

Audit and Standards Committee

**Wednesday 16 November 2016 at 5.00
pm**

**To be held at the Town Hall, Pinstone
Street, Sheffield, S1 2HH**

The Press and Public are Welcome to Attend

Membership

Councillors Josie Paszek (Chair), Dianne Hurst, Alan Law, Pat Midgley, Peter Price, Vickie Priestley and Paul Scriven.

Independent Co-opted Members

Liz Stanley.

PUBLIC ACCESS TO THE MEETING

The Audit and Standards Committee is a key part of the Council's corporate governance arrangements. The Committee has delegated powers to approve the Council's Statement of Accounts in accordance with the Accounts and Audit Regulations 2003 and consider the Annual Letter from the Auditor in accordance with the Accounts and Audit Regulations 2003 and to monitor the Council's response to individual issues of concern identified.

A copy of the agenda and reports is available on the Council's website at <http://sheffielddemocracy.moderngov.co.uk/mgCommitteeDetails.aspx?ID=512>. You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday. You may not be allowed to see some reports because they contain confidential information.

Recording is allowed at meetings of the Committee under the direction of the Chair of the meeting. Please see the website or contact Democratic Services for details of the Council's protocol on audio/visual recording and photography at council meetings.

If you require any further information please contact Dave Ross in Democratic Services on 0114 273 5033 or email dave.ross@sheffield.gov.uk.

FACILITIES

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

**AUDIT AND STANDARDS COMMITTEE AGENDA
16 NOVEMBER 2016**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of the Press and Public**
To identify items where resolutions may be moved to exclude the press and public.

(Note: The report relating to Strategic Risk Management is not available to the public and press because it contains exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, relating to the financial or business affairs of any particular person, including the authority holding that information).
- 4. Declarations of Interest** (Pages 1 - 4)
Members to declare any interests they have in the business to be considered at the meeting.
- 5. Appointment of Deputy Chair**
To appoint a Deputy Chair of the Committee for 2016/17.
- 6. Minutes of Previous Meeting** (Pages 5 - 12)
To approve the minutes of the meeting of the Committee held on 15 September 2016.
- 7. Whistleblowing Policy** (Pages 13 - 30)
Report of the Acting Executive Director, Resources.
- 8. Annual Ombudsman and Complaints Report 2015/16** (Pages 31 - 48)
Joint report of the Director of Human Resources and the Director of Legal and Governance.
- 9. Recommendation Tracking Process** (Pages 49 - 52)
Report of the Senior Finance Manager, Internal Audit.
- 10. Annual Audit Letter 2015/16** (Pages 53 - 62)
Report of the Director KPMG.
- 11. Strategic Risk Management** (Pages 63 - 90)
Report of the Acting Executive Director, Resources.

(Note: The above report is not available to the public and press because it contains exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, relating to the financial or business affairs of any particular person, including the authority holding that information).

- 12. Work Programme** (Pages 91 - 96)
Report of the Director of Legal and Governance.
- 13. Changes to the Arrangements for the Appointment of External Auditors** (Pages 97 - 104)
Report of the Head of Strategic Finance.
- 14. Dates of Future Meetings**
To note that meetings of the Committee will be held at 5.00 p.m. on:-
- 8 December 2016 (additional meeting if required)
 - 12 January 2017
 - 16 February 2017 (additional meeting if required)
 - 9 March 2017 (additional meeting if required)
 - 27 April 2017
 - 13 July 2017

ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest (DPI)** relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
 - under which goods or services are to be provided or works are to be executed; and
 - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
 - the landlord is your council or authority; and
 - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
 - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
 - (b) either -
 - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Audit and Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Gillian Duckworth, Director of Legal and Governance on 0114 2734018 or email gillian.duckworth@sheffield.gov.uk.

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Audit and Standards Committee

Meeting held 15 September 2016

PRESENT: Councillors Dianne Hurst, Alan Law, Pat Midgley, Josie Paszek, Vickie Priestley and Paul Scriven

Representatives of KPMG:

Trevor Rees (Director)
Alison Ormston (Senior Manager)

Officers in attendance:

Eugene Walker (Interim Executive Director, Resources)
Gillian Duckworth (Director of Legal and Governance)
Dave Phillips (Interim Head of Finance)
Mike Thomas (Interim Assistant Director of Strategic Finance)
Kayleigh Inman (Senior Finance Manager, Internal Audit)
Clair Sharratt (Acting Senior Finance Manager, Strategic Finance)
Ruth Matheson (Assistant Finance Manager, Strategic Finance)
Paul Robinson (Principal Committee Secretary)

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1. APPOINTMENT OF CHAIR AND DEPUTY CHAIR

- 1.1 RESOLVED: That (a) Councillor Josie Paszek be appointed Chair of the Committee for the Municipal Year 2016/17; and

(b) the appointment of a Deputy Chair be made at the next meeting of the Committee.

2. APOLOGIES FOR ABSENCE

- 2.1 An apology for absence was received from Liz Stanley (Co-opted Independent Member).

3. EXCLUSION OF THE PRESS AND PUBLIC

- 3.1 No items were identified where resolutions may be moved to exclude the press and public from the meeting.

4. DECLARATIONS OF INTEREST

- 4.1 Councillor Pat Midgley declared a personal interest in agenda item 8 (2015/16 Statement of Accounts and the External Auditor's Report to Those Charged With Governance – ISA 260) as a Council-appointed Director of the Manor and Castle Development Trust.
- 4.2 In relation to agenda item 7 (Changes to the Arrangements for the Appointment of External Auditors), (a) Dave Phillips (Interim Head of Finance) declared an

interest in the item, as a former employee of KPMG and (b) it was agreed that Trevor Rees and Alison Ormston, KPMG, would leave the meeting for the consideration of that item, due to their conflict of interest.

5. MINUTES OF PREVIOUS MEETING

- 5.1 The minutes of the meeting of the former Audit Committee held on 14 July 2016 were approved as a correct record.
- 5.2 In response to a query raised by a member of the Committee on paragraph (c) of the resolution in item 7 of the minutes (Progress on High Opinion Audit Reports), the Senior Audit Manager indicated that she was liaising with relevant officers on the development of an approach for dealing with cumulative slippage on the implementation of high opinion audit recommendations, and a report in that regard would be submitted in the near future to the Council's Executive Management Team.
- 5.3 RESOLVED: That a report be submitted to the next meeting of the Committee outlining Internal Audit's processes for tracking implementation of high opinion audit recommendations, including reported slippage.

6. CHANGES TO THE ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS

- 6.1 The Interim Executive Director, Resources submitted a report (a) summarising the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits and (b) setting out, and commenting upon the associated advantages/benefits and disadvantages/risks of, the three broad options available to the Council with regard to the appointment of its External Auditors from April 2018, which were to make a stand-alone appointment, or set up a joint auditor panel/local joint procurement arrangements, or opt-in to a sector-led body.
- 6.2 The Committee was asked to consider the options available, with a view to making a recommendation on the preferred approach to the full Council.
- 6.3 Following questions and comments from Members of the Committee, including some communicated by the Chair on behalf of Liz Stanley, it was:-
- 6.4 RESOLVED: That (i) the contents of the report now submitted be noted;
- (ii) the Council should retain its interest in the option to opt-in to a sector-led body, but officers be requested to further explore and assess the costs associated with the options of a stand-alone appointment and local joint procurement arrangements, including conducting some "soft market testing" with some audit companies; and
- (iii) a further report on this matter be submitted to the next meeting of this Committee.

(NOTE: Trevor Rees and Alison Ormston, KPMG, were not present whilst the Committee discussed the above item and made its decision, but on returning to the meeting, Trevor Rees provided his views on the matter, after being invited to do so by the Committee.)

7. 2015/16 STATEMENT OF ACCOUNTS AND THE EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)

- 7.1 The Committee considered a report of the Interim Executive Director, Resources that communicated any relevant matters arising from the external audit of the 2015/16 Statement of Accounts. Appended to the report were the Statement of Accounts and the External Auditor's Report to those Charged with Governance (ISA 260).
- 7.2 Clair Sharratt (Acting Senior Finance Manager, Strategic Finance) presented the report and highlighted that the External Auditors intended to issue an unqualified audit opinion on the accounts and an unqualified value for money conclusion. A number of minor misstatements and presentational errors had been identified by officers, and others had been identified as a result of the external audit of the accounts, and the necessary amendments had been made to the Statement of Accounts and agreed with the External Auditors. There was also one error identified relating to a National Non-Domestic Rate debtor balance, and this has since been corrected for in the final Statement of Accounts.
- 7.3 The Acting Senior Finance Manager (Strategic Finance) also referred to one other material change since the draft version of the accounts had been produced, which concerned an adjustment required to reclassify the bond repayments for the Major Sporting Facilities.
- 7.4 Trevor Rees (KPMG) introduced the external audit of the accounts and thanked Clair Sharratt and the Finance Team for their hard work and co-operation. Alison Ormston then outlined the headline messages for the Council, as set out in section 2 of the KPMG report, the financial statements in relation to two significant risk areas and two other areas of focus, as set out in section 3, and the value for money conclusion set out in section 4. In particular, she commented on the six specific risk areas identified by KPMG, their recommendations and the management response, as set out in Appendix 1 of the report. She also drew attention to the additional audit fee that had been agreed with the Council, detailed in Appendix 3.
- 7.5 Officers and the representatives from KPMG responded to questions from Members of the Committee, including some communicated by the Chair on behalf of Liz Stanley, as follows:-
- The request for the Committee to receive a report on the governance arrangements for the Council's ICT systems would be facilitated as part of the standard arrangements for reporting back to the Committee on the progress on implementing recommendations made by the External Auditor.

- An explanation was provided for the increase in Reserves balances during 2015/16, where a repayment was made to Reserves for a prepayment that had been made in a prior year for the pension deficit, and the change in treatment for the major sporting facilities (MSF) assets, which released revenue funds, subsequently credited to reserves.
- On the issue of impairment of doubtful debts, it was reported that collection rates continued to improve and the actions being taken to reduce the level of sundry debts were outlined to the Committee.
- The composition of the Council's surplus assets and the arrangements in place for disposing of those assets, was outlined to the Committee, and it was reported that the current valuation of £97m was a reduction from £121m in 2014/15.
- On the issue of reconciliation of housing benefits transactions to the source data from the Academy Housing Benefits system, it was confirmed that appropriate reconciliation work had now been undertaken and future transaction arrangements would include submission of source data to support the monthly reconciliations. In terms of the potential for this to occur in other service areas and ensuring the lessons learned are shared corporately, it was reported that officers had recently agreed to reinstate a central control team, which would address these issues.
- The recommendation relating to the long term debtor valuation for the major sporting facilities (MSF) had been made purely to acknowledge that although a valuation had been undertaken, this matter was of a specialist nature and thus it was recommended that a full specialist valuation of the related MSF assets should be undertaken in the 2016/17 period and also as required in the future.
- As regards the concerns highlighted in relation to IT system assurance, it was recommended that in view of the number of systems and operating models in place, improved oversight and awareness of decision making was required, hence the recommendation to develop an IT assurance framework.

7.6 RESOLVED: That the Committee:-

- (a) accepts the Report to Those Charged with Governance (ISA 260) 2015/16;
- (b) approves the Statement of Accounts for 2015/16;
- (c) authorises the Chair of the Committee to sign (i) the Letter of Management Representations in order to conclude the audit and (ii) the Statement of Accounts; and
- (d) thanks Clair Sharratt and her Finance Team for their work on the Statement of Accounts and Trevor Rees, Alison Ormston and the Audit Team at KPMG for their work on the ISA 260 report.

8. INTERNAL AUDIT ANNUAL REPORT 2015/16

8.1 Kayleigh Inman (Senior Finance Manager, Internal Audit) submitted the Internal Audit Annual Report 2015/16 that highlighted the work that had been undertaken by Internal Audit during the year and which supported the Council's Annual Governance Statement (AGS). Appended to the report were (a) the Internal Audit Quality Assurance and Improvement Programme, (b) the Internal Audit Charter, (c) the Internal Audit structure, (d) the Internal Audit Post Audit Questionnaire and (e) a summary of the key actions arising from the medium-high opinion audit reports, as requested by the former Audit Committee following its consideration of the 2014/15 Annual Report.

8.2 In particular, the Senior Finance Manager (i) commented that there had been 13 audits carried out in 2015/16 that were assigned an audit opinion of high risk of failing to deliver objectives, and details of each of these had been reported to the former Audit Committee, (ii) confirmed that progress on the implementation of recommendations made on audits assigned a high and medium-high opinion, was monitored by Internal Audit and (iii) stated that, from the work undertaken by Internal Audit during that year, she was satisfied that the Council's core systems include control arrangements which are adequate to allow the Council to conduct its business appropriately.

8.3 In response to questions from Members of the Committee, including some communicated by the Chair on behalf of Liz Stanley, the Interim Executive Director, Resources and the Senior Finance Manager (Internal Audit) indicated that:-

- The strategy for Internal Audit work is to focus on areas of high-risk activity and part of the process for compiling Internal Audit's annual work plan included consulting with the Council's Executive Management Team to identify the high-risk areas.
- Should Internal Audit encounter difficulties in securing the necessary engagement or co-operation from individual officers whilst undertaking its work, then this would be addressed via reporting the matter up through the appropriate management hierarchy.
- Despite the reductions in staffing resources in Internal Audit, the Interim Executive Director, Resources remained satisfied that the Council's audit controls remained robust, although he would continue to monitor this position.

8.4 **RESOLVED:** That:-

(A) the contents of the report now submitted on the work undertaken by Internal Audit during 2015/16, and the opinion of the Chief Audit Executive (Senior Finance Manager) in relation to the adequacy of the Council's system of internal control, as set out in paragraphs 57 to 59 of the report, be noted;

(B) the Internal Audit Charter for 2016/17, at Appendix A of the report, be approved; and

(C) the level of detail contained in the report in relation to audits assigned a medium-high opinion, be welcomed.

9. UPDATE ON STANDARDS COMPLAINTS

- 9.1 The Director of Legal and Governance introduced a report providing a summary of the outcome of the complaints considered under the Procedure for Dealing with Standards Complaints regarding City, Parish and Town Councillors and Co-opted Members that was adopted by Full Council at its meeting on 25 March 2015.
- 9.2 The Director rehearsed the requirements, under the Localism Act 2011, for local authorities to promote high standards of Member conduct, adopt a Code of Conduct, and put in place a process for investigating complaints. She outlined the Council's Procedure for Dealing with Standards Complaints, highlighting the three courses of action that were available following initial assessment of the complaint by herself in consultation with one of the Independent Persons, and which were to take no action, take other action through informal resolution, or refer the matter for investigation.
- 9.3 The Director highlighted the fact that 18 complaints had been considered under the current Procedure and the outcomes were to take no action on 13 complaints, not accept 2 complaints due to a significant amount of time having passed since the alleged incidents took place, and the remaining 3 complaints were resolved through informal resolution. One further complaint would be assessed shortly.
- 9.4 The Director commented that this relatively low number of complaints and high proportion of outcomes where no action was taken, was evidence that high standards of conduct existed in Sheffield, but that efforts to maintain those standards would continue, including through the provision of advice, and training and development activities.
- 9.5 In response to questions from Members of the Committee, the Director reported that (a) she had attended a couple of Parish/Town Council meetings to provide training on the Members' Code of Conduct and the Standards Complaints Procedure, and intended to further develop the relationships with all three of the City's Parish and Town Councils in relation to Member conduct and (b) in terms of ascertaining the degree to which complainants were satisfied with the complaints procedure, actions to be taken under the informal resolution outcome required the consent of the complainant, and all complainants are informed of decisions to take no action and no complainant had responded by raising an objection with the Director.
- 9.6 **RESOLVED:** That the contents of the report now submitted, and the information now reported, be noted.

10. WORK PROGRAMME

- 10.1 The Director of Legal and Governance (a) submitted a report providing details of an outline work programme for the Committee to July 2017 and (b) suggested that (i) the Standards Committee Annual Report, scheduled for the meeting in November 2016, be rescheduled for the meeting in January 2017, to link with the other Standards-related items already scheduled for that meeting and (ii) in view of the current level of complaints activity, the frequency for receiving update reports on Standards Complaints be reduced to twice per year, in January and July each year.
- 10.2 With reference to the report on the implications for Sheffield of the vote to leave the European Union, which was provisionally scheduled for the November meeting, Alison Ormston (KPMG) commented that KPMG had produced several podcasts on the implications of “Brexit” and she would be happy to provide access to the podcasts for any interested Member or officer.
- 10.3 RESOLVED: That the information now reported be noted, and the work programme now submitted be approved with the changes now suggested relating to the scheduling of the Standards Committee Annual Report and Standards Complaints Updates.

11. DATES OF FUTURE MEETINGS

- 11.1 It was noted that meetings of the Committee would be held at 5.00 p.m. on:-
- 16 November 2016
 - 8 December 2016 (additional meeting if required)
 - 12 January 2017
 - 16 February 2017 (additional meeting if required)
 - 9 March 2017 (additional meeting if required)
 - 27 April 2017
 - 13 July 2017

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Audit and Standards Committee Report

Report of: Eugene Walker

Date: 16 November 2016

Subject: Whistleblowing Policy

Author of Report: Michelle Calow 07970949540

Summary:

Refreshed, redesigned and updated Whistleblowing Policy.

Recommendations: Attached refreshed, redesigned and updated Whistleblowing policy to be approved.

Background Papers: Attached

Category of Report: OPEN

* Delete as appropriate

Statutory and Council Policy Checklist

| |
|---|
| Financial Implications |
| NO Cleared by: |
| Legal Implications |
| YES Cleared by: Deborah Eaton |
| Equality of Opportunity Implications |
| NO Cleared by: |
| Tackling Health Inequalities Implications |
| NO |
| Human rights Implications |
| NO: |
| Environmental and Sustainability implications |
| NO |
| Economic impact |
| NO |
| Community safety implications |
| NO |
| Human resources implications |
| NO |
| Property implications |
| NO |
| Area(s) affected |
| |
| Is the item a matter which is reserved for approval by the City Council? |
| NO |
| Press release |
| NO |

WHISTLEBLOWING POLICY

1.0 INTRODUCTION

- 1.1 Sheffield City Council is committed to the highest standards of ethics, transparency, integrity and accountability. It seeks to conduct its affairs in a responsible manner taking into account the requirements of the proper use of public funds and the standards required in public life. If employees feel that this is not happening then the Council encourages them to tell us. This is called Whistleblowing.

The Council has a Whistleblowing policy to enable employees to raise matters of concern that are in the public interest so that they may be investigated and where appropriate acted upon.

The current Whistleblowing Policy which was adopted by Council in October 2012 has been redesigned, refreshed and updated to simplify and aid understanding of the individual raising a concern and to clarify who should then respond to that concern and how it is processed. A copy of the draft report for approval is attached as Appendix A.

2.0 BACKGROUND

- 2.1 The sections of the draft policy and procedure cover the following:

How to raise a concern and who with for example Supervisor, Manager or more Senior Manager in their service; directly with a Whistleblowing Co-ordinator; a Contact Advisor or with an external organisation.

- 2.2 What will happen when an employee raises a Whistleblowing Concern for example process of verification, investigation and outcome.

Responding to a Whistleblowing Concern guide for Managers and Whistleblowing Co-ordinators for example verification, investigation and outcome.

There are two flow charts attached at the end of the procedure – Employee Whistleblowing and Manager/Whistleblowing Co-ordinator.

This report has been updated and refreshed as a result of feedback that the old policy was difficult to use.

3.0 MAIN BODY OF THE REPORT

Including Legal, Financial and all other relevant implications (if any)

- 3.1 If workers bring information about a wrongdoing to the attention of their employer or a relevant organisation, they are protected in certain

circumstances under the Public Interest Disclosure Act 1998. This is commonly referred to as 'blowing the whistle'.

The law that protects whistle-blowers is for the public interest - so people can speak out if they find malpractice in an organisation. Blowing the whistle is more formally known as 'making a disclosure in the public interest'. A qualifying disclosure is where an employee reasonably believes (and it is in the public interest) that one or more of the following is either happening, has taken place, or is likely to happen in the future:

- A criminal offence.
- A failure to comply with any legal obligation.
- Fraud, theft or corruption.
- A danger to the health and safety of any individual (including risks to the general public as well as other employees).
- Damage to the environment.

'Public interest' means that whistleblowing cannot be used to challenge financial and business decisions properly taken by Sheffield City Council or to seek reconsideration of any matter already addressed under other internal procedures e.g. grievance, disciplinary, dignity and respect. If an employee is going to make a disclosure it should be made to the employer first, or if they feel unable to use the Council's procedure the disclosure should be made to a prescribed person, so that employment rights are protected. In the case of the Council the prescribed person is the external auditor.

Employees who 'blow the whistle' on wrongdoing in the workplace can claim unfair dismissal if they are dismissed or victimised for doing so. An employee's dismissal (or selection for redundancy) is automatically considered 'unfair' if it is wholly or mainly for making a protected disclosure. If a case goes to a tribunal and the tribunal thinks the disclosure was made in bad faith, it will have the power to reduce compensation by up to 25%.

An employee will have to show three things to claim Public Interest Disclosure Act protection:

1. that he or she made a disclosure;
2. that they followed the correct disclosure procedure;
3. that they were dismissed or suffered a detriment as a result of making the disclosure.

Whilst there is no legal requirement for the Council to have such a policy a robust whistleblowing regime is now an integral part of governance best practice and should help to avoid expensive claims by picking up on disclosures at an early stage and dealing with them properly and appropriately. It also helps to ensure that all employees – particularly managers – understand the rights of those who blow the whistle.

Whistleblowing policies demonstrate that the Council understands the importance of being aware of any wrongdoing or malpractice and of putting it right and makes it more likely that concerns will be raised internally. This reduces the risk of involvement by external Bodies (such as the Tribunal and the external auditor) or the risk of reputational damage.

4.0 RECOMMENDATIONS

- 4.1 Attached refreshed, redesigned and updated Whistleblowing Policy to be approved

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APPENDIX

Whistleblowing – Public Interest Disclosure

1 Introduction

Sheffield City Council is committed to the highest standards of ethics, transparency, integrity and accountability. It seeks to conduct its affairs in a responsible manner taking into account the requirements of the proper use of public funds and the standards required in public life. If you feel that this is not happening then you need to tell us, we call this Whistleblowing.

We have a Whistleblowing policy to enable employees to raise matters of concern that are in the public interest so that they may be investigated and where appropriate acted upon.

Whistleblowing is legally known as qualifying disclosures. This is where an employee reasonably believes (and it is in the public interest) that one or more of the following is either happening, has taken place, or is likely to happen in the future:

- A criminal offence.
- A failure to comply with any legal obligation.
- Fraud, theft or corruption.
- A danger to the health and safety of any individual (including risks to the general public as well as other employees).
- Damage to the environment.

‘Public interest’ means that whistleblowing cannot be used to challenge financial and business decisions properly taken by Sheffield City Council or to seek reconsideration of any matter already addressed under other internal procedures e.g. grievance, disciplinary, dignity and respect.

Sheffield City Council has a designated Monitoring Officer, this is the Director of Legal and Governance and Monitoring Officer, who has a statutory duty to consider issues, which have or may result in Sheffield City Council being in contravention of the law or code of practice. As the Monitoring Officer has overall responsibility for the maintenance and operation of this policy they will receive an updated log of whistleblowing complaints on a quarterly basis including details of complaints received, action taken and analysis of trends. The Monitoring Officer will also provide information relating to whistleblowing issues and trends to the Council as appropriate.

2. Your Protection

Where an employee raises a concern that they reasonably believe, and is in the public interest, then they are protected under the Public Interest Disclosure Act 1998 even if the belief is later found to be mistaken. This is regarded as a protected disclosure and as such the individual will not suffer any form of punishment as a result of this disclosure for example losing their job or victimisation.

3. How to raise a concern.

There are a number of ways to raise a Whistleblowing concern and you can choose the one that suits you however please ensure that you state you are raising your concern under Whistleblowing. You can do this verbally, in writing by a letter or email. However if you choose to use email, please take extra care to make sure that your message is sent to the correct person and be aware that, due to the nature of email it may be read by other people. To make sure that your concerns are handled quickly, mark the subject box:

Whistleblowing – confidential – recipient only.

a) Raise it with your Supervisor, Manager or a more Senior Manager in your Service.

It is expected that many concerns will be raised openly with supervisors or managers as part of day to day practice. You can do this verbally or in writing by a letter or email. If your concern relates to your line manager then you should raise your concern with another manager within your service or choose another route to do so.

b) Raise it directly with a Whistleblowing Co-ordinator.

You can raise your concern directly with a Whistleblowing Co-ordinator whose role is to receive complaints relating to their specific professional area.

Human Resources

Lynsey Linton Head of Human Resources 07816181838

Legal

Gillian Duckworth Director of Legal & Governance and Monitoring 273 4018
Officer

Finance

Dave Phillips Interim Director of Finance 273 5872

Health, Safety and Well-being

Gary Lund HR Service Manager 27 34082

Safeguarding

Simon Richards Head of Quality and Safeguarding 07790805029

Victoria Horsefield Assistant Director 27 34450

c) Raise it with a Contact Advisors.

Sheffield City Council has trained and prepared Contact Advisors, who are also employees, and can be a point of contact for you as an alternative to your supervisor or manager. Contact Advisors are not a point of long term support for employees and will not be involved in the investigation process. They will give advice and signpost you to the appropriate route for raising your concern.

Contact Advisors can be contacted by telephone ([link to telephone numbers](#)).

d) Raise it with external organisations.

If you feel unable to raise your concern internally or if you are not happy with the outcome of the internal investigation you can raise this with the appropriate agency:

- Your local Council member (if you live in Sheffield)
- External Audit (Audit Commission)
- Relevant professional bodies or regulatory organisations
- A Solicitor
- South Yorkshire Police
- Other bodies prescribed under the Public Interest Disclosure Act, e.g.
Information Commissioner's Office
Serious Fraud Office

The Environment Agency
The Health and Safety Executive

If you do take the matter outside Sheffield City Council you need to ensure that you do not disclose confidential information and you should contact the HRAdvisoryService for advice.

You are also able to raise any whistleblowing concerns with your trade union representative.

Anonymous Whistleblowing Concerns

All disclosures within Whistleblowing will be treated in a confidential and sensitive manner. If required, the identity of the employee raising the concern will be kept confidential for as long as possible provided that this allows for an effective investigation and we will not disclose your identity until we have discussed this with you. However should your concern result in your evidence being needed in any external process for example in court or an employment tribunal then we will be unable to keep your identity confidential and we will discuss this with you.

If you do not tell us who you are when raising a Whistleblowing concern it will be much more difficult for us to look into the matter, protect your position or give feedback on the disclosure.

4. What will happen when you raise a Whistleblowing Concern.

Concerns raised under this procedure may be resolved by the person that you raise them with.

Step 1 Verification.

The Manager/Whistleblowing Co-ordinator will meet with you to clarify the facts of your concern. This is known as a verification meeting. As with all City council procedures you have the right of representation at all meetings, which can either be a Trade Union representative or another employee of Sheffield City Council who is not involved in the area of work to which the concern relates and who also could not be called as a witness.

There are three possible outcomes to the verification stage:

- There are no grounds for proceeding further. You will be informed of this in writing with the reasons for no further action needed.
- The matter falls within another procedure. You will be advised of the relevant procedure and this will be referred to the relevant Manager for action.
- An investigation will be commissioned into your concerns.

Step 2 Investigation.

The Manager/Whistleblowing Co-ordinator will appoint an Investigating Manager and Investigation Team who are not from the same service in which the concerns are about. The Investigation Team will have access to an HR Consultant who will provide professional advice on the conduct of the investigation and procedural issues. The investigation will be carried out as quickly as possible whilst being mindful of the nature and complexity of your concern.

The Investigating Manager may ask you to put your concerns in writing and provide as much evidence as possible. It may also be necessary to interview you and provide a witness statement which you will be asked to confirm that it is accurate and complete.

If you would like more information on how and investigation are conducted follow this link ([Link to investigation process](#)).

Step 3 Outcome.

As the employee raising the concern you will be kept informed as to the handling of the matter throughout the investigation and informed of the outcome, as long as it does not break the duty of confidence owed to someone else. If no action is to be taken the reason for this will be explained to you.

If no action is taken as a result of the investigation it does not mean that action will be taken against the employee raising the concern. However should false allegations knowingly be made then Sheffield City Council may consider taking action within its procedures which may include disciplinary action.

5. Responding to a Whistleblowing Concern

Managers and Whistleblowing Co-ordinators guidance (see Manager and Whistleblowing Co-ordinator Whistleblowing Flowchart).

Step 1 Verification.

As the Manager/Whistleblowing Co-ordinator you will complete an initial verification of the whistleblowing concern by meeting with the employee and decide whether there are grounds for an investigation or not by checking and confirming the facts. You need to contact HR for support through this process. Where the whistleblowing concern arises out of potential fraudulent activity this should be reported to Internal Audit.

As with all Sheffield City Council procedures the employee has the right of representation at all meetings, which can either be a Trade Union representative or another employee of the City Council who is not involved in the area of work to which the concern relates and who also could not be called as a witness.

There are three possible outcomes to the verification stage:

- There are no grounds for proceeding further. You will need to write to the employee and inform them of this with the reasons for no further action needed.
- The matter falls within another procedure. You will need to advise the employee of the procedure that you think is appropriate and refer this to the relevant Manager for action.
- An investigation is required. You will need to commission an investigation.

Step 2 Investigation.

You will commission an Investigation and appoint an Investigating Manager and an Investigation Team from another Service Area or Portfolio. The Investigation Team will have access to an HR Consultant who will provide professional advice on the conduct of the investigation and procedural issues. The investigation will be carried out as quickly possible, whilst being mindful of the nature and complexity of the concern disclosed. Follow this link for a more detailed description of how an investigation should be conducted. ([Link to investigation process](#))

Step 3 Outcome.

On completion of the investigation, the Investigating Manager will produce a short written report that will outline the nature of the Whistleblowing concern, the process of the investigation, a summary of the findings of the team and recommendations for action.

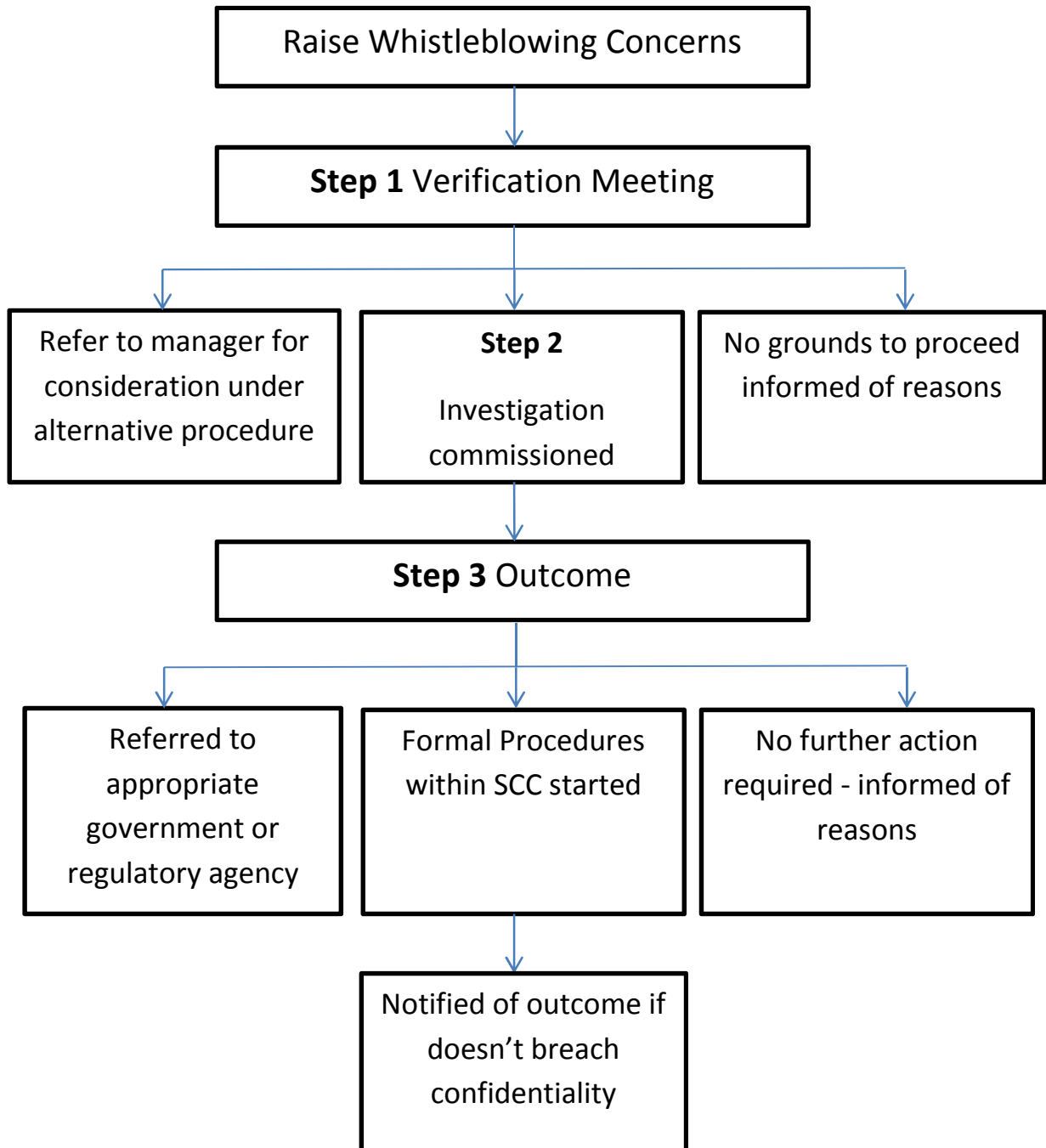
Upon receipt of the report you will make a decision as to what action, if any, should be taken based upon the recommendations of the report. This may include using formal action within the City Council's procedures or reference to an appropriate government department or regulatory agency depending upon the circumstances of the case.

You will keep the employee who has raised the Whistleblowing concern informed as to the handling of the matter throughout the investigation and give them as much feedback as appropriate in respect of the outcome, as long as it does not break the duty of confidence owed to someone else. If no action is to be taken the reason for this will also be explained to the employee.

A written record should be kept of each stage of the procedure including copies of any written feedback provided

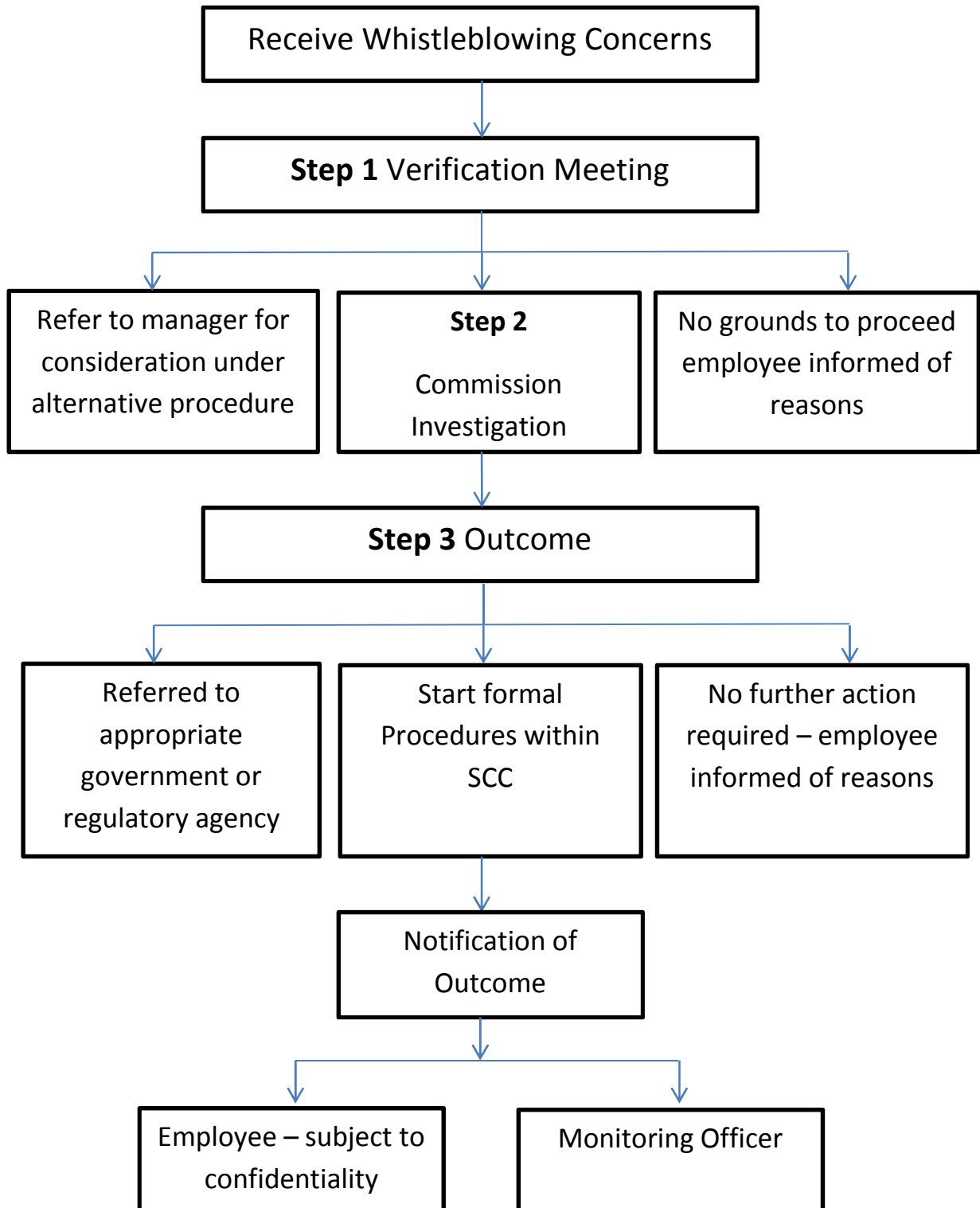
[follow this link for a template recording document.](#)

Employee Whistleblowing Flowchart



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Manager / Whistleblowing Co-ordinator Flowchart



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Audit & Standards Committee Report

Report of: Julie Toner, Director of HR and Customer Services/
Gillian Duckworth, Director of Legal and Governance

Date: 16 November 2016

Subject: Annual Ombudsman and Complaints Report 2015/16

Author of Report: Andrew Fellows

Summary:

This report provides an overview of the complaints received, and formally referred and determined by the three Ombudsmen (Local Government Ombudsman, Parliamentary & Health Service Ombudsman and Housing Ombudsman) during the twelve months from 1 April 2015 to 31 March 2016.

The report also identifies future developments and areas for improvement in complaint management.

The report is jointly presented by the Director of Legal and Governance and the Director of HR and Customer Services, who are respectively the Council's Monitoring Officer, and the Director responsible for managing the Complaints Service.

Recommendations:

The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised.

Background Papers:

None

Category of Report: OPEN

Statutory and Council Policy Checklist

| |
|---|
| Financial Implications |
| NO Cleared by: Pauline Wood |
| Legal Implications |
| NO Cleared by: Nadine Wynter |
| Equality of Opportunity Implications |
| NO |
| Tackling Health Inequalities Implications |
| NO |
| Human rights Implications |
| NO: |
| Environmental and Sustainability implications |
| NO |
| Economic impact |
| NO |
| Community safety implications |
| NO |
| Human resources implications |
| NO |
| Property implications |
| NO |
| Area(s) affected |
| None |
| Relevant Cabinet Portfolio Lead |
| Cabinet Member for Finance & Resources |
| Relevant Scrutiny Committee if decision called in |
| Not applicable |
| Is the item a matter which is reserved for approval by the City Council? |
| NO |
| Press release |
| NO |

Annual Report Ombudsman Report

1.0 INTRODUCTION

- 1.1 Sheffield City Council's Corporate Plan includes a priority on being ***An in Touch Organisation***. This means listening to customers and being responsive, so that services are designed to meet the diverse needs of individuals. The effective handling of customer complaints across the organisation supports this priority and enables the Council to be open and transparent, respond in the right way, make the best use of resources, and make well-informed decisions.
- 1.2 Our overall approach is that we welcome complaints as an opportunity to improve our services. Indeed, our definition of a complaint is "any expression of dissatisfaction whether justified or not", which is deliberately wide to ensure that complaints are recognised and are properly addressed.
- 1.3 The Customer Feedback & Complaints Team in Customer Services is responsible for the development and implementation of policy and procedures on complaints. In addition, the Customer Feedback & Complaints Team acts as the Council's liaison point with the Local Government Ombudsman (LGO), Housing Ombudsman (HO) and Parliamentary & Health Service Ombudsman (PHSO).
- 1.4 The three Ombudsmen provide a free, independent and impartial service. They consider complaints about the administrative actions of councils and some other authorities. They cannot question what a council has done simply because someone does not agree with it. If they find something has gone wrong, such as poor service or service failure, and that a person has suffered as a result, they aim to get it put right by recommending a suitable remedy. They also use the findings from investigation work to help local authorities provide better public services through initiatives such as special reports, training and annual reviews.
- 1.5 The LGO's powers are set out in the Local Government Act 1974, as amended. The HO's powers are set out in the Housing Act 1996, as amended. The PHSO's powers are set out in the Parliamentary Commissioner Act 1967, as amended, and the Health Service Commissioners Act 1993, as amended.

2.0 SUMMARY

- 2.1 This report provides an overview of the complaints received, and formally referred and determined by the three Ombudsmen during the twelve months from 1 April 2015 to 31 March 2016.
- 2.2 The report also identifies future developments and areas for improvement in complaint management.

2.3 The report is jointly presented by the Director of Legal and Governance and the Director of HR and Customer Services, who are respectively the Council's Monitoring Officer, and the Director responsible for managing the Complaints Service.

3.0 MAIN BODY OF THE REPORT

3.1 Overview

Overall, the number of formal complaints investigated by Sheffield City Council services was 561 in 2015/16, compared with 684 in 2014/15. This represents an 18% fall in the number of complaints investigated.

3.2 The fall in the number of complaint investigations was seen across all Council service areas, and most significantly in the Place Portfolio, where the number of complaints about Parking Services fell from 90 in 2014/15 to 28 in 2015/16. This reduction followed on from a piece of focussed work that the Customer Feedback & Complaints Team undertook with Parking Services on their approach to managing complaints.

3.3 It is not possible to provide a single, simple explanation for the fall in the number of complaints recorded. However, the view of the Complaints Managers in the Customer Feedback & Complaints Team is that a major cause is the further embedding of the 'problem solving' approach to dealing with complaints that was brought in April 2014. Evidence suggests that many services have embraced the principle of 'problem solving' – aiming to resolve problems within three days by making personal contact with customers.

3.4 In contrast, there has been an increase in the number of enquiries received from the three Ombudsmen. Details of the enquiries/complaints raised by the Ombudsman can be found in Appendix A and B.

3.5 The Council's Customer Feedback & Complaints Team recorded a total of 143 separate enquiries made by the Ombudsmen about Sheffield City Council during 2015/16. This was an increase of 19 from the 2014/15 figure of 124, and is the second year where the number has increased – the 2013/14 figure was 101.

3.6 The areas that generated the largest number of Ombudsman enquiries were Streets Ahead (27), Council Housing (25), and Adult Social Care (21). The figures for Adult Social Care and Council Housing are broadly the same as the previous year. However the figure for Streets Ahead increased from 8 in 2014/15 – these enquiries mainly related to street lighting and trees.

3.7 The Ombudsman reported that she received 199 enquiries about Sheffield City Council during 2015/16. This figure is higher than the 143 recorded by the Council's Customer Feedback & Complaints Team because it includes, for example, people who made a 'premature'

complaint and were signposted back to the Council by the Ombudsman, but who never contacted us. By comparison, in 2014/15 the Ombudsman received 188 enquiries about Sheffield City Council.

- 3.8 The Ombudsman stated that the highest number of enquiries she received were about highways and transport (40), education and children's services (34), and adults social care (32)
- 3.9 It should be noted that not all Ombudsman enquiries lead to a formal investigation. Indeed, of the 143 enquiries recorded by the Council's Complaints Team in 2015/16, approximately three-quarters were not formally investigated, with only 37 formally investigated (down from 43 the previous year).
- 3.10 Of the 37 formal investigations initiated in 2015/16, 10 related to Adult Social Care, and 9 to Highways and Transport.
- 3.11 Overall, the Ombudsman upheld 21 complaints (up slightly from 19 in 2014/15). Details of these complaints are included at Appendix B. Of the 21, the Ombudsman found that there was maladministration, but no injustice in one case; in the other 20 cases, the Ombudsman found that there was maladministration and injustice.
- 3.12 In addition, the Ombudsman issued one formal report against the Council during 2015/16. This was about the failure to meet the care needs of a woman receiving support for her mental health needs, after she developed additional physical needs. A local investigation of the complaint had recommended quick action to end a funding disagreement between the Council and the NHS. It was the failure to do this, leaving the complainant without proper care and support for over a year, which prompted the Ombudsman's investigation.
- The Council and the NHS accepted the Ombudsman's recommendations in full, but later the complainant asked the Ombudsman to check those recommendations had been properly implemented, as she was dissatisfied with the package of support offered after a new assessment of her needs. The Ombudsman was satisfied that the Council had considered this properly. They were also pleased to note the significant work the Council had done to identify and act on the learning points arising from the complaint. The Ombudsman had recommended that the Council create an action plan, and the Council used this as an improvement tool for the practice changes it was making to reflect the new Care Act 2014 requirements. The Ombudsman said that the Council's willingness to accept it had made mistakes, and take steps to maximise the learning from those mistakes, was very welcome.
- 3.13 In total, the Council paid £46,490.97 in compensatory payments and other reimbursements following Ombudsman enquiries. A total of £34,000 related to two adult social care 2 complaints (outlined in Appendix B as case 4 and case 21).

- 3.14 In resolving complaints, we aim to work with the customer to try to achieve their preferred outcome, and when appropriate we will apologise. When the Council is at fault, we will aim to resolve the complaint by putting the customer back into the position they would have been in had the fault not occurred, or by offering another remedy if this is not possible.
- 3.15 We also aim to learn from complaints, so that we do not repeat the same problem: the table at Appendix B includes full details of the remedies, improvements and changes that have been made following Ombudsman investigations. Examples include:
- **Adult Social Care** – a number of Ombudsman decisions about Adult Social Care services have referred to failings with the way the actual complaint was handled, including delays in responding and inadequate communications with the complainant while the complaint was being investigated. As a result the Customer Feedback & Complaints Team has undertaken work with the service to look at implementing improvements to the process, including improved communications and better monitoring of timescales.
 - **Council Housing** – the Ombudsman found there had been maladministration in a case where a tenant complained about repairs and works carried out to his home and surrounding garden. As a result, the Council agreed to review its void property completion documents to ensure that all disrepair issues are properly identified, and to ensure that all agreed works are confirmed with tenants in writing.

Future developments

- 3.16 Looking ahead, the Government has signalled its intention to create a single Public Service Ombudsman (PSO), which would replace the LGO and PHSO, and, potentially, the HO. At the present time, the timescale for this to happen is unclear. The Customer Feedback & Complaints Team will continue to monitor developments.
- 3.17 The proposed creation of a PSO is welcomed as it will support better handling of complaints that have been escalated beyond the Council.
- 3.18 Locally, we are in a good position to respond to this change, as we already have an excellent record on responding to Ombudsman enquiries.
- 3.19 There are, however, areas for improvement in the way we generally manage complaints.
- The recording of some complaint details, such as outcomes,

remains an issue across the organisation. This means that we have partial intelligence on some issues. One result of this is that organisational learning from complaints is not as effective as it could be. As part of the review of the Council's Customer Relationship Management ICT system, work is being done to look at how the collection of complaint data can be improved.

- Information provided by some strategic partners is not consistent with information held on the Council's complaints management system, meaning information about key public services is only partially available. Over the last 12 months we have improved the reporting of this data, but some gaps remain. We are working with these areas to look at how we can address the gaps.

3.20 Over the coming year, the Customer Feedback & Complaints Team will continue to actively monitor national policy developments, and will respond to these accordingly. We will also:

- Undertake work to review how learning from complaints can be improved
- Carry out communications with key stakeholders to improve awareness of complaints processes and trends
- Investigate how to improve the visibility of complaints resolved through problem solving

4.0 RECOMMENDATIONS

4.1 The Audit & Standards Committee is asked to consider the Annual Ombudsman Report in order to provide its view on the performance of Ombudsman complaints and the issues raised

OMBUDSMAN COMPLAINTS

The Local Government Ombudsman (LGO), Parliamentary & Health Service Ombudsman (PHSO) and Housing Ombudsman (HO) independently investigate complaints about Local Authorities. The Ombudsmen are independent of Councils and the Government

The Customer Feedback & Complaints Team keeps a record of the enquiries made by the LGO, PHSO and HO about services provided by Sheffield City Council, both directly and through partners. The table below shows the enquiries made about Sheffield City Council during 2015/16, and compares this with 2014/15.

Table 1: What the enquiries were about in 2015/16

| Portfolio/ Partner | Subject | Formal premature referrals | Considered without formal enquiries | Formal enquiries made | Totals 2015/16 | Totals 2014/15 |
|-----------------------|-----------------------------|----------------------------------|---|-----------------------------|----------------|----------------|
| Communities | Social Care - Adults | 6 | 5 | 10 | 21 | 23 |
| | Council Housing | 12 | 8 | 5 | 25 | 21 |
| | Housing - Other | 0 | 1 | 1 | 2 | 2 |
| CYPF | Social Care - Children's | 1 | 3 | 1 | 5 | 13 |
| | Education | 3 | 12 | 5 | 20 | 12 |
| Place | Building Control | 0 | 0 | 0 | 0 | 1 |
| | Environmental Services | 0 | 2 | 1 | 3 | 1 |
| | Parking Services | 0 | 11 | 1 | 12 | 11 |
| | Planning | 1 | 2 | 2 | 5 | 4 |
| | Highways | 3 | 1 | 0 | 4 | 5 |
| | Land/property | 0 | 1 | 0 | 1 | 2 |
| | Licensing | 0 | 1 | 0 | 1 | 2 |
| Trading Standards | 0 | 0 | 0 | 0 | 1 | |
| Amey | Streets Ahead | 0 | 18 | 9 | 27 | 8 |
| Veolia | Waste Management | 0 | 0 | 1 | 1 | 3 |
| Resources | Customer Services | 1 | 1 | 0 | 2 | 2 |
| | Legal | 0 | 0 | 0 | 0 | 1 |
| | Finance | 0 | 1 | 0 | 1 | 1 |
| | Other | 0 | 1 | 0 | 1 | 1 |
| Kier | Property | 0 | 0 | 0 | 0 | 0 |
| Capita | Benefits | 2 | 5 | 1 | 8 | 4 |
| | Revenues | 3 | 1 | 0 | 4 | 6 |
| Totals | | 32 | 74 | 37 | 143 | 124 |

There was an overall increase in the number of enquiries from 124 to 143; but the number of formal enquiries reduced to 37 in 2015/16, from 43 in 2014/15. In most service areas, the figures between the two years were similar. However, there was a marked increase in the number of

enquiries about Education, and Amey, who provide highway maintenance services on behalf of the Council.

The Council's average response time to Ombudsman formal enquiries in 2015/16 was **28 days**, which is the target set by the Ombudsman. However, it was an increase from an average response time of 23 days in 2014/15. 50% of formal enquiries were dealt with in the 28 day target. In addition, we responded to 95 preliminary enquiries in an average of 5 days.

In her Annual Review Letter, the LGO has reported that she received 199 complaints and enquiries about Sheffield City Council during 2015/16. This figure is significantly higher than the 143 reported in Table 1 above because it includes, for example, people who have made a premature complaint to the Ombudsman and who been signposted back to the Council by the Ombudsman, but who never contacted us.

The table below shows what the Ombudsman's 199 enquiries were about compared with the previous two years.

Table 3 LGO enquiries received 2015/16

| LGO subject category | 2013/14 | 2014/15 | 2015/16 |
|--|------------|------------|------------|
| Adult Social Care | 26 | 38 | 32 |
| Benefits and Tax | 34 | 24 | 24 |
| Corporate and other | 9 | 8 | 12 |
| Education and Children's Services | 35 | 33 | 34 |
| Environmental Services & Public Protection | 15 | 18 | 23 |
| Highways & Transport | 25 | 34 | 40 |
| Housing | 14 | 22 | 25 |
| Planning & Development | 8 | 11 | 8 |
| Total | 166 | 188 | 199 |

At the end of their enquiry or investigation, the Ombudsman provides details of their decision. The table below provides details of the decisions over the last three years. 22 complaints were upheld in 2015/16, compared with 19 in 2014/15.

Table 2: Ombudsman decisions

| Ombudsman Decisions | 2013/14 | 2014/15 | 2015/16 |
|--|-----------|-----------|------------|
| Closed after initial enquiries - out of jurisdiction | 18 | 24 | 19 |
| Closed after initial enquiries - no further action | 26 | 26 | 44 |
| Closed - Local Resolution (Housing Ombudsman) | 1 | 2 | 3 |
| Not Upheld: No further action | 0 | 5 | 3 |
| Not Upheld: No Maladministration | 24 | 20 | 24 |
| Upheld: No further action | 4 | 3 | 1 |
| Upheld: Maladministration and Injustice | 13 | 16 | 20 |
| Upheld: Report | 1 | 0 | 1 |
| Total | 87 | 96 | 116 |

How we compare

The table below compares the number of complaints received by the LGO across the Core Cities based on information provided by the LGO in her Annual Review Letter.

Table 3: Core cities data 2015/16

| | Number enquiries received 2014/15 | Number enquiries received 2015/16 | % increase/decrease (+ / -) | Number of detailed investigations 2015/16 | Number of complaints upheld 2015/16 | Upheld rate 2015/16 | Number of complaints per 1000 population |
|------------|-----------------------------------|-----------------------------------|-----------------------------|---|-------------------------------------|---------------------|--|
| Birmingham | 578 | 523 | -11% | 107 | 71 | 66% | 0.48 |
| Bristol | 131 | 183 | +28% | 45 | 29 | 64% | 0.41 |
| Leeds | 212 | 217 | +2% | 55 | 22 | 40% | 0.29 |
| Liverpool | 169 | 180 | +6% | 38 | 21 | 55% | 0.39 |
| Manchester | 156 | 140 | -11% | 41 | 28 | 68% | 0.26 |
| Newcastle | 57 | 68 | +16% | 12 | 2 | 17% | 0.23 |
| Nottingham | 110 | 105 | -5% | 27 | 13 | 48% | 0.34 |
| Sheffield | 188 | 199 | +6% | 46 | 21 | 46% | 0.35 |

A summary of the 22 complaints which were upheld by the Ombudsman during 2015/16 is provided below.

| | Portfolio/ Partner | Complaint | Ombudsman Finding/ Investigation Outcome | Remedy/Service Improvements |
|---------|--|---|---|---|
| Page 41 | 1 Communities - Adult Social Care | <p>Ms Y complained in her own right and on behalf of her mother (Mrs S) that Sheffield City Council:</p> <p>a) failed to transfer care between two care agencies effectively b) commissioned a care provider who failed to fulfil a care plan leaving Mrs S at risk c) reduced care calls without carrying out a reassessment, amending the support plan, or obtaining Mrs S's informed consent about the reduction d) contacted a family member who was not the next of kin about changes to the care plan e) failed to properly monitor the services of the care provider and take action when it received complaints f) refused to provide information and take action which would provide reassurance to the family that the care agency is providing services according to the support plan g) failed to deal with the complaint in a timely and comprehensive manner.</p> | <p>The LGO found fault in the Council failing to properly review Mrs S before reducing her care and for failing to provide Ms Y more detail about what specific actions it was taking to monitor the care provider.</p> | <p>The Council agreed the following actions:</p> <ul style="list-style-type: none"> • to apologise to Mrs S and Ms Y about the failures identified • to contact Mrs S and establish who she wants recorded as her main contact(s) and if relevant in what order officers should contact them, and to remind officers that this should be checked at the yearly reviews • provide Ms Y a chronology of actions it has taken and continues to take in respect of the provider • to review procedures for when there is a transfer to a new provider; • to make a payment of £400 to Mrs S for the anxiety and uncertainty caused by the inconsistent call times and for when the Council made the decision to reduce her care package without properly reviewing the support plan and involving Mrs S • to review Mrs S's care package to ensure that as far as possible the care provider is able to meet Mrs S's needs • to remind staff about the need to review, and if necessary reassess service users, (obtaining the views of relevant parties such as health professionals and family members) and revise support plans when a decision is made to change a care package. |
| | 2 Communities - Adult Social Care | <p>Mr B complained that the Council increased Ms C's domiciliary care package without giving her any information about the associated costs. Ms C could not make an</p> | <p>The LGO found that the Council failed to tell Ms C about the increase in her care costs before it was implemented. This meant Ms C could not make an informed</p> | <p>The Council offered to waive the outstanding care charges amounting to £715, which occurred from the increased care package between the time Ms C was discharged from hospital until she cancelled the additional care hours. The Council agreed to contact Ms C to confirm the waived</p> |

| | | | | |
|----|---------------------------------|--|--|--|
| | | informed decision about whether she wished to receive the service and incur an extra charge. Ms C quickly cancelled the service when she found out the extra charge as felt she could not afford it and did not need it. | choice on whether to incur the cost of additional care. In addition she may have received incorrect advice from hospital staff, which would have been clarified had the Council shared charging information with her. | charges and the status of Ms C's care charges. |
| 3 | Communities - Adult Social Care | <p>Ms B complained about the Council's calculation of her father, Mr C's contribution to the cost of his residential care. In particular, Ms B complained:</p> <p>a) the Council decided that Mr C should receive a 'notional rent' of £45 per week from her occupation of her father's home</p> <p>b) the Council took too long to make a decision.</p> | The LGO found the Council's offer to waive the notional rental income to be satisfactory outcome. | The Council offered to waive the notional rental income it decided Mr C should receive from his property when calculating his contribution to the cost of his care, and to backdate this to when the charge was first used. This reduced contributions by £3,358. |
| 42 | Communities - Adult Social Care | <p>Mr Y complains in his own right as a carer and on behalf of his wife (Mrs Y) a service user, that the Council:</p> <p>a) failed to adhere to the Ombudsman's recommendations from a previous complaint. In particular it failed to complete a support plan for Mrs Y and a carer's assessment for Mr Y</p> <p>b) failed to provide appropriate support to Mrs Y following her leaving hospital</p> <p>c) inappropriately reduced her carers from two to one;</p> <p>d) failed to deal with Mr Y's complaint in a timely manner.</p> | The LGO found the Council was at fault for reducing care without a risk assessment, delaying the backdating of carers payments to Mr Y, and delaying responding to his complaints. The service provided was also not in line with the care plan. | <p>The Council agreed the following actions:</p> <ul style="list-style-type: none"> to finalise Mrs Y's support plan, and backdate payments amounting to £20,800 to write to Mr and Mrs Y to apologise for the delay in responding to the complaint and for the service failure to remind staff to keep complainants updated if there is a delay in dealing with their complaint remind staff that a care plan should not be changed without a reassessment or risk assessments make a payment to Mr Y of £150 for failing to address concerns raised |
| 5 | Communities – | Mr M complained about repairs and | The Housing Ombudsman found | The Council agreed to offer an additional £75 compensation |

| | | | | |
|---------|---------------------------------|---|--|--|
| | Council Housing | works carried out to his home and surrounding garden. | the Council acted reasonably and fairly in addressing Mr M's complaints, but it failed to fully recognise the distress and inconvenience caused to Mr M by the service failures acknowledged. | <p>payment to Mr M for the distress and inconvenience caused, the delay in carrying out some of the works, and the time he had to spend pursuing his complaint.</p> <p>The Council agreed to review its void property completion documents to ensure that all disrepair issues are properly identified; and ensure that all agreed works are confirmed with tenants in writing.</p> |
| 6 | Capita – Revenues and Benefits | Mr B complained that, due to an error scanning an application, the Council failed to pay housing benefit directly to him as landlord when he requested this due to his tenant's vulnerability. He considered that the Council should compensate him for the housing benefit paid to his tenant, which she did not pass on to him as rent. | The LGO found that the Council failed to consider Mr B's request to pay housing benefit to him as landlord and should therefore bear some responsibility for the losses Mr B has incurred and should make a payment to Mr B to reflect this. | The Council agreed to pay Mr B £420, equivalent to the first two payments it made to Ms C. |
| Page 43 | Place – Parking Services | Mrs A complained about the way the Council had enforced a parking penalty and that, in particular, it had continued to send her letters informing her it was continuing to pursue the penalty after a witness statement had been accepted by the Traffic Enforcement Centre. | The LGO concluded their involvement on basis that the Council decided that it would not pursue the outstanding amount of £40. Mrs A was satisfied that the Council's decision to cancel any outstanding debt resolved her complaint | The Council decided that it will not pursue the outstanding amount of £40. |
| 8 | Communities - Adult Social Care | Mrs M complained (on behalf of her late cousin) that the Council failed to provide him with adequate care before his death. As a result, his quality of life was lower than it should have been, which caused distress to his family. | The LGO found the Council was slow to act when told of a neighbour's intention to withdraw her support. Care providers failed to keep and retain logs of visits. There was evidence of ineffective action by the provider to meet his increased needs. | <p>The Council agreed to:</p> <ul style="list-style-type: none"> • review its hospital discharge agreement with the Sheffield Teaching Hospitals Trust to ensure that where service users' needs have changed, they are assessed and reflected in the changed care plans, which are communicated to all relevant parties; • continue to pilot additional work to offer advice to care providers following a service user's hospital discharge to ensure their needs are met • provide Mrs M with an apology for the identified failures |

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| | | | | <ul style="list-style-type: none"> • remind care providers of the need to keep and retain logs of visits • take steps to ensure reassessments and changes required to care packages are met and delivered as soon as possible • review its handling of the complaint to ensure that delays are not repeated on future cases • pay Mrs M £100 for the avoidable time and trouble caused pursuing this complaint. |
| 9 | Amey - Streets Ahead | Mr X complained the Council has put a street light outside his property without considering the impact it would have on light coming into his bedroom window. | Although the LGO found evidence to show that light levels are within allowable limits and, therefore, there was no ongoing injustice to Mr X as a result of the position of the new street light, the LGO concluded that the Council failed to properly consider the location of new street lighting in relation to Mr X's property. | <p>Amey agreed to write to Mr X to apologise for the time and trouble taken pursuing his complaint, and agreed to pay him £150 in recognition of this.</p> <p>Amey also changed its complaints process to ensure that complaints are dealt with more quickly, and residents' concerns are addressed at an early stage.</p> |
| 10 | CYPF – Admissions | Miss X complained that the Council did not properly consider her application for a school place for her daughter Y. She also complained that the Admissions Appeal Panel did not properly consider her appeal against the Council's decision. | The LGO found the Council at fault for allocating Miss X's daughter a place at School D, which it accepts is not appropriate for her, and which Miss X says she did not apply for. The LGO found no evidence to suggest the Council wrongly refused Miss X a place at School C or that the school admissions appeal panel did not properly consider her appeal. | <p>The Council has allocated places at alternative schools for Y and offered to discuss options with Miss X.</p> <p>The Council also arranged for the application for school C to be reconsidered by the Admissions Committee in September 2015.</p> |
| 11 | CYPF – Home to School Transport | Ms B complained that the Council made a flawed decision when refusing free transport for her daughter and son. | The LGO concluded their involvement on basis that the Council on its own initiative identified fault in the way the school transport appeals were carried out for the complainant | The Council offered and agreed to arrange a fresh Stage 2 appeal for the complainant regarding decisions about free school transport for her daughter and son. |

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| | | | and proposed a way forward/remedy. | |
| 12 | Communities – Adult Social Care | Mr and Mrs Y complained about services delivered and processes followed while supporting their son Mr S. | The LGO found there was delay in the Council’s safeguarding and complaints processes. It failed to communicate effectively with Mr S and his family and to act on safeguarding alerts. This caused Mr S and his family distress and frustration. | <p>The Council agreed to take the following actions:</p> <ul style="list-style-type: none"> • to write to Mr S in a suitable format to apologise for the faults • to make a payment of £500 to Mr S to reflect the frustration caused by the delays in the safeguarding and complaints processes, and the failure to involve him adequately in both processes; • to write to Mr S to advise him of how it has changed policy and practice to ensure that the complaints process and safeguarding procedures are in line with the Equality Act 2010 • to address the outstanding safeguarding alerts which occurred in 2011 and 2012. • to review how it handles complaints. This is to ensure that at the beginning of adult social care complaints officers tell people about the process, and when they should expect to receive a response. • to make a payment of £250 to Mr and Mrs Y to reflect the frustration caused by the delays in the safeguarding process, the time taken in getting information about Mr S’s capacity, and the complaints process • to remind staff about the importance of considering capacity at the outset of the safeguarding process and to keep it under review. • to consider the processes and documentation used as part of the safeguarding and complaints process so that people with learning disabilities can participate as fully as possible. This should include consideration of the use of easy read. • i) to remind staff about the importance of telling families about the roles of any investigating officers involved, and who has the responsibility for lead investigator. |
| 13 | Communities – Adult Social Care | Mr X complained about the Council’s actions over the assessment of his care needs and the reduction in | The LGO found that the Council took suitable action to assess Mr X’s care needs and offered a | The Council agreed to offer apologies for its failure to set out in writing to Mr X the outcomes from the review and the support it could offer him; and for not being more proactive in |

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| | | support to seven hours a week | proper level of support, taking into account the support available from his family. However it failed to communicate its offer to Mr X following a review. The Council was entitled to end Mr X's Direct Payment arrangements because of difficulties he had in managing them properly. | responding to his wish to complain. The Council further agreed to review its procedures for communicating with clients and recording meetings to ensure that proper records are kept of key discussions on assessments, reviews and support and that clients receive timely written outcomes |
| 14 | Communities – Adult Social Care | Mr B complained about the way the Council responded to his complaints about poor quality care provided by Council care workers to his aunt and uncle. | The LGO found that the Council took appropriate action to deal with reports of poor quality care, but it failed to deal with some of Mr B's complaints properly. | The Council apologised to Mr B for failing to respond to parts of his complaint. The Council agreed to allocate a named officer for Mr B to contact about any future formal complaints. The Council agreed to ensure that when putting Mr B's formal complaints through its complaints procedure it will write to Mr B to confirm the complaints he wants investigated. |
| 15 Page 46 | Communities – Adult Social Care | Mr X complained on behalf of his mother and father, Mr and Mrs Y, that the Council failed to carry out a reassessment of Mrs Y's needs after Mr Y told it of a deterioration in her condition. Mr X also complained that the Council failed to properly explain the direct payment process. Mr Y says that due to the Council's failure he commissioned extra services, which he is was told he must pay for as a private arrangement. | The LGO found that the Council delayed in completing a reassessment of Mr and Mrs Y's needs. It also failed to explain the reductions in payments to Mr Y as a carer. | To remedy the faults identified in this case, the Council agreed to write off the overpayment of £3,016.67 |
| 16 | Resources – Legal Services | Mr B complained that the Council delayed drafting an agreement under which it would demolish a garage he leased and replace it with a garage on his land, with a right of access along its lane; and now refuses to meet his solicitor's costs, despite originally agreeing to do so. | The LGO found that the Council was responsible for significant delays in drafting an agreement about the demolition and replacement of a garage Mr B leased. The LGO found no fault regarding the payment of legal costs, as the Council is willing to pay his reasonable conveyancing costs. | The Council agreed to apologise and pay Mr B's reasonable conveyancing costs, and £400 towards his negotiation costs as a gesture of goodwill. |

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|----|---------------------------------|--|--|--|
| 17 | Communities – Adult Social Care | Mr X complained on behalf of his wife, Mrs X, that the Council placed Mrs X in inappropriate temporary residential care; did not advise Mrs X her home care provider would be funded through direct payments; did not properly or fairly carry out a safeguarding investigation into the home care provider and that neither Mr X nor Mrs X was involved in the Council's investigation. | The Council was at fault when it placed Mrs X in inappropriate residential care, and also at fault in the way it dealt with Mr X's concerns. | The Council apologised and waived the cost for the service so there is no outstanding injustice to Mrs X. Although the Council was at fault in its investigation and consideration of the issues under its safeguarding procedures this did not cause any injustice to Mr or Mrs X. |
| 18 | CYPF – Children & Families | Mr X complained that there was fault in the Council's handling of a referral from a hospital doctor about a possible non-accidental injury to Mr and Mrs X's baby. | The LGO concluded their involvement on the basis that the Council accepted its communication with Mr and Mrs X while investigating a possible non-accidental injury to their baby was not good enough; accepted it should also have considered managing the risk to their other baby differently; and agreed to make a payment to recognise these faults and delay in dealing with complaint. | In addition to the apologies already given, the Council agreed to make £500 payment in recognition of the avoidable additional distress caused by its poor communication with Mr and Mrs X and its failure to consider alternative placement of their other baby; and the avoidable distress and time and trouble caused by the protracted handling of the complaint. |
| 19 | Communities – Adult Social Care | Mr X complained about the care and treatment of his late father-in-law Mr A in a care home where the Council placed him for respite care. | The LGO found that the care home where Mr A was placed by the Council could not meet his increasing needs. The Council arranged a long-term placement for him in a suitable home, but an outbreak of norovirus prevented the move. Mr A was admitted to hospital and died before the move could be rearranged. The LGO found that the Council failed to ensure that carers at the respite home were properly trained to meet the needs of people with advanced dementia. The Council | The Council agreed to: <ul style="list-style-type: none"> • provide evidence of steps it has taken to improve training. • to apologise and make the family a payment of £1,500 in acknowledgement that it failed to ensure proper training for care staff and so failed Mr A in his last placement; • to acknowledge the delay in completing the safeguarding investigation and the time and trouble caused in making this complaint. |

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| | | | also failed to respond to Mr X's complaint after Mr A's death once the safeguarding investigation was complete. | |
| 20 | CYPF – Children & Families | Mrs A complained that the Council's stage 2 complaint adjudication response failed to identify the full extent of fault and did not offer enough remedy for fault. | The LGO found that the Council, based on the findings and recommendations of an independent investigation, identified the fault involved in Mrs A's complaint and has suitably remedied much of the fault. To fully remedy fault, the LGO recommended an additional payment. | In addition to the remedies/learning already agreed when responding at stage 2 of the Children Act complaints procedure, the Council agreed to fully remedy the fault by making the daughter a payment of £500 to compensate for delay in carrying out robust assessment of her needs in the period 2012 - 2013. The Council will act as trustee for the money which will be used up until her 20 th birthday on any activity/ equipment which furthers her social and independent living skills. |
| 21 | Communities – Adult Social Care | Mrs D complained about the way the Sheffield Health and Social Care NHS Foundation Trust and Council dealt with her application for a personal budget. In particular the Trust/Council did not take enough action after upholding her complaint about her personal budget in March 2014 and did not fully implement the complaint investigation recommendations. | The LGO found that the Council and the Trust did not work quickly to provide a remedy following an upheld complaint. As a result Ms D has not had access appropriate social care support. | The Council and Trust apologised and paid £27,000 (the Council paid half of this amount) to acknowledge costs Ms D has incurred and the impact of not having an appropriate budget in place. The Council and Trust should agree Ms D's budget and disregard the payment when assessing this budget. The Council and Trust agreed to produce an action plan addressing these faults. |
| 22 | Communities- Council Housing | Miss B complains that the Council unreasonably suspended her from its choice-based lettings scheme due to disputed rent arrears from 2001/02. The Council can no longer take legal action to recover the debt and so Miss B believes it is unfair to use this debt as a reason to suspend her from the scheme. | The LGO found there was fault by the Council in taking no action to recover a housing debt from Miss B for ten years, failing to link the debt to her during four subsequent re-housing applications, failing to notify her of the arrears and then suspending her from the housing register. | The Council agreed after taking account of its failings along with Miss B's health problems that it was appropriate to write off the debt. The LGO considered it a reasonable way of resolving the complaint and asked the Council to reinstate Miss B's housing registration as soon as possible. The LGO noted the Council had taken a number of steps over the past five years to improve identification of former tenant arrears and in the support it provides to vulnerable customers. |



Audit and Standards Committee Report

Report of: Senior Finance Manager, Internal Audit

Date: 16th November 2016

Subject: Recommendation Tracking Process

Author of Report: Senior Finance Manager, Internal Audit

Summary:

This report summarises the process applied by Internal Audit to follow-up on implementation of agreed recommendations. The report was requested at the Audit and Standards Committee meeting in September 16.

Recommendations:

To note the content of the report.

Background Papers:

Category of Report: Open

* Delete as appropriate

If Closed, the report/appendix is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).'

Statutory and Council Policy Checklist

| |
|---|
| Financial implications |
| YES /NO Cleared by: K Inman |
| Legal implications |
| YES /NO |
| Equality of Opportunity implications |
| YES /NO |
| Tackling Health Inequalities implications |
| YES /NO |
| Human rights implications |
| YES /NO |
| Environmental and Sustainability implications |
| YES /NO |
| Economic impact |
| YES /NO |
| Community safety implications |
| YES /NO |
| Human resources implications |
| YES /NO |
| Property implications |
| YES /NO |
| Area(s) affected |
| |
| Relevant Scrutiny Committee if decision called in |
| Not applicable |
| Is the item a matter which is reserved for approval by the City Council? YES/NO |
| |
| Press release |
| YES /NO |

Introduction

1. As requested by members at the last Audit and Standards Committee meeting, this report outlines the process for tracking implementation of agreed internal audit recommendations.
2. It should be stressed that responsibility for implementation and monitoring lies with the service managers/identified responsible officers and not with Internal Audit.
3. The following process exists, however, and includes roles for Internal Audit, Business Strategy and Senior Management groups such as Portfolio Leadership Teams (PLT) and the Executive Management Team (EMT).

Recommendation Tracking Process

4. Following completion of audit fieldwork, a draft report of findings and recommendation is produced by Internal Audit. A discussion meeting is held with the auditee to go through the findings for accuracy and agree the recommendations. An acceptable, realistic implementation date is also agreed.
5. The final report is then issued by Internal Audit to all on the circulation list – which includes the Service Managers, Director of Business Strategy and Executive Director.
6. After approx. 6 months or after the latest agreed implementation date has passed (whichever is sooner) Internal Audit conducts a follow-up review. The amount of resource dedicated to follow-up depends on the original audit opinion, with high opinion reports being the priority. An update report is issued to management after each follow-up review, to outline progress with implementation of recommendations. This is also issued to the relevant Director of Business Strategy and Executive Director.
7. Every 6 months a progress update is requested by Internal Audit from the relevant Heads of Service, including evidence to support the implementation of recommendations. This information is used to produce the High Opinion Audit (HOA) tracker report.
8. The draft HOA tracker report is submitted to EMT to inform Executive Directors of progress, and highlight areas where slippage has occurred and revised implementation dates have been agreed. The HOA tracker is then submitted to the Audit and Standards Committee.

9. Audit and Standards Committee members can, where they feel the need, 'call-in' officers to explain the reasons behind recommendation implementation slippage.

SharePoint Recommendation Tracking Site

10. Officers within the Place Portfolio have also developed a SharePoint Risk and Resilience site to monitor the progress of implementation of internal audit recommendations.
11. At the close of an audit, the findings, recommendations, agreed actions, implementation date and responsible officer from the final report are entered onto SharePoint by Internal Audit.
12. Service Managers within the Portfolio are required to access the SharePoint site frequently and add an update on progress implementing recommendations, together with supporting evidence. They also indicate whether the recommendation has been fully implemented or is still ongoing/outstanding.
13. On a regular basis, an officer within Business Strategy extracts a highlight report for Place PLT which summarises the position with regard to recommendation implementation. This forms part of their risk and resilience processes.
14. Following discussion across the portfolios, CYPF and Communities have agreed to implement the SharePoint system within their portfolios. Within Resources, there is no Business Strategy service and so discussions are being held with the Head of Legal and Governance to determine how the tracker can be used.

Recommendations

15. Members are asked to note the content of the report.

AUDIT AND STANDARDS COMMITTEE REPORT - 16 NOVEMBER 2016

ANNUAL AUDIT LETTER 2015/16

Report from KPMG.

Summary

The Annual Audit Letter summarises the outcome from our audit work at Sheffield City Council in 2015/16.

Recommendation

That the Annual Audit Letter 2015/16 is noted.

Category of Report - Open

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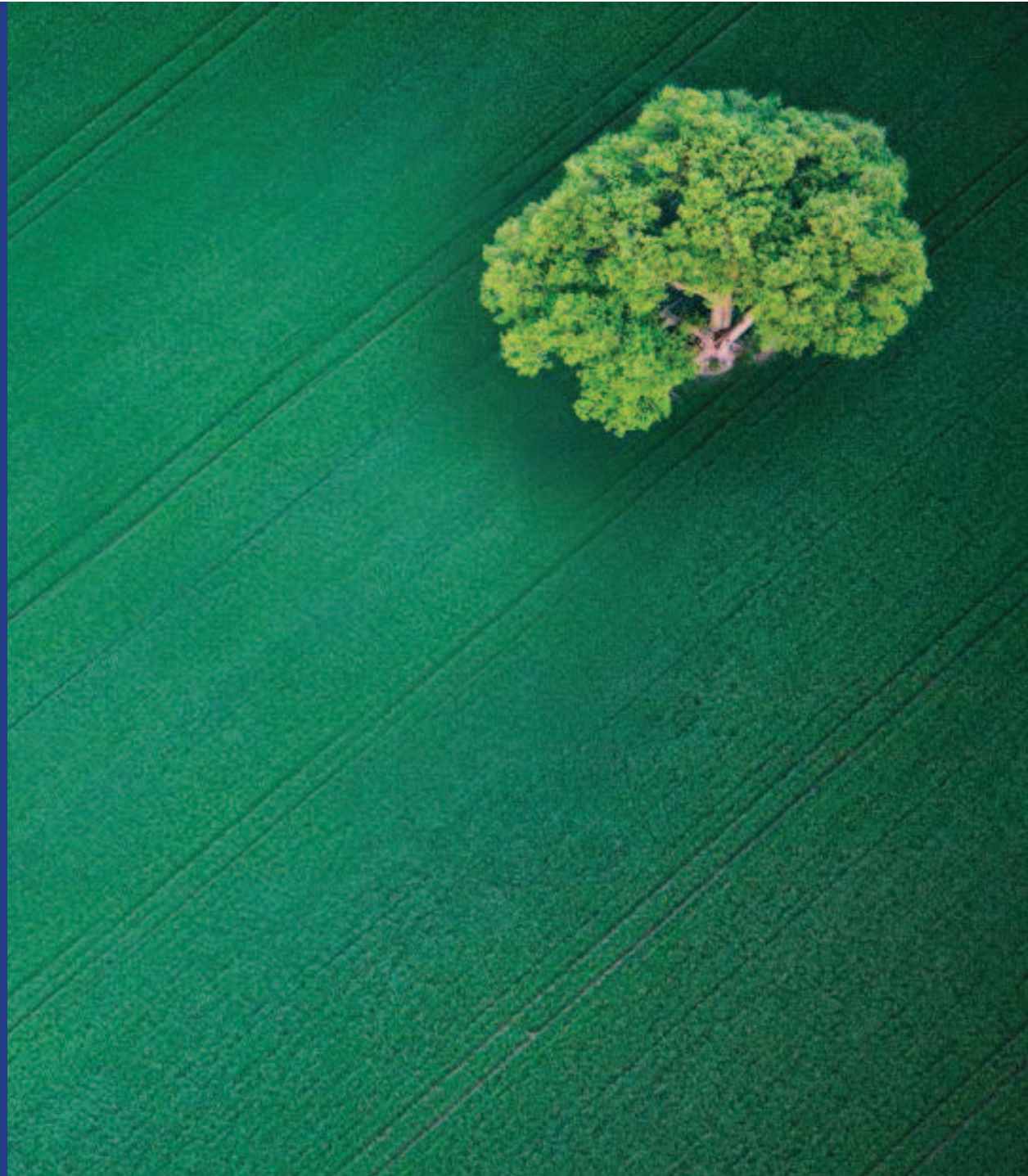


Annual Audit Letter 2015/16

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Sheffield City Council

October 2016



Contents

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2. Summary of reports issues 6
3. Audit fees 7

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. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.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.

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Section one

Headlines

This Annual Audit Letter summarises the outcome from our audit work at Sheffield City Council in relation to their 2015/16 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.

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| | |
|-----------------------------------|---|
| VFM conclusion | <p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 20 September 2016. This means we are satisfied that during the year that Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.</p> <p>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.</p> |
| VFM risk areas | <p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work identified the following significant matters:</p> <ul style="list-style-type: none"> — The financial performance and management of the Communities portfolio (following on from issues identified in previous periods with regards to the financial performance of Adult Social Care). — The performance of the Place portfolio with particular regard as to whether significant outsourced contracts were able to deliver the budgeted level of savings and the implications if not. <p>We worked with officers throughout the year to discuss and review relevant documentation with regards to these VFM risks. There were no matters of any significance arising as result of our audit work in these VFM risk areas.</p> <p>We concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> |
| Audit opinion | <p>We issued an unqualified opinion on the Authority's financial statements on 20 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p> |
| Financial statements audit | <p>The authority successfully completed the accounts close process a month earlier than previously in preparation for the early close down that will be required in 2017-18. The accounting policies, accounting estimates and financial statement disclosures are in line with the requirements of the Code.</p> <p>The Authority has sound processes in place for the production of the accounts and supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.</p> <p>Our audit identified the following significant matter:</p> <ul style="list-style-type: none"> — One adjusted audit difference of £5.31m relating to an understated debtors balance for NNDR. |

Section one

Headlines (cont)

This Annual Audit Letter summarises the outcome from our audit work at Sheffield City Council in relation to their 2015/16 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.

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| Annual Governance Statement | We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding. |
| Whole of Government Accounts | We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements. |
| High priority recommendations | <p>We raised 1 high priority recommendation as a result of our 2015/16 audit work in relation to improving the processes for a housing benefit reconciliation. This recommendation is detailed in Appendix 1, together with the action plan agreed by management.</p> <p>We will formally follow up this recommendation as part of our 2016/17 work.</p> |
| Certificate | We issued our certificate on 20 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice. |
| Audit fee | Our fee for 2015/16 was £186,998, excluding VAT. An additional fee of £7,000, excluding VAT was agreed with regards to the audit of IT systems where we were unable to gain assurance from other sources. Further detail is contained in Appendix 3. |

Appendices

Appendix 1: Key issues and recommendations

Our audit identified one high priority recommendation. Management agreed to put in place corrective action.

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| No. | Issue and recommendation | Management response / responsible officer / due date |
|-----|--|---|
| 1 | <p>Housing Benefits Reconciliation (Private Housing)</p> <p>Housing benefits transactions are posted to the OEO ledger system by Capita staff reflecting the source data from the Academy Housing Benefits system.</p> <p>Testing found that regular documented reconciliations are not performed by Authority officers to ensure that the ledger reflects the source data from Academy. Whilst officers do carry out adhoc reconciliations utilising a spreadsheet provided by Capita colleagues it was noted that this spreadsheet does not tie back to the data held on the Academy system due to a number of adjustments that are subsequently posted.</p> <p>Whilst satisfied that this has not resulted in a material misstatement, and any differences between the two systems may well be justified, without a reconciliation process we are unable to verify the reasonableness of any adjustments posted.</p> <p>Recommendation</p> <p>Roles and responsibilities with regards to the performance of reconciliations should be clarified between Capita and the Authority's own team. This should include an agreed timeframe and method for recording and adjusting transactions that might impact upon the reconciliation.</p> | <p>Management Response</p> <p>The Revenue and Benefits service is managed by Capita on behalf of the Council. Their duties include submitting monthly reconciliations for the Academy system to the Council, which are then checked to the financial ledger by Finance Business Partner. Whilst there is no evidence of significant discrepancies, officers will work with Capita to clarify the roles and responsibilities and ensure that the process is complete and formalised for all stages of reconciliation (including submission of source data to support the monthly reconciliations), without duplicating the effort of the either party.</p> <p>Responsible Officer</p> <p>Assistant Director – Finance Business Partner (Resources)</p> <p>Due Date</p> <p>December 2016</p> |

Follow up of previous recommendations

As part of our audit work we followed up on the Authority's progress against previous audit recommendations. We are pleased to report that the Authority has taken appropriate action to address the issues that we have previously highlighted.



Appendices

Appendix 2: Summary of reports issued

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

External Audit Plan (March 2016)

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

Audit Fee Letter (April 2016)

The Audit Fee Letter set out the proposed audit work and draft fee for the 2016/17 financial year.

Auditor's Report (September 2016)

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

2016

January

February

March

April

May

June

July

August

September

October

November

Report to Those Charged with Governance (September 2016)

The Report to Those Charged with Governance summarised the results of our audit work for 2015/16 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.

Annual Audit Letter (October 2016)

This Annual Audit Letter provides a summary of the results of our audit for 2015/16.

Appendix 3: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

External audit

Our final fee for the 2015/16 audit of the Authority was £193,998. This compares to a planned fee of £186,998. The reason for this £7,000 variance is:

- an increased fee for the audit of the financial statements reflecting additional work required to gain assurance around a number of IT systems where we had previously been able to place reliance upon other assurance sources.

The additional £7,000 fee was approved by Public Sector Audit Appointments in October 2016.

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 final fee will be confirmed through our reporting on the outcome of that work in early 2017.

Other services

We charged £12,000, excluding VAT, for additional audit-related services for the certification of other grants and claims (Skills Funding Agency, Teachers Pension and Capital Pooling Allowance) which are outside of Public Sector Audit Appointments' certification regime.



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Audit and Standards Committee Report

Report of: Director of Legal and Governance

Date: 16 November 2016

Subject: Work Programme 2016/17

Author of Report: Dave Ross, Democratic Services (0114 273 5033)

Summary:

The report provides details of an outline work programme for the Committee

Recommendations:

That the Committee:-

(a) considers the Work Programme and identifies any further items for inclusion;
and

(b) approves the work programme.

Background Papers: None

Category of Report: OPEN

Statutory and Council Policy Checklist

| |
|---|
| Financial Implications |
| NO Cleared by: |
| Legal Implications |
| NO Cleared by: |
| Equality of Opportunity Implications |
| NO Cleared by: |
| Tackling Health Inequalities Implications |
| NO |
| Human rights Implications |
| NO: |
| Environmental and Sustainability implications |
| NO |
| Economic impact |
| NO |
| Community safety implications |
| NO |
| Human resources implications |
| NO |
| Property implications |
| NO |
| Area(s) affected |
| NONE |
| Relevant Scrutiny Committee if decision called in |
| Not applicable |
| Is the item a matter which is reserved for approval by the City Council? |
| NO |
| Press release |
| NO |

WORK PROGRAMME

1. Purpose of Report

1.1 To consider an outline work programme for the Committee for 2016/17.

2. Work Programme

2.1 It is intended that there will be at least five meetings of the Committee during the year with three additional meetings arranged if required. The work programme includes some items which are dealt with at certain times of the year to meet statutory deadlines, such as the Annual Governance Report and Statement of Accounts, and other items requested by the Committee. In addition, it also now includes standards' related matters such as a regular report providing an update on the outcome of Standards complaints.

2.2 An outline programme for 2016/17 is attached and Members are asked to identify any further items for inclusion.

3. Recommendation

3.1 That the Committee:-

- (a) considers the Work Programme and identifies any further items for inclusion;
and
- (b) approves the work programme.

Gillian Duckworth
Director of Legal and Governance

| Date | Item | Author |
|------------------|--|--|
| 8 December 2016 | (Additional meeting if required) | |
| 12 January 2017 | Progress on High Opinion Audit Reports | Kayleigh Inman (Senior Finance Manager) |
| | Audit Committee Annual Report to Council | Dave Ross (Legal and Governance) |
| | To review: <ul style="list-style-type: none"> • Members' Code of Conduct • Protocols Relating to Councillor and Officer Behaviour • Protocols Relating to Gifts and Hospitality | Gillian Duckworth/Dave Ross (Legal and Governance) |
| | To Review the Procedure for Dealing with Complaints Regarding City, Parish and Town Councillors and Co-opted Members | Gillian Duckworth/Dave Ross (Legal and Governance) |
| | Standards Complaints Update | Dave Ross (Legal and Governance) |
| | Standards Committee Annual Report to Council | Dave Ross (Legal and Governance) |
| | Update on Strategic Outcome Planning | John Mothersole (Chief Executive) |
| | Implications for Sheffield on the Vote to Leave the European Union | John Mothersole (Chief Executive) |
| | Work Programme | Dave Ross (Legal and Governance) |
| 16 February 2017 | (Additional meeting if required) | |
| 9 March 2017 | (Additional meeting if required) | |
| 27 April 2017 | Internal Audit Plan 2017/18 | Kayleigh Inman (Senior Finance Manager) |
| | International Auditing Standards – Compliance with Internal Control/Counter Fraud | Dave Phillips (Interim Head of Finance) |
| | Certification of Claims and Returns Annual Report 2015/16 | Trevor Rees /Alison Ormston (KPMG) |
| | External Audit Plan 2016/17 | Trevor Rees /Alison Ormston (KPMG) |
| | Annual Audit Fee Letter 2017/18 | Trevor Rees /Alison Ormston (KPMG) |
| | Work Programme | Dave Ross (Legal and Governance) |

| | | |
|--------------|---|--|
| 13 July 2017 | Summary of the Statement of Accounts | Dave Phillips (Interim Head of Finance) |
| | Annual Governance Statement | Gillian Duckworth (Director of Legal and Governance) |
| | Audit and Standards Committee Annual Report | Dave Ross (Legal and Governance) |
| | Progress on Reports with a High Opinion | Kayleigh Inman (Senior Finance Manager) |
| | Standards Complaints Update | Dave Ross (Legal and Governance) |
| | Work Programme | Dave Ross (Legal and Governance) |

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Audit and Standards Committee Report

Report of: Head of Strategic Finance

Date: 16th November 2016

Subject: Changes to the arrangements for the appointment of External Auditors

Author of Report: Kayleigh Inman, Senior Finance Manager, Internal Audit

Summary:

This report summarises the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission. As requested at the previous meeting, consideration has been given to the costs and benefits of independent procurement and opting into the Sector-Led Body.

Recommendations:

Members are asked to:

1. Support the principle of joining the Public Sector Audit Appointments (PSAA) Limited for the procurement of audit contracts with effect from 2018/19.
 2. Note that a formal decision will be required at a later date which will need Full Council approval.
-

Background Papers:

Category of Report: Open

* Delete as appropriate

If Closed, the report/appendix is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).'

Statutory and Council Policy Checklist

| |
|---|
| Financial implications |
| YES /NO Cleared by: K Inman |
| Legal implications |
| YES /NO |
| Equality of Opportunity implications |
| YES /NO |
| Tackling Health Inequalities implications |
| YES /NO |
| Human rights implications |
| YES /NO |
| Environmental and Sustainability implications |
| YES /NO |
| Economic impact |
| YES /NO |
| Community safety implications |
| YES /NO |
| Human resources implications |
| YES /NO |
| Property implications |
| YES /NO |
| Area(s) affected |
| |
| Relevant Scrutiny Committee if decision called in |
| Not applicable |
| Is the item a matter which is reserved for approval by the City Council? YES/NO |
| |
| Press release |
| YES /NO |

Purpose of the Report

1. This report summarises the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.
2. The Council will need to consider the options available and put in place new arrangements in time to make a first appointment by 31 December 2017.
3. At the previous Audit and Standards Committee meeting, members were keen to further explore the costs associated with the option to undertake a local joint procurement exercise with neighbouring authorities/public bodies.

Recommendations

The Committee is asked to:

4. Support the principle of joining the Public Sector Audit Appointments (PSAA) Limited for the procurement of audit contracts with effect from 2018/19.
5. Note that a formal decision will be required at a later date which will need Full Council approval.

Background

6. The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.
7. The Council's current external auditor is KMPG, under a contract managed by Public Sector Audit Appointments Limited (PSAA).
8. Current external audit fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered most NHS and local government bodies and so offered maximum economies of scale. The Council's external audit fee for 2016/17 is £187,000.

9. The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms will be eligible to compete for the work as they will need to demonstrate that they have the required skills and experience, and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The registration process has not yet commenced, so the number of eligible firms is not known, but it is reasonable to expect that the list may include the top 10 or 12 firms in the country, including our current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

Options for local appointment of External Auditors

10. There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act), which were discussed at the Audit and Standards Committee in September. Option 1, procuring our audit individually was rejected, on the grounds that we would want to seek greater economies of scale, and because we co-operate on financial systems and accounts production with the City Region, and so wish to have the same external auditor across several bodies. Members were however keen to explore the following options further in this report:

Option 2 Set up a Joint Auditor Panel/local joint procurement arrangements

Option 3 Opt-in to a sector led body

Option 2

11. The Act enables the Council to join with other authorities to establish a joint auditor panel. The panel must be wholly or a majority independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends.
12. Further legal advice will be required on the exact constitution of such a panel if a joint procurement exercise is undertaken, having regard to the obligations of each body involved.
13. Following consultation with the South and West Yorkshire Authorities, to date, only Doncaster and Kirklees expressed any interest in being involved in joint procurement exercise. Both have provisionally opted into the Sector Led Body but are not wedded to that option and would consider the use of a joint auditor panel, if enough regional local authorities opted-in. Kirklees suggested that they may prefer to conduct their own tendering exercise and then use the joint panel to evaluate and select the preferred bidder.
14. The Sheffield City Region (SCR) discussed the issue at the Director of Finance level and was more in favour of opting into the Sector Led Body. The Passenger Transport Executive (PTE) is also likely to opt for this approach.

15. At this stage, therefore there is no significant appetite to conduct a joint procurement exercise.

Costs

16. Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances.
17. By way of 'soft-market testing', Commercial Services provided the schedule of rates attached to the Crown Commercial Service (CCS) framework. This framework is essentially a government approved list of providers who can undertake work for the public sector under various 'lots'. There are 9 providers of external audit work on the framework, and so this is representative of the firms who are likely to be eligible to bid for our contract. Simple benchmarking against the published rates indicates that there is little scope for a large reduction in audit fees by procuring directly.

Advantages/benefits

- a) The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities. However, with the low levels of interest, and the suggestion from Kirklees to simply share the auditor panel, this may not reduce procurements costs significantly.
- b) There is an opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms, although this again will be affected by the low levels of interest from neighbouring authorities.

Disadvantages/risks

- a) The decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent auditor panel is used, or possible only one elected member representing each council, depending on the constitution agreed with the other bodies involved.
- b) There will be significant costs and time involved both in setting up and remunerating the auditor panel, and in running the procurement process. The LGA estimate costs in the order of £15,000 plus on going expenses and allowances.

- c) The choice of auditor could be complicated where individual councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for a council. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for this Council, then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

Option 3

- 18. PSAA have been approved by DCLG to be a sector-led body for principal authorities (councils, police and fire bodies). The role of the PSAA will be to procure contracts for external audit and then allocate the successful providers to the bodies who have opted in.
- 19. A SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector. This approach is very similar to the current arrangements for appointing external audit.
- 20. It is too early to estimate the new audit fee with effect from 2018/19 but the cost will almost certainly be lower through a sector-led procurement than local procurement. The prospectus issued by the PSAA is attached at appendix 1.

Advantages/benefits

- a) The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities. The PSAA is a not-for-profit organisation and any surplus funds will be returned to scheme members. Its creation is strongly supported by the Local Government Association.
- b) By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation.
- c) Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.
- d) The appointment process would not be made by locally appointed independent members. Instead a separate body, set up to act in the collective interests of the 'opt-in' authorities, would do this. The appointment of the external auditors is therefore independent of the auditees, greatly increasing the transparency of the auditor's independence.
- e) There is no requirement for an independent auditor panel.

- f) The PSAA have committed, where possible, to allocate the same auditors to bodies involved in significant collaboration or joint working initiatives or combined authorities, if the parties believe that it will enhance efficiency and value for money.
- g) PSAA have a stated aim to manage the market for external audit procurement, ensuring that sufficient players remain within the market to allow proper choice and competition for future contracts. A piecemeal approach by individual bodies risks either fragmenting the market, leading to a loss of quality, or creating a dominant player, reducing choice and increasing prices at future tenders.

Disadvantages/risks

- a) Individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.
- b) The PSAA will continue to consult scheme members with any proposals, however they are not able to consult on the proposed scale of fees until the initial major procurement has been completed and contracts with audit firms have been let. This is not dissimilar to the situation that would arise if the independent procurement approach was adopted, in that prices will not be known until the tendering exercise has been carried out.

Financial Implications

- 21. The cost of establishing a local or joint Auditor Panel outlined in option 2 above will need to be included in the Council's budget for 2017/18. This will include the cost of recruiting independent appointees (members), servicing the Panel, running a bidding and tender evaluation process, letting a contract and paying members fees and allowances. As stated above the LGA estimate costs in the order of £15,000 plus on going expenses and allowances.
- 22. Opting-in to a national SLB provides maximum opportunity to limit the extent of any fee increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel.
- 23. Current external fees levels are likely to increase when the current contracts end in 2018. Until either procurement exercise is completed it is not possible to state what additional resource may be required for audit fees for 2018/19, although it is anticipated that any increase will be minimised through using PSAA.

Conclusion and Recommendations

24. Given the limited appetite amongst local public bodies to undertake joint procurement and the likely costs associated with such an exercise, coupled with limited scope for fee reductions, it is recommended that the Audit and Standards Committee support the principle of joining the Public Sector Audit Appointments (PSAA) Limited for the procurement of audit contracts with effect from 2018/19.