective governance arrangements by setting these out in a local code of governance.

Rotherham Metropolitan Borough Council's 'Code of Corporate Governance' is based on the guidance "Delivering Good Governance in Local Government", published in 2016 by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives).

The main principle underpinning the Delivering Good Governance in Local Government: Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policies and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. A diagram of the Framework from the guidance is copied below:

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



The International Framework notes that:

Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term.

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever forms of arrangements are in place, authorities should test their governance structures and partnerships against the principles contained in the Framework by:

- Reviewing existing governance arrangements
- Developing and maintaining an up-to-date code of governance, including arrangements for ensuring ongoing effectiveness
- Reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance and governance arrangements reflecting the principles set out.

It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

The Council has adopted this Code of Corporate Governance (Code) with the intention of giving citizens and customers a clear understanding of how the Council intends to manage its decision making, service planning, service delivery and accountability processes, how it aims to ensure that the Council sets out its vision and priorities and how it aims to provide effective and efficient outcomes to its citizens and customers.

The Code is subject to annual review to ensure its adequacy and its effectiveness is assessed as part of a process that leads to the production of the Council's Annual Governance Statement.

Every Council officer and Member has a responsibility to ensure that their personal conduct and the organisation's governance arrangements are always of the highest standard possible.

Senior managers have a responsibility for reviewing governance standards in their areas of responsibility and for identifying and implementing any necessary improvement actions. Improvement actions should be reflected in the appropriate business plans.

The Chief Executive and Leader ensure that an annual review of corporate governance arrangements is completed and give assurances on their adequacy in the published Annual Governance Statement, accompanying the Statement of Accounts.

The Strategic Leadership Team ensures that the Code is reviewed regularly (at least yearly) to reflect ongoing developments and planned improvements to the framework, and authorises any amendments.

How Rotherham Council intends to meet the Principles of Good Corporate Governance

This section sets out how Rotherham Council aims to work to the principles of good corporate governance.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Summary:

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Behaving with integrity	<ul style="list-style-type: none"> • Ensuring members and officers behave with integrity • Ensuring members and officers lead a culture where acting in the public interest is visibly and consistently demonstrated • Leading by example and using these standard operating principles or values as a framework for decision making and other actions. • Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively. 	<ul style="list-style-type: none"> • Member’s Code of Conduct • Employees’ Code of Conduct • Anti-Fraud and Corruption Policy & Strategy • Dignity at Work Policy • Equal Opportunity in Employment Policy • Equality and Diversity Policy • Whistle-blowing Policy • Corporate Safeguarding Policy • Council Plan • LADO (Local Authority Designated Officer) to investigate allegations made against people working with children

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • Seeking to establish, monitor and maintain the organisation’s ethical standards and performance • Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation. • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. • Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation. 	<ul style="list-style-type: none"> • Council Plan • Human Resources Policies • Induction Procedures • Registers of Interests • Registers of Gifts and Hospitality • Member’s Code of Conduct • Employees’ Code of Conduct • Member / Officer Relations Protocol • Standards and Ethics Committee
Respecting the rule of law	<ul style="list-style-type: none"> • Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. • Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities. • Striving to optimise the use of the full powers available for the benefit of citizens, communities and stakeholders. • Dealing with breaches of legal and regulatory provisions effectively. • Ensuring corruption and misuse of power are dealt with effectively. 	<ul style="list-style-type: none"> • Legal (Monitoring) Officer Role • Internal Audit • External Auditors • Corporate Complaints Procedure • Standards and Ethics Committee (supporting Members’ observation of their Code of Conduct) • Employees’ Personal Development Reviews • Publicising the process of how to complain about Members’ conduct • Publicising the process of how to make a complaint to the Local Government Ombudsman • Overview and Scrutiny functions • Anti-Fraud and Corruption Policy and Strategy • Whistleblowing and Serious Misconduct Policy • Anti-Money Laundering Policy

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Summary:

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Openness	<ul style="list-style-type: none"> • Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness. • Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. • Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action. 	<ul style="list-style-type: none"> • Council Plan • The Rotherham Plan 2025 • Forward Plan listing key decisions to be made • Council Website • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Freedom of Information publication scheme • Overview and Scrutiny functions • Data Transparency Code
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> • Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that 	<ul style="list-style-type: none"> • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Council Website

	<p>outcomes are achieved successfully and sustainably.</p> <ul style="list-style-type: none"> • Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively • Defining the purpose, objectives and intended outcomes for each stakeholder relationship • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions 	<ul style="list-style-type: none"> • Rotherham Local Safeguarding Children Board • Rotherham Safeguarding Adults Board • Community Safety and Anti-Social Behaviour Unit • Neighbourhood working group
<p>Engaging stakeholders effectively, including individual citizens and service users</p>	<ul style="list-style-type: none"> • Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. • Ensuring that communication methods are effective and members and officers are clear about their roles with regard to community engagement. • Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. • Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account. • Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity • Taking account of the interests of future generations of tax payers and service users. 	<ul style="list-style-type: none"> • Council Plan published on RMBC website • Key decisions are published at least 28 days prior to consideration at Cabinet • External Auditor provides an annual assessment of the Council's performance through the Value for Money conclusion • Council Website • Council minutes and agendas available on website • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Satisfaction Surveys • Freedom of Information publication scheme

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Summary:

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
<p>Defining Outcomes</p>	<ul style="list-style-type: none"> • Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions. • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. • Delivering defined outcomes on a sustainable basis within the resources that will be available. • Identifying and managing risks to the achievement of outcomes. • Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available. 	<ul style="list-style-type: none"> • Council Plan • Forward Plan listing key decisions to be taken • Corporate report template requires information explaining the legal and financial implications of decisions • Community Safety and Anti-Social Behaviour Unit • Rotherham Housing Strategy 2016-2019 • Rotherham Health and Wellbeing Strategy 2015-2018 • Safer Rotherham Strategy 2016-2019 • Rotherham Economic Growth Plan 2015-2025 • Early Help Strategy for children, young people and families • Medium Term Financial Strategy • Risk Management Policy & Guide • Regular revision and consideration of Strategic Risk Register by Strategic Leadership Team and consideration by Audit Committee including Directorate Risk “deep dives” • Monthly consideration of Directorate Risk Registers by Directorate Leadership Teams

		<ul style="list-style-type: none"> • Corporate report template contains 'risk implications' section • Audit Committee reviews risks and the Risk Management process
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints. • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. • Ensuring equality of access. 	<ul style="list-style-type: none"> • Council Plan • Forward Plan listing key decisions to be taken • Receipt of reports from inspectorates and regulators throughout the year • Formal consultation arrangements • Rotherham Economic Growth Plan 2015-2025 • Safer Rotherham Strategy 2016-2019 • Rotherham Local Plan Core Strategy • Municipal Waste Management Strategy • Rotherham Health and Wellbeing Strategy 2015-2018

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Summary:

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Determining interventions	<ul style="list-style-type: none"> • Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. • Ensuring best value is achieved however services are provided. • Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. 	<ul style="list-style-type: none"> • Business decisions are accompanied by a business case and options appraisal • Overview and Scrutiny functions • Corporate report template requires information explaining the legal and financial implications of decisions • Financial, legal and technical advice provided by the s151 Officer, the Monitoring Officer and other officers as required • Council Website • Formal consultation arrangements
Planning interventions	<ul style="list-style-type: none"> • Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. • Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. • Considering and monitoring risks facing each 	<ul style="list-style-type: none"> • Council Plan • Directorate Service Plans • Quarterly Performance Monitoring Reports aligned to Council Plan priorities • Contract Monitoring Reports • Medium Term Financial Strategy • Capital Programme

	<p>partner when working collaboratively including shared risks.</p> <ul style="list-style-type: none"> • Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances. • Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. • Ensuring capacity exists to generate the information required to review service quality regularly. • Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan. • Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy. 	<ul style="list-style-type: none"> • Revenue budget process • Value for Money judgement by External Auditor • Jointly developed risk register with RTP with covers the key elements of the Rotherham Plan.
<p>Optimising achievement of intended outcomes</p>	<ul style="list-style-type: none"> • Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. • Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. • Ensuring the achievement of 'social value' through service planning and commissioning. 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Revenue budget process • Capital Programme • Procurement Policy • Procurement Standing Orders • Action Plans developed in response to external audit and inspections • Value for Money judgement by external auditor

Principle E - Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

Summary:

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
<p>Developing the entity’s capacity</p>	<ul style="list-style-type: none"> • Reviewing operations and performance on a regular basis to ensure their continuing effectiveness and enable organisational learning. • Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently. • Recognising the benefits of partnerships and collaborative working where added value can be achieved. 	<ul style="list-style-type: none"> • Refreshed Council Plan published May 2018 • Organisational restructure in key service areas • Officer participation in regional groups appropriate to their particular service • Involvement in Sheffield City Region • Benchmarking increasingly used to develop budgets • Peer Health Check carried out February 2018, and further Health check planned February 2019
<p>Developing the capability of the entity’s leadership and other individuals</p>	<ul style="list-style-type: none"> • Clarifying roles and responsibilities of members and management at all levels. • Developing protocols to ensure that elected and appointed leaders negotiate with each 	<ul style="list-style-type: none"> • The Council Constitution • Scheme of Delegation • Members’ Code of Conduct • Member training and seminars

	<p>other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</p> <ul style="list-style-type: none"> • Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body. • Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority. • Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks. • Ensuring that there are structures in place to encourage public participation. • Holding staff to account through regular performance reviews which take account of training or development needs. • Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. 	<ul style="list-style-type: none"> • Members' and officers' induction programmes • Personal Development Reviews • Job descriptions and person specifications produced for all posts • Recruitment and appointment policies and procedures • Members' Development Panel • Comprehensive training programme for officers • Workforce Development Plan • Corporate Workforce Strategy (including employee health & wellbeing) • Staff surveys • A-Z list of HR Policies and Guidance on intranet
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Principle F - Managing risks and performance through robust internal control and strong public financial management.

Summary:

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Managing risk	<ul style="list-style-type: none"> • Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. • Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. • Ensuring that responsibilities for managing individual risks are clearly allocated. 	<ul style="list-style-type: none"> • Risk Management Policy & Guide in place and reviewed annually • Strategic Risk Register in place and reviewed regularly by Strategic Leadership team and linked to service performance • Directorate and Service level risk registers in place and reviewed monthly • Corporate report template contains 'risk implications' section • Audit Committee reviews risks at each meeting and the Risk Management process twice a year.
Managing performance	<ul style="list-style-type: none"> • Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. • Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and 	<ul style="list-style-type: none"> • Quarterly Performance Monitoring Reports aligned to Council Plan priorities • Contract Monitoring Reports • Corporate report template requires information explaining the legal and financial implications of decisions • Corporate report template contains 'risk implications'

	<p>environmental position and outlook</p> <ul style="list-style-type: none"> • Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible • Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). 	<p>section</p> <ul style="list-style-type: none"> • Overview and Scrutiny functions • Monthly spend/budget reports sent to all budget holders • Officers' make online monthly budget submissions as part of budget monitoring arrangements • Service Plans for all services.
<p>Robust internal control</p>	<ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving the objectives. • Evaluating and monitoring the authority's risk management and internal control on a regular basis. • Ensuring effective counter fraud and anti-corruption arrangements are in place. • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor. • Ensuring an audit committee or equivalent group or function which is independent of the executive provides further assurance regarding arrangements for managing risk and maintaining an effective control environment 	<ul style="list-style-type: none"> • Risk Management Policy & Guide in place and reviewed annually • Strategic Risk Register in place and reviewed regularly by Strategic Leadership team and linked to service performance • Directorate and Service level risk registers in place and reviewed monthly • Anti-Fraud and Corruption Policy & Strategy • Internal Audit annual opinion on governance, risk management and internal control. • Audit Committee reviews risks at each meeting and the Risk Management process twice a year • Corporate Information Governance Group • Consideration of specified Fraud risks by Corporate Risk Champions

Managing data	<ul style="list-style-type: none"> • Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. • Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring. • Ensuring effective arrangements for sharing data with other bodies are in place. 	<ul style="list-style-type: none"> • Corporate Communications Policy • Dedicated Information Governance Unit • Freedom of Information publication scheme • Digital Council Strategy • Ongoing monitoring of Data Protection Act / Freedom of Information compliance • Data Transparency Code • Data Sharing Agreements
Strong public financial management	<ul style="list-style-type: none"> • Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance. • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 	<ul style="list-style-type: none"> • Council Plan • Medium Term Financial Strategy • Revenue budget process • Procurement Policy • Procurement Standing Orders • Value for Money judgement from the External Auditor • External Auditors' Annual Audit letter • Financial Regulations • Capital Strategy • Treasury Management Strategy

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Summary:

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Implementing good practice in transparency	<ul style="list-style-type: none"> • Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. • Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> • Council website • Meeting papers and minutes published on website • Budgets and spending published on website • Senior Officer remuneration published on website
Implementing good practices in reporting	<ul style="list-style-type: none"> • Reporting at least annually on performance, value for money and the stewardship of its resources. • Ensuring members and senior management own the results. • Assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance in action 	<ul style="list-style-type: none"> • Publication of Statement of Accounts on website • Annual Governance Statement produced and published on website • Code of Corporate Governance refreshed annually in accordance with CIPFA/SOLACE principles • Documents are scrutinised and approved by Senior Leadership Team, Cabinet and Audit Committee prior to publication • Performance information and reports are published on the website • VFM judgement by external auditors

	<ul style="list-style-type: none"> • Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate. • Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar entities. 	
<p>Assurance and effective accountability</p>	<ul style="list-style-type: none"> • Ensuring that recommendations for corrective action made by external audit are acted upon. • Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon. • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. • Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the Annual Governance Statement. • Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • The external auditors produce an Annual Audit Letter which is presented at Audit Committee and published on the website. The council produces a response to all issues and recommendations contained within. • The Head of Internal Audit presents an annual report to Audit Committee to inform members of Internal Audit activity that has taken place during the year • Audit Committee meets five times a year and receives reports from both Internal and External Audit • The authority is subject to regular inspections from regulatory bodies, including Ofsted, Care Quality Commission etc. The outcomes of these inspections, together with the council's responses are made available via the website. Actions are reported to the Audit Committee. • Annual Governance Statement produced and published on website • The RTP Rotherham Plan and the supporting agreement. The partnership reports publicly periodically on its progress on the Plan and there is an annual delivery plan and updates on its website.

Rotherham Metropolitan Borough Council

Code of Corporate Governance

20178

CODE OF CORPORATE GOVERNANCE

Governance is about organisations ensuring that they are doing the right things in the correct manner for the right people in a timely, open, honest, inclusive and accountable manner. It follows that good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users.

Good governance enables Rotherham Council to pursue its vision effectively, as well as reinforcing that vision with the mechanisms for control and management of risk.

Following a critical corporate governance inspection in 2014/15, five commissioners were appointed by the Secretary of State for Communities and Local Government and the Secretary of State for Education. The five commissioners initially took all executive and licensing responsibility at the Council. Over the course of the last ~~twethree~~ and a half years ~~these~~ powers have gradually been handed back to elected members as the Council has delivered two Improvement Plans. ~~At the time of writing, all functions have now been returned to local democratic control. designed to ensure that services were well-led by officers, with Members able to exercise executive authority and had clear plans in place for further improvement.~~

~~A further health check is planned for February 2019, which will review the Council's continued progress since the return of local control, and this work will provide additional independent evidence around the effectiveness of the Council's Corporate Governance.~~

~~At the time of writing, all functions apart from children's social care are in have been returned to local democratic control. Commissioners also have oversight and enhanced powers in relation to adult social care, partnerships with the NHS and domestic abuse. The remaining three commissioners are expected to continue to exercise oversight of the Council until 31 March 2019.~~

This Code of Corporate Governance explains all of the Council's policies and practices in one document, making them open and explicit. Appropriate procedures and processes are being integrated into the Council's Governance Framework to ensure there will be routine application and ongoing review of the arrangements described in the Code.

Councillor Chris Read
Leader, Rotherham MBC

Sharon Kemp
Chief Executive

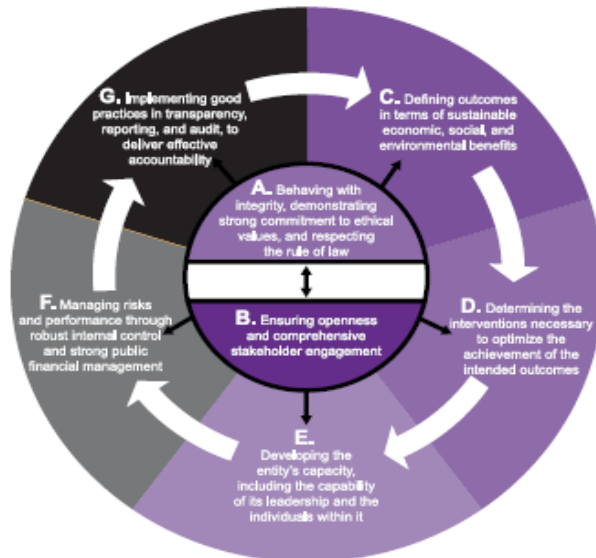
Introduction

All of the decisions made by Rotherham Council about the services it delivers, and how to deliver them, are supported by a set of systems and processes which make up the Council's 'governance arrangements'. These include holding meetings where decisions are made, the Council's legal framework, setting out priorities and roles clearly, holding decision makers to account through scrutiny, risk management processes, financial monitoring and ensuring high standards of conduct. Local authorities are encouraged to demonstrate how they ensure effective governance arrangements by setting these out in a local code of governance.

Rotherham Metropolitan Borough Council's 'Code of Corporate Governance' is based on the guidance "Delivering Good Governance in Local Government", published in 2016 by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives).

The main principle underpinning the Delivering Good Governance in Local Government: Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policies and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. A diagram of the Framework from the guidance is copied below:

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



The International Framework notes that:

Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term.

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever forms of arrangements are in place, authorities should test their governance structures and partnerships against the principles contained in the Framework by:

- Reviewing existing governance arrangements
- Developing and maintaining an up-to-date code of governance, including arrangements for ensuring ongoing effectiveness
- Reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance and governance arrangements reflecting the principles set out.

It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

The Council has adopted this Code of Corporate Governance (Code) with the intention of giving citizens and customers a clear understanding of how the Council intends to manage its decision making, service planning, service delivery and accountability processes, how it aims to ensure that the Council sets out its vision and priorities and how it aims to provide effective and efficient outcomes to its citizens and customers.

~~This Code is work in progress and reflects the Council's position in its improvement journey. It reflects the principles and evidence that we are striving towards as well as reflecting the Council's current position.~~

The Code is ~~be~~ subject to ~~annualeconstant~~ review to ensure its adequacy and its effectiveness is assessed as part of ~~an annual review~~ process that leads to the production of the Council's Annual Governance Statement.

Every Council officer and Member has a responsibility to ensure that their personal conduct and the organisation's governance arrangements are always of the highest standard possible.

Senior managers have a responsibility for reviewing governance standards in their areas of responsibility and for identifying and implementing any necessary improvement actions. Improvement actions should be reflected in the appropriate business plans.

~~The Chief Executive and Leader will~~ ensure that an annual review of corporate governance arrangements is completed and give assurances on their adequacy in the published Annual Governance Statement, accompanying the Statement of Accounts.

The Strategic Leadership Team ensures that the Code is reviewed regularly (at least yearly) to reflect ongoing developments and planned improvements to the framework, and authorises any amendments.

How Rotherham Council intends to meet the Principles of Good Corporate Governance

This section sets out how Rotherham Council aims to work to the principles of good corporate governance.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Summary:

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub principles	Actions Demonstrating Good Governance	How this <u>is will be</u> evidenced
Behaving with integrity	<ul style="list-style-type: none"> • Ensuring members and officers behave with integrity • Ensuring members and officers lead a culture where acting in the public interest is visibly and consistently demonstrated • Leading by example and using these standard operating principles or values as a framework for decision making and other actions. • Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively. 	<ul style="list-style-type: none"> • Member's Code of Conduct • Employees' Code of Conduct • Anti-Fraud and Corruption Policy & Strategy • Dignity at Work Policy • Equal Opportunity in Employment Policy • Equality and Diversity Policy • Whistle-blowing Policy • Corporate Safeguarding Policy • Council Plan • LADO (Local Authority Designated Officer) to investigate allegations made against people working with children

Sub principles	Actions Demonstrating Good Governance	<u>How this is evidenced</u> How this will be evidenced
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • Seeking to establish, monitor and maintain the organisation's ethical standards and performance • Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. • Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation. 	<ul style="list-style-type: none"> • Council Plan • Human Resources Policies • Induction Procedures • Registers of Interests • Registers of Gifts and Hospitality • Member's Code of Conduct • Employees' Code of Conduct • Member / Officer Relations Protocol • Standards and Ethics Committee
Respecting the rule of law	<ul style="list-style-type: none"> • Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. • Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities. • Striving to optimise the use of the full powers available for the benefit of citizens, communities and stakeholders. • Dealing with breaches of legal and regulatory provisions effectively. • Ensuring corruption and misuse of power are dealt with effectively. 	<ul style="list-style-type: none"> • Legal (Monitoring) Officer Role • Internal Audit • -External Auditors • Corporate Complaints Procedure • Standards and Ethics Committee (supporting Members' observation of their Code of Conduct) • Employees' Personal Development Reviews • Publicising the process of how to complain about Members' conduct • Publicising the process of how to make a complaint to the Local Government Ombudsman • Overview and Scrutiny functions • Anti-Fraud and Corruption Policy and Strategy • Whistleblowing and Serious Misconduct Policy • Anti-Money Laundering Policy

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Summary:

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub principles	Actions Demonstrating Good Governance	<u>How this is evidenced</u> How this will be evidenced
Openness	<ul style="list-style-type: none"> • Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness. • Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. • Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action. 	<ul style="list-style-type: none"> • Council Plan • The Rotherham Plan 2025 • Forward Plan listing key decisions to be made • Council Website • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Freedom of Information publication scheme • Overview and Scrutiny functions • Data Transparency Code
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> • Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that 	<ul style="list-style-type: none"> • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Council Website

	<p>outcomes are achieved successfully and sustainably.</p> <ul style="list-style-type: none"> • Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively • Defining the purpose, objectives and intended outcomes for each stakeholder relationship • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions 	<ul style="list-style-type: none"> • Rotherham Local Safeguarding Children Board • Rotherham Safeguarding Adults Board • Community Safety and Anti-Social Behaviour Unit • Neighbourhood working group
<p>Engaging stakeholders effectively, including individual citizens and service users</p>	<ul style="list-style-type: none"> • Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. • Ensuring that communication methods are effective and members and officers are clear about their roles with regard to community engagement. • Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. • Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account. • Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity • Taking account of the interests of future generations of tax payers and service users. 	<ul style="list-style-type: none"> • Council Plan published on RMBC website • Key 'minded to' decisions are published at least 28 days prior to consideration at Cabinet made available for consultation for 5 days • External Auditor provides an annual assessment of the Council's performance through the Value for Money conclusion • Council Website • Council minutes and agendas available on website • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Satisfaction Surveys • Freedom of Information publication scheme

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Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Summary:

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Sub principles	Actions Demonstrating Good Governance	<u>How this is evidenced</u> How this will be evidenced
<p>Defining Outcomes</p>	<ul style="list-style-type: none"> • Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions. • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. • Delivering defined outcomes on a sustainable basis within the resources that will be available. • Identifying and managing risks to the achievement of outcomes. • Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available. 	<ul style="list-style-type: none"> • Council Plan • Forward Plan listing key decisions to be taken • Corporate report template requires information explaining the legal and financial implications of decisions • Community Safety and Anti-Social Behaviour Unit • Rotherham Housing Strategy 2016-2019 • Rotherham Health and Wellbeing Strategy 2015-2018 • Safer Rotherham Strategy 2016-2019 • Rotherham Economic Growth Plan 2015-2025 • Early Help Strategy for children, young people and families • Medium Term Financial Strategy • Risk Management Policy & Guide • Regular revision and consideration of Strategic Risk Register by Strategic Leadership Team and consideration by Audit Committee including Directorate Risk “deep dives” • Monthly consideration of Directorate Risk Registers by Directorate Leadership Teams

		<ul style="list-style-type: none"> • Corporate report template contains 'risk implications' section • Audit Committee reviews risks and the Risk Management process
Sub principles	Actions Demonstrating Good Governance	<u>How this is evidenced</u>How this will be evidenced
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints. • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. • Ensuring equality of access. 	<ul style="list-style-type: none"> • Council Plan • Forward Plan listing key decisions to be taken • Receipt of reports from inspectorates and regulators throughout the year • Formal consultation arrangements • Rotherham Economic Growth Plan 2015-2025 • Safer Rotherham Strategy 2016-2019 • Rotherham Local Plan Core Strategy • Municipal Waste Management Strategy • Rotherham Health and Wellbeing Strategy 2015-2018

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Summary:

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Sub principles	Actions Demonstrating Good Governance	<u>How this is evidenced</u> How this will be evidenced
Determining interventions	<ul style="list-style-type: none"> • Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. • Ensuring best value is achieved however services are provided. • Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. 	<ul style="list-style-type: none"> • Business decisions are accompanied by a business case and options appraisal • Overview and Scrutiny functions • Corporate report template requires information explaining the legal and financial implications of decisions • Financial, legal and technical advice provided by the s151 Officer, the Monitoring Officer and other officers as required • Council Website • Formal consultation arrangements
Planning interventions	<ul style="list-style-type: none"> • Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. • Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. • Considering and monitoring risks facing each 	<ul style="list-style-type: none"> • Council Plan • Directorate Service Plans • Quarterly Performance Monitoring Reports aligned to Council Plan priorities • Contract Monitoring Reports • Medium Term Financial Strategy • Capital Programme

	<p>partner when working collaboratively including shared risks.</p> <ul style="list-style-type: none"> • Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances. • Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. • Ensuring capacity exists to generate the information required to review service quality regularly. • Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan. • Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy. 	<ul style="list-style-type: none"> • Revenue budget process • Value for Money judgement by External Auditor • <u>Jointly developed risk register with RTP with covers the key elements of the Rotherham Plan.</u>
<p>Optimising achievement of intended outcomes</p>	<ul style="list-style-type: none"> • Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. • Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. • Ensuring the achievement of 'social value' through service planning and commissioning. 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Revenue budget process • Capital Programme • Procurement Policy • Procurement Standing Orders • Action Plans developed in response to external audit and inspections • Value for Money judgement by external auditor

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Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Summary:

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub principles	Actions Demonstrating Good Governance	<u>How this is evidenced</u> How this will be evidenced
Developing the entity's capacity	<ul style="list-style-type: none"> • Reviewing operations and performance on a regular basis to ensure their continuing effectiveness and enable organisational learning. • Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently. • Recognising the benefits of partnerships and collaborative working where added value can be achieved. 	<ul style="list-style-type: none"> • Phase Two of Improvement Plan implemented in May 2016 (substantially completed by November 2017) • Refreshed Council Plan published May 20187 • Organisational restructure in key service areas • Officer participation in regional groups appropriate to their particular service • Involvement in Sheffield City Region • Benchmarking increasingly used to develop budgets • Peer Health Check carried out February 2018, and further Health check planned February 2019
Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> • Clarifying roles and responsibilities of members and management at all levels. • Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on 	<ul style="list-style-type: none"> • The Council Constitution • Scheme of Delegation • Members' Code of Conduct • Member training and seminars • Members' and officers' induction programmes

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	<p>in the relationship and that a shared understanding of roles and objectives is maintained.</p> <ul style="list-style-type: none"> • Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body. • Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority. • Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks. • Ensuring that there are structures in place to encourage public participation. • Holding staff to account through regular performance reviews which take account of training or development needs. • Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. 	<ul style="list-style-type: none"> • Personal Development Reviews • Job descriptions and person specifications produced for all posts • Recruitment and appointment policies and procedures • Members' Development Panel • Comprehensive training programme for officers • Workforce Development Plan • Corporate Workforce Strategy (including employee health & wellbeing) • Staff surveys • A-Z list of HR Policies and Guidance on intranet
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Principle F - Managing risks and performance through robust internal control and strong public financial management.

Summary:

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery.

Sub principles	Actions Demonstrating Good Governance	<u>How this is evidenced</u> <u>How this will be evidenced</u>
Managing risk	<ul style="list-style-type: none"> • Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. • Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. • Ensuring that responsibilities for managing individual risks are clearly allocated. 	<ul style="list-style-type: none"> • Risk Management Policy & Guide in place and reviewed annually • Strategic Risk Register in place and reviewed regularly by Strategic Leadership team and linked to service performance • Directorate and Service level risk registers in place and reviewed monthly • Corporate report template contains 'risk implications' section • Audit Committee reviews risks at each meeting and the Risk Management process twice a year.
Managing performance	<ul style="list-style-type: none"> • Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. • Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and 	<ul style="list-style-type: none"> • Quarterly Performance Monitoring Reports aligned to Council Plan priorities • Contract Monitoring Reports • Corporate report template requires information explaining the legal and financial implications of decisions • Corporate report template contains 'risk implications'

	<p>environmental position and outlook</p> <ul style="list-style-type: none"> • Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible • Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). 	<p>section</p> <ul style="list-style-type: none"> • Overview and Scrutiny functions • Monthly spend/budget reports sent to all budget holders • Officers' make online monthly budget submissions as part of budget monitoring arrangements • Service Plans for all services.
<p>Robust internal control</p>	<ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving the objectives. • Evaluating and monitoring the authority's risk management and internal control on a regular basis. • Ensuring effective counter fraud and anti-corruption arrangements are in place. • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor. • Ensuring an audit committee or equivalent group or function which is independent of the executive provides further assurance regarding arrangements for managing risk and maintaining an effective control environment 	<ul style="list-style-type: none"> • Risk Management Policy & Guide in place and reviewed annually • Strategic Risk Register in place and reviewed regularly by Strategic Leadership team and linked to service performance • Directorate and Service level risk registers in place and reviewed monthly • Anti-Fraud and Corruption Policy & Strategy • Internal Audit annual opinion on governance, risk management and internal control. • Audit Committee reviews risks at each meeting and the Risk Management process twice a year • Corporate Information Governance Group • Consideration of specified Fraud risks by Corporate Risk Champions

Managing data	<ul style="list-style-type: none"> • Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. • Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring. • Ensuring effective arrangements for sharing data with other bodies are in place. 	<ul style="list-style-type: none"> • Corporate Communications Policy • Dedicated Information Governance Unit • Freedom of Information publication scheme • Digital Council Strategy • Ongoing monitoring of Data Protection Act / Freedom of Information compliance • Data Transparency Code • Data Sharing Agreements
Strong public financial management	<ul style="list-style-type: none"> • Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance. • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 	<ul style="list-style-type: none"> • Council Plan • Medium Term Financial Strategy • Revenue budget process • Procurement Policy • Procurement Standing Orders • Value for Money judgement from the External Auditor • External Auditors' Annual Audit letter • Financial Regulations • Capital Strategy • Treasury Management Strategy

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Summary:

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub principles	Actions Demonstrating Good Governance	<u>How this is evidenced</u> <u>How this will be evidenced</u>
<p>Implementing good practice in transparency</p>	<ul style="list-style-type: none"> • Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. • Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> • Council website • Meeting papers and minutes published on website • Budgets and spending published on website • Senior Officer remuneration published on website
<p>Implementing good practices in reporting</p>	<ul style="list-style-type: none"> • Reporting at least annually on performance, value for money and the stewardship of its resources. • Ensuring members and senior management own the results. • Assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance in action 	<ul style="list-style-type: none"> • Publication of Statement of Accounts on website • Annual Governance Statement produced and published on website • Code of Corporate Governance refreshed annually in accordance with CIPFA/SOLACE principles • Documents are scrutinised and approved by Senior Leadership Team, Cabinet and Audit Committee prior to publication • Performance information and reports are published on the website • VFM judgement by external auditors

	<ul style="list-style-type: none"> • Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate. • Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar entities. 	
Assurance and effective accountability	<ul style="list-style-type: none"> • Ensuring that recommendations for corrective action made by external audit are acted upon. • Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon. • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. • Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the Annual Governance Statement. • Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • The external auditors produce an Annual Audit Letter which is presented at Audit Committee and published on the website. The council produces a response to all issues and recommendations contained within. • The Head of Internal Audit presents an annual report to Audit Committee to inform members of Internal Audit activity that has taken place during the year • Audit Committee meets five times a year and receives reports from both Internal and External Audit • The authority is subject to regular inspections from regulatory bodies, including Ofsted, Care Quality Commission etc. The outcomes of these inspections, together with the council's responses are made available via the website. Actions are reported to the Audit Committee. • Annual Governance Statement produced and published on website • The RTP Rotherham Plan and the supporting agreement. The partnership reports publicly periodically on its progress on the Plan and there is an annual delivery plan and updates on its website.

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Summary Sheet

Council Report:

Audit Committee 28th November 2018

Title:

Risk Management Arrangements - Progress

Is this a Key Decision and has it been included on the Forward Plan?:

No

Strategic Director Approving Submission of the Report:

Shokat Lal (*Assistant Chief Executive*)

Report Author(s):

Simon Dennis (*Corporate Risk Manager*)

Assistant Chief Executive's Department

Extension 22114

simon.dennis@rotherham.gov.uk

Ward(s) Affected:

None

Executive Summary:

The Council introduced a completely revised Risk Policy and Guide in late 2015. This original Policy and Guide was approved by the Audit Committee on 24th November 2015. The Policy and Guide was refreshed in late 2016 and the revised version was approved by the Audit Committee on 26th January 2017.

This report is designed to make the Audit Committee aware of the progress to date in Risk Management Arrangements.

The changes to the Policy and Guide have been kept to a minimum. This is because the Council's Risk Management processes have been working effectively and it is the view of the Risk Champions group that implementing significant change at this point would be unnecessarily disruptive to the development of risk management in the Council. The changes have been limited to the necessary updating of both documents to reflect the changed circumstances of the Council.

In summary the high level changes to the Policy and Strategy are:

- Removal of references to structures and processes that no longer exist, for example the Commissioners and the Improvement Plan
- Greater emphasis on high impact, hidden risks as well as a summary of the different types of risk that the Council might face
- Recognition of the “word based” version of the Risk Register that Directorates can now use instead of the excel one
- An Appendix F has been added to the Guide to set out the numbering conventions that the Council applies to risk management

Paragraphs 3.3 and 3.4 set out the detail of the changes to the Policy and Guide and the Policy and Guide itself are attached at Appendix 1.

Recommendations:

- **The Audit Committee is asked to note and approve the attached revised Risk Management Policy and Guide.**

List of Appendices Included:

Appendix 1 – Revised Risk Management Policy and Guide

Background Papers:

Report to Audit Committee; 8th February 2017, Risk Management Policy and Guide Refresh;

Consideration by any other Council Committee, Scrutiny or Advisory Panel:

See above. This paper is not intended to be circulated to other Council Committees or Panels.

Council Approval Required:

No

Exempt from the Press and Public:

No

Title:

Refreshed Risk Management Policy and Guide

1. Recommendations:

- **The Audit Committee is asked to note and approve the attached revised Risk Management Policy and Guide.**

2. Background

- 2.1 The Council introduced a completely revised Risk Policy and Guide in late 2015. This original Policy and Guide was approved by the Audit Committee on 24th November 2015. This Policy and Guide was refreshed in late 2016, with the revised version being approved by the Audit Committee on 26th January 2017.
- 2.2 There have been significant changes to the Council's management and governance arrangements over the past 20 months. There have also been a number of smaller changes to the risk management processes that we operate. As a result, it is important that the Risk Management Policy and Guide are updated to ensure that it remains up to date and in line with current processes.
- 2.3 The Policy and Guide underpins the Council's approach to risk management and continues to underpin all Risk Management training and Risk Registers, as it has since its introduction in its revised form approval three years ago. The Policy and Guide is available to all staff through the intranet and all managers are referred to it when they complete their risk management training.
- 2.4 This report intends to make the Audit Committee aware of changes included in the Policy and Guide, which is attached at Appendix A.

3. Risk Policy and Guide changes

- 3.1 As noted above, both the Risk Management Policy and the Risk Management Guide have been amended to reflect changes in the Council and its operations over the past 20 months. The following paragraph set out the principal changes in each document.
- 3.2 There have only been two significant changes to the Risk Management Policy. The first of there has been to remove the section on the Corporate Improvement Plan and delete references to Commissioners. This is because the Improvement Plan was completed in November 2017 and is no longer in place and the Commissioners left the Council in September 2018. The second has expanded on the role of the Audit

Committee in Risk Management to align with the Committee's recently approved Terms of Reference.

3.3 The Risk Management Guide itself includes the following changes:

- Throughout the document references to the "Corporate Plan" have been changed to the "Council Plan". Additionally, references to the Commissioners have been removed entirely and "Strategic Leadership Team" (SLT) has been included where previously there were lists of individual SLT members
- Following recommendations from Internal Audit, Section 10.2.1 now includes specific references to high impact, hidden risks as well as a summary of the different types of risk that the Council might face
- Section 10.2.5 has been slightly expanded to clarify which risks would normally be considered for escalation to the Strategic Risk Register. It also refers to the review of the register at the Quarterly SLT/AD management meetings.
- Section 11.2 has been amended to reflect the fact the Directorates can now choose the format of their risk register as they have the option of either using the excel based version included in Appendix A of the Guide or the word based version at Appendix E of the Guide.
- Section 16.3 now refers to the work of the Governance Group in the production of the Annual Governance Statement.
- An Appendix F has been added to the Guide to set out the numbering conventions that the Council applies to risk management

3.4 Work is continuing to implement the principles contained in the Risk Management Guide and to further embed risk management processes across the Council's operations. As a key part of this process, the Risk Champions group has continued to meet regularly to co-ordinate and drive Risk Management development throughout the Council. For information, the Risk Champions Group consists of:

Directorate	Risk Champion(s)
Children and Young People	Dean Fenton
Adult Care, Housing and Public Health	Helen Fisher, Paul Elliott, Malcolm Chiddey
Finance and Customer Services	Andrew Shaw
Regeneration and Environment	Liz Kemp
Assistant Chief Executive	Paul Cosgrove (Risk Champion)

3.5 In addition to the work of the Risk Champions group, the main driver behind embedding Risk Management is continued training for staff at Management levels in the Council. A programme of training is in place so that new starters in M2 grades and above are trained in the Council's Risk Management processes. It is a requirement that all new starters at M2 level and above attend the Risk Management training course and up to 70 members of staff attend the course each year. There is also a requirement for all staff, irrespective of their grade, to complete the online Risk Management training module.

4. Options considered and recommended proposal

4.1 As this paper only considers the refresh of the Risk Management Policy and Guide, no specific options have been considered. The Audit Committee could choose to not refresh the Policy and Guide if they so wished, however the Committee should be aware that the current Policy and Guide is out of date.

5. Consultation

5.1 The refreshed Risk Management Policy and Guide on which this update is based were originally considered by a joint workshop of SLT and Assistant Directors on 15th December 2016. It also reflects includes comments that the Risk Champions Group have raised.

6. Timetable and Accountability for Implementing this Decision

6.1 The Corporate Risk Manager will be responsible for ensuring that the revised Risk Management Policy and Strategy are implemented once approved.

7. Financial and Procurement Implications

7.1 The Risk Policy and Strategy does not require additional cost at this time. There are no procurement issues. The risks contained in the Council's risk registers require ongoing management action. In some cases additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the risks are reported to Strategic Leadership Team and elected Members for consideration.

8. Legal Implications

8.1 There are no direct legal implications arising from our risk management arrangements. Any actions taken by the Council in response to risks identified will take into account any specific legal implications.

9. Human Resources Implications

9.1 There are no Human Resources implications directly associated with the paper.

10. Implications for Children and Young People and Vulnerable Adults

10.1 Risk Management Arrangements are designed to identify Children and Young People's Services and Adult Services risks where appropriate.

11. Equalities and Human Rights Implications

11.1 Proposals for addressing individual risks captured by our arrangements incorporate equalities and human rights considerations where appropriate.

12. Implications for Partners and Other Directorates

12.1 With our partners we have developed a joint risk register which covers the work of the Rotherham Partnership. This risk register is owned by the Partnership Chief Executive Group and is periodically reviewed by that group.

13. Risks and Mitigation

13.1 It is important to review the effectiveness of our approach to capturing, managing and reporting risks on an ongoing basis. The SLT/AD meeting reviews the risk register quarterly to ensure risks relating to the Council's key priorities are effectively monitored and managed.

14. Accountable Officer:

14.1 Shokat Lal (*Assistant Chief Executive*)

Simon Dennis
Corporate Risk Manager

This report is published on the Council's website or can be found at:
<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>

Rotherham Metropolitan Borough Council

Risk Management Policy and Guide

(Revised November 2018)



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Rotherham Council: Risk Management Policy 2018

1. Introduction

- 1.1 Risk management is about managing threats and opportunities. By managing the Council's risks effectively we will be in a stronger position to deliver the Council's objectives.
- 1.2 This Policy commits to the application of risk management within the Council's planning and business processes and its organisation culture. It should be read in conjunction with the Risk Management Guide, which shows in practice how effective risk management will be achieved.
- 1.3 This Risk Management Policy and Guide form a key part of the Council's Corporate Governance Assurance Framework. It is also closely linked to the Performance Management Framework and is important in supporting the delivery of effective performance and outcomes in the Council and for our citizens.

2. Approach to Managing Risks

- 2.1 Rotherham Council recognises that risk management is an integral part of good governance. Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority. To do this:
 - We will incorporate the principles of effective risk management into existing planning and management processes, including major projects and partnerships, to achieve a degree of formality and consistency.
 - Risk management will be linked to and will inform decision making across the Council.
 - We will provide appropriate training and guidance for Council Members and staff so they can carry out their roles relating to risk management
 - We will promote a risk management culture throughout the organisation and with our partners.
 - The Council's Audit Committee will hold the organisation and its Members and managers to account for their management of risks by:
 - monitoring the effective development and operation of Risk Management in the Authority
 - Monitoring progress in addressing risk related issues reported to the Committee
 - Considering the Council's framework of assurance and ensuring that it adequately addresses the risks and priorities of the Council

3. Risk Appetite

- 3.1 Risk appetite is the degree to which the Council is willing to accept risk in the pursuit of its objectives. In order for the Council to achieve its objectives, some amount of risk taking is inevitable. The awareness of risk and the appropriate management of it can lead to the realisation of opportunities and, in this respect, risk is not a negative concept.

3.2 Decisions will depend on the nature of the risk, the potential losses or gains, and the quality of information about the risk in question. The Council may choose to accept risks that cannot be mitigated or reduced, but it should always be able to justify its decisions based on the risk information available. The Risk Management Guide includes more detail on the Council's definition of risk appetite which is key to determining which risks should be accepted and which should be mitigated or reduced.

4. Roles and Responsibilities

4.1 Clear roles of responsibility have been established for the successful implementation of the Council's Risk Management Policy. These roles are outlined in the Risk Management Guide.

5. Monitoring, Reviewing & Reporting Risks

5.1 Strategic risks will be monitored at corporate level and operational risks will be monitored and reviewed at Directorate level. Risks may be promoted and demoted as part of the review processes, enabling the Council to effectively react to changes in priorities and/or risks.

6. Review

6.1. The Risk Management Policy and Guide will be reviewed each financial year to incorporate lessons learned, to accurately reflect the Council's position and to continually improve its risk management arrangements.

Councillor Chris Read, Leader **Date**

Councillor Ken Wyatt, Chair, Audit Committee **Date**

Sharon Kemp, Chief Executive **Date**

Rotherham Council: Risk Management Guide 2018

7. Introduction

- 7.1 Rotherham MBC recognises that risk management is a principal element of good Corporate Governance. Effective risk management supports and underpins achievement of the key objectives set out in the Council's Plan, which in turn aims to improve the quality of life and services for all local people.
- 7.2 Members and employees are expected to play an active and positive role in embedding risk management in all activities and in the organisation culture.
- 7.3 This Risk Management Guide provides a step by step approach to the Council's delivery of effective risk management. The Guide should be read in conjunction with the Risk Management Policy.
- 7.4 The Guide introduces the concept of risk and risk management, explains the general principles of risk management and clarifies the approach to and ownership of risk management within Rotherham Council.
- 7.5 This Guide shows how risk management should be approached by each service area. It provides guidance on completing the individual stages of the risk management process to help services to identify, evaluate, manage, monitor and review risks.

8. Risk and Risk Management

- 8.1 A risk can be broadly defined as an event that, should it occur, will impact on the delivery of strategic or service objectives. Risks can be identified by posing three questions:
 - What could go wrong?
 - Would it prevent you from delivering your objectives?
 - What would the impact be on your service?

An opportunity can be defined as an uncertainty that could have a favourable impact on objectives or benefits.

- 8.2 Risk management is the process by which we identify, evaluate and manage risks and opportunities. It is a positive process that can help the Council achieve positive outcomes from the decisions it makes.
- 8.3 Risk management should not simply be a process of identifying the negatives of why a decision, action or opportunity should not be taken as this can lead to a failure to pursue opportunities. Risk management, if used effectively, can help the Council to pursue innovative opportunities with higher levels of risk because exposure to risk is understood and managed down to acceptable levels.
- 8.4 Every organisation manages risk on a daily basis but not always in a way that is visible, repeatable and consistently applied throughout the organisation. A risk management process tries to ensure that the organisation undertakes cost-effective actions to manage and control risk to acceptable levels, through everyone following a well-defined and structured process. The aim of risk management is to enable better decision making, by having the best understanding of the potential problems before they happen and to enable pre-emptive action to be taken.

9. Objectives of Risk Management

9.1 The Council's risk management objectives are to:

- Promote a culture of risk management at all levels to inform all strategic and operational decision making and planning
- Ensure the Council successfully manages risks and opportunities corporately, operationally and within projects and partnerships
- Ensure that all parties understand their roles and responsibilities in the implementation of effective risk management
- Ensure that risk management makes an effective contribution to Corporate Governance and a satisfactory Annual Governance Statement
- Provide simple, intuitive processes to assist in the identification and prioritisation of risk and the appropriate allocation of resources
- Incorporate the principles of effective risk management into all planning and management processes to achieve consistency of approach
- Provide appropriate training and guidance for all parties involved in risk management roles, to enable them to fulfil their responsibilities and ensure the benefits of good corporate governance are realised
- Encourage the identification and sharing of potential or emerging risks so that risk prevention measures to be formulated as necessary
- Regularly consult with Members and officers in order to maintain a continuous review of the effectiveness of risk management processes.

9.2 The Council recognises it is not always possible, nor desirable, to eliminate risk entirely, and so has comprehensive insurance cover that protects the Council from significant financial loss following any damages or losses.

10. Approach to Risk Management

10.1 The risk management approach is based on good practice and can be applied at all levels of the organisation. It describes the key steps for identifying and managing risks within the Council. The approach intends to promote risk management as a positive process. It can bring value and benefit to each service area within the Council, by helping to identify and deal with issues before they happen.

10.2 Rotherham MBC utilises a five step approach in the identification and treatment of risks:



10.2.1 Step 1: Identify Risk – the identification of risk and its consequences.

It is important that all members of staff are involved in the risk management process. Managers should ensure that there is a process in place for employees to actively report risks as and when they arise, or when the profile or size of any risk changes. Risk should be on the agenda of all team meetings at any level in the organisation and also included and recorded in Performance Development Review discussions.

There are a number of ways that managers and staff can identify their risks. These sources include:-

- **Risk Workshops** – involve all stakeholders and ensure that the forum allows open and honest discussion. It is important to allow workshops to be as open as possible with no fear of come back. All initial ideas should be recorded and then reviewed one by one.
- **One to one meetings** – with staff who are involved in the delivery of the service within the Council.
- **Corporate Performance Management Process** – the corporate performance management process and those operating in each directorate and service area are important systems for identifying emerging risk – any risk identification process should take account of current performance information. This should also include reference to the Service Plan for the Service.
- **Learning from experience** – compare risks from similar operations – both internally and within peer groups at other authorities. Utilise any findings from recent reports by Internal Audit, regulatory bodies or Health and Safety teams; accident and incident reports; complaints; insurance claims etc. Reference could also be made to the Service's Business Continuity arrangements.

When considering the identification of risks, care should be taken to consider potentially high impact risks. This would particularly include hidden or underestimated threats that can cause serious damage such as fraud, cybercrime, social media IT failures and problems caused by third parties. Fraud risks are specifically considered in each Directorate through using a tailored fraud risk list. These lists can be obtained from your Risk Champion.

There are a number of different types of risks that the Council may face which form the acronym "Performance". These include:

- **P**olitical Implications
- **E**conomic Impact
- **R**egulatory Requirements
- **F**inancial loss
- **O**utcomes
- **R**eputational damage
- **M**anagement
- **A**sset Loss or damage
- **N**ew Partnerships/Contracts/Projects
- **C**ustomer/Citizen Impact
- **E**nvironmental Impact

Having thought through the risks in each of these areas, the focus should then be on identifying risks (or opportunities) that are most likely to affect the performance and delivery of the Council's and/or services' priorities and their consequences. Any risks should also be identified in narrative performance reporting and Improvement Plan reporting.

When recording risks on the relevant Risk Register, each risk should be clearly linked to a Priority in the Council Plan (if a Strategic Risk) or a Service Plan Objective (for Directorate or Service Risks). Each risk should also be allocated its own unique reference number when it is entered in the relevant risk register. At this stage the risk register (an example of which is included at Appendix A) should include:

- The unique risk number
- A description of the outcome we are trying to achieve (preferably linked to the Council Plan)
- A description of the risk itself

A note describing the numbering conventions to be used when numbering risks is attached at Appendix F.

10.2.2 Step 2: Evaluate Risk – the Assessment of the risk, based on probability of occurrence and potential impact.

The primary goal in this step is to understand the effect of the identified risks and opportunities on the achievement of objectives or delivery of service plans.

In order to decide which risks are most important and merit most attention, there needs to be some way of comparing risks relative to each other. Using a score to rate risks provides a quantitative basis for comparison and can be achieved by assessing the risk along two dimensions:

- The **likelihood** (or probability) that the risk will occur
- The **impact** (or severity) that the risk will have if it occurs.

The first evaluation should be undertaken on the 'inherent risk' i.e. the risk before any control measures have been put in place. This is to ensure that all significant risks are highlighted and assurance provided that these risks are being managed.

If risks are only assessed after controls have been put in place, known as the 'residual risk', this would be assuming that the controls would always be in place and operating, which may not be the case. Consequently, controls also need to be identified, monitored and reviewed.

Both the inherent and residual risk scores are calculated using the following equation:

$$\text{Likelihood score} \times \text{Impact score}$$

The Council has adopted a 5 x 5 risk matrix, as defined overleaf.

LIKELIHOOD	Almost Certain 5	5	10	15	20	25
	Very Likely 4	4	8	12	16	20
	Likely 3	3	6	9	12	15
	Possible 2	2	4	6	8	10
	Unlikely 1	1	2	3	4	5
		Insignificant 1	Minor 2	Significant 3	Major 4	Catastrophic 5
IMPACT						

The Council's definitions of the Risk Scores are included at **Appendix B**. These definitions should be used as a guide to enable risks to be scored consistently across the Council.

The Council's risk register at Appendix A includes the following items which should be assessed at Step 2:

- The consequences of the risk should it happen
- The control measures that are already in place
- The "mitigated" risk score (i.e. the score after existing controls have been applied)

Note that, in the interests of simplicity, the Risk Register does not currently include a space for recording the "inherent risk"

10.2.3 Step 3: Management – the identification of control measures required and the allocation of appropriate Action Managers.

Once the risks have been identified and assessed, additional appropriate management action needs to be taken. The 'Four Ts' is the generic approach that can be used when planning how to manage a risk or opportunity:

- **Tolerate** - The risk is accepted making limited, if any, efforts to mitigate it or reduce its likelihood / impact. This may be because the cost of mitigation exceeds the consequences of the risk.
- **Transfer** - The risk rating is reduced by transferring the risk to a third party by changing contractual terms. Typically this would mean the Council discontinuing the activity that gives rise to the risk, and sub-contracting / outsourcing that activity to another organisation. Alternatively, the Council can

limit the consequences by obtaining insurance cover above acceptable levels of risk.

- **Treat** - Actions will be taken to reduce the risk, possibly by putting in additional controls.
- **Terminate** - The activity that gives rise to the risk will cease, be avoided or altered, thus eliminating the risk.

The Council determines the appropriate approach to addressing identified risk with reference to its risk appetite. In general terms, risks that have a score equal to or lower than the appropriate risk appetite will be tolerated and monitored. Risks that exceed the risk appetite will be subject to further controls/action (either transferred, treated or tolerated).

The Council's current expression of Risk Appetite is included at **Appendix C**. Any risk score should be compared to this expression before determining what action should be taken.

It is critical that each risk is allocated an Owner who has ultimate responsibility (accountability) for the risk. The owner should be included in the Risk Register by both name and job role. The role of the Owner involves regularly monitoring the risk status and adjusting risk ratings accordingly, based on current information / intelligence and knowledge.

Mitigating actions (**Control Measures**) will need to be developed in order to effectively manage the risk, allocated to appropriate Managers and monitored regularly for compliance / implementation by the Risk Owner. Additional actions should include a timescale for their completion/implementation and this should be included on the Risk Register.

It is also possible that risks in one service area can have an impact on other areas of the organisation. It is important to be aware that actions to manage a risk in one area may create or increase a risk in another area. Consideration and communication of any possible impacts on other areas is essential.

At this stage the Risk Register will have in addition:

- The additional management action planned to bring the risk within the Council's appetite
- Target Score once the additional action is included
- Cost of the risk and the cost of the controls
- The name and job role of the designated risk owner

10.2.4 Step 4: Monitor Risk – ensure the controls measures are working effectively or amend accordingly.

This is a key stage of the risk management process. Risk Owners should ensure that the identified Control Measures are working effectively. In doing so, it may be useful to ask the following questions:

- **Have the chosen control measures been implemented as planned?**
 - Are the identified Control Measures in place?
 - Are these measures being used properly?

- **Are the chosen Control Measures working?**
 - Have the changes made to manage exposure to the assessed risks resulted in what was intended?
 - Has exposure to the assessed risks been eliminated or adequately reduced?
 - Have there been any ‘near misses’ and have any ‘lessons learned’ been applied?
 - Do any new controls need to be introduced?
- **Are there any new problems?**
 - Have the implemented control measures introduced any new problems?
 - Do the existing controls need to be reviewed and updated?

It is necessary to monitor and to report on the progress in managing risks so that the achievement of objectives is maximised and losses are minimised. In addition, the effectiveness of risk management controls to reduce the likelihood / impact of adverse risks occurring needs to be assessed and alternative controls introduced if the identified controls are proving ineffective.

When reviewing registers / risks it should also be ensured that the risk scores are still accurate. Are the red rated risks still red and the green rated risks still green? The focus should always be on **all** risks and not just on red or amber rated risks with the aim of identifying and preventing any risks from becoming a high (red) risk issues.

10.2.5 Step 5: Review & Report – Regular review of risks by Risk Owners to ensure continued validity. Report risks to the appropriate level of management and / or forum.

Corporate and service priorities will change over time. These changes may affect risks and opportunities and, therefore, need to be reviewed regularly by asking the following questions:

- Are my risks still the same?
- Are there any new risks arising?
- Has the risk been controlled effectively by the action taken to reduce or eliminate it?
- Has the action (or lack of actions) affected the overall impact (score) of the risk?
- Are there any other controls required? If so, what are they?

Risk registers should be live documents and changes should be updated promptly. The Risk Register Form at **Appendix A** includes a column to record to the next planned review date. Any risk with a rating of Amber or Red should be monitored at least monthly.

Risk management should be included as an agenda item on every Directorate Leadership Team meeting so that the team is able to reflect on the risks that they have discussed and amend the risk register if appropriate.

The Strategic Risk Register is reviewed at least quarterly. Increasing or emerging risks may also be elevated to strategic level from Directorate Risk Registers so that the Council can react effectively to changes in priorities. Risks that might normally be considered for “escalation” to the Strategic Risk Register include those that need to be managed by more than one Directorate as well as those that have a “red” risk score. Risks that should not normally be escalated to the Strategic Risk Register

include those risks assessed as Amber or Green or those with an impact score of 3 or less.

The monitoring process includes annual “deep dives” of each Strategic Director’s Risk Register by the Council’s Audit Committee. The Strategic Risk Register itself is periodically considered by the Audit Committee and is also assessed at the Council’s quarterly performance management SLT/AD sessions.

The review process will inform the contents of reports to the Strategic Leadership Team and the Audit Committee.

Risk management is a continuous cycle designed not only to identify, evaluate, manage, monitor and review risks, but also to support the strategic planning process. The strategic planning process and risk registers should be used as part of the budgetary decision making process.

11. Documentation

11.1 Risks will be recorded on standard documentation and held on the central SharePoint site, which can provide access to all risk owners and managers and ensure one version of each risk is maintained and can be easily updated. It is up to each Directorate to decide who should have access to their own risk register. An example of the risk form is held at **Appendix A**.

11.2 Risks will be presented in a consistent and uniform way. An example of a summary risk register is attached at **Appendix D** and the Risk Register at **Appendix E**. It is open to each Directorate to decide whether it uses Appendix A or Appendix E as the basis for its Risk Register. However, if a Directorate uses Appendix E it should ensure that every risk is supported by a completed Risk Form containing the detail included at Appendix A on the SharePoint site.

12. Leadership, Roles and Responsibilities

12.1 Risk management should not be perceived as the responsibility of a small number of people. Where risk management is fully integrated into the culture and day to day working, everyone has a role to play and this is what Rotherham aims to achieve.

12.2 The expectations of members and officers are as follows:

Executive	<ul style="list-style-type: none"> • Overall responsibility for ensuring the Council has in place effective risk management arrangements. • Lead in promoting a risk management culture within the Council and, where appropriate, with partners and stakeholders. • Regularly receive reports on risks and risk management and obtain assurance over the effective application of risk management.
Audit Committee	<ul style="list-style-type: none"> • Approve the Council’s Risk Management Policy and Guide. • Approve an annual statement on the effectiveness of the Council’s risk controls as part of the Annual Governance Statement. • Monitor the effective development and operation of Risk

	<p>Management in the Authority</p> <ul style="list-style-type: none"> • Monitor progress in addressing risk related issues reported to the Committee • Consider the Council's framework of assurance and ensuring that it adequately addresses the risks and priorities of the Council
All Councillors	<ul style="list-style-type: none"> • To consider and challenge risk management implications as part of their roles.
Chief Executive	<ul style="list-style-type: none"> • Champion risk management arrangements • Ensure all risk management processes are completed • Issue directions with regard to risk management.
SLT	<ul style="list-style-type: none"> • Responsibility for leading and managing the identification of significant strategic risks and the Strategic Risk register. • Ensure that there is a robust framework in place to identify, monitor and manage the Council's strategic risks and opportunities. • Ensure that the measures to mitigate these risks are identified, managed and completed within agreed, time-scales, ensuring that they bring about a successful outcome. • Promote a risk management culture within the Council and, where appropriate, with partners and stakeholders. • Ensure the requirement for all SLT reports, business cases and major projects to include risk assessments is met. • Ensure risk is considered as an integral part of service planning; performance management; financial planning; and, the strategic policy-making process. • Consider risk management implications in reports regarding strategic decisions. • Ensure that appropriate advice and training is available for all Members and staff. • Ensure that resources needed to deliver effective risk management are in place.
Assistant Directors	<ul style="list-style-type: none"> • Escalate risks / issues to the relevant Strategic Directors, where appropriate. • Ensure there is a clear process for risks being managed by their managers. • Embed risk management within the service areas they are responsible for. • Ensure compliance with corporate risk management standards. • Ensure that all employees, volunteers, contractors and partners are made aware of their responsibilities for risk management and are aware of the lines of escalation of risk related issues.

Directorate Leadership Teams	<ul style="list-style-type: none"> • Responsibility for leading and managing the identification of significant operational risks from all operational areas. • Ensuring that the measures to mitigate these risks are identified, managed and completed within agreed timescales, ensuring that they bring about a successful outcome. • Lead in promoting a risk management culture within the Directorate.
Corporate Risk Manager	<ul style="list-style-type: none"> • Provide facilitation, training and support to promote an embedded, proactive risk management culture throughout the Council. • Assist SLT and Assistant Directors in identifying, mitigating and controlling risks. • Maintain the Strategic Risk Register of the Council's most significant risks. • Ensure that risk management records and procedures are properly maintained, decisions are recorded and an audit trail exists. • Ensure an annual programme of risk management training and awareness is established and maintained. • Review External and Internal Audit recommendations relating to risk management to ensure these are picked up and dealt with by Services.
All Employees	<ul style="list-style-type: none"> • Have an understanding of risk and their role in managing risks in their daily activities, including the identification and reporting of risks and opportunities. • Support and undertake risk management activities as required. • Attend relevant training courses focussing on risk and risk management.

13. Risk Assurance, Monitoring and Reporting

13.1 Rotherham's risk management function is routinely exposed to full scrutiny and validation:

- In the Annual Governance Statement that is signed off by the Leader and Managing Director and endorsed by the Audit Committee
- Elected Members hold SLT accountable for the effective management of principal risks
- SLT, and the Audit Committee monitor the delivery of the Risk Management Policy by receiving regular reports and/or presentations. As part of this process SLT and Assistant Directors review their own risks and update them accordingly
- Risk management arrangements across the Council are independently reviewed for effectiveness on an annual basis by Internal Audit in order to inform the signing off of the Annual Governance Statement

- Service and Operational risks are monitored and reviewed at Directorate level and may be elevated to corporate level if deemed necessary (see 11.2.5)
- There is a formal reporting structure for advising SLT and elected Members of any risk management implications. The Council's report template requires the completion of a Risks and Uncertainties section in every report. Managers completing formal reports for Cabinet, Council (and its Committees) as well as SLT should ensure that risks included in this section are reflected on their Risk Register and that those risks are referenced in the report.

14. Communication

14.1 Effective communication is integral to the identification of new threats and opportunities or changes in existing risks.

14.2 It is important for strategic leaders and managers to engage with staff across the Council to ensure that:

- Everyone understands the Council's risk policy, risk appetite and risk process in a way that is appropriate to their role. If this is not achieved, effective and consistent embedding of risk management will not be realised and risk priorities may not be addressed
- Everyone understands the benefits of effective risk management and the potential implications if it is not done or is done badly
- Each level of management actively seeks and receives appropriate and regular assurance about the management of risk within their control. Effective communication provides assurance that risk is being managed within the expressed risk appetite, and that risks exceeding tolerance levels are being escalated
- Any organisation providing outsourced services to the Council has adequate risk management skills and processes. Gaining assurance that a partner organisation has embedded risk management processes in place, and that responsibilities are clearly defined from the start, should help to avoid misunderstandings and any serious problems.

15. Performance Management

15.1 Risk management forms an integral part of the Council's Performance Management Framework. Awareness of potential risks that could impact the achievement of Council priorities and objectives, and planning for such possibilities, will contribute to the successful delivery of the objectives. The narrative element of the Council's Quarterly Performance Report includes a section covering ongoing risks and challenges for each Priority Outcome. This section should link back to the completed Strategic Risk Register or to the Directorate Risk Register.

15.2 Risks associated with the delivery of the Council Plan are included in the Strategic Risk Register where relevant. This Register then goes to SLT and the Audit Committee.

16. Corporate Governance

16.1 Managing risk is integral to Rotherham's Corporate Governance processes. It is a key feature in the production of the Annual Governance Statement that is signed by the Leader and Chief Executive.

- 16.2 There is high level risk management representation on the SLT and at Member level. The Assistant Chief Executive and the Cabinet Manager for Corporate Services and Finance are the leads for risk management at their respective levels.
- 16.3 The Corporate Risk Manager and the Head of Internal Audit are responsible for drafting the Annual Governance Statement and evaluating risk management assurances and supporting evidence. In this role they report to the Governance Group who have oversight of the process for the Statement's production.
- 16.4 Each Directorate has at least one Risk Champion who leads on Risk for their Strategic Director. The Risk Champions, Assistant Chief Executive and the Corporate Risk Manager form the Risk Champions Group. This group is responsible for co-ordinating Risk Management across the Council.

17. Guidance and Training

- 17.1 The Council's Corporate Risk Manager is responsible for providing advice and training in respect of the Council's risk management arrangements.
- 17.2 All members of SLT and their Management Teams should receive training in risk identification, analysis and control of risk. Risk Management training (including refresher training) is compulsory for all staff of M2 grade and above. Periodic "mop up" sessions will be held to pick up staff new to the M2 or M3 grade. Risk Workshops can be used as a prime method of educating and training managers in identifying and managing risks to their objectives. This approach can assist in creating a 'risk aware' culture.
- 17.3 Bespoke risk management training from external providers (Gallagher Bassett; Zurich Municipal) can be provided free of charge via Risk Control Days for targeted areas of risk, e.g. Schools, Health & Safety, Highways, Control of Legionella, Asbestos Awareness.
- 17.4 A risk management E-Learning package is accessible to all staff and Members on the Intranet.

18. Further Information

- 18.1 For further information on the Risk Policy and Guide or any risk management arrangements please contact either the Corporate Risk Manager or your local Risk Champion.

Simon Dennis

Corporate Risk Manager

Ext. 22114

Appendix A: Risk Form

EXAMPLE Finance & Corporate Services - Risk Assessment/Register													
Risk Register Owner: Named SLT member					Date completed: 24/10/2018								
Business Objective <i>What is it you would like to achieve/need to deliver</i>	Risk <i>What is the problem/hazard? What is it that will prevent you from meeting your objectives?</i>	Consequence /effect: <i>what would actually happen as a result? How much of a problem would it be? To whom and why?</i>	Existing actions/controls <i>(What are you doing to manage this now?)</i>	Risk Score with existing measures <i>(See Scoring Table)</i>			Further management actions/controls required. <i>(What would you like to do in addition to your existing controls?)</i>	Target Score with further management actions/controls <i>(See Scoring Table)</i>			Cost (of Impact; of current controls; of further controls)	Risk Owner <i>(Officer responsible for managing risk and controls)</i>	Risk Review Date
				Impact	Probability	Risk Rating (I x P)		Impact	Probability	Risk Rating (I x P)			
To deliver free and fair elections in which all participants are satisfied that the result is accurate and which allows no opportunity for challenge.	Inability to comply with legislative and statutory election duties.	Election Failure - legal challenge in high court and associated costs of re-running the election and reputational damage. Business continuity issues such as loss of ICT function and /or office accommodation / count venue and / or polling stations	Strong links with internal ICT teams to ensure ICT systems are restored immediately. Training and awareness programme for staff. BCP in Place.	5	3	15	Alternative manual systems have been developed as a back up and can be implemented at short notice. Training and awareness programme for staff. BCP in Place.	3	3	9	There are no costs associated with the controls. Costs will be incurred when actioned.	Manager	Dec-18

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA	CRITICAL/ CATASTROPHIC	5	<ul style="list-style-type: none"> • Multiple deaths of employees or those in the Council's care • Inability to function effectively, Council-wide • Will lead to resignation of Chief Operating Officer and/or City Mayor • Corporate Manslaughter charges • Service delivery has to be taken over by Central Government • Front page news story in National Press • Financial loss over £10m
	MAJOR	4	<ul style="list-style-type: none"> • Suspicious death in Council's care • Major disruption to Council's critical services for more than 48hrs (e.g. major ICT failure) • Noticeable impact in achieving strategic objectives • Will lead to resignation of Strategic Director and/ or Executive Member • Adverse coverage in National Press/Front page news locally • Financial loss £5m - £10m
	MODERATE	3	<ul style="list-style-type: none"> • Serious Injury to employees or those in the Council's care • Disruption to one critical Council Service for more than 48hrs • Will lead to resignation of Assistant Director/ Project Director • Adverse coverage in local press • Financial loss £1m - £5m
	MINOR	2	<ul style="list-style-type: none"> • Minor Injury to employees or those in the Council's care • Manageable disruption to internal services • Disciplinary action against employee • Financial loss £100k to £1m
	INSIGNIFICANT/ NEGLIGIBLE	1	<ul style="list-style-type: none"> • Day-to-day operational problems • Financial loss less than £100k

Appendix Scoring

LIKELIHOOD	SCORE	<i>EXPECTED FREQUENCY</i>
ALMOST CERTAIN	5	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently and in the current year (next 12 months)
PROBABLE/LIKELY	4	Event is MORE THAN LIKELY to occur. Will probably happen in the current year and be likely to recur in the longer term.
POSSIBLE	3	SOME LIKELIHOOD of event occurring. Not likely in the current year, but reasonably likely in the medium/long term.
UNLIKELY	2	Event NOT EXPECTED . Do not expect it to happen in the current year, but possible in the longer term.
VERY UNLIKELY/RARE	1	EXCEPTIONAL event. This will probably never happen/recur. A barely feasible event.

B: Risk Guidance

Appendix C: The Council's Risk Appetite

The Council has a general policy to “accept” and monitor risk that is currently scored as less than “8” on the scoring matrix. Action should be taken on any risk with a score of more than “8” in line with the table shown below:

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	15-25	IMMEDIATE MANAGEMENT ACTION
Medium Risk	9-12	Plan for CHANGE
Low Risk	1-8	Continue to MANAGE

In effect, the Council has an appetite to accept “Low” risk – with any other type of risk being planned to be addressed with additional controls or management action.

Appendix D: Example Strategic Risk Register Overview

Strategic Risks						
Risk Detail	Risk Owner	Qtr 1 2018/ 19Rating	Qtr 2 2018/19 Rating	Movement between Qtrs	Target Rating (Risk Appetite)	Target Date Agreed by SLT
Introduction of £72k lifetime social care payments cap from 01/04/19 will place additional workload burden on service and may increase costs.	Named SLT member 1	20	20	-	9	April 2019
Council do not respond to media issues correctly or appropriately.	Named SLT member 2	20	20	-	9	November 2018
Sensitive and confidential information/data is not properly protected.	Named SLT member 3	20	20	-	6	November 2018

Appendix E: Example Risk Register template

Strategic Risks								
Business Objective	Risk Detail	Consequence / Effect	Impact	Likelihood	Risk Rating	Risk Owner	Further Mitigating Actions	Current Risk Rating Heat Map
Social care payments cap	Introduction of £72k lifetime social care payments cap from 01/04/16 will place additional workload burden on service and may increase costs.	Authority may have to meet a higher percentage of care costs; level of risk still unknown as additional funding from central government unknown at present.	5	4	20	Named Officer 1	Monitor situation with finance until further information is known.(Deadline 30/9/18)	
Dealing effectively with high profile media issues.	Council do not respond to media issues correctly or appropriately.	Failure to deal with media issues may damage the reputation of the authority and the Communications Team; possibility of slander claims and associated financial risk.	5	4	20	Named Officer 2	Continue to monitor cases and introduce revised ways of working as appropriate.(Ongoing)	
Act appropriately to maintain required levels of performance with respect to data protection and confidentiality issues	Sensitive and confidential information/data is not properly protected.	Failure to deal with media issues may damage the reputation of the authority and the Communications Team; possibility of slander claims and associated financial risk.	5	4	20	Named officer 3	Continue to monitor breaches and near misses and introduce revised ways of working accordingly. (Ongoing) Consider an authority-wide training programme. (Deadline 30/9/18)	

Appendix F

Risk numbering Protocol

This protocol sets out how the numbering requirements in the Risk Policy and Guide are to be applied in practice.

- 1) Risk numbers should never be “reused”. If a risk is deleted from a risk register, the number should not be allocated a new risk
- 2) All risks should follow an alpha numeric numbering system which should be set out as follows:
 - risks included on the Strategic Risk Register will be numbered sequentially in the following format - SLTxx – where xx is a sequential number
 - risk included on Directorate Risk Registers should follow the following formats:

Directorate	Numbering format
CYPS	CYPSxx
FaCS	FCSxx
Regen	R&Exx
ACX	ACXxx
ACHPH	ACHxx/PHxx

- 3) Directorates may vary the alphabetical descriptor for risks that only appear on service risk registers if that eases operation of the risk register. However, the format should always be alpha numeric following the format above.
- 4) Directorate risk registers should also include an indication of whether a risk is also on the Strategic Risk Register. This can be achieved either by including on the directorate risk register the "SL"xx" number or by including strategic risks on a separate tab in the directorate risk register. Directorates can choose which approach is used as long as the relevant register clearly shows which risks are on the register.

Summary Sheet**Council Report:**

Audit Committee 27th November 2018

Title:

Audit Committee Forward Work Plan

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report:

Judith Badger (Strategic Director of Finance and Customer Services).

Report Author(s):

David Webster (Head of Internal Audit).

Tel: 01709 823282 Email david.webster@rotherham.gov.uk

Ward(s) Affected:

None.

Executive Summary:

The report presents to the Audit Committee a forward work plan covering the next year. The plan shows how the agenda items relate to the objectives of the Committee. It is presented for review and amendment as necessary.

Recommendation:

The Audit Committee is asked to review the Forward Work Plan and suggest any amendments to it.

Consideration by any other Council Committee, Scrutiny or Advisory Panel:

No

Council Approval Required:

No

Exempt from the Press and Public:

No

Title:

Audit Committee Forward Work Plan.

1. Recommendations

The Audit Committee is asked to review the Forward Work Plan and suggest any amendments to it.

2. Background

2.1 Each year the Audit Committee publishes a Prospectus setting out the scope of its work, the standards it adheres to and its work programme for the year. The programme is subject to change and can be amended during the year to respond to any emerging areas of concern to the Committee. This report shows a rolling programme for the Committee for the forthcoming year.

3. Details

3.1 Local Government Audit Committees should comply with the Chartered Institute of Public Finance and Accountancy's Position Statement and Practical Guidance for Audit Committees. The scope of the Audit Committee's responsibilities and its work plan are designed to ensure the Committee meets the CIPFA standards.

3.2 Key Audit Committee activities, reflected in the Prospectus and work plan, include:

- Satisfying itself and others that the Annual Governance Statement reflects the Council's arrangements and position.
- Monitoring the effectiveness of the internal control environment and assurances obtained from its operation.
- Consider the effectiveness of risk management.
- Ensuring Internal Audit is independent and effective.
- Review the responsibilities of internal audit and ensure it has the necessary resources to enable it to function in accordance with professional standards.
- Review the internal audit work plan and receive reports on the results of internal audit work.
- Reviewing the Council's arrangements for managing the risk of fraud.
- Reviewing the external auditor's annual audit plan and ensuring it is consistent with the scope of the audit engagement.
- Reviewing the findings of the external auditor's work.
- Reviewing the financial statements and the external auditor's opinion on the statements.
- Considering external audit and inspection recommendations and ensuring these are fully responded to.
- Reviewing and monitoring treasury management arrangements.

4. Options considered and recommended proposal

4.1 The Prospectus and work plan for the Audit Committee are helpful guiding documents for the Committee itself and other stakeholders with an interest in the Committee's activities. The work plan for the coming year by date is presented to each committee meeting for review and amendment.

5. Consultation

5.1 Relevant officers were consulted in producing the Prospectus.

6. Timetable and Accountability for Implementing this Decision

6.1 The Forward Plan comprises a schedule of reports to be presented to the Audit Committee at each of its meetings during the year. Various reports have to be presented at specified meetings in order to comply with statutory requirements (for example relating to the statement of accounts and annual governance statement).

7. Financial and Procurement Implications

7.1 There are no financial or procurement issues arising from this report.

8. Legal Implications

8.1 There are no direct legal implications associated with this report.

9. Human Resources Implications

9.1 There are no Human Resources implications arising from the report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 The Audit Committee reviews the management of risks across the Council including those relating to Children's and Adult Services. Review of the management of risks helps to ensure the risks are mitigated.

11. Equalities and Human Rights Implications

11.1 There are no direct Equalities or Human Rights implications arising from this report.

12. Implications for Partners and Other Directorates

12.1 Partners will be able to take assurance on the Control's application of governance controls and management of risks from the work of the Audit Committee.

13. Risks and Mitigation

13.1 The Audit Committee aims to comply with standards established by the Chartered Institute of Public Finance and Accountancy (CIPFA). The maintenance of a work plan is consistent with the CIPFA standards. The production of a work plan also helps the Audit Committee to ensure it achieves its terms of reference.

14. Accountable Officer:

David Webster (Head of Internal Audit).

Audit Committee Forward Work Plan

Meeting Date	Objective	Agenda Item	Author
29 th January 2019	Review External Audit findings	Training External Audit Progress Update	Grant Thornton / Graham Saxton
	Review financial statements	Final Accounts closedown and accounting policies	Graham Saxton
	Review External Audit findings	External Audit Grants Report	External Audit / Graham Saxton
	Review External Audit Annual Plan	Accounts Audit Plan	Grant Thornton / Graham Saxton
	Effectiveness of Risk Management	Strategic Risk Register	Simon Dennis
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Finance and Customer Services	Judith Badger
	Effectiveness of internal control environment	Information Governance	Head of Information Governance
	Effectiveness of Internal Audit and internal control environment	IA Progress Report Audit Committee Forward Work Plan	David Webster David Webster

Meeting Date	Objective	Agenda Item	Author
26 th March 2019	Effectiveness of Internal Audit and internal control environment	Training IA Strategy and Plan	David Webster
	Effectiveness of Internal Audit and internal control environment	IA Progress Report	David Webster
	Review External Audit Findings	External Audit Progress Update	Grant Thornton / Graham Saxton
	Effectiveness of Internal Audit and internal control environment	Risk Management Directorate Presentation – CYPS	Jon Stonehouse
	Effectiveness of Internal Audit	PSIAS Internal Assessment / QAIP	David Webster
		Audit Committee Self-Assessment and Annual Report	David Webster
		Audit Committee Prospectus and Forward Work plan	David Webster
		Private Meeting	

Meeting Date	Objective	Agenda Item	Author
June 2019	<p>Review External Audit findings</p> <p>Review Financial Statements</p> <p>Review Governance Statement</p> <p>Regulation of Investigatory Powers</p> <p>Consider Audit and Investigation recommendations</p> <p>Effectiveness of Internal Audit and internal control environment</p> <p>Effectiveness of Internal Audit and internal control environment</p> <p>Effectiveness of Risk Management</p>	<p>Training – Statement of Accounts</p> <p>External Audit Progress Update</p> <p>Draft Statement of Accounts</p> <p>Draft AGS</p> <p>Review of Surveillance and Policy</p> <p>External Audit Recommendations</p> <p>IA Progress Report</p> <p>IA Annual Report</p> <p>Risk Management Directorate Presentation – Adult Care and Housing</p> <p>Audit Committee Forward Plan</p>	<p>Grant Thornton / Graham Saxton</p> <p>Graham Saxton</p> <p>Judith Badger</p> <p>Neil Concannon</p> <p>Sue Wilson</p> <p>David Webster</p> <p>David Webster</p> <p>Anne Marie Lubanski</p> <p>David Webster</p>

Meeting Date	Objective	Agenda Item	Author
July 2019		Training	
	Review financial statements	Final Statement of Accounts	Graham Saxton
	Review Annual Governance Statement	Final AGS	Judith Badger
	Review External Audit findings	External Audit findings (ISA 260)	Grant Thornton / Graham Saxton
	Review External Audit findings	External Audit report on the Accounts	Grant Thornton / Graham Saxton
	Review Treasury Management	Annual Treasury Report	Graham Saxton
	Effectiveness of Risk Management	Strategic Risk Register	Simon Dennis
		Audit Committee Annual Report	David Webster
Audit Committee Forward Work Plan		David Webster	

Meeting Date	Objective	Agenda Item	Author
September 2019	Review External Audit findings	Training External Audit Progress Report	Grant Thornton / Graham Saxton
	Effectiveness of Internal Audit	IA Charter review and update	David Webster
	Effectiveness of Internal Audit and internal control environment	IA Progress Report	David Webster
	Effectiveness of Risk Management	Risk Management Policy and Strategy	Simon Dennis
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Assistant Chief Executive	Shokat Lal
	Managing the risk of fraud	Anti-Fraud and Corruption Policy and strategy review and update	David Webster
		Audit Committee Forward Work Plan	David Webster

Meeting Date	Objective	Agenda Item	Author
November 2019		Training – Code of Corporate Governance	
	Review External Audit findings	External Audit Annual Letter	Grant Thornton / Graham Saxton
	Consider Audit and Inspection Recommendations	External Audit and Inspection recommendations	Sue Wilson
	Monitor Treasury Management	Mid-Year Report on Treasury Management	Graham Saxton
	Regulation of Investigatory Powers	Review of Surveillance	Neil Concannon
	Review Annual Governance Statement	Code of Corporate Governance	Simon Dennis
	Effectiveness of Risk Management	Risk Management Strategy and Policy	Simon Dennis
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Regeneration and Environment	Strategic Director R&E
Effectiveness of Internal Audit and internal control environment	IA Progress Report	David Webster	
	Audit Committee Forward Work Plan	David Webster	

Audit Progress Report

**Rotherham Metropolitan Borough Council
Year ending 31 March 2019**

14 November 2018



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Introduction



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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk ..

If you would like further information on any items in this report, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Gareth or Thilina.

Progress as at 14 November 2018

2018-19 Accounts Audit

We have commenced our planning procedures for the 2018-19 financial statement audit, which included a number of introductory meetings with senior management in July and September 2018.

Our detailed work and interim audit visit is scheduled to commence in February 2019 and we will discuss the exact timing of these visits with the finance team.

Some of the key matters to have taken place since our last Audit Committee update to you on 2 October include:

- A visit to the offices of the predecessor auditor, KPMG in order to review their 2017-18 audit file. We are pleased to inform you that KPMG fully co-operated with us in advance and during our visit and answered all our queries in relation to our review. We are now in a position to rely on KPMG's work carried out in the prior year, that is relevant to our audit work in 2018-19. We can confirm that we have obtained the required assurances on your opening balances position as at 1 April 2018.
- A meeting with Cllr Wyatt as Chair of the Audit Committee. Gareth and Thilina met with Cllr Wyatt on 5 November 2018 and our office in Leeds. The meeting helped to further our understanding of the Council, and inform our 2018-19 audit planning on your key issues.

We are continuing our risk assessment procedures and intending to issue our 2018-19 Audit Plan early in the New Year and present this at the next Audit Committee on 29 January 2019.

2018-19 Value for Money work

We reported the scope of our Value for Money work during October's Audit Committee. Our risk assessments are continuing in this regard. Value for Money risks for the Council and our planned procedures in response to those risks will be reported to you in our Audit Plan at the January Audit Committee.

Other matters

Meetings

We have agreed quarterly liaison meeting dates throughout 2018-19 with the Chief Executive and the Strategic Director - Finance & Customer Services. Our next scheduled meeting will be held on 3 December 2018.

We have also scheduled a routine meeting with key members of the senior finance team on 3 December to discuss key accounting and auditing issues impacting on the 2018-19 accounts.

We will continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events - Officers

We provide a range of workshops, along with network events. We will be inviting your key finance staff to our annual accounts workshop which is expected to take place on 5 February 2019 at our Leeds Office.

Events - Members

We are pleased to announce our plans to hold a Local Authority Audit Committee Chairs and Members event in our Leeds office. Invites for the event will be going out to all members of the Audit Committee before Christmas. The planned date for the event is **Tuesday 26 February**.

The event will be a mixture of presentations and interactive sessions and will conclude with a networking lunch. The content of the event is still being finalised but is expected to include:

- **roles and responsibilities** - of audit committees, external and internal audit
- **effective governance** - including risk management and partnership/contract management
- **accounting issues** - a high level briefing on 2018-19 accounting matters
- **value for money conclusion** - potential areas of focus for external audit, including the impact of other regulatory reports
- **financial resilience** - a topical current issue.

In addition to the workshop, you will have the opportunity to meet and network with audit committee members from across our other Yorkshire authorities.

Audit Deliverables

2018-19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018-19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts Audit Plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	29 January 2019 (tbc)	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	26 March 2019 (tbc)	Not yet due
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work.	December 2019	Not yet due

Committee Name and Date of Committee Meeting

Audit Committee – 27 November 2018

Report Title

Audit Committee – Appointment of Independent Member

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Shokat Lal, Assistant Chief Executive

Report Author(s)

James McLaughlin, Head of Democratic Services
01709 822477 or james.mclaughlin@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

The term of office of the current Independent Member serving on the Audit Committee is due to cease on 9 December 2018. This report is submitted for the Audit Committee to recommend that the Council reappoints Mr. Bernard Coleman until December 2019.

Recommendations

To resolve:-

1. That Council be recommended to appoint Mr. Bernard Coleman as Independent Member of the Audit Committee until 31 December 2019.

List of Appendices Included

None

Background Papers

Council Minutes (Minute number 100) – 9 December 2015
Report to Audit Committee – 24 November 2015 'Amendment to the Constitution of the Audit Committee and Appointment of Independent Member'
Council Constitution

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Council – 05 December 2018

Council Approval Required

Yes

Exempt from the Press and Public

No

Audit Committee – Appointment of Independent Member

1. Background

- 1.1 In 2015, the Council amended the Terms of Reference of the Audit Committee to include provision for the appointment of an Independent Member. On 9 December 2015, on the recommendation of the Audit Committee, the Council appointed Mr. Bernard Coleman for a three year period.
- 1.2 Over the past three years, Mr. Coleman has added value to the work of the Audit Committee. His contributions and work are respected by elected Members and officers involved in discharging the audit function at the Council.

2. Key Issues

- 2.1 The three year term of Mr. Coleman is due to end on 9 December 2018. It is necessary to consider the future appointment to the position of Independent Member of the Audit Committee.

3. Options considered and recommended proposal

- 3.1 As the current appointment is due to end on 9 December 2018, the Audit Committee is invited to consider whether it how it wishes to fill the vacancy that will arise on that date. The options available to Members are:-
 - Option 1 – Commence a recruitment process for a new Independent Member
 - Option 2 – Appoint the current Independent Member for a further three-year term until December 2021.
 - Option 3 – Appoint the current Independent Member for a 12 month period to allow a recruitment process to take place (this is the recommended option).
- 3.2 Option 1 is not recommended because there is insufficient time to undertake a full recruitment process prior to the end of the current Independent Member's term of office on 9 December. However, there are benefits associated with undertaking a recruitment process to demonstrate openness and transparency in the appointment to this role.
- 3.3 Officer 2 is not recommended at this stage as it is not known if the current Independent Member would be willing to carry on in the position for a further three years. Formal consultation with Mr. Coleman has not yet taken place and it would be improper to propose such an appointment at this stage. Mr. Coleman has been invited to attend the meeting on 27 November 2018 and may provide his opinion during the discussion on this report. However, without clarification prior to the meeting, this option cannot be recommended at this stage.

- 3.4 Option 3 provides an opportunity to undertake a recruitment process whilst appointing Mr. Coleman for a twelve month period until December 2019. This option provides continuity in the short term and addresses the need to retain an Independent Member from the end of Mr. Coleman's term of office. This is the recommended option.

4. Consultation on proposal

- 4.1 This report is submitted to seek the views of the Audit Committee on the method with which the Council should appoint the Independent Member of the Audit Committee from December 2018.

5. Timetable and Accountability for Implementing this Decision

- 5.1 If the committee supports the recommendation to re-appoint Mr. Coleman for a further one-year or three-year period, this will be reported to the Council meeting on 5 December 2018. The appointment will take immediate effect after Council approval. The Head of Democratic Services Audit will be accountable for the implementation of the Council's decision and the Head of Internal Audit will be accountable for supporting the Independent Member during their term of office.
- 5.2 If the committee determines that a recruitment process should be undertaken without reappointing the current Independent Member, the Head of Democratic Services will be accountable for the recruitment process with the Audit Committee having the authority to recommend an appointment to Council.

6. Financial and Procurement Advice and Implications

- 6.1 The allowance for the Independent Member of the Audit Committee is £710 per annum and is already included in the budget for Member Allowances. Any costs associated with the recruitment of an Independent Member will be met within existing budgets. There are no further financial or procurement implications associated with this proposal.

7. Legal Advice and Implications

- 7.1 There are no legal implications associated with this proposal beyond ensuring that the Council complies with the provisions of the Constitution, which is discussed earlier in this report.

8. Human Resources Advice and Implications

- 8.1 In the options outlined above, Members have the discretion to recommend the re-appointment of Mr. Coleman for a three-year or one-year term of office. In the event of either option being chosen, appropriate checks have previously been carried out in respect of Mr. Coleman and are all satisfied.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no implications of children and young people or vulnerable adults arising from this report.

10. Equalities and Human Rights Advice and Implications

10.1 There are no equalities or human rights implications arising from this report.

11. Implications for Partners

11.1 There are no implications for partners associated with this report.

12. Risks and Mitigation

12.1 The appointment of a suitable skilled and experienced independent member will strengthen the review of risk management by the Audit Committee and consequently improve the Council's arrangements.

13. Accountable Officers

James McLaughlin, Head of Democratic Services
David Webster, Head of Internal Audit

Approvals obtained on behalf of:-

	Named Officer	Date
Strategic Director of Finance & Customer Services (S.151 Officer)	Named officer	Click here to enter a date.
Assistant Director of Legal Services (Monitoring Officer)	Named officer	Click here to enter a date.
Assistant Director of Human Resources (if appropriate)		Click here to enter a date.
Head of Human Resources (if appropriate)		Click here to enter a date.

Report Author: James McLaughlin, Head of Democratic Services
01709 822477 or james.mclaughlin@rotherham.gov.uk

This report is published on the Council's [website](#).

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