

# **Audit and Standards Committee**

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**Thursday 19 December 2019 at 4.30 pm**

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

**The Press and Public are Welcome to Attend**

## **Membership**

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**Councillors Sioned-Mair Richards (Chair), Simon Clement-Jones (Deputy Chair),  
Angela Argenzio, Adam Hurst, Mohammed Mahroof, Pat Midgley and Josie Paszek.**

## **Independent Co-opted Members**

**Liz Stanley.**

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## **PUBLIC ACCESS TO THE MEETING**

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The Audit and Standards Committee oversees and assesses the Council's risk management, control and corporate governance arrangements and advises the Council on the adequacy and effectiveness of these arrangements. The Committee has delegated powers to approve the Council's Statement of Accounts and consider the Annual Letter from the External Auditor.

The Committee is also responsible for promoting high standards of conduct by Councillors and co-opted members.

A copy of the agenda and reports is available on the Council's website at <http://democracy.sheffield.gov.uk>. 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 Abby Brownsword in Democratic Services on 0114 273 5033 or email [abby.brownsword@sheffield.gov.uk](mailto:abby.brownsword@sheffield.gov.uk).

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## **FACILITIES**

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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.

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**AUDIT AND STANDARDS COMMITTEE AGENDA  
19 DECEMBER 2019**

**Order of Business**

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- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of the Press and Public**
- 4. Declarations of Interest** (Pages 1 - 4)  
Members to declare any interests they have in the business to be considered at the meeting.
- 5. Minutes of Previous Meeting** (Pages 5 - 8)  
To approve the minutes of a meeting of the Committee held on 24<sup>th</sup> October 2019
- 6. Annual Ombudsman Report Update** (Pages 9 - 34)  
Report of the Director of HR and Customer Services.
- 7. Information Governance Annual Report** (Pages 35 - 72)  
Report of the Director of Business Change and Information Solutions.
- 8. PFI Objection Report** (Pages 73 - 88)  
Report of the Head of Strategic Finance.
- 9. Outstanding Audit Reports from KPMG for the Financial Years 2016/17 and 2017/18 (Annual Audit Letter 2016/17 and 2017/18, Audit Certificate 2016/17 and 2017/18 and Annual Report on Grants and Returns 2017/18) and Audit Certificate on 2018/19 from Ernst and Young** (Pages 89 - 130)  
Report of the Head of Strategic Finance.
- 10. Outcomes of the Internal Audit Mid-Year Review of the Annual Plan** (Pages 131 - 140)  
Report of the Senior Finance Manager
- 11. Work Programme** (Pages 141 - 148)  
Report of the Director of Legal and Governance.
- 12. Dates of Future Meetings**  
To note that meetings of the Committee will be held at 5.00pm. on:-  
  
Thursday 23<sup>rd</sup> January 2020  
Thursday 20<sup>th</sup> February 2020  
Thursday 19<sup>th</sup> March 2020  
Thursday 16<sup>th</sup> April 2020  
Thursday 11<sup>th</sup> June 2020

Thursday 30<sup>th</sup> July 2020

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## ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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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](mailto:gillian.duckworth@sheffield.gov.uk).

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Audit and Standards Committee

Meeting held 24 October 2019

**PRESENT:** Councillors Sioned-Mair Richards (Chair), Simon Clement-Jones (Deputy Chair), Angela Argenzio, Adam Hurst, Mohammed Mahroof, Pat Midgley, Josie Paszek and Liz Stanley

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- 1. ELECTION OF CHAIR FOR THE MEETING AND THE REMAINDER OF THE YEAR**
  - 1.1 The Director of Legal and Governance opened the meeting and asked for nominations for Chair of the Audit and Standards Committee for the meeting.
  - 1.2 A nomination was made that Councillor Sioned-Mair Richards be elected Chair of the Committee for the meeting and the remainder of the year. No further nominations were received.
  - 1.3 **RESOLVED:** That, Councillor Sioned-Mair Richards be elected Chair of the Audit and Standards Committee for the meeting and the remainder of the year.
  
- 2. APOLOGIES FOR ABSENCE**
  - 2.1 There were no apologies for absence.
  
- 3. EXCLUSION OF THE PRESS AND PUBLIC**
  - 3.1 No items were identified where resolutions may be moved to exclude the press and public.
  
- 4. DECLARATIONS OF INTEREST**
  - 4.1 No declarations of interest were made.
  
- 5. MINUTES OF PREVIOUS MEETING**
  - 5.1 **RESOLVED:** That, the minutes of a meeting of the Committee held on 25th July 2019 were approved as a correct record.
  
- 6. FINAL ACCOUNTS AUDIT PROCESS**
  - 6.1 Hayley Clark (Ernst and Young) informed Committee that the report had been submitted to the Audit and Standards Committee in July, but that all audit

procedures were now complete and assurances had been received from the pensions authority. The accounts had been signed off by the Chair of Audit and Standards Committee.

- 6.2 Councillor Josie Pascek asked questions regarding the housing re-evaluation, financial statement corrections and the level of reserves. Hayley Clark explained that the housing re-evaluation had had no impact on the budget as it was contained within an un-useable reserve. The uncorrected differences were not felt to be material and were part of the accounting process. They had been appended to the letter of representation. The auditors had met with the Council regarding the reserves which had dropped in 2018/19 and were happy with the progress made to increase the reserves so far in 2019/20.
- 6.3 Dave Phillips (Assistant Director of Finance) noted that there had been a small overspend in 2018/19 which had caused the reserves to drop. A process was in place to look at how to top up the reserves and the Budget Settlement was better this time, which was enabling the Council to plan better.
- 6.4 Councillor Mohammed Mahroof asked how sporting facilities were recorded and Hayley Clark responded that sporting facilities were recorded using Depreciated Revenue Costs which was the approved accounting process.

## **7. ANNUAL OMBUDSMAN REPORT**

- 7.1 Gillian Duckworth (Director of Legal and Governance) presented the report which gave details of complaints about the Council received by the Local Government and Social Care Ombudsman, Parliamentary and Health Service Ombudsman and Housing Ombudsman during the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.
- 7.2 Liz Stanley asked why there had been a significant increase in complaints received by the Council regarding Veolia and Capita services. Eugene Walker (Executive Director of Resources) explained that changes to the Brown bin services had caused the increase in complaints regarding Veolia. As the services provided by Capita were being brought back in house, the complaints were now being recorded using the Council's complaints procedure. This change in recording accounted for the increase in Capita complaints.
- 7.3 Councillor Josie Pascek asked how the Council were performing against the points for improvement included within the report. Gillian Duckworth explained that the CRM replacement was well underway and would resolve some of the issues. The Council was working on its Digital Acceleration Programme and customer services was high on the agenda for change.
- 7.4 Councillor Mohammed Mahroof said that 2000 complaints was a high number and only 35% had been responded to in 20 days. Eugene Walker acknowledged that performance had not been good enough, but the number of complaints was relatively low compared to the number of transactions. The telephony system was being replaced and more training was being given as part of bringing customer services back in-house. A separate plan was in place to improve performance.

7.5 Councillor Josie Pascek noted that there had been a number of ombudsman complaints regarding vulnerable adults and children. This represented both a financial loss to the Council and possible reputational risk.

7.6 **RESOLVED:** That, an update report, including answers to the questions raised, be presented to the next meeting of the Audit and Standards Committee.

## **8. FEEDBACK FROM THE ETHICAL STANDARDS WORKSHOP**

8.1 Gillian Duckworth presented the report which provided the Committee with the best practice recommendations arising from the Ethical Standards Workshop held with Committee Members on 26<sup>th</sup> September 2019 which considered the report by the Committee on Standards in Public Life, dated January 2019.

8.2 The actions were detailed in the report and included changes to the Members Code of Conduct and the Standards Complaints Procedure. Once the changes had been made, they would be brought to the Committee for approval, before being presented to Full Council.

8.3 Councillor Angela Argenzio raised the issue of accessibility of the Council's website for those with learning difficulties and visual impairment and Gillian Duckworth explained that the Digital Acceleration Programme would be complete by March 2020 and would include such accessibility issues. However, information could be brought back to Committee on how accessibility would be achieved.

8.4 **RESOLVED:** That, the outcomes of the workshop be accepted and the amended policies/codes be brought to the meeting of the Committee in January for approval and forwarding to Full Council for adoption.

## **9. WORK PROGRAMME**

9.1 Gillian Duckworth submitted a report providing details of an outline work programme for the Committee for the period October 2019 – July 2020.

9.2 Dave Phillips explained that the PFI Objection report had now been received from KPMG, the Council's former auditor's, and following a three week appeal period for the objector, the report could be signed off by the Council. This would mean that the Annual Audit Letters for 2016/17, 17/18 and 18/19 could be approved.

9.3 Councillor Sioned-Mair Richards (Chair) commented that due to the PFI objection report being received and the amount of associated reports scheduled for the meeting on 23<sup>rd</sup> January 2020, the additional meeting on 19<sup>th</sup> December should be called, to start at 4.30p.m.

9.4 **RESOLVED:** That, the Committee's work programme for the period October 2019 to July 2020 be approved and the additional meeting on 19<sup>th</sup> December 2019 take place, starting at 4.30p.m.

**10. DATES OF FUTURE MEETINGS**

10.1 Councillor Sioned-Mair Richards reminded Committee that the additional meeting scheduled for Thursday 19<sup>th</sup> December 2022 would now take place, to start at 4.30pm.

10.2 It was noted that meetings of the Committee would be held at 5.00p.m. on:-

Thursday 19<sup>th</sup> December 2019 at **4.30p.m.**

Thursday 23<sup>rd</sup> January 2020

Thursday 20<sup>th</sup> February 2020 (additional meeting, if required)

Thursday 19<sup>th</sup> March 2020 (additional meeting, if required)

Thursday 16<sup>th</sup> April 2020

Thursday 11<sup>th</sup> June 2020

Thursday 23<sup>rd</sup> July 2020



## Audit & Standards Committee Report

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**Report of:** Mark Bennett, Director of HR and Customer Services/ Gillian Duckworth, Director of Legal Services

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**Date:** 19<sup>th</sup> December 2019

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**Subject:** Summary of the Annual Ombudsman Complaints Report 2018/19 and responses to questions asked in October's meeting

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**Author of Report:**

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### Summary:

The Audit and Standards Committee were presented with the Annual Ombudsman Complaints Report for 2018/19 in October, the report is attached as '**Appendix A**'.

This report gives a summary of the key points of the annual report. Questions were asked at October's meeting which Eugene and Gillian gave initial responses to. Attached as '**Appendix B**' you will find further details in response to those questions

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### 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.

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### Background Papers:

Annual Ombudsman Complaints Report for 2018/19  
Responses to questions raised in October's meeting  
LGSCO Annual Letter

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**Category of Report:** OPEN

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## Statutory and Council Policy Checklist

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

## Summary Report of Annual Ombudsman Complaints Report 2018/19

- 1.1. Overall, the Council and its strategic delivery partners (Capita, Kier and Veolia) dealt with 3,042 complaints through the formal complaints process in 2018/19. 165 enquiries were received about the Council and its strategic delivery partners from the LGSCO during 2018/19. The Housing Ombudsman made enquiries/investigations into 12 complaints.
- 1.2. We recorded a total of 137 complaints received by the LGSCO and HO during 2018/19, a similar level to the 136 received the previous year. The number reported by the LGSCO is higher than the number recorded by the HO because it includes, for example, people who have made an 'incomplete or invalid' complaint or cases.
- 1.3. Of the 137 enquiries recorded in 2018/19, 68% were concluded without a formal investigation. Of the 44 that were formally investigated, the highest numbers were about Council Housing and repairs (10), Streets Ahead (10) and Education (8).
- 1.4. The Council's average response time to preliminary enquiries in 2018/19 was 8 days and its average response time to initial formal enquiries in 2018/19 was 24 working days. The latter exceeds the 20 working day target set by the Ombudsman. Only 35% of formal enquiries were being responded to within the 20 working day target. This is a drop in performance from 52% in 2017/18 and is mainly due to late service comments/information.
- 1.5. During 2018/19, the LGSCO upheld 22 complaints and the HO upheld 3 complaints.
- 1.6. We aim to learn from complaints, so that we do not repeat the same problem. Examples of key learning/service improvements are included in the Annual Ombudsman Complaints Report 2018/19, attached as Appendix A.
- 1.7. At a local level, the following have been identified as actions and areas for improvement during 2019/20:
  - Review and develop public facing complaints information on SCC website;
  - Review and develop online complaint form to ensure it is easy to use and to ensure effective routing of complaints.

- Development of CRM system to improve recording and reporting of complaints, compliments and suggestions.
- Review and develop the information/guidance available to all employees and managers around resolving, investigating, reviewing and responding to complaints.
- Launch of new half day classroom course “Customer Complaints – Effective Handling” aimed at managers who resolve, investigate and respond to complaints.

## **Appendix A - 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 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. We also encourage positive feedback on the services we provide.
- 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 Team acts as the Council's liaison point with the Local Government & Social Care Ombudsman (LGSCO), Housing Ombudsman (HO) and Parliamentary & Health Service Ombudsman (PHSO).
- 1.4 The Ombudsmen provide a free, independent and impartial service. They consider complaints about the administrative actions of local authorities. They cannot question what a council has done simply because someone does not agree with it. However, if they find something has gone wrong, such as poor service or service failure, and that a person has suffered as a result, they recommend a suitable remedy.
- 1.5 The LGSCO'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.
- 1.6 Overall, the Council and its strategic delivery partners (Capita, Kier and Veolia) dealt with 3,042 complaints through the formal complaints process in 2018/19. The LGSCO has reported that 165 enquiries were received about the Council and its strategic delivery partners during 2018/19. Our records show the Housing Ombudsman made enquiries/investigations into 12 complaints.

### **2.0 SUMMARY**

- 2.1 This report provides an overview of the complaints received, and formally referred and determined by the Ombudsmen during the twelve months from 1 April 2018 to 31 March 2019.

- 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 Services 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

In 2018/19, there were 710 complaints 'formal' complaints about Council Portfolios. This is an increase on the numbers received the previous two years.

	2016/17	2017/18	2018/19
<b>People</b>	307	375	361
<b>Place</b>	222	238	303
<b>Resources (inc. PPC)</b>	31	70	46
<b>Total</b>	<b>560</b>	<b>683</b>	<b>710</b>
<b>Amey</b>	2398	2164	1744
<b>Capita</b>	24	76	228
<b>Veolia</b>	287	187	360
<b>Total inc. partners</b>	<b>3269</b>	<b>3110</b>	<b>3042</b>

- 3.2 The Council's Customer Feedback & Complaints Team recorded a total of 137 complaints received by the LGSCO and HO during 2018/19, a similar level to the 136 received the previous year. A breakdown by service area is provided at Appendix A (Table 1).
- 3.3 The LGSCO reported that 165 enquiries were received about the Council during 2018/19, compared with 186 in 2017/18. A breakdown is provided at Appendix A (Table 2). The number reported by the LGSCO is higher than the number recorded by the Council's Customer Feedback & Complaints Team because it includes, for example, people who have made an 'incomplete or invalid' complaint or cases where advice was given but details not shared with the Council.

	2016/17	2017/18	2018/19
<b>LGSCO enquiries</b>	136	186	165

- 3.4 The service areas that generated the largest number of Ombudsman enquiries during 2018/19 were Streets Ahead (25), Adult Social Care (19), Council Housing and Repairs (15) and Education- SEN/Admissions (15). These numbers are broadly the same as the previous year, with the exception of the figure for Streets Ahead which dropped from 29 to 25.
- 3.5 It is important to note that not all Ombudsman enquiries lead to a formal investigation. In fact, of the 137 enquiries recorded by the Council's Customer Feedback & Complaints Team in 2018/19, 68% were concluded without a formal investigation. Of the 44 that were formally investigated, the highest numbers were about Council Housing and repairs (10), Streets Ahead (10) and Education (8).

- 3.6 The Council's average response time to preliminary enquiries in 2018/19 was 8 days and its average response time to initial formal enquiries in 2018/19 was 24 working days. The latter exceeds the 20 working day target set by the Ombudsman. Only 35% of formal enquiries were being responded to within the 20 working day target. This is a drop in performance from 52% in 2017/18 and is mainly due to late service comments/information.
- 3.7 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.
- 3.8 During 2018/19, the LGSCO upheld 22 complaints and the HO upheld 3 complaints. A breakdown of all LGSCO/HO decisions is provided at Appendix 1 (Table 3 and 4). Further details of the upheld complaints and the remedies and service improvements that were agreed are set out in Appendix 2.
- 3.9 In total, the Council paid £14,750 in compensatory payments and other reimbursements following Ombudsman enquiries. This compares with £15,845.50 paid in 2017/18.
- 3.10 Looking at how Sheffield City Council compares with other local authorities (see Appendix A - Table 5 and 6), Sheffield City Council saw the highest % reduction in complaints received by the LGSCO than all of the other core cities in 2018/19. In terms of LGSCO recommendations Sheffield City Council, like all the other Core Cities during 2018/19, had a 100% compliance rate but we were 'late' in completing agreed actions in 2 complaints.
- 3.11 We aim to learn from complaints, so that we do not repeat the same problem. Appendix B includes details of the remedies, improvements and changes that have been made following Ombudsman investigations. Examples of key learning/service improvements include:
- Action plan developed for collecting assessed charges from care home residents, rather than allowing care providers to do this. This work ongoing and pre-implementation planning is due to be completed in October 2019 (*Social Care Accounts Service*).
  - Protocols between SCC/CCG/SHSCT developed to include escalation process for complex cases. Autism training arranged for Council and trust staff (*Adult Social Care*).
  - Assistant Service Manager given responsibility for oversight of personal budgets to ensure that they are addressed in an appropriate manner going forward. Communication to all staff that personal budgets should remain in place until the point where a change is agreed through an Annual Review. Separate communication to finance colleagues that these contracts must

remain in place and paid until a formal change is agreed via the EHC Panel. (*SEND Statutory Assessment & Review Service 0-25*)

- Senior Business Support Officer recruited and Health Single Point of Access (SPA) now within the service. Health provision within service will expand in the medium term to include clinicians and access to NHS databases. (*SEND Statutory Assessment & Review Service 0-25*)
- Internal processes developed to ensure a decision letter including information about appeal rights is sent to parents/carers when an EHC plan is reviewed and weekly report created to identify “dual school registrations” with start dates. (*SEND Statutory Assessment & Review Service 0-25*)
- Approach to compensation reviewed giving investigating managers discretion to award over £250 in exceptional circumstances. (*Repairs and Maintenance Service*)
- The wording of traffic restriction signs relating to road works amended to read ‘week days’. (*Amey*)
- Number of public leaflets and factsheets produced and published on SCC website i.e. ‘Adult Safeguarding - what to expect’; ‘Best interests meeting’; ‘Assessing mental capacity’; ‘Deprivation of liberty orders’; ‘Independent advocacy’ and ‘Adult Social Care Complaints Procedure’. (*Adult Social Care and Customer Services*)

### **Future developments**

- 3.12 There has been little progress around the proposal to create a single Public Service Ombudsman (PSO) to replace the LGO and the PHSO. The timescale for legislating on this remains unclear.
- 3.13 At a local level, the following have been identified as actions and areas for improvement during 2019/20:
- Review and develop public facing complaints information on SCC website;
  - Review and develop online complaint form to ensure it is easy to use and to ensure effective routing of complaints.
  - Development of CRM system to improve recording and reporting of complaints, compliments and suggestions.
  - Review and develop the information/guidance available to all employees and managers around resolving, investigating, reviewing and responding to complaints.
  - Launch of new half day classroom course “Customer Complaints – Effective Handling” aimed at managers who resolve, investigate and respond to complaints.

## **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

**Table 1:** This table shows a breakdown of the 137 ombudsman complaints recorded by the Council's Customer Feedback and Complaints Team during 2018/19.

Table 1:

Portfolio/ Partner	Subject	Formal premature referrals	Considered without Investigation	Formal /detailed investigations made	Totals 2018/19	Totals 2017/18
<b>People</b>	Social Care - Adults	5	9	5	<b>19</b>	<b>18</b>
	Social Care - Children's	9	2	1	<b>12</b>	<b>14</b>
	Education	2	5	8	<b>15</b>	<b>16</b>
	Libraries	0	1	0	<b>1</b>	<b>0</b>
<b>Place</b>	Bereavement Services	0	2	0	<b>2</b>	<b>1</b>
	Council Housing & Repairs	2	3	10	<b>15</b>	<b>15</b>
	Housing - other	2	4	2	<b>8</b>	<b>11</b>
	Environmental Services	1	0	1	<b>2</b>	<b>0</b>
	Parking Services	3	2	0	<b>5</b>	<b>7</b>
	Planning	1	5	3	<b>9</b>	<b>6</b>
	Highways	0	0	0	<b>0</b>	<b>1</b>
	Land/property	0	0	0	<b>0</b>	<b>1</b>
	Licensing	0	1	0	<b>1</b>	<b>0</b>
<b>Resources</b>	Customer Services	0	3	0	<b>3</b>	<b>2</b>
	Legal	0	3	0	<b>3</b>	<b>3</b>
	Business Change & Information Services	0	1	0	<b>1</b>	<b>1</b>
	Miscellaneous	0	0	0	<b>0</b>	<b>1</b>
<b>Amey/Client</b>	Streets Ahead	1	16	8	<b>25</b>	<b>29</b>
<b>Capita</b>	Benefits	2	7	3	<b>12</b>	<b>8</b>
	Revenues	0	0	0	<b>0</b>	<b>2</b>
<b>Veolia/Client</b>	Waste Management	0	1	3	<b>4</b>	<b>0</b>
<b>Totals</b>		<b>28</b>	<b>65</b>	<b>44</b>	<b>137</b>	<b>136</b>

**Table 2:** This table shows a Breakdown of the 165 complaints/enquiries received by the LGSCO in 2018/19, compared with the previous two years.

LGO subject category	2016/17	2017/18	2018/19
Adult Social Care	33	32	28
Benefits and Tax	20	17	17
Corporate and other	6	14	12
Education and Children's Services	36	46	34
Environmental Services and Public Protection & Regulation	4	17	25
Highways & Transport	50	33	21
Housing	16	16	18
Planning & Development	10	11	10
<b>Total</b>	<b>175</b>	<b>186</b>	<b>165</b>

**Table 3:** This table shows a breakdown of LGSCO decisions over the last three years.

LGSCO Decisions	2016/17	2017/18	2018/19
Incomplete or invalid	4	9	13
Advice Given	5	3	7
Referred back for local resolution	67	62	51
Closed after initial enquiries	60	65	62
Investigated – not upheld	21	11	13
Investigated - upheld	20	22	22
Report	0	1	0
<b>Total</b>	<b>177</b>	<b>172</b>	<b>168</b>

**Table 4:** This table shows a breakdown of HO decisions during 2018/19.

HO Decisions	2018/19
Closed after initial enquiries	3
Investigated – not upheld	4
Investigated - upheld	3
<b>Total</b>	<b>10</b>

**Table 5:** This table compares complaint numbers across the Core Cities based on information provided by the LGSCO in the Annual Review Letters.

	Number enquiries received 2017/18	Number enquiries received 2018/19	% increase/ decrease (+ / -)	Number of enquiries per 1000 population
<b>Birmingham</b>	455	484	+6%	0.42
<b>Bristol</b>	129	136	+5%	0.29
<b>Leeds</b>	189	187	-1%	0.24
<b>Liverpool</b>	147	136	-8%	0.27
<b>Manchester</b>	167	176	+5%	0.32
<b>Newcastle</b>	67	73	+8%	0.24
<b>Nottingham</b>	103	106	+1%	0.31
<b>Sheffield</b>	<b>186</b>	<b>165</b>	<b>-13%</b>	<b>0.28</b>

**Table 6:** This table compares complaint outcomes across the core cites based on information provided by the LGSCO in the Annual Review Letters.

	Number of detailed investigations 2018/19	Number of complaints upheld 2018/19	Upheld rate 2018/19	Number of complaints where Satisfactory Remedy provided before complaint reached Ombudsman 2018/19 (% of upheld cases)		Compliance with Ombudsman Recommendations 2018/19 (% late compliance)	
<b>Birmingham</b>	100	77	77%	10	(13%)	100%	(4%)
<b>Bristol</b>	18	12	67%	3	(25%)	100%	(0%)
<b>Leeds</b>	47	21	45%	1	(5%)	100%	(9%)
<b>Liverpool</b>	30	22	73%	3	(14%)	100%	(5%)
<b>Manchester</b>	38	21	55%	6	(29%)	100%	(6%)
<b>Newcastle</b>	14	9	64%	4	(44%)	100%	(0%)
<b>Nottingham</b>	26	18	69%	1	(6%)	100%	(0%)
<b>Sheffield</b>	<b>35</b>	<b>22</b>	<b>63%</b>	<b>3</b>	<b>(14%)</b>	100%	<b>(13%)</b>

A summary of the 25 complaints which were upheld by the LGSCO and HO during 2018/19 is provided below.

	Portfolio/ Partner	Complaint	Ombudsman Finding/Investigation Outcome	Agreed Remedy/Service Improvements	Completion of Agreed Remedies
1	Place – Streets Ahead	Mr D complains about the planned removal and replacement of a tree under the Council’s ‘Streets Ahead’ programme.	The Ombudsman found the Council at fault for not giving its independent tree panel all its reasons for wanting to remove this tree and for a misleading reply to an enquiry from Mr D. The Ombudsman considers the faults have caused uncertainty about whether the tree needs removing.	The Council agreed to reconsider its decision as part of a new strategy towards street trees and to apologise to Mr D for misleading him.	Agreed actions completed in timescales - LGSCO has recorded compliance outcome of “ <i>Remedy complete and satisfied</i> ”
Page 22	Place – Streets Ahead	Ms C complains about the planned removal and replacement of a tree under the Council’s ‘Streets Ahead’ programme.	The Ombudsman found the Council at fault for not giving its independent tree panel all its reasons for wanting to remove this tree and for a misleading reply to an enquiry from Ms C. The Ombudsman considers the faults have caused uncertainty about whether the tree needs removing.	The Council agreed to reconsider its decision as part of a new strategy towards street trees and to apologise to Ms C for misleading her.	Agreed actions completed in agreed timescales- LGSCO has recorded compliance outcome of “ <i>Remedy complete and satisfied</i> ”

3	People – ASC	Mr B complains about the Council's handling of his parents' care planning. He says it decided they should remain in their own home but failed to consider whether this was an appropriate and affordable plan.	The Ombudsman finds the Council failed to fully consider and discuss with Mr B the cost implications of the proposed care package and alternative options. It also failed to properly advise him what should happen in response to his objection to the best interest decision and failed to make an application to the court of protection.	In addition to £300 already offered by the Council in recognition of lost opportunity, uncertainty, inconvenience and time and trouble the Council has agreed to remedy the injustice caused by making the following further payments: <ul style="list-style-type: none"> <li>• £250 for the uncertainty caused by its failure to properly advise him what should happen in response to his objection to the best interest decision and its failure to make an application to the court of protection; and</li> <li>• £500 for the uncertainty caused by its failure to fully consider and discuss with him the financial implications of the various care options and the influence this may have had on the Council's best interest decision in September 2015.</li> </ul>	Agreed actions completed - LGSCO has recorded compliance outcome of " <i>Remedy complete and satisfied</i> "
4	People – SEN	Mrs B complains the Council did not pay part of her son's Education, Health and Care Plan funding.	The Ombudsman found fault when the Council stopped payments and this caused Mrs B injustice because it has not considered the distress caused to the family during the period payments were not made.	The Council had already repaid the outstanding amount and apologised to Mrs B, explained why payments were stopped and confirmed action it has taken to prevent this happening again. The Council further agreed within 4 weeks to a) Pay Mrs B £500 in recognition of the distress caused by the Council's failure to properly make payments for child C's EHCP; and b) Provide the Ombudsman with evidence of the structural changes and training the Council has said it has made or proposes to make, to ensure there is no recurrence of this problem.	Agreed actions completed - LGSCO has recorded compliance outcome of " <i>Remedy complete and satisfied</i> "

5	Place – Parking Services	Mr X complains about a Penalty Charge Notice.	Complaint upheld but the Ombudsman will not investigate this complaint because the Council has already provided a fair remedy by cancelling the fine and because the complainant could have appealed to the tribunal.	No further remedy/service improvement identified.	N/A - No Follow on Actions
6	People – SEN	Mrs G complained the Council failed to put in place the services specified in her daughter's Education, Health and Care Plan. It also delayed sending a revised Plan following Annual Review.	The Ombudsman found fault in the Council failing to specify the service owed to Mrs G's daughter and delays in finalising amended plan following Annual Review.	Council agreed to make a payment of £100 per month from September 2016 to date; and continue making payments until the EHCP has been issued. The Council also agreed to make a payment of £300 for the time and trouble that Mrs G has had in chasing up the latest EHCP. The Council agreed to consider changing its procedures (within 4 months) to ensure that health professionals work with it in order to provide services to children who need them; particularly when assessments are specified in an EHCP.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>“Remedy complete and satisfied”</i>
7	Place – Council Housing Repairs	Mr X complained about the Repairs Service's handling of maintenance works in the kitchen and bathroom and the amount of compensation offered.	The Ombudsman found excessive delays in completing works to the kitchen and bathroom and considered the £250 payment offered did not adequately reflect the individual circumstances or service failure experienced.	Council agreed to pay additional £500 for significant inconvenience caused by excessive delays. Also agreed to arrange to arrange further inspection to satisfy all maintenance issues resolved; and review approach to compensation to ensure investigating managers have discretion in exceptional circumstances.	Agreed actions completed – complaint closed by HO

8	Place – Council Housing	Ms X complained about the Council's response to her reports about its handling of her personal information following her reports about a neighbour (including ASB) and complaints handling.	The Ombudsman found 3 month delay in responding to her reports of ASB and mistakes in the handling of her complaints – failure to keep evidence provided confidential.	Council agreed to pay £150 (£75 in respect of any distress/inconvenience experienced as a result of its delay in responding to her reports about ASB; and £75 in respect of any distress/inconvenience experienced as a result of mistakes in complaint handling.	Agreed actions completed – case closed by HO
9	Place – Streets Ahead	Mr B complained about the Council's decision to fell street trees on the road where he lives.	The Ombudsman found fault in the lack of detail published by the Council in response to independent advice it received saying it could save some of the trees. However, they did not consider the fault led to an injustice as the Council later provided more justification for its position.	No further remedy/service improvement identified.	N/A – no further action
10	People – SEN	Mrs C complained about the way the Council completed her child education and health care plan (EHCP).	The Ombudsman found failures in the EHCP process in particular delays in the process.	Council agreed to write to Mrs C and her child within 3 weeks to apologise for the failures in the EHCP process; and send them £500 in recognition of the injustice caused. The Council further agreed to write to the Ombudsman (within 2 months) to state how it performed against its 2017/18 targets.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>“Remedy complete and satisfied”</i>
11	Place – Streets Ahead	Mrs X complains the Council failed to properly manage traffic restriction signs in her area relating to road works and this caused inconvenience.	The Ombudsman found fault as no work was planned for the weekends and therefore signage could have been either removed or made clearer. However this did not caused significant injustice as Mrs X was reassured she would be granted access ordinarily in any event there would not be any weekend works.	No further remedy/service improvement identified. Amey had already taken her comments on board to such an extent that its signs now only read 'week days'.	N/A – No further action

12	People - ASC	Mr X and Mrs Y were unhappy about the Council's interventions in their elderly mother's care. They did not understand what the Council wanted to achieve and why.	The Ombudsman found fault in the Council not explaining the processes it was obliged to undertake, and the options open to them in relation to these. Consequently, Mr X and Mrs Y were confused, stressed for a period of many months and afraid of their mother being taken into care against her wishes.	Council agreed to apologise, provide explanations around delay and pay Mr X the sum of £250 and Mrs Y £150 in recognition of its fault and the resulting injustice. Council also agreed to consider service improvements to prevent a recurrence of what happened.	Agreed actions completed – Awaiting confirmation of compliance outcome from LGSCO
13	Place – Streets Ahead	Miss X complained the Council has failed to carry out work to reduce the size of a tree outside her home.	The Ombudsman found the Council failed to carry out scheduled work on the tree in November 2017.	The Council agreed to apologise to Miss X and pay her £100 for her avoidable time and trouble in pursuing the complaint. The Council also agreed to complete the work on the tree by the end of November 2018.	Agreed actions completed - LGSCO has recorded compliance outcome of "Remedy complete and satisfied"
14	People – ASC	Miss C complained that the Council charged her for a sitting service to give her respite from caring for her mother when it said it would be free; and wrongly backdated the charges when the service had been in place for five months.	The Ombudsman found the Council wrongly advised Miss C that it would not charge for a carer to sit with her mother. The Council then charged Miss C's mother for this.	The Council had already cancelled the charge and clarified its charging policy with Miss C and the officer who misadvised her and so basis for ombudsman to recommend further action.	N/A -No further action

15	People – Children and Families	Mr and Mrs B complained the Council imposed restrictions on Mr B's contact with his grandchildren despite having no evidence he poses a threat to them, recorded inaccurate information in its records, failed to provide them with support and failed to respond to a complaint.	The Ombudsman found no evidence the Council's care records are inaccurate or that it failed to provide support when they asked for it. The Ombudsman did find fault in not carrying out a risk assessment before continuing restrictions on Mr B's contact with his grandchildren and delay in responding to a complaint that left Mr and Mrs B with uncertainty and distrust in the Council's procedures.	The Council agreed to apologise to Mr and Mrs B; carry out a risk assessment, and make Mr and Mrs B a payment of £250 to remedy the injustice caused.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>
16	People - ASC	Mr X, complained the Council's Nursing Home has not cared properly for his mother, resulting in her being hospitalised in March 2017 and a failure to address her faecal smearing. He also complained about the Nursing Home attempting to charge third party top-ups for both his parents when there are no top-up agreements in place.	The Ombudsman found fault with the actions/service of the Nursing home and failed to address all the mother's care needs. The Ombudsman also found fault in allowing the assessed weekly contribution to be paid to a care provider which resulted in the Nursing home attempting to levy additional charges.	The Council agreed to apologise to Mr X for the failings in his mother's care; pay Mrs Y £750 for the failings in her care and ensure the Nursing home reviews Mrs Y's needs with her family to address any outstanding concerns. The Council further agreed to apology for the Nursing Home's attempts to charge top-ups for both parents and agreed to prepare an action plan within 12 weeks for collecting assessed charges from care home residents, rather than allowing care providers to do this.	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>
17	People – SEN	Mrs X has complained about the Council's failure to update her daughter's EHC plan, its poor communication and its failure to follow through on agreed actions.	The Ombudsman found fault in the Council's communication with Mrs X about critical decisions and actions.	The Council has agreed to pay Mrs X £1,500 for the avoidable distress caused and loss of opportunity to appeal to the Tribunal. Also agreed within 3 months to review its processes to ensure it always sends a decision letter and information about appeal rights when it reviews an EHC plan; and ensure that if a child's profile is changed to show dual registration that it alerts its SEN team	Agreed actions completed - LGSCO has recorded compliance outcome of <i>"Remedy complete and satisfied"</i>

				and Child Out of School team to ensure that enquiries are made and appropriate action taken.	
18	People – SEN	Mrs X complained the Council delayed finalising C's Education and Health Care plan and delayed allocating a secondary school place for him. She has also complained about poor communication and poor complaints handling.	The Ombudsman found fault/delay in finalising her son's EHC plan; poor communication; and failings in its complaints handling which added to the avoidable distress caused to Mrs X. It also meant Mrs X was out of pocket for the cost of specialist maths tuition for longer than she should have been.	The Council agreed to apologise to Mrs X for the delay in finalising the EHC plan and allocating a secondary school place for C, and for its poor communication and complaints handling; and pay Mrs X £1,500 to reflect the injustice caused.	Agreed actions completed - LGSCO has recorded compliance outcome of " <i>Remedy complete and satisfied</i> "
19	People - Children & Families	Miss X complained about the behaviour of a social worker involved in her son's case. She says the Council has not properly dealt with her earlier complaints about the social worker's inappropriate behaviour.	The Ombudsman did not investigate the part of Miss X's complaint about the actions of the social worker before and during court action (outside jurisdiction). The Ombudsman did find evidence of fault in how the Council responded to Miss X's complaint (treated as enquiry and delay in responding) but this did not cause Miss X injustice because the Council then investigated the complaint and offered Miss X the opportunity for her complaint to be further reviewed.	No further remedy/service improvement identified.	N/A – No further action

People  
ASC - (Joint  
Complaint  
with Health  
Partners)

Mr and Mrs C complained on behalf of their adult son, Mr D that Sheffield City Council, Sheffield Health and Social Care NHS Foundation Trust and NHS Sheffield Clinical Commissioning Group provided inadequate support under section 117 of the Mental Health Act 1983 after Mr D's care provider terminated its contract in November 2015 and that there was no contingency plan in place for the termination of the contract with Company X. They also complain that the Council delayed in transferring Mr D from the Learning Disability Service to the Adult Autism Service and appointing an autism specialist social worker; delayed in appointing an advocate for Mr D; delayed in carrying out a reassessment of Mr D's needs and investigating and responding to their complaints. Failed to adequately investigate the events leading to the breakdown of the care package provided by Agency Y; failed to consider the needs of the family and properly communicate with Mr D and the family.

The Ombudsmen (LGSCO and PHSO) find that the complainants' son, Mr D, was caused significant injustice when the CCG and the Council failed to provide adequate support after his care provider terminated its contract in November 2015 and there was no contingency plan in place. The new provider did not meet all Mr D's needs and his mental health deteriorated because of the lack of support. This culminated in him being admitted to hospital. Following his discharge he had to live with his parents for five weeks during which time they had little formal support and no carer's assessment was carried out. This impacted adversely on Mr D's well-being and that of his parents. The Council and the Trust delayed in transferring Mr D between teams which caused further distress and uncertainty and impacted on his support provision.

The CCG, Trust and the Council agreed to apologise in writing to Mr D and his parents and make financial remedy payments totalling £5500 (SCC to pay £2750). The following wider actions were also agreed: The Council and the CCG to reiterate the importance of contingency planning to staff when dealing with complex cases, particularly concerning people with autism; the Council and the Trust to improve their procedures for transferring cases between teams; the Trust and Council to provide Mr D with copies of his up-to-date risk assessment and care plan and remind staff about the importance of including needs associated with autism in care plans; and SAANS take action to put in place the agreed support for Mr D's care provider.

Agreed actions completed - LGSCO has recorded compliance outcome of *"Remedy complete and satisfied"*

21	Place – Council Housing	Miss X complained the Council failed to deal with her request for priority rehousing properly.	The Ombudsman found fault in the way the Council managed Miss X’s re-housing priority and in its communication with her and concluded that but for the Council’s errors, it was more likely than not that Miss X could have been rehoused sooner.	The Council agreed (within 1 month) to waive the rent arrears relating to Property 1 incurred since 1 August 2017; credit Miss X’s rent account with the heat charges and water rates element of her rent between 14 April - 31 July 2017; and pay Miss X £500 in recognition of the distress and anxiety, and unnecessary time and trouble she has been put to.	Agreed actions completed - LGSCO has recorded compliance outcome of “ <i>Remedy complete and satisfied</i> ”
22	Resources- Capita	Miss X complained the Council delayed in processing her council tax support application resulting in financial hardship as she had to pay council tax at the higher rate while awaiting a response from the Council. Miss X also complains the Council delayed in dealing with her complaint.	The Ombudsman found no fault in the way the Council processed Miss X’s application however there were delays in responding to her initial enquiry and her complaint.	The Council agreed to pay Miss X £100 for the time and trouble she spent pursuing her complaint and the frustration caused by the delay.	Agreed actions completed - LGSCO has recorded compliance outcome of “ <i>Remedy complete Late</i> ”
23	Place – Council Housing	Mr X complained about delays to address water ingress and resulting damage to his personal belongings.	The Ombudsman found the Council had not offered reasonable redress for the failings which it identified at the review stage of the complaints procedure. Specifically that it did not address the water penetration quickly and thoroughly enough since Mr X reported that its initial repairs, via its contractor, had not been effective.	The Council agreed to pay Mr X £500 compensation - £300 in recognition of inconvenience and distress experienced for not addressing the water penetration quickly and thoroughly enough and £200 compensation already offered for damage to his personal belongings.	Agreed actions completed - Case closed by HO

24	Place – Council Housing	Miss B complains about the way the Council has considered her application for re-housing and the priority awarded to her application.	There was fault by the Council in not allowing Miss B time to make direct bids with the increased priority the Council had awarded. As a result she missed out on a property and had the priority removed before she had chance to make a successful bid.	The Council agreed, within a month of this decision, apologise, reinstate the higher priority and pay £500.	Agreed actions completed - LGSCO has recorded compliance outcome of “ <i>Remedy complete and satisfied</i> ”
25	Resources – Customer Services	Ms X complains that the Council did not renew her disabled travel pass.	Complaint was upheld but Ombudsman did not investigate because injustice was remedied by the Council. Council renewed the pass for a year and Ombudsman considered this is a fair response.	No further remedy/service improvement identified.	N/A – No further action

## **Appendix B - Update from Customer Feedback and Complaints Team to Audit and Standards Committee providing answers to the question/points raised at the previous meeting on 24 October 2019.**

### **1. Why has there been a significant increase in complaints regarding Veolia and Capita**

Complaints dealt with by the Waste Management Client Team tripled, this was coupled with 96% increase in complaints about Veolia. Both increases are attributable to the high level of complaints about the roll out of the new recycling service.

Previously Capita had only recorded complaints that went to the review stage of the process, these complaints accounted for only a fraction of total complaints recorded. We welcome the extra management information that we are able to gain from having sight of all complaints, not just those that were escalated to a review by a senior manager.

### **2. How is the Council performing against the points for improvement included within the report**

- Review and develop public facing complaints information on SCC website;

Customer Services and the Digital Services Team have been working together and have reviewed all public facing complaints information on the SCC website. DST are in the development phase at present, their initial ideas were reviewed by Complaints Managers in October and so we are now moving into the final development phase with information set to go live before the end of the year.

- Review and develop online complaint form to ensure it is easy to use and to ensure effective routing of complaints.

The online complaint form was looked at as part of the above review. It takes into account best practice around ease of use suggested by research carried out by DST, a user experience exercise to gain customer insight and knowledge of how complaints are managed throughout the organisation from Customer Services.

The form has been developed to include better routing of complaints to ensure issues reach the right place as quickly as possible, although some of this is reliant on the imminent upgrade of the Council's CRM system. Both projects have been coordinated to ensure an optimised solution.

- Development of CRM system to improve recording and reporting of complaints, compliments and suggestions.

The CRM upgrade project is well underway, Customer Services have developed almost all parts of the system aimed at front line enquiries, including capturing customer feedback by phone, online, in person or by mail.

We are part way through the development of the part of the system that will be used to capture, manage and track customer feedback, workshops have been held with each directorate to gain an idea of how the organisation want to be able to utilise the CRM for customer feedback in future and Customer Services are part way through the review and development phase.

The initial go live date for the CRM is expected to be around February 2020, work around developing a complaints module is under way with target go live Q1 2020.

- Review and develop the information/guidance available to all employees and managers around resolving, investigating, reviewing and responding to complaints.

All information previously on the intranet regarding dealing with customer feedback is being reviewed to ensure it is up to date.

We are also in the process of developing a SharePoint page with easier access to change, update and add information. This will allow us to provide a more robust suite of resources that can be manipulated to enable staff to access it when they really need it. We will build links to training, guidance and templates into the new CRM system at relevant points so that it can be accessed with ease when really needed.

We have also revamped the eLearning course regarding handling customer feedback and developed service specific workshops tackling issues relevant to individual service areas.

- Launch of new half day classroom course “Customer Complaints – Effective Handling” aimed at managers who resolve, investigate and respond to complaints.

This course has been developed and is now available for all staff members to book on to through Sheffield Development Hub.

Page 33:  
**2000 complaints was a high number and only 35% had been responded to in the 20 days**

Overall, the Council and its strategic delivery partners (Capita, Kier and Veolia) dealt with 3042 complaints through the formal complaints process.

Almost all areas remained at a stable level compared to the previous year, but we saw a threefold increase in waste management complaints related to the rollout of new recycling facilities and Capita began recording complaints that were not recorded previously. These were the only 2 areas with significant increases. Overall 83% of complaints were responded to within 28 calendar day target.

The 35% responded to in 20 working days refers to the time taken to respond to initial formal ombudsman enquiries (13 out of 37 responses to formal enquiries met 20 working day target timescale).

Performance in this area was mainly down to delays in the Customer Feedback and Complaints Team receiving information from services to provide to the Ombudsman.

This year resource has been increased in the Customer Feedback and Complaints Team to help coordinate responses. We have seen improved performance year to date with KPI's currently being met.

**4. There had been a number of ombudsman complaints regarding vulnerable adults and children. This represented both a financial loss to the Council and possible reputational risk.**

The Council paid £14,750 in compensatory payments and other reimbursements following Ombudsman enquiries and recommendations in 2018/19, which is less than the £15,845.50 that was paid in previous year.

All 'upheld' complaints were concluded with a decision statement. No public reports were issued in 2018/19.

06/11/2019



## Audit and Standards Committee Report

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**Report of:** Executive Director of Resources

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**Date:** December 19<sup>th</sup> 2019

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**Subject:** Information Governance Annual Report

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**Author of Report:** Mark Gannon  
Director of Business Change and Information  
Solutions

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**Summary:**

The purpose of this report is to submit the Annual Information Governance Report for 2018/19 and to provide a brief update to the key information governance activities carried out since April 2019.

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**Recommendations:** Note progress and future annual report

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**Background Papers:** Attached: Annual Information Governance Report 2018/19; Information Governance Framework; Information Asset Owners Brief

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**Category of Report:** OPEN

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
NO:
<b>Legal Implications</b>
YES
<b>Equality of Opportunity Implications</b>
NO
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
None
<b>Relevant Cabinet Portfolio Member</b>
Councillor Terry Fox, Cabinet Member for Finance, Resources and Governance
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
NO

## REPORT TITLE: Information Governance

### 1.0 INTRODUCTION

1.1 The purpose of this report is to submit the Annual Information Governance Report for 2018/19 (Appendix A) and to provide a brief update to the key information governance activities carried out since April 2019.

### 2.0 BACKGROUND

2.1 In 2017, the Audit and Standards Committee asked the then Head of Information Management to provide an update to the Council's progress in the preparation for the General Data Protection Regulations (GDPR) that came into force on May 25<sup>th</sup> 2018.

2.2 The Information Management Team has subsequently provided updates to the Audit and Standards Committee and wants to formalise this with an Annual Information Governance Report to report on key information governance activity related to GDPR and other information rights, laws and regulations, and security requirements.

### 3.0 MAIN BODY OF THE REPORT

3.1 The focus of this Report is to submit the Annual Information Governance Report 2018/19, but to also provide the Committee with a brief overview to the key information governance activity and performance for this financial year (section 4).

3.2 The Information Governance Framework (Appendix B) and the Information Asset Owners Brief to Directors (Appendix C) have been included with this Report and are referred to at 4.11 and 4.12 respectively.

### 4.0 CURRENT UPDATE

4.1 This section provides an update to the key activities and performance between for this financial year (April 1<sup>st</sup> to December 2<sup>nd</sup>). The figures may be subject to slight change.

4.2 The Council has handled 230 data protection subject access requests. The performance target is 85% and the table below shows the performance is 81%. In comparison to last year, the number of requests has increased and performance has improved and stabilised. Of the 18 late requests, 14 requests were answered 7 days after the deadline.

2019/20	Received	Answered in time	Answered Late	In Progress in time	In Progress, but late	Compliance %
Qtr 1	93	88	5	0	0	95
Qtr 2	82	66	12	4	0	76
Qtr 3	55	33	1	21	0	60
Total	230	187	18	25	0	81

- 4.3 The Council has handled 1198 Freedom of Information Act and the Environmental Information Regulations requests. The performance target is 95% and the table below shows the target has been met, but is slightly lower than in previous years. This figure is being monitored to ensure it remains above the target level.

2019/20	Valid	Answered in time	Answered late	Compliance %
Qtr 1	468	449	19	95
Qtr 2	478	453	25	95
Qtr 3	252	238	14	95
<b>Total</b>	<b>1198</b>	<b>1140</b>	<b>58</b>	<b>95</b>

- 4.4 The Council has managed 138 information security incidents, of which 68 were personal data breaches. The table below shows a breakdown of the type of incidents:

2019/20	Total reported	No. data breaches	ICO Notifications	Disclosure error	Lost or stolen	Online disclosure	Non-secure disposal	Cyber / Access Concerns
Qtr 1	37	20	1	28	5	0	1	3
Qtr 2	58	33	1	42	8	1	0	7
Qtr 3	43	15	1	30	7	0	2	4
<b>Total</b>	<b>138</b>	<b>68</b>	<b>3</b>	<b>100</b>	<b>20</b>	<b>1</b>	<b>3</b>	<b>14</b>

- 4.5 The main type of incident being reported is Disclosure Error (100). The main cause is human error: emails sent to the wrong person (34), documents posted to the wrong address (32), and the remaining (34) a combination of documents lost, inaccurate data, documents left on printers, given to the wrong person.
- 4.6 The number of incidents reported is equivalent to 17 a month, which is less than the 20 a month of last year, but every incident carries a risk to the Council and the individuals affected because of the possible impact.
- 4.7 An organisation the size of Sheffield City Council and the number of processes, employees, partner agencies and systems and customers means it is not possible to eliminate incidents, so has to take appropriate measures to minimise the risks when handling information, especially personal data.
- 4.8 The Council's Internal Audit reviewed the Information Security Incident Procedure and gave it Limited Assurance. The Report recognised the good practice, but identified the improvement areas to improve:
- a) Record keeping to ensure sufficient case records are held with a summarised report of the key facts, actions taken, manager sign off, and outcome;
  - b) Regular data analysis and reports to Directors and Senior Management to ensure they are aware of the incidents in their service area, to learn lessons, and take corrective action;

- c) Review the current procedure and ensure officers are clear of their roles and responsibilities;
- d) Review the Information Management essential learning and ensure it is fit for purpose, focused and accompanied by clear guidance so staff can apply best practice when handling information and reduce the risk of incidents;
- e) Promote training and awareness. In March 2019, the Information Management Team confirmed to NHS Digital, in the Council's annual NHS Data Security and Protection Toolkit submission, that only 56% of staff had completed the essential Information Management learning training.

- 4.9 A follow up report has been submitted to the Executive Management Team to provide an update to the actions being taken about the Incident Procedure.
- 4.10 In addition to the above, work has continued to embed data protection practice across the Council with privacy notices, information sharing agreements, data protection impact assessments and data protection clauses and data processing agreements in contracts. Further work is still required, in particular to update existing contracts to ensure they are data protection compliant.
- 4.11 The Council's Information Governance Board has also updated the Information Governance Framework that clarifies key information governance policies, procedures, roles and responsibilities and staff training requirements. The Framework is attached for reference (Appendix B).
- 4.12 The Council's Information Governance Board also recommended that Directors would take the role of Information Asset Owners and a briefing note outlining the key responsibilities was taken to the Directors Group in October. The Information Asset Owners Brief to Directors is attached for reference (Appendix C).
- 4.13 Finally, the Council met the information and cyber security standards for the *National Cyber Security Centre's Cyber Essentials*, *NHS Data Security and Protection Toolkit* and *Payment Card Industry Data Security Standards*, and is working with the Cabinet Office to submit to the Public Services Network Code of Connection.

## **5.0 RECOMMENDATIONS**

- 5.1 The Committee to note the Annual Information Governance Report 2018/19 and to confirm if it wishes for a similar report in future.

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# Audit and Standards Committee Report

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**Report of:** Director of Business Change and Information Solutions

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**Date:** June 11<sup>th</sup> 2019

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**Subject:** Information Governance Annual Report

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**Author of Report:** Mark Gannon  
Director of Business Change and Information Solutions,  
Senior Information Risk Owner

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**Summary:**

Information Governance is the generic term used to describe how an organisation manages its information, particularly in respect to legislative and regulatory requirements. This report seeks to provide assurance around the policies, processes and practices employed to ensure we meet those requirements.

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**Recommendations:** to note the annual information governance update

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**Background Papers:** None

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**Category of Report:** OPEN

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### Statutory and Council Policy Checklist

<b>Financial Implications</b>
NO:
<b>Legal Implications</b>
YES
<b>Equality of Opportunity Implications</b>
NO
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
None
<b>Relevant Cabinet Portfolio Member</b>
Olivia Blake
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
NO

**REPORT TITLE: Information Governance Annual Report for 2018/19**

<b>1.0</b>	<b>INTRODUCTION</b>
1.1	This report has been written to provide an overview of the Information Governance arrangements and performance at the Council for the last financial year and to provide assurance around the policies, processes and practices employed to ensure we meet our legal requirements.
<b>2.0</b>	<b>BACKGROUND</b>
2.1	Information Governance is a common term for the distinct, but overlapping disciplines of data protection, access to information, information security, investigatory powers, information and records management, information sharing, information quality and information assurance.
2.2	The ultimate purpose of Information Governance is to help an organisation to understand its information needs and responsibilities, to define the rules for the management of information flowing in, out and around the business, to maximise the value of information while minimising the risks.
2.3	Effective Information Governance enables the Council to understand and comply with its legal and administrative obligations, manage and reduce risks, protect privacy and confidentiality, and support services to deliver the best services possible to the right people at the right time.
2.4	The Information Governance landscape is complex and subject to laws and regulations and recommended codes of practice. The key laws include the General Data Protection Regulations 2016 (GDPR), Data Protection Act 2018 (DPA), Freedom of Information Act 2000 (FOIA), Environmental Information Regulations 2004 (EIR), and Regulation of Investigatory Powers 2000 (RIPA). The Council can be called upon to demonstrate its compliance with these laws and regulations by members of the public, partner agencies, accrediting bodies, and Regulators such as the Information Commissioner, the Surveillance Camera Commissioner and the Investigatory Powers Commissioner. These Commissioners have powers to impose penalties, including monetary penalties and custodial sentences on organisations or individuals who breach the laws and regulations.
2.5	To enable the Council to understand and shape the Information Governance activity across the Council and ensure compliance, it has nominated specific information governance roles to officers: Senior Information Risk Owner, Portfolio Information Risk Owners, Caldicott Guardians, Senior Responsible Officer (RIPA) and the Data Protection Officer. These roles attend the Information Governance Board, which is subsequently supported by key officers and working groups to help embed information governance practice.

3.0	<b>DATA PROTECTION LAWS</b>
3.1	<p>On May 25<sup>th</sup> 2018, the General Data Protection Regulations 2016 and the Data Protection Act 2018 came into force. The new laws intended to modernise data protection practice in the digital age and introduced some key changes:</p> <ol style="list-style-type: none"> <li>1. Making Data Controllers more accountable for the personal data they process and requiring them to demonstrate compliance with the laws;</li> <li>2. Giving data subjects greater rights to better control how their personal data is being processed;</li> <li>3. Providing the Information Commissioner greater enforcement powers including the power to issue fines up to €20 million or 4% of annual turnover for non-compliance with the law.</li> </ol>
3.2	<p>Throughout 2018/19, the Council has worked to review and develop its data protection practice and included:</p> <ol style="list-style-type: none"> <li>1. <b>Discovery:</b> to identify the business activities that process personal data and to gather information to determine if the processing complies with data protection law. The scope of the discovery focused primarily on the activities processing large amounts of personal data or where the processing was considered to be high risk (e.g. confidentiality) to create the Council's Record of Processing Activity, but has extended to review where the data is held, particularly the ICT systems and security arrangements.</li> <li>2. <b>Awareness:</b> to raise awareness among staff of the legal changes and the need to always comply with the data protection principles to ensure personal data is processed fairly, lawfully and transparently; used for specific purposes; processed using the minimum necessary; accurate; processed only for as long as necessary; protected from loss or unauthorised or unlawful processing. This has been carried out in a number of ways including through data protection drop in sessions and training workshops; briefings, newsletters and updates; e-learning and supporting literature.</li> <li>3. <b>Implementation:</b> to review current arrangements and take the necessary actions to help embed good data protection practice into business as usual, for instance writing and publishing policies and procedures, privacy notices, information sharing agreements, data processing agreements and data protection impact assessments; handling data subject requests (right to know, right of access, right to be forgotten); logging and investigating information security incidents.</li> </ol>

3.3	Data protection compliance remains a key priority for the Council and is currently logged on the Council's Risk Register (Resources Risk ID 352 – High). Work will continue throughout 2019/20 to ensure good practice is understood and embedded into business as usual and that the right evidence is available as and when required to reduce the risk to an acceptable level.
<b>4.0</b>	<b>SUBJECT ACCESS REQUESTS</b>
4.1	Data protection law provides data subjects with a number of rights to better understand and make decisions about the personal data a Data Controller processes about them (articles 14-22). The most commonly used right is article 15, the right of access, which is known as a Subject Access Request (SAR).
4.2	All SARs are logged by the Council's Information Management team, triaged and allocated to individual services to respond to.
4.3	SARs have to be answered within a legal time limit and the Council's Information Governance Board has set the target that 85% of SARs should be answered in time. The Council has not yet managed to reach this target and in 2013 logged the handling of SARs as a risk on the Corporate Risk Register and reported to EMT because it breaches the law, but also impacts the customer and can result in the Information Commissioner's intervention (Resources Risk ID 196).
4.4	<p>In 2018/19, the Council handled 294 subject access requests and answered in 74% in time (see Appendix A). This is a significant achievement because in 2017/18, the figures were 196 requests and only 49% answered in time, the lowest performance since the records started in 2014/15.</p> <p>This meant 2018/19 started having to handle the outstanding requests as well as the new requests which had increased in number by 33%. The biggest increase of request was for historic social care children's information, which are often complex and time-consuming because the information can span many years and include very sensitive material about the data subject and third parties that needs to be read and redacted before disclosure.</p> <p>In June 2018, the Information Commissioner's Office (ICO) contacted the Council because they had had a couple of complaints about the Council's handling of their requests. The ICO asked for monthly updates, including information about our late requests and the actions we intended to take to improve. The updates concluded in January 2019 when the ICO confirmed it was satisfied with the Council's approach and progress.</p> <p>Since June 2018, procedures and processes have been updated, services and portfolios have worked better together, senior managements has committed more resources, staff have become more confident in their disclosure decision making, which have resulted in performance improving every quarter.</p>

4.5	In addition to the above, the ICO has corresponded with the Council on 8 separate occasions concerning subject access requests: 3 cases related to personal data disclosed incorrectly through a SAR response, but were closed with no ICO action; 5 cases related to late SAR responses, of which 4 were upheld and handled accordingly.
4.6	The handling of SARs remains a priority for 2019/20 and current performance suggests the Information Governance Board's target of 85% can and will be met and the Issue likely to be closed.
<b>5.0</b>	<b>FREEDOM OF INFORMATION (FOI) AND ENVIRONMENTAL INFORMATION (EIR) REQUESTS</b>
5.1	The Council is legally required to respond to requests for information under the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIR). Responses must be within 20 working days and confirm if the information is held and provide the information or the reasons why it cannot be disclosed (exemptions).
5.2	FOIs and EIR requests are logged by the Council's Information Management team, triaged and allocated to individual services to gather the information. Services provide a response to the IM team to check and then respond to the customer.
5.3	In 2018/19, the Council received 2284 requests and answered 97% in time (appendix B). This exceeds the Council's Information Governance Board target of responding to 95% of requests in time. The IM team also monitor the late requests (74) to identify and address any issues that may present a risk to performance.
5.4	The FOI and EIR provider requesters to the appeal about the way their request has been handled (aka Internal Review). The Council handled 81 Internal Reviews in 2018/19 of which the majority were resolved: either the Council changed its position and released information or upheld the original decision and was accepted by the requester.
5.5	Of the 81 Internal Reviews, 15 cases were reported by the requester to the Information Commissioner's Office to investigate further. Of these 15 cases, the Council resolved 4 informally with the customer; the ICO upheld 7 cases in favour of the Council and partially upheld the remaining 4.
5.6	In spite of the successful handling of the requests, internal reviews and ICO enquiries, the Council recognises that the double and sometimes triple handling of requests can be time-consuming and will look to reduce the number of internal reviews and ICO enquiries over the course of 2019/20.

<b>6.0</b>	<b>OPEN DATA</b>
6.1	The Council is committed to open data to support the Council's transparency agenda and routinely publishes information about its services, key decisions and expenditure.
6.2	The Council had a dedicated open data platform called Socrata and published approximately 30 datasets to help comply with the Freedom of Information Act 2000, Protection of Freedoms Act 2012, and the Local Transparency Code 2015. The Socrata contract expired in March 31 <sup>st</sup> 2018, so the Council started to use ESRI as the alternative.
6.3	To date approximately 20 datasets have been published onto ESRI site. During the move away from Socrata, it was apparent governance was needed to clarify what data should be published and why and ensure it is accurate, meaningful, owned and regularly updated. This was recognised as an information governance risk and logged as such on the Corporate Risk Register (Resources Risk ID 366 - Moderate). As a result, further work has been carried out an action plan put in place to relaunch the need and use of open data to help demonstrate the Council's commitments to openness, transparency and public accountability.
<b>7.0</b>	<b>INFORMATION SECURITY INCIDENTS AND PERSONAL DATA BREACHES</b>
7.1	The Council is required to log, assess and mitigate information security risks, incidents and breaches. Incidents can be events that have happened or are near misses that affect or are likely to affect the confidentiality, integrity and availability of information. Where an incident occurs and affects personal data, this is a personal data breach. Data protection law requires organisations to notify the Information Commissioner's Office of the personal data breaches that have a high and ongoing risk to the data subjects affected.
7.2	In 2018/19, 248 incidents were logged through the Council's information security incident process; 116 of these incidents were classed as personal data breaches. The majority of the breaches involved customer personal data and were caused by human error with information being lost or stolen or emails or post being delivered to the wrong person. Of these breaches, 7 were considered to meet the serious threshold and were reported to the Information Commissioner's Office.
7.3	The Information Commissioner has the power to take enforcement action against an organisation for non-compliance to data protection, which includes data breaches, but data subjects can also make a separate claim to compensate against damage and distress. The Council has paid approximately £60k in such claims in the last few years.
7.4	Incidents and data breaches have been reported by all Portfolios. The Services that handle sensitive personal data are at greater risk because an incident or

	breach is more likely to have a greater impact on the customer or data subject and meet the threshold to notify the Information Commissioner.
7.5	There is therefore a continuing and critical need to manage the information we have, safely and securely, to continue to implement sound data protection practice, and ensure all staff are aware of their responsibilities and have received and completed all the necessary training relevant to their role
<b>8.0</b>	<b>INVESTIGATORY POWERS COMMISSIONER</b>
8.1	The Council is entitled to use the Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016 to carry out covert surveillance as part of its statutory duties. All applications must be approved by a Magistrate before covert surveillance can be carried out.
8.2	The Council must fully document all the applications it makes for covert surveillance including the use of Covert Human Intelligence Sources and make the documents available for inspection when required. The Council makes an annual return to the Investigatory Powers Commissioner's Office, which confirms the number of applications that have been considered and submitted to a Magistrate (see appendix D).
8.3	In 2018, the Council made 4 applications for Directed Surveillance that were all granted by the Magistrate and have since been cancelled; the term cancelled meaning the period of time authorised to carry out the surveillance has expired.
8.4	The Investigatory Powers Commissioner has the power to inspect an organisation to ensure its covert surveillance process and documentation is in place and compliant with the law. The Council was inspected on January 9 <sup>th</sup> 2017 and usually occur every 3 years, so an inspection in the next 12 months is likely.
8.5	The Council continues to review its covert surveillance governance arrangements and has during 2018/19: updated its Intranet content, produced staff guidance about RIPA, and launched an e-learning module, with specific emphasis of staff using social media to look up customers or other third parties for information or monitoring purposes.
<b>9.0</b>	<b>INFORMATION GOVERNANCE RISK AND ISSUES</b>
9.1	In 2018/19, the Council logged 34 Information Governance Risks and 4 Issues on its Risk Register. These varied in severity – High to Low – covering the themes: Legal Compliance (data protection) and Loss of Data; Data Retention and Records Management; Loss of Systems and Applications; Cyber Security and Systems Vulnerability; Information Security and Data Quality.
9.2	The risks are reported to the relevant senior managers every quarter – Senior

	Management Teams or the Executive Management Team – to ensure the risks are being progressed or to highlight any issues that affect the treatment plan. The Information Governance Risks are also reported to the Information Governance Board with an accompanying report to confirm the status of the risk and issue including the impact of the treatment and residual risk (see appendix E)
9.3	The recent reports have identified the need to revisit the current information governance risks to group or rationalise the risks of a similar nature, so that the mitigations can be planned and implemented to the benefit the wider risk rather than a single service risk. This is likely to result in fewer risks being recorded on the risk Register, but give rise to a series of sub-risks with specific action and treatment plan to make it more clear the risk has been mitigated to an acceptable level, for instance with the Cyber Security and Data Protection risks.
<b>10.0</b>	<b>INFORMATION SECURITY &amp; CYBER SECURITY</b>
10.1	Information security is about the protection of information or more specifically its confidentiality, integrity or availability. The Council is required to take appropriate security measures to protect information, particularly personal data, from accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to information transmitted, stored or otherwise processed.
10.2	Information security has been embedded into Council practice for at least a decade and is applied as routine business. Governance is in place and policies and practices reviewed on a regular basis. The Council has previously been accredited to the Government’s Public Services Network, which requires a minimum level of security controls to be in place, but the Council is not currently accredited. The Council has a number of low-risks that it needs to mitigate to fully comply with the PSN requirements. These risks are expected to be resolved when the Council moves to its new IT providers, but the delay leaving the Capita contract has subsequently delayed the re-submission for PSN accreditation. This is expected to be resolved during 2019/20.
10.3	Throughout the year, the Council has prepared for the change in IT provision and reviewed the IT assets it has and uses as well as the business processes and procedures that will need to be in place post-Capita. This has enabled the Council to better understand its IT and the information security risks. This work has helped the Council to successfully complete the NHS Data Protection and Security Toolkit, which allows the Council to continue to receive NHS data for its public intelligence work.
10.4	Cyber Security is a sub-set of Information Security and focuses on the protection of ICT systems and their components (i.e. hardware, software, data and infrastructure). The Council logged Cyber Security as a corporate risk in 2016 following Government advice that cyber security was a national threat (Resources Risk ID 290 – High).

10.5	The Council has, like other public authorities, experienced cyberattacks during 2018/19 e.g. phishing emails, Distributed Denial of Service, all of which have been managed with minimal disruption to the Council; the DDOS affected access to the Council's website for approximately 1 working day.
10.6	The Council is committed to improving its Cyber Resilience to better understand the threat landscape and take the necessary precautions to prevent or minimise cyber threats and took part in the Local Government Association (LGA) Cyber Resilience Stocktake in August 2018. The Stocktake analysis rated the Council as Amber-Amber, on par with many other local authorities, and identified areas of good practice and areas for improvement. The LGA subsequently invited local authorities to bid for money to help address some of the improvement areas. The Council applied for funding to pay for specialist Information Security training and was awarded £10,000.
10.7	In addition to the LGA Stocktake, the Council's Internal Audit carried out a review of the Council's Cyber Security arrangements and made a number of recommendations to improve governance (policies, security models and framework), training and awareness.
10.8	For 2019/20, the Council intend to complete the Internal Audit Report recommendations and has committed officers to attend the Cyber Resilience Pathfinder sessions being run by the Ministry of Housing, Communities and Local Government, and will apply for the external certificates for Cyber Essentials and Cyber Essentials Plus.
<b>11.0</b>	<b>RECORDS MANAGEMENT</b>
11.1	Records Management is the practice of managing records with the intention of ensuring they are accurate, reliable and available until they are disposed or permanently preserved. Effective records management can underpin business practice, support decision making and improve efficiencies, whereas ineffective records management can hinder operations and present a risk.
11.2	In 2018/19, records management was identified as an area for improvement and the inconsistent practice of keeping and destroying records was logged onto the Corporate Risk Register Record (Resource Risk ID 360 and 364). The Council subsequently reviewed and updated its retention schedule and invited services and officers to provide feedback with additions or alterations.
11.3	The Council also has a project to engage with Council services to help clarify the records management arrangements in place and any issues or obstacles and to identify the work and actions needed to improve and embed records management practice into the Council's culture. The Records Management project gathered evidence through discussions and workshops and presented the findings back to the stakeholders and to senior management.

11.4	The records management project's findings were well received and an action plan has been drafted to deliver the key actions throughout 2019/20, which includes: guidance, training and awareness, better use of information technology to automate records management processes, especially retention and disposal, better understanding of management responsibility to own the information processed within their service area. Moreover, the move away from Capita presents the Council with the unique opportunity to review and remove the electronic documents and records that it no longer needs.
<b>12.0</b>	<b>TRAINING</b>
12.1	Information governance is essential to ensure staff and other authorised users or processors of council information or systems understand and accept their responsibilities to handle information lawfully and safely. In the event of any complaint, incident or data breach, the Commissioner's ask for confirmation to what training provision is in place and whether the employee involved in the matter has completed the training available.
12.2	The Council has a range of information governance related training from the general awareness to bespoke sessions on key topics, for instance general training includes the Information Management e-learning, Cyber Security Videos, Regulation of Investigatory Powers e-learning, which are available through the Sheffield Development Hub. Bespoke training has also been available and delivered to officers needing greater knowledge in key governance areas, which has included data protection awareness sessions, data protection impact assessments, privacy notices, information sharing, etc.
12.3	The take up and completion of information governance training varies. For example, the Information Management e-learning module or its alternative, the Keep It Safe leaflet, are mandatory for all employees and authorised users using council information, but figures provided by HR in March 2019 confirmed only 56% of staff had completed the training. In contrast, attendance to taught courses has proven to be more popular, but reaching much smaller audiences per session.
12.4	The matter has been raised at the Information Governance Board and there will be a greater push for staff to be made aware of the training that is available and to increase the completion numbers. This will include reviewing and possibly changing the existing training methods to enable services to develop the relevant knowledge and skills to embed information governance in their working life and better protect the information they handle and ultimately our customers.

**Appendix A: FOI and EIR Requests Response Performance 2018/19**

<b>2018/19</b>				
<b>Quarter</b>	<b>Received</b>	<b>On Time</b>	<b>Late</b>	<b>Compliance Rate (%)</b>
Q1 - Apr-Jun	556	544	12	98
Q2 - Jul-Sep	547	529	18	97
Q3 - Oct-Dec	573	553	20	97
Q4 - Jan-Mar	608	584	24	96
<b>Annual Totals</b>	<b>2284</b>	<b>2210</b>	<b>74</b>	<b>97</b>

**Appendix B-1: Subject Access Request Performance 2018/19**

<b>2018/19</b>				
<b>Quarter</b>	<b>Received</b>	<b>On Time</b>	<b>Late</b>	<b>Compliance Rate (%)</b>
Q1 - Apr-Jun	68	37	31	54
Q2 - Jul-Sep	68	42	26	62
Q3 - Oct-Dec	68	56	12	82
Q4 - Jan-Mar	90	83	7	92
<b>Annual Totals</b>	<b>294</b>	<b>218</b>	<b>76</b>	<b>74</b>

## Appendix B-2: Subject Access Request Performance 2018/19

Place Portfolio	Requests Received	Answered (In Time)	Answered (Late)	In Progress (In Time)	In Progress (Late)	Compliance (%)
CCTV	41	40	1	0	0	98
Env. Protection	6	6	0	0	0	100
Highways	1	1	0	0	0	100
Housing	66	61	5	0	0	92
Licensing	2	2	0	0	0	100
Parking	3	1	2	0	0	33
<b>Total</b>	<b>119</b>	<b>111</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>93</b>

People Portfolio	Requests Received	Answered (In Time)	Answered (Late)	In Progress (In Time)	In Progress (Late)	Compliance (%)
Adults Commissioning	3	2	1	0	0	67
Adults Social Care	10	7	3	0	0	70
Children's Social Care	98	50	48	0	0	51
Education / SEND	4	2	2	0	0	50
Social Care (Both)	3	2	1	0	0	67
<b>Total</b>	<b>118</b>	<b>63</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>53</b>

Resources Portfolio	Requests Received	Answered (In Time)	Answered (Late)	In Progress (In Time)	In Progress (Late)	Compliance (%)
BCIS	2	2	0	0	0	100
Customer Services	13	10	3	0	0	77
Human Resources	17	12	5	0	0	71
Revenue & Benefits	11	11	0	0	0	100
<b>Total</b>	<b>43</b>	<b>35</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>81</b>

Cross Portfolio	Requests Received	Answered (In Time)	Answered (Late)	In Progress (In Time)	In Progress (Late)	Compliance (%)
HR, Social Care, Housing	14	10	4	0	0	71
<b>Total</b>	<b>14</b>	<b>10</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>71</b>

Whole Council	Requests Received	Answered (In Time)	Answered (Late)	In Progress (In Time)	In Progress (Late)	Compliance (%)
<b>Total</b>	<b>294</b>	<b>219</b>	<b>75</b>	<b>0</b>	<b>0</b>	<b>74</b>

## Appendix C: Reported Information Security Incidents and Personal Data Breaches

### C-1 Monthly Figures

Information Security Incidents and Personal Data Breaches 2018/19				
Month	Total	Incidents	Data Breaches	Data Breaches Reported to ICO
Apr	12	2	10	1
May	17	15	2	0
Jun	29	20	9	0
Jul	28	23	5	0
Aug	20	11	9	2
Sep	26	13	13	1
Oct	20	7	13	0
Nov	22	12	10	0
Dec	9	6	3	0
Jan	21	11	10	0
Feb	30	8	22	2
Mar	14	8	6	1
<b>Total</b>	<b>248</b>	<b>136</b>	<b>112</b>	<b>7</b>

### C2 – Category of Information Security Incidents

	Cyber Attack	Disclosed in Error	Lost in Transit	Lost or Stolen ICT	Lost or Stolen Papers	Non-secure disposal	Online Disclosure	Inappropriate Access (physical records)	Web Site	Total
Apr-Jun	0	28	3	0	1	0	0	1	0	33
Jul-Sep	2	34	5	0	4	0	1	1	0	47
Oct-Dec	3	19	1	1	0	0	0	1	0	25
Jan-Mar	2	17	2	1	3	1	0	0	1	27
	<b>7</b>	<b>98</b>	<b>11</b>	<b>2</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>132</b>

### C3 – Category of Personal Data Breaches

	Disclosed in Error	Lost in Transit	Lost or Stolen Hardware	Lost or Stolen Paperwork	Online Disclosure	Totals
Apr-Jun	23	0	0	1	1	25
Jul-Sep	23	0	0	4	0	27
Oct-Dec	21	1	1	3	0	26
Jan-Mar	33	1	0	2	2	38
	<b>100</b>	<b>2</b>	<b>1</b>	<b>10</b>	<b>3</b>	<b>116</b>

#### C4 – Summary of personal data breaches investigated by the ICO

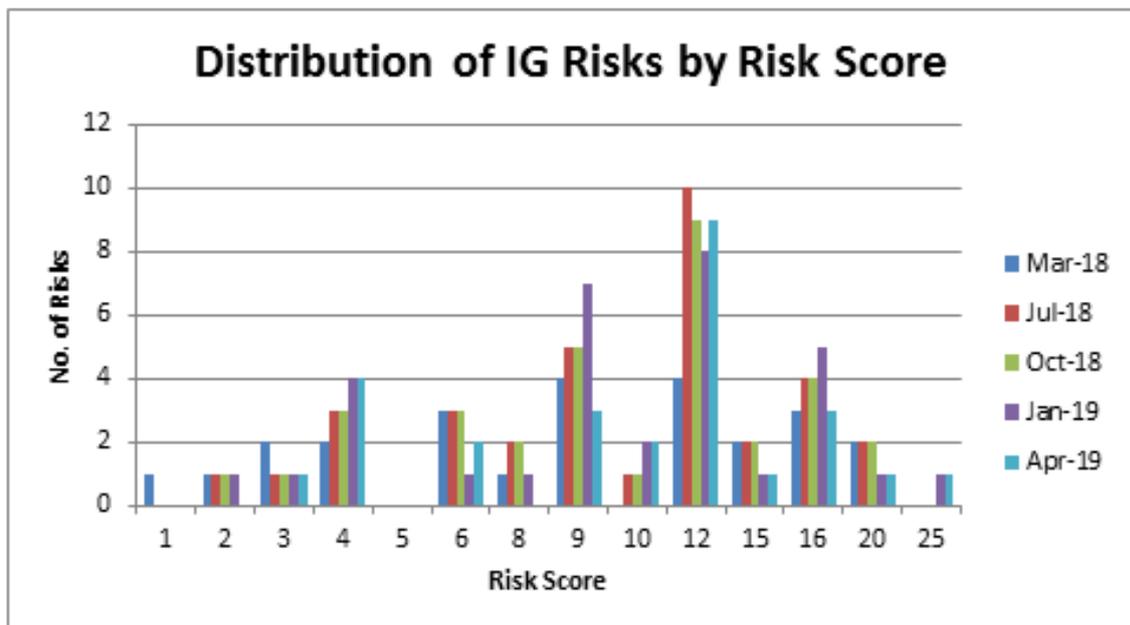
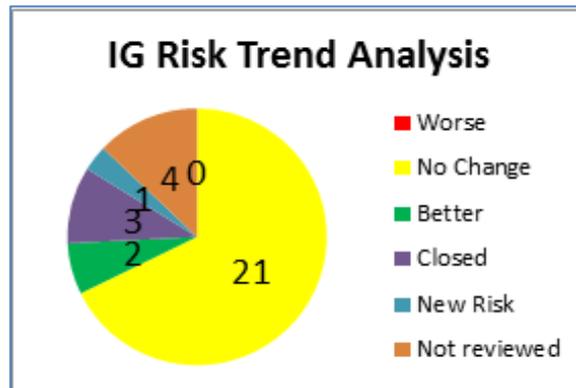
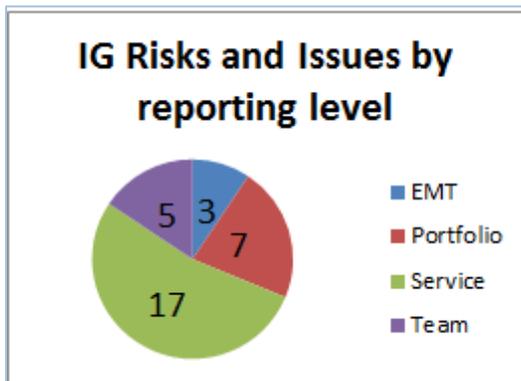
SCC Ref.	Case Opened	Summary of the personal data breaches investigated by the Information Commissioner's Office	INCIDENT TYPE
2017/156	26/04/2018	Data subject's sensitive personal data was disclosed in error to a third party. Reported to the ICO. ICO reviewed the case, but recommended staff are reminded of obligations to keep information safe and for the Council to ensure staff have completed relevant training.	Disclosed in Error
2017/293	10/08/2018	Disclosure made within a SAR. This was not a formal notification to the ICO, merely an email explaining a breach as the individual was going to complain to the ICO and we wanted to give them some background. The ICO did not respond, so case assumed to be closed.	Disclosed in Error
2017/299	17/08/2018	Personal data disclosed in error to third parties. The incident was investigated and reported to the ICO. The case was closed with no further actions.	Disclosed in Error
2017/306	13/09/2018	Personal data disclosed in error as part of a witness statement. The incident was investigated and reported to the ICO. The case was closed with no further actions.	Disclosed in Error
2018/413	08/02/2019	Data subject's personal data disclosed as part of a routine business action. The incident was investigated and reported to the ICO. The case was closed and although the ICO didn't take any formal action, recommended that procedures should be in place when handling sensitive information.	Disclosed in Error
2018/425	18/02/2019	The unredacted version of a document was sent to the third parties involved in a case, so too much information was disclosed. The incident was investigated and reported to the ICO. The case was closed with no further actions.	Disclosed in Error
2018/381	19/03/2019	The ICO contacted the Council because of a reported data breach. The Council had already logged the incident and confirmed that it was not a data breach because the data subject whose name had been disclosed was deceased. The Council had reviewed its practice and the ICO closed the case with no further action.	Disclosed in Error

## Appendix D: Investigatory Powers Commissioner Office Return

Sheffield City Council		Enter Stats below
Covert Human Intelligence Sources (CHIS) & Juvenile Covert Human Intelligence Sources (Juvenile CHIS)	The number of applications made for a CHIS authorisation?	0
	Of these, the number of applications made for a Juvenile CHIS authorisation?	0
	The number of CHIS authorisations successfully granted?	0
	Of these, the number of Juvenile CHIS authorisations successfully granted?	0
	The number of urgent applications made for a CHIS warrant?	0
	Of these, the number of urgent applications made for a Juvenile CHIS authorisations?	0
	The number of CHIS authorisations granted in an urgent case?	0
	Of these, the number of Juvenile CHIS authorisations granted in an urgent case?	0
	The number of CHIS authorisations that were renewed?	0
	The number of CHIS authorisations that were cancelled?	0
	The number of CHIS authorisations extant at the end of the year?	0
	The age of the Juvenile CHIS at the time of the authorisation's issue? (to be completed in rows below)	0
	Juvenile CHIS age at application	0
	Quantity	0
	Juvenile CHIS age at application	0
	Quantity	0
	Juvenile CHIS age at application	0
	Quantity	0
	Juvenile CHIS age at application	0
	Quantity	0
Juvenile CHIS age at application	0	
Quantity	0	
Directed Surveillance (RIPA & RIPSAs)	The number of applications made for a Directed Surveillance authorisation?	4
	The number of Directed Surveillance authorisations successfully granted?	4
	The number of urgent applications made for a Directed Surveillance authorisation?	0
	The number of Directed Surveillance authorisation granted in an urgent case?	0
	The number of Directed Surveillance authorisations that were cancelled?	2
	The number of Directed Surveillance authorisations extant at the end of the year?	2

## Appendix E: Information Governance Risks and Issues 2018/19

As of the end of March 2019:



Currently for the 28 risks reported (April 2019):

- 6 (21%) risks with a residual risk score of 15 or above (red rating)
- 16 (57%) risks with a residual risk score of between 5 and 12 (amber rating)
- 5 (18%) risks with a residual risk score of between 1 and 4 (green rating)
- 1 (4%) risks with no residual risk score allocated

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## Information Governance Framework



*Information governance is a generic term for the way in which an organisation manages its information. An organisation needs to consider its environment, laws and regulations, to put in place the right accountability, policies and procedures, and officer training and awareness*

25 July 2019

Release

Version 2.0

### Document Review

Title	Name(s) / Board	Role / Responsibility
Document Owner	Mark Gannon	Director, Business Change and Information Solutions (BCIS), Senior Information Risk Owner
Change requests to	Mark Jones	Senior Information Management Officer and Data Protection Officer
Key stakeholder review	Information Governance Board	Authority for information-related council policies
	Information Governance Working Group	Portfolio representatives

### Document approval

Authorising Body	Date of acceptance
Information Governance Board	25/07/2019

### Version History

Version	Issue Date	Comments / Summary of changes
0.1	24/03/2014	First draft amended following feedback from IGB members and other portfolio stakeholders.
1.0	25/03/2014	Version Approved
1.1 & 1.2	17/04/2019	Version update. Removed reference to the Systems and Processes as they are covered under policy, standards and procedures.
1.3	17/07/2019	Version update following IGB feedback
2.0	25/07/2019	Minor change to IAO Role following IGB comments

## Introduction

1. Sheffield City Council provides services to over half a million people and relies on good quality information to be able to plan, make and be accountable for the decisions it takes and the business activities it carries out.
2. Information comes in many forms, can span many years and vary in sensitivity, but the common factor is that if the Council holds the information it is because it needs it for reference or evidence of its activities.
3. Information must be processed consistently from the moment the information is first captured until its disposal, with due regard to its value and risk. We need a framework to set out the Council’s approach to governing council information.
4. The aim of this Framework is to describe the information governance arrangements in regards to officer accountability, key principles, policies and procedures, staff awareness and training.

## Scope

5. This Framework applies to all staff, including casual workers, agency staff, contractors, volunteers and self-employed people, engaged in work for the Council, who process or have access to Council information or its associated systems.
6. Information governance is a broad term, but the following themes are key:



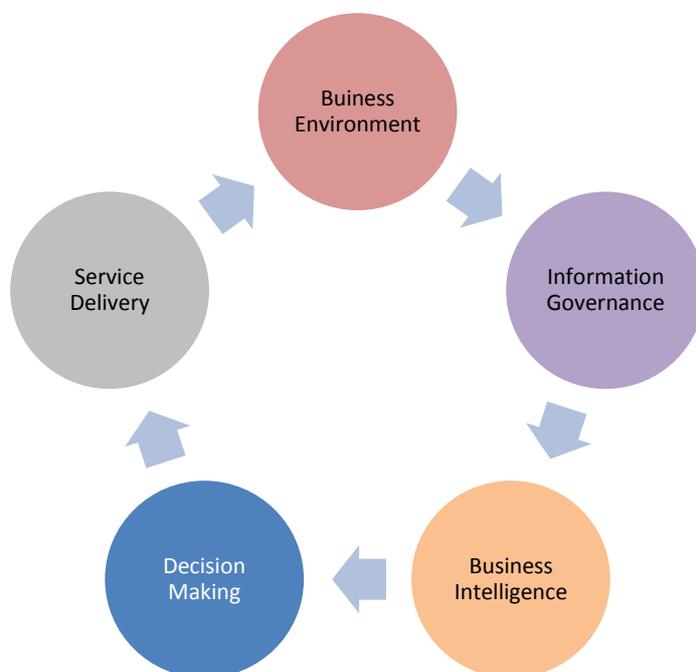
- Access Rights: legal rights and customer experience
- Records Management: business rules, retention and opportunity
- Data Protection: safeguarding individual privacy and compliance
- Information Security: safeguarding systems and operations
- Information Asset Management: existence, classification and use
- Transparency: public trust and open data

## Principles

7. The fundamental ask of all staff is to ensure they understand what information they need to do their job and as a matter of routine to: collect the relevant information; make sure it is accurate and complete, easy to find and understand; share it lawfully; keep it safe from loss, damage,

accidental, deliberate or unauthorised access, alteration, disclosure or disposal; dispose of it when it is no longer needed.

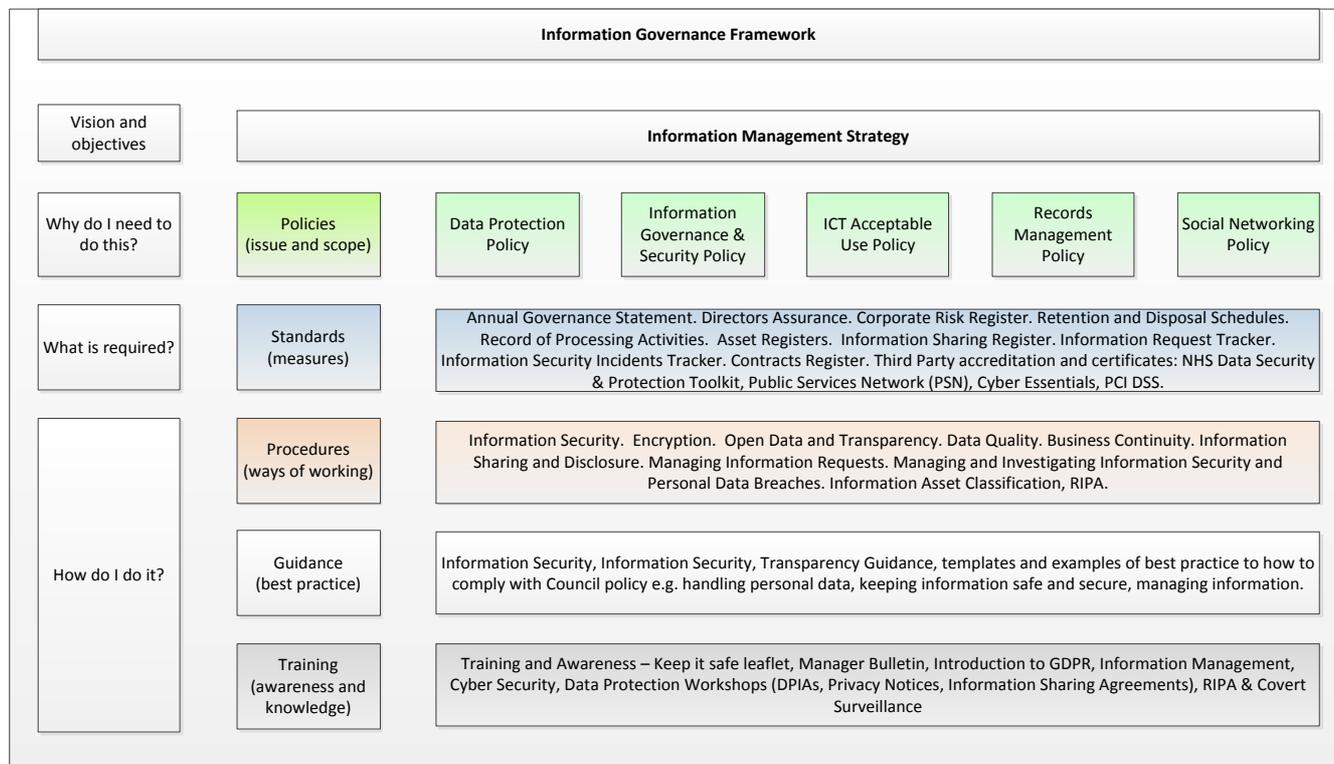
8. It follows that the Council needs an approach to exploit the experience, skills and knowledge it has within the Council to make decisions and improve services. The following model depicts the fundamental process required:



- **Business Environment:** Services understand their business environment and the legal, operational and administrative requirements and information needs;
  - **Information Governance:** Policies and procedures are defined to ensure the right information is processed and sufficient for business needs (relevant, reliable, re-usable);
  - **Business Intelligence:** Information, people and tools are in place to analyse information and report on business needs, performance and trends;
  - **Decision Making:** Information and analysis is available and exploited to make timely and meaningful decisions;
  - **Service Delivery:** Information shapes and influences plans and ambitions to deliver joined-up, affordable, timely and quality services.
9. This approach relies on the commitment to identifying information assets and assigning ownership to the assets with clear management responsibilities to help ensure the information held by the Council can be and remains an important asset.

## Key Policies & Procedures

10. The key policies and procedures to support the principles are shown in the diagram below and are available to read on the Information Management SharePoint Site via the Intranet:



11. The Council’s Information Management team provide expert advice and guidance about information governance and other information related matters such as information rights, data protection, information and records management, and information security incidents.

12. The team work with key stakeholders across the Council to develop, produce and embed the policies, procedures and standards needed to comply with laws, standards and best practice, see (46).

## Accountability

13. Everyone working for or on behalf of the Council has an information governance responsibility and therefore required to adhere to the key principles, policies and procedures.

14. The Council has identified and nominated officers to key information governance roles and decision making bodies in accordance with legal, regulatory or best practice requirements; these roles are explained below (15) to (34).

## Accounting Officer

15. The Council’s Accounting Officer, the Chief Executive, is ultimately responsible for ensuring the appropriate information governance arrangements are in place across the Council.

### **Senior Information Risk Owner (SIRO)**

16. The SIRO is a nationally recognised role with the overall responsibility for information risk within an organisation. The SIRO chairs the Information Governance Board to

- Foster a culture for protecting information
- Provide a focal point for information governance compliance and managing information risks and security incidents
- Is concerned with the management of all information assets
- Provides advice, guidance and updates to the Council's Executive Management Team

### **Portfolio Information Risk Owners (PIRO)**

17. The PIRO is a Council appointed role intended for Directors of Business Strategy to oversee and manage information risks within their portfolios. The PIRO supports the SIRO by directing key messages and initiatives across their Portfolio to manage and mitigate information risk.

### **Caldicott Guardians**

18. The Caldicott Guardian role is a mandated requirement for local authorities that have social care responsibilities and its incumbents are required to register on the public National Register of Caldicott Guardians (Local Authority Circular LAC 2002/2).

19. The Guardians act as the conscience of the organisation and help to make decisions about the processing of social and health care information, which includes approving information sharing agreements and other disclosures.

### **Data Protection Officer**

20. The Data Protection Officer role is a legal requirement for the Council under Article 37 of the General Data Protection Regulations 2016 with the remit to ensure the Council understands and complies with its data protection responsibilities, to provide data protection advice and support, and be the Council's key liaison officer with the Information Commissioner's Office.

### **Surveillance Camera System Senior Responsible Officer**

21. The Surveillance Camera Commissioner has asked local authorities to nominate a Senior Responsible Officer to help ensure the organisation complies with Section 33 of the Protection of Freedoms Act 2012 and the management and use of surveillance camera systems.

### **Information Asset Owners**

22. The Information Asset Owner is a nationally recognised role to act as the responsible owner for information being processed. This responsibility includes knowing what information is held and why and what rules apply for its use, disclosure and security.

23. These responsibilities are generally met through other governance arrangements, for example the Annual Governance Statement, so the IAO responsibility is assigned to the Directors. .

24. The Information Asset Owner will delegate the operational tasks and seek assurance from staff that sufficient governance is in place to ensure information is handled in accordance with the key principles, policies, standards and procedures.

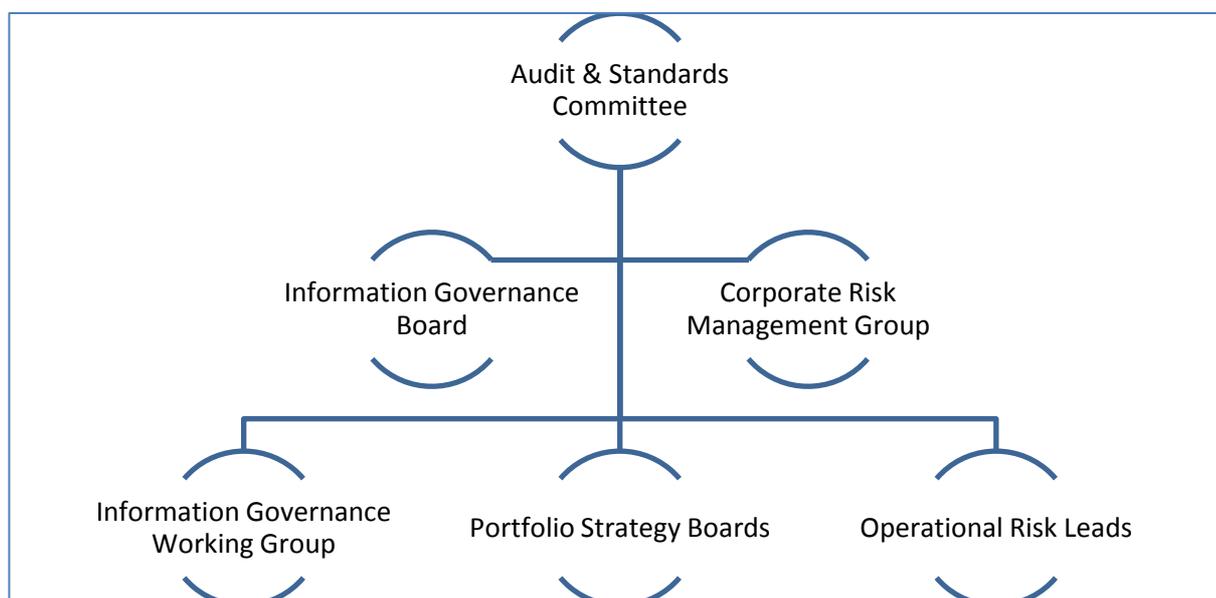
**Application Owners**

25. The Application Owner (aka System Administrators) is a Council appointed roles assigned to individuals that help to manage ICT applications used to carry out Council business.

26. Application Owners duties will vary depending on the system and its functionality, but in essence they will ensure systems operating procedures are in place and followed; user accounts are managed and up to date; technical security controls enabled; faults, issues and incidents reported; users trained.

**Key Governance Bodies**

27. Key governance bodies are in place to help ensure information governance is in place across the Council. The diagram shows the key stakeholders:



**Audit & Standards Committee**

28. The Committee, attended by Councillors and Council Officers, assesses and oversees the Council’s risk management, control and corporate governance arrangements and advises the Council on the adequacy and effectiveness of these arrangements.

**Information Governance Board**

29. The Board, attended by Council officers from all Portfolios including the Senior Information Risk Owner, Portfolio Information Risk Owners, Caldicott Guardians, Data Protection Officer and subject matter experts from Facilities Management, HR, IT and Risk Management.

30. The Board is responsible for:

- Helping to set and shape the information governance agenda and strategic ambition
- Ensuring appropriate policies and strategies are written, communicated and updated
- Monitoring statutory performance i.e. information requests compliance
- Reviewing the key information governance risk, issues and security incidents
- Ensuring information governance training and awareness is sufficient and embedded
- Reporting to the Executive Management Team or Audit and Standards Committee

### **Corporate Risk Management Group**

31. The Group provides strategic leadership for risk management to ensure risk is managed effectively through the ongoing development of a comprehensive risk management strategy and to escalate risks and report on outcomes.

### **Portfolio Strategy Boards**

32. Since 2010, Portfolios have been asked to include information governance as a standing agenda item at their Portfolio Strategy Board or Risk Group. The Boards are chaired by the Portfolio Information Risk Owner or equivalent representative.

### **Information Governance Working Group**

33. The Group is an operational group intended to identify the key information governance requirements and help develop and embed the procedures, guidance and awareness needed help the services comply with their governance obligations e.g. respond to requests, manage incidents, etc.

### **Operational Risk Leads**

34. The Leads review and monitor the risks on the Corporate Risk Register, including information risks, and work with services to ensure the risks are being treated. Risks that cannot be resolved and reported to the Portfolio Strategy Board and Corporate Risk Management Board as appropriate.

## **Culture, Training and Awareness**

### **Culture**

35. The Council wants to foster a professional culture where staff take the necessary precautions when processing information and know when the information can be used and disclosed.

36. The Information Commissioner identifies that a limited knowledge about information governance amongst staff can have an adverse impact on the way organisations work, for

instance information is not shared, is not available, is held in different systems, is kept for too long, etc.

37. The Information Commissioner also recognises the majority of information security incidents are due to human error and wants organisations to educate its staff through staff induction, training and awareness, especially in data protection, information and records management, to embed good practice.

38. Failure to educate staff or anyone else processing Council information can have significant consequences for customers, the Council, and the individual responsible. The Information Commissioner publishes details of the enforcement action they have taken when the law or personal information has breached: <https://ico.org.uk/action-weve-taken/>.

### Training and Awareness

39. The Council has over 8000 staff. Training and awareness has to be proportionate and realistic. The table below shows the requirement for all staff to complete the introductory information governance / management training and the availability of more specialised training and awareness for officers based on their roles and responsibilities:

	Keep it Safe Leaflet	Information Management (Introduction)	Cyber Security Videos	RIPA / Surveillance	Information Management (Managers)
Workers not using ICT	✓	✓			
Workers using ICT	✓	✓	✓	✓	
SIRO / PIROs	✓	✓	✓	✓	✓
Caldicott Guardians	✓	✓	✓	✓	✓
Data Protection Officer	✓	✓	✓	✓	✓
Information Asset Owners	✓	✓	✓	✓	✓
Application Owners	✓	✓	✓	✓	✓
<b>Additional Key Roles</b>					
IGWG / CRMG / Information Management Team	✓	✓	✓	✓	✓
Business Change / Project Officers / Contract Officers	✓	✓	✓	✓	✓

40. This training can be delivered via hard copy materials, e-learning or taught courses designed to suit the need of the audience.

41. There is a requirement that the basic Information Management training, Cyber Security and RIPA e-learning is completed by all relevant staff within the first 6 weeks of them starting with the City Council and then to refresh once every two years. However, in Adult Social Care and Public Health, the requirements of the NHS Data Security and Protection Toolkit, are for a mandatory annual refresher every 12 months.

### Specialist Training

42. Some officers and roles may need additional specialist training and this is offered inhouse, for example: Privacy Notices, Data Protection Impact Assessments, Information Sharing Agreements, Managing Incidents, etc. Enquiries can be made to the Information Management team at [informationmanagement@sheffield.gov.uk](mailto:informationmanagement@sheffield.gov.uk).
43. Line Managers must ensure their staff and other authorised users are aware of information governance and any duties specific to their role and record any specific training as part of the Personal Development Review.
44. In addition colleagues with specialist roles should receive the benefit of specialist training in the data security and protection. ICT staff in critical roles, such as the Technical Solutions Architect (Security), is supported to undertake training outside the organisation. Likewise, the Council officers that process data for research and analysis to help exploit the data held and support strategic and operational decision making.

### Reporting and Monitoring

45. Information about the completion of training will be available to the Portfolio Information Risk Owners and reported to the Information Governance Board. It will also be used as evidence in the annual submission of the NHS Data Security and Protection Toolkit, and possibly used as evidence to the Information Commissioner's Office in the event of a personal data breach.

### Compliance Factors

46. The Council is required to comply with a range of laws, regulations, standards and best practice. The Council may also be required to demonstrate its compliance in support of self-assessments and submissions to obtain access to information, systems or for regulatory, service or contractual purposes.
47. It is not possible to list them all, so the table below lists and provides a brief summary of the ones relevant to the Framework.

Law	Brief Description
Access to Health Records 1990	Disclosure of records created by health professionals, e.g. occupational health nurse.
Computer Misuse Act 1990	Inappropriate and misuse of the ICT.
Common Law Duty of Confidentiality	Information given in circumstances where it is expected that a duty of confidence applies, that information cannot normally be disclosed without the information provider's consent, unless there is a lawful reason to do so (safeguards, public interest, legal duty).
Environmental Information Regulations 2004	Disclosure of environmental information.
Freedom of Information Act 2000	Disclosure of recorded information unless another law applies e.g. data protection, EIR.

	<p>Requirement for a publication scheme to set out what publicly available and where.</p> <p>Section 46 also refers to the Lord Chancellor’s recommended code of practice for the proper management of records to support compliance with the Act.</p>
Regulation of Investigatory Powers Act 2000	Law regulating the powers of public bodies to carry out surveillance and investigation and covering the interception of communications.
Health and Social Care Act 2012 (Part 9, Chapter 2)	Set out the responsibilities for the Health and Social Care Information Centre (now NHS Digital) to act as the central, authoritative source of health and social care information.
Human Rights Act 1998	Disclosure of information, especially Article 8 and the right to privacy.
Protection of Freedoms Act 2012	<p>Safeguarding civil liberties and reducing government intrusion, such as retention of DNA, powers of entry, CCTV regulation, fingerprinting of children in schools.</p> <p>With regards information governance, it adds new provisions to the FOI Act 2000 (sections 11 and 19) and the way datasets are released and re-made reusable as well as extending FOI to cover companies wholly owned by two or more public authorities.</p>
General Data Protection Regulation 2016	EU Regulation modernising data protection law, introducing new individual rights and laws, in particular the need for accountability, as well as greater fines and penalties – not just personal data breaches, but other non-compliance.
Data Protection Act 2018	Introduced to align with the General Data Protection regulations and replaced the Data Protection Act 1998.
<b>Standards</b>	
ISO 15489 Information Management	Provides a framework to manage records based on the lifecycle model from creation to disposal with appropriate controls at each stage to ensure records are captured, organised, reliable and retrievable. Relies on classification, metadata and retention.
ISO 27000 series Information Security	<p>Provides a framework intended to establish systems and risk-based controls to ensure the balance between access to information and information systems without compromising their confidentiality, integrity and availability.</p> <p>Relies on an up to date Information Security Management System, controls and risk assessments.</p>
EN 15713:2009 Secure confidential waste	Recommendations for the physical disposal of confidential waste, including reference to the appropriate shredding sizes based on the sensitivity of the information and physical

	format of the item (paper, tape, disk etc.).
<b>Key Current Drivers</b>	
NHS Data security and Protection Toolkit	Annual submission to NHS Digital to confirm the information governance arrangements in place to obtain NHS data.
Public Services Network Connectivity Accreditation	Annual ICT Health Check for PSN accreditation to continue to access the PSN network.
Local Government Transparency Code 2015	Making local council's more transparent and accountable to local people (Ministry of Housing, Communities and Local Government (MHCLG))
Cyber Essentials & Cyber Essentials +	National Cyber Security Centre certification schemes to help organisations understand and reach the minimum information security controls to better protect their ICT hardware, systems and information. A self-assessment and / or independent audit to obtain certification.
Payment Card Industry Data Security Standards	PCI DSS is an industry standard to ensure appropriate information security controls, process and procedures are in place to protect cardholder payment data. Organisations submit an annual self-assessment questionnaire to obtain accreditation.

### Audit and Review

- Information governance is as continuous improvement process. The Information Governance Board will directly, and together with the Internal Audit Team, ensures a process of review in the annual work programme. This will include consideration of relevant reports for ICT, data quality, business continuity exercises, compliance with information security.

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**Information Asset Owners (IAOs): strengthening accountability for data protection and information management.**

1. The Council's Information Governance Framework (2019) assigns the role of Information Asset Owner (IAO) to Directors.
2. The role of the IAO is to understand what information is held within their services and how it is managed – access and disclosure, security and risk, opportunities.
3. An information asset is a body of information, defined and managed as a single unit so it can be understood, shared, protected and exploited effectively. Information assets have recognisable and manageable value, risk, content and lifecycles.
4. The Framework relies on key roles like the IAOs, Senior Information Risk Owner (SIRO) to help assure governance is in place – Annual Governance Statement.
5. IAOs will appoint information asset administrators (IAAs) to assist them such as the system administrator for a case management system, as well as managers who might take a lead for data quality, information management and information rights.
6. IAOs and IAAs will be supported by the Information Governance Working Group of portfolio representatives and the Information Management Team. The Information Governance Board provides the strategic lead for information governance to the council.
7. IAOs will work closely together to ensure there is comprehensive information asset ownership and clear understanding of individual responsibilities and accountabilities. This is particularly true when Information Assets are shared by different parts of the organisation.
8. IAOs will undertake training to understand their accountability so they can exercise the necessary check and control whilst delegating tasks to their management teams and staff.
9. IAOs will promote their role in the service for the assurance of colleagues and customers.

## Table of accountabilities

<p><b>Promote data protection by design and by default</b></p> <p>There is culture of considering data protection and privacy issues upfront in everything to help ensure compliance with the GDPR's fundamental principles and requirements, and forms part of the focus on accountability.</p> <p>Sign off <u>Data Protection Impact Assessments</u> to identify and minimise the data protection risks of a project.</p> <p>Agree the <u>technical controls</u> to uphold the confidentiality, integrity and availability of information assets.</p> <p>Implement <u>de-identification procedures</u> (including pseudonymisation and anonymization) to protect data.</p>
<p><b>Disseminate Information Governance policies and ensure mandatory training</b></p> <p>Make every member of staff aware of corporate policies and procedures, supplemented by necessary local policies and procedures.</p> <p>Ensure mandatory training is undertaken, including any refreshers and specialist training is identified and resourced.</p>
<p><b>Maintain Records of Processing Activities</b></p> <p>Ensure that registers of personal data held are compiled and maintained, mandated under Article 30 of GDPR. Know the purpose for collection and sharing, as well as methods used for transferring and handling the data. Non-personal corporate data, software applications, contracts and information sharing agreements and relevant business continuity arrangements constitute the Information Asset Register, which is kept under review.</p>
<p><b>Comply with regulatory standards</b></p> <p>Mobilise support (as applicable) for annual compliance with: NHS Data Security and Protection Toolkit; CQC key lines of enquiry; Public Service Network (PSN); Cyber Essentials scheme; Payment Card Industry-Data Security Standard (PCI-DSS); Lexcel Standard for legal practices.</p>
<p><b>Direct information security investigations</b></p> <p>Promote a culture of honesty about incidents so that they are reported as quickly as possible to contain them, and notify the Information Commissioner if necessary.</p> <p>Sign-off and monitor improvements to processes to reduce human error.</p>
<p><b>Own Information Risk Register</b></p> <p>Identify, prioritise and manage risks involved in all business activities, i.e., personal and non-personal information as it is moved in, out or between services.</p> <p>Give attention to contractors so they can meet and maintain the council's standards if data protection.</p>
<p><b>Lead information management practice</b></p> <p>Information is seen as a key corporate asset and staff consider themselves 'trusted stewards' of sensitive data. Data are valued throughout its lifecycle to ensure the maintenance of accurate and current records, with a clear review, retention and disposal policies in line with legal and regulatory frameworks.</p>
<p><b>Publish Open Data</b></p> <p>Identify, collect and systematise the flow of datasets to meet the Freedom of Information model publication scheme; Local Government Transparency Code 2015; INSPIRE regulations 2009 (geospatial datasets) and the council commitment to transparency.</p>
<p><b>Authorise responses to information rights requests</b></p> <p>Provide resources to respond to Freedom of Information, Environmental Information and Subject Access Requests, as well as other data subject rights under GDPR, and requests for the Re-Use of Public Sector Information Regulations 2015 (ROPSI).</p> <p>Maintain clear lines of authorisation for the disclosure or withholding of information.</p> <p>Keep to deadlines for responses.</p>
<p><b>Sign Information Sharing Agreements</b></p> <p>Negotiate, manage and approve agreements on the sharing of personal information between organisations in memoranda of understanding or enforceable contracts.</p> <p>Document data flows to minimise risk and provide transparency to data subjects.</p>
<p><b>Approve Privacy Notices</b></p> <p>Provide clear information about the use of personal data when it is collected in 'layers', from the minimum to more or detailed information.</p> <p>Online forms and telephone numbers used by customers have appropriate privacy notices.</p> <p>All privacy notices are reviewed at least annually.</p>
<p><b>Monitor Data Quality</b></p> <p>Develop policy and guidance on data quality, with training for staff to understand and apply.</p> <p>Log and investigate incidents of inaccuracy and make provision for spot checks and self-audit.</p>



## Audit and Standards Committee Report

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**Report of:** David Phillips, Head of Strategic Finance

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**Date:** 19 December 2019

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**Subject:** PFI Objection

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**Author of Report:** David Phillips

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### Summary:

This report summarises the findings of the external auditor's (KPMG) review of an objection at the 16/17 accounts into the Council's Private Finance Initiative (PFI) Schemes. The auditor's actual Final View is also attached.

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### Recommendations:

The Committee should note this report, and the contents of the auditor's Final View, including his positive conclusions in respect of the objection.

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**Background Papers:** KPMG Final View letter of 8<sup>th</sup> October 2019

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**Category of Report:** Open

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\* Delete as appropriate

## Statutory and Council Policy Checklist

<b>Financial Implications</b>
No Cleared by: David Phillips
<b>Legal Implications</b>
NO Cleared by Steve Eccleston:
<b>Equality of Opportunity Implications</b>
NO Cleared by Michelle Hawley:
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
Corporate
<b>Relevant Scrutiny Committee if decision called in</b>
Not applicable
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
NO

## **REPORT TO SHEFFIELD CITY COUNCIL AUDIT AND STANDARDS COMMITTEE 19 December 2019**

### **Private Finance Initiative (PFI) Schemes - Objection**

#### **Purpose of the Report**

1. The purpose of this report is to summarise the work and conclusion of the Council's external auditor (which was KPMG for 2016/17) into an objection received in July 2017, in respect of the Council's 2016/17 accounts. The auditor's detailed Final View letter of 8<sup>th</sup> October 2019 is also presented to the Committee. This Final View is redacted, but only to remove the name and address of the objector (at the auditor's request).

#### **Summary of the report**

2. In July 2017 an objection was received asking KPMG, in relation to its seven PFI schemes (five for schools, one for Howden House and one for Highways) to:
  - make an application to the Court for a declaration that the related items of account are contrary to law under section 28 of the Local Audit and Accountability Act 2014; and
  - issue a public interest report under section 24 of the Local Audit and Accountability Act 2014.
3. To address this objection KPMG considered the information available, including information related to the PFI procurement framework that Councils were required to comply with when these contracts were entered into, and the applicable statutory guidance.
4. KPMG submitted their Provisional View to the objector on 6<sup>th</sup> August 2019 and gave them the opportunity to make further representations. No such further representations were received.
5. KPMG concluded in their Final View (page references are to this View):
  - the Council had the legal powers to enter into the PFI contracts that are the subject of this objection (page 5)
  - the Council did not act unreasonably or irrationally in the exercise of its powers (page 6)
  - we [KPMG] do not accept your [the objector's] assertion that the Council's advisers were conflicted when acting on behalf of the Council (page 6)
  - the Council did not act unreasonably, in Wednesbury terms, in using the PFI to procure these schemes and in doing so, that it acted

within existing Treasury guidelines in the decision-making process (page 7)

- When the costs of termination are combined with the costs of replacing the services provided we [KPMG] are satisfied that the Council has acted reasonably in not seeking to exit its PFI contracts (page 7)
- For the areas considered, our [KPMG] view is that we do not accept your [the objector's] assertion that the Council did not have sufficiently robust governance arrangements in place during the construction phase of the six projects [relating to buildings] nor are they in place now to ensure that the buildings are safe (page 8)
- We [KPMG] did not identify any evidence to suggest performance deductions were inconsistent with the performance of the service providers in delivering the contracted services (pages 9 and 10)
- We [KPMG] are satisfied that there is no information to suggest that the PFI contracts were entered into unlawfully such that there are no related items of account contrary to law (page 10)
- We [KPMG] will not issue a public interest report (page 11).

6. Further detail is contained in the auditor's Final View, attached for the Committee's information. The Final View does not contain any recommendations for action by the Council.

### **FINANCIAL IMPLICATIONS**

7. There are no direct financial implications arising from the report.

### **LEGAL IMPLICATIONS**

8. The legal implications are contained within paragraph 5 of this report.

### **EQUAL OPPORTUNITIES IMPLICATIONS**

9. There are no equal opportunities implications arising from the report.

### **RECOMMENDATION**

10. The Audit and Standards Committee notes this report, and the contents of the auditor's Final View, including his positive conclusions in respect of the objection.



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**Private & confidential**

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Our ref

TC/SCC/PFI/FV

(sent by post and email)

8<sup>th</sup> October 2019

Dear [REDACTED]

**Sheffield City Council: Audit of accounts for the year ended 31 March 2017 – decision and statement of reason**

We are writing to advise you of our decision on your objection to the accounts of Sheffield City Council for the year ended 31 March 2017.

We previously wrote to you on 6<sup>th</sup> August with our provisional view. We had no response to that provisional view and this letter sets out our final decision together with our statement of reasons for coming to that decision.

**Your objection**

Your objection is set out in the attachment to your e-mail dated 23 July 2017 and relates to seven Private Finance Initiative (PFI) contracts entered into by Sheffield City Council (the "Council"). Six of the PFI schemes referred to involved the construction or refurbishment of buildings with the seventh PFI scheme being in relation to the maintenance of highways. It specifically asks us to:

- make an application to the Court for a declaration that the related items of account are contrary to law under section 28 of the Local Audit and Accountability Act 2014; and
- issue a public interest report under section 24 of the Local Audit and Accountability Act 2014.

Specifically your objection relates to the following seven PFI contracts. We have noted the key details of each of the contracts below:

■ **Howden House**

- the purpose of the arrangement was to provide initial capital investment into office accommodation followed by ongoing maintenance and the provision of facilities management and support services;
- this is a 30 year arrangement from February 2001; and
- the unitary charge was £4.86m p.a in 2016/17.

■ **Schools Phase One**

- the purpose of the arrangement was to provide initial capital investment into two primary schools and four secondary schools followed by ongoing maintenance and provision of facilities management and support services;
- this is a 25 year arrangement which commenced in the 2001/02 financial year; and
- the unitary charge was £10.77m p.a. in 2016/17.

■ **Schools Phase Two**

- the purpose of the arrangement was to provide initial capital investment into two secondary schools followed by ongoing maintenance and provision of facilities management and support services;
- this is a 25 year arrangement which commenced in the 2005/06 financial year; and
- the unitary charge was £4.20m p.a. in 2016/17.

■ **Schools Phase Three**

- the purpose of the arrangement was to provide initial capital investment into two secondary schools and two primary schools followed by ongoing maintenance and provision of facilities management and support services;
- this is a 25 year arrangement which commenced in the 2006/07 financial year; and
- the unitary charge was £7.69m p.a. in 2016/17.

■ **Building Schools for the Future (BSF)**

- the purpose of the arrangement was to provide initial capital investment into two secondary schools and one specialist school followed by ongoing maintenance and provision of facilities management and support services;
- this is a 25 year arrangement which commenced in the 2008/09 financial year; and
- the unitary charge was £9.38m p.a. in 2016/17.

■ **Bradfield School**

- the purpose of the arrangement was to provide initial capital investment into one secondary school followed by ongoing maintenance and provision of facilities management and support services;
- this is a 25 year arrangement which commenced in the 2012/13 financial year; and
- the unitary charge was £3.19m p.a. in 2016/17.

■ **Highways**

- the purpose of the arrangement was to provide initial capital investment into the improvement and ongoing maintenance of roads, footways, highway trees, traffic signals, street lights, street furniture and street name plates amongst other associated areas;
- this is a 25 year arrangement and became operational during the 2012/13 financial year; and
- the unitary charge was £53.25m p.a. in 2016/17.

Your objection specifically asserts that:

- The decision to enter these PFI contracts was irrational and based on conflicted, for profit advice by audit consultants which was not in the public interest.
- The local authority has not demonstrated how the seven contracts represent value for money in terms of non-performance/delivery and exiting the contract.
- The local authority did not have sufficiently robust governance arrangements during the construction phase of the 6 projects nor are they in place now to ensure that the buildings are safe. We note that this element does not relate to the Highways PFI.

- The local authority is making monthly unitary payments without robust governance arrangements based on self-declared availability and performance reports of the PFI contractors, which is irrational conduct.

Your objection also raised the following two questions, which we have not accepted as part of our assessment as these are requests for information that can be made directly of the Council:

- “Please provide the modelling /methodology behind all fair value assessments of PFI assets and liabilities in 2016/17”
- “Over the course of the past financial year 2016/17, please outline how the authority has been able regularly monitor PFI contract "breakage costs" to determine when it may be advantageous to exit or refinance the PFI contract? Please provide the most recent assessments, carried out during 2016/17, of PFI breakage costs, and the proprietary models or formula relied upon by the local authority upon which regular breakage costs assessments relied upon by the authority are based.”

### **Legal background**

In respect of the Howden House PFI scheme, this was entered into under the Council's general duty to discharge its functions of providing social services, housing services and education for children. The specific statutory provisions which are relevant to these functions include parts II, V, VI and IX of the Housing Act 1985, Parts VI and VII of the Housing Act 1996, Part I of the Housing Grants, Construction and Regeneration Act 1996, and part I of the Education Act 1996. These statutory provisions are all considered relevant in the context of the Howden House accommodation providing space from which the Council delivers or ensures the delivery of its functions with regards to social services, housing services and education for children.

In respect of the schools PFIs, the statutory powers for councils to enter into arrangements to maintain, build, improve and provide services for schools are contained in section 13A ('Duty to promote high standards in schools'), section 14 ('Functions in respect of provision of primary and secondary schools') and section 16 ('Power to maintain and assist primary and secondary schools') of The Education Act 1996.

In respect of the highways PFI scheme, the specific statutory powers for councils to maintain and manage the Authority's roads and highway assets are contained in sections 41(1), 62, 64, 92 and 97 of the Highways Act 1980. Further relevant powers are set out in section 65 of the Road Traffic Regulation Act 1984; section 89 of the Environmental Protection Act 1990; and sections 49 and 72 of the New Roads and Street Works Act 1991.

In entering into these PFI contracts the Council also relied on section 111 of the Local Government Act 1972, which enables local authorities to do anything which is conducive or incidental to the discharge of any of their functions.

In addition, section 1(1) of the Local Government (Contracts) Act 1997 states that “Every statutory provision conferring or imposing a function on a local authority confers power on the local authority to enter into a contract with another person for the provision or making available of assets or services, or both, (whether or not together with goods) for the purposes of, or in connection with, the discharge of the function by the local authority”.

### **Approach**

Given the age of some of the agreements, not all the contemporaneous documentation setting out the Council’s decision-making and what was taken into account was available. In considering whether there was any evidence to suggest that the Council’s decisions to enter into the PFI contracts that are the subject of this objection were irrational or would be considered irrational or in some other way outside of the Council’s powers we considered:

- the information that was available, including information related to the PFI procurement framework that Councils were required to comply with when these contracts were entered into; and
- the applicable statutory guidance.

### **Detailed Considerations**

Below we set out each of the issues you have raised along with our final view.

***The decision to enter these PFI contracts was irrational and based on conflicted, for profit advice by audit consultants which was not in the public interest.***

We have identified in the **Legal Background** the legal powers available to the Council.

Our view is that the Council had the legal powers to enter into the PFI contracts that are the subject of this objection.

However, any decision by a local authority must not only be within its powers as conferred by statute, but also be made lawfully in accordance with public law principles. For example, a local authority must take into account all relevant considerations and discount irrelevant considerations, must follow its own decision-making procedures, and not act in a way that no reasonable local authority would ever act (see *Associated Provincial Picture Houses Limited v Wednesbury Corporation* 1 KB 223).

Given our review of the legal basis upon which the decisions to enter the PFI contracts subject to this objection were made, and our observations with regards to compliance

with the Treasury's Green Book (see below), our view is that the Council did not act unreasonably or irrationally in the exercise of its powers.

You also assert that the decision to enter into the PFI contracts was based upon advice from consultants who were conflicted. You have provided examples of advisors to the Council on specific PFI schemes who have also acted as auditors to the equity holders and Special Purpose Vehicles (SPVs) set up to deliver other PFI schemes for the Council.

Given the number of parties involved in these schemes, in various capacities, it is reasonable to expect that firms acting for the Council in an advisory capacity on specific PFI schemes may also have acted as auditors and advisers to entities involved in other Council PFI schemes. You have not provided any evidence that individual firms acted as advisers to the Council on specific PFI schemes whilst at the same time acting as auditors or advisers to entities, or the owners of these entities, bidding for the same PFI scheme. There were rigorous Ethics and Independence Standards in place at the time these schemes were being procured that were designed to prevent firms from undertaking audit or advisory work that could give rise to a conflict of interest under these circumstances.

We cannot comment on the adequacy of the risk management processes operated by other firms who have provided advisory services to the Council to ensure that the Ethics and Independence Standards in place at the time these PFI schemes were entered into were complied with. With reference to the work that we (KPMG LLP) carried out for Sheffield City Council, we have identified that:

- We were not and are not advisors to the Council on any of the schemes themselves; and
- The external auditors to the Council during the periods when these PFI schemes were entered into were the Audit Commission and KPMG LLP and neither the Audit Commission nor KPMG LLP were advisors to the entities bidding for, or delivering, PFI schemes at the time of being auditor. We do not believe, and have not been provided with any evidence to suggest, that acting as auditor of equity holders in PFI schemes or SPVs delivering PFI schemes whilst also being auditor of the Council represents a conflict of interest.

We are not aware of any evidence that any of the advisers acting for the Council offered advice which was either biased or lacking in objectivity. In the absence of any such evidence, our view is that we do not accept your assertion that the Council's advisers were conflicted when acting on behalf of the Council.

***The local authority has not demonstrated how the three contracts represent value for money in terms of non-performance/delivery and exiting the contract.***

For each PFI scheme Value for Money assessments consistent with HM Treasury guidance set out in the Green Book would be carried out prior to commencement of any scheme.

The Treasury's Green Book provides guidance to help public bodies develop objective and evidence-based evaluations of proposals to help inform decision-making. The VfM Assessment methodology is a key component of the Green Book approach. Further to this, the Council's assessments had to go through a relevant submission process in order to secure the necessary PFI credits to help finance the schemes. As the Council subsequently secured the PFI credits for these PFI schemes, it can be reasonably inferred that the Council's assessments were submitted in accordance with the requirements of the Treasury Guidelines and the Green Book approach.

We note the National Audit Office (NAO) report, *PF1 and PF2*, (18 January 2018), repeats criticisms of the VfM Assessment methodology which it made in its report of 2013, *Report of the VfM assessment process for PFI*. The report argues that the VfM assessments 'have features which favour and advantage PFI in comparison to a publicly financed approach'. HM Treasury has disputed the NAO's criticisms and its response is included within the NAO report of 2013. The 2018 NAO report makes further criticisms of the vfm assessment process, including the treatment of cash flow timing and discount rates within the methodology. Criticisms of the PFI methodology led Government to introduce the reformed PF2 arrangements to increase efficiency and flexibility.

We also note that the Council had no influence over the approach adopted in the VFM assessment methodology, which was determined by Government. The Council also had no discretion over the terms of the termination provisions of each contract which are consistent with the standard form of PFI contract. Given that, our view is that the Council did not act unreasonably, in Wednesday terms, in using the PFI to procure these schemes and in so doing, that it acted within existing Treasury guidelines in the decision-making process.

With regards to exiting the contract, the Council's finance team has carried out recent assessments to determine whether refinancing or exiting the contracts would be financially viable or worthy of further consideration. We have reviewed these assessments and they appear reasonable. We further note that in general terms the costs of exiting PFI schemes are significant as the termination provisions are designed to compensate PFI providers for the loss of future income streams, as well as giving the Council surety, as far as reasonably possible, of service provision and costs over the life of the contract. When the costs of termination are combined with the costs of replacing the services provided we are satisfied that the Council has acted reasonably in not seeking to exit its PFI contracts.

***The local authority did not have sufficiently robust governance arrangements during the construction phase of the six projects related to buildings nor are they in place now to ensure that the buildings are safe.***

This element of your objection specifically concerns the self-certification and sign off of the buildings making up these PFI schemes. We note that the safety requirements in relation to the construction of buildings are governed by the Building Act 1984 and secondary legislation including The Building Regulations 2010 (SI 2010 No. 2214) and The Building (Approved Inspectors etc) Regulations 2010 (SI 2010 No. 2215). We note that the decision to accept self-certification in relation to buildings built further to the PFI projects is consistent with the legislation.

There is no evidence that has come to our attention during the review of relevant documentation that demonstrates the Council deviated from the processes set out in legislation or regulations referred to above.

You have provided some specific allegations related to the PFI schemes that are the subject of this objection with regards to the inadequacy of inspection carried out by the Council to identify any construction or fire safety defects. We consider that this question, specifically in relation to judging the adequacy of safety inspections is not one that is within our jurisdiction as auditor and therefore we have not considered this further.

We have noted both the basis upon which self-certification in relation to buildings is consistent with relevant legislation and, in response to later elements of your objection, the ongoing monitoring and governance arrangements with regards to management of the contract. Below we have summarised the management and governance arrangements in place across each scheme. Our work has identified that the Council and its PFI scheme partners had in place mechanisms that considered construction and fire safety defects/maintenance as part of these arrangements.

We have found that the Council acted consistently with relevant legislation in accepting self-certification with regards to construction and fire safety. The Council also has a number of governance arrangements in place with regards to monitoring safety of buildings. We therefore consider it outside of the auditor's roles to consider further the adequacy of the inspections, whether independent or otherwise, that these arrangements encompass.

For those areas considered, our view is that we do not accept your assertion that the Council did not have sufficiently robust governance arrangements during the construction phase of the six projects nor are they in place now to ensure that the buildings are safe.

***The local authority are making monthly unitary payments without robust governance arrangements based on self-declared availability and performance reports of the PFI contractors, which is irrational conduct.***

We have reviewed the Council's arrangements for managing each scheme and have briefly outlined these below.

#### Howden House

The Council employs officers who work closely with the external facilities manager/service provider to ensure that the Output Specification is being delivered. This monitoring is formally carried out and documented through monthly Service Operations Board Meeting where performance and contractual outputs are monitored and discussed.

Quarterly Management Operations meetings are also held with more senior officers of the Council and the service provider in attendance. These are utilised to highlight any risks to the contract and issues are tracked.

Where issues are identified and not resolved accordingly there is a mechanism in place to deduct an amount from the unitary charge.

We note that during 2016/17 there were no performance issues that resulted in a deduction from the unitary charge. We did not identify any evidence to suggest this was inconsistent with the performance of the service provider in delivering the contracted services.

#### Schools PFI (Encompassing Schools Phases 1-3, BSF and Bradfield School)

Whilst encompassing 5 separate contracts the contract monitoring and management across all 5 of these contracts is largely similar and is managed by the same team within the Council.

On top of regular day to day communication, each of the schools has a 6 weekly performance interface meeting, including representatives from the relevant Special Purpose Vehicles, schools and the Council.

In addition a monthly operational meeting is held with the above representatives and Facilities Management providers, which address contractual performance monitoring. Where performance issues are identified the Council will make deductions to the unitary charge according to the contract.

We note that during the 2016/17 period deductions totalling £13,957 were made against three of the five schools PFI contracts. We did not identify any evidence to suggest this

was inconsistent with the performance of the service providers in delivering the contracted services.

### Highways

The monitoring of this contract is carried out according to the structure stipulated in the contract itself. This includes the use of a monthly Service Operations Board; monthly Management Board; and Quarterly Strategic Boards.

In addition we have seen evidence of a number of sub team meetings that take place for specific service areas e.g. street lights.

These meetings are all attended by members of the Council, SPV and AMEY and include review of performance, service concerns, deductions and outputs of inspections.

Performance issues or supplier failures are identified through the above governance processes and payments are adjusted accordingly as per the payment terms/methodology outlined in the contract.

We note that during 2016/17 such issues resulted in deductions from the unitary charge of £1,371,006. We did not identify any evidence to suggest this was inconsistent with the performance of the service provider in delivering the contracted services.

Given the arrangements described above our view is that the Council had adequate governance arrangements in place and did not act unreasonably, in Wednesbury terms, in making unitary payments to the operator based on the monitoring arrangements set out in the PFI contracts.

### **Summary of Decisions**

*Decision not to make an application to the court for a declaration that an item of account is contrary to law*

Section 28 of the Local Audit and Accountability Act 2014 gives auditors the discretion to decide whether or not to apply to the Court for an Order in relation to unlawful items of account. Based on the above considerations and assessments, we are satisfied that there is no information to suggest that the PFI projects in question were entered into unlawfully such that there are no related items of account contrary to law.

As we have not identified any items of account contrary to law, the discretion whether or not to seek a declaration from the court under section 28 of the 2014 Act does not arise.

*Decision not to issue a public interest report*

We have also decided that we will not issue a public interest report. There is no statutory requirement to provide a reason for this decision, although my reasons would be the same as for my decision above.

**Right of appeal**

You have a right to appeal our decision not to apply for a declaration under section 28(3) of the Local Audit & Accountability Act 2014. Should you wish to do so, you must issue your appeal to the courts within a period of 21 days beginning with the day after you receive this statement of written reasons.

Should you wish to appeal this decision, we strongly recommend that you seek legal advice.

We have copied this decision to the Council.

Yours sincerely



Tim Cutler  
Partner

For and on behalf of KPMG LLP

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## Audit and Standards Committee Report

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**Report of:** David Phillips, Head of Strategic Finance

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**Date:** 19 December 2019

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**Subject:**

**Outstanding audit reports from KPMG for the financial years 2016/17 and 2017/18 - Annual Audit Letter 2016/17 and 2017/18, Audit Certificate 2016/17 and 2017/18 and Annual Report on Grants and Returns 2017/18.**

**2018/19 Audit Certificate from Ernst & Young.**

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**Author of Report:** David Phillips

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**Summary:**

This report summarises the outcome and key findings from KPMG's audit work at Sheffield City Council in 2016/17 and 2017/18 and also their Value for Money conclusions. Ernst & Young's audit certificate from 2018/19 is also presented. The auditor's actual reports are attached.

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**Recommendations:**

That the outstanding annual reports for 2016/17 and 2017/18 are noted. That the audit certificate for 2018/19 is noted.

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**Background Papers: KPMG Annual Audit Letter 2016/17 and 2017/18, KPMG Audit Certificate 2016/17 and 2017/18 and KPMG Annual Report on Grants and Returns 2017/18. Ernst & Young Audit Certificate 2018/19.**

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**Category of Report:** Open

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\* Delete as appropriate

## Statutory and Council Policy Checklist

<b>Financial Implications</b>
No Cleared by: David Phillips
<b>Legal Implications</b>
NO Cleared by Steve Ecclestone
<b>Equality of Opportunity Implications</b>
NO Cleared by Michelle Hawley
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
Corporate
<b>Relevant Scrutiny Committee if decision called in</b>
Not applicable
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
NO

## **AUDIT AND STANDARDS COMMITTEE - 19 December 2019**

### **EXTERNAL AUDITOR'S REPORTS – KPMG Annual Audit Letter 2016/17 and 2017/18, KPMG Audit Certificate 2016/17 and 2017/18 and KPMG Annual Report on Grants and Returns 2017/18 – Ernst & Young Audit Certificate 2018/19**

#### **Purpose of the Report**

1. The purpose of this report is to summarise the outcome and key findings of KPMG's, the Council's external auditor for 2016/17 and 2017/18, audit work at Sheffield City Council in 2016/17 and 2017/18, which has been finalised following the resolution of two objections raised by local electors to the 2016/17 Statement of Accounts. The audit certificate following the conclusion of the Council's 2018/19 accounts is also presented, the Council's new external auditors Ernst & Young. The auditor's detailed reports are also presented to the Committee.

#### **Summary of the report**

2. In July 2017 two objections were received in respect of the Council's 2016/17 Statement of Accounts, asking KPMG to investigate the Council's nineteen Lender Option Borrower Option (LOBO) loans and its seven PFI schemes.
3. As a result during this time the Council's Statement of Accounts have had to remain open. However, in May 2018 and October 2019 the auditors concluded on the two objections received, which has now allowed KPMG to confirm the conclusion of the audit of the year ended 31<sup>st</sup> March 2017 and the year ended 31<sup>st</sup> March 2018.
4. The audits of the Council's 2016/17 and 2017/18 Statement of Accounts have already been discussed at the time with the Committee. However, the submission of these reports now formally closes both financial years and are summarised for the Committee's information below.
5. 2016/17 – KPMG's outcome and key findings:
  - Annual Audit Letter – KPMG issued an unqualified opinion on the Council's 2016/17 accounts and an unqualified conclusion on the Council's arrangements to secure value for money, in December 2017.
  - 2016/17 Audit – KPMG identified four audit adjustments with a total value of £351.7m. One of these related to the need to restate the value of those assets valued under the Depreciated Replacement Cost methodology. Two of these were in relation to the restatement of the CIES caused by a formula error and the inclusion of internal recharges. Amendments were also made to the payroll banding disclosure. These adjustments resulted in a net nil impact on both

the surplus on provision of services and the general fund. KPMG also raised three recommendations in regard to the asset valuation process followed by the Council.

- Audit Certificate – KPMG considered the two objections to the Council's 2016/17 Statement of Accounts and concluded that no further action is required to be undertaken. This consideration led to a delay in issuing the final audit certificate until November 2019 and the certificate confirms that KPMG have now concluded the audit for 2016/17.

6. 2017/18 - KPMG's outcome and key findings:

- Annual Audit Letter - KPMG issued an unqualified opinion on the Council's 2017/18 accounts and an unqualified conclusion on the Council's arrangements to secure value for money, in July 2018.
- 2017/18 Audit – KPMG identified one audit adjustment with a total value of £4.2m to the value of debtors, creditors and cash on the balance sheet only. This adjustment resulted in a net nil impact on both the surplus on provision of services and the general fund. KPMG raised no recommendations for the Council as a result of their 2017/18 audit work.
- Audit Certificate - KPMG considered the two objections to the Council's 2016/17 Statement of Accounts and concluded that no further action is required to be undertaken. This consideration led to a delay in issuing the final audit certificate until November 2019 and the certificate confirms that KPMG have now concluded the audit for 2017/18.
- Annual Report on Grants and Returns – This report summarises the results of the audit work KPMG carried out on the Council's 2017/18 grant claims and returns. KPMG carried out work on four grants and returns, three were unqualified and one was subject to a qualification letter – Housing Benefit Subsidy claim.

7. 2018/19 – Ernst & Young's outcome to date:

- Audit Certificate – Following the issue of the 2016/17 and 2017/18 audit certificates, Ernst & Young have now been able to formally certify they have completed the 2018/19 audit and issue their audit certificate for 2018/19.

## **FINANCIAL IMPLICATIONS**

8. There are no direct financial implications arising from the report.

## **LEGAL IMPLICATIONS**

9. KPMG's and Ernst & Young's responsibilities as the Council's external auditors, together with the Council's responsibilities in response to the auditor report or recommendations, are set out in the Local Audit and Accountability Act 2014. The Council is required to consider the report or recommendations at a meeting. The Council is also required to decide whether the report requires the Council to take any action or whether the recommendation is to be accepted and what, if any, action to take in response to the report or recommendation.
10. The legal implications are contained within paragraphs 5, 6 and 7 of this report.

## **EQUAL OPPORTUNITIES IMPLICATIONS**

11. The Council has considered the equality implications of this report and, in particular, the Public Sector Equality Duty under S149 Equality Act 2010. In the circumstances of this report, no formal Equality Impact Assessment requires completion.

## **RECOMMENDATION**

12. The Audit and Standards Committee notes this report, and the contents of the auditor's outstanding reports from 2016/17 and 2017/18 and the contents of the auditor's audit certificate from 2018/19.

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# Annual Audit Letter 2016/17

**Sheffield City Council**

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November 2019

A group of business professionals in a meeting, looking at documents. The image is a close-up, slightly blurred, showing the heads and shoulders of several people. A woman with dark hair is on the left, looking down. A man with grey hair is in the center, also looking down. A woman with dark hair is on the right, looking down. They are all wearing business attire. The background is out of focus.

**Section one**

# Summary for Audit & Standards Committee

# Summary for Audit & Standards Committee

This Annual Audit Letter summarises the outcome from our audit work at Sheffield City Council (“the Authority”) in relation to the 2016-17 audit year, which has been finalised following the resolution of an objection to the accounts raised by a local elector.

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

## Audit opinion

We issued an unqualified opinion on the Authority’s financial statements on 01<sup>st</sup> December 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

## Financial statements audit

Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority’s accounts was set at £22 million which equates to around 1.5 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We report to the Audit & Standards Committee any misstatements of lesser amounts, other than those that are “clearly trivial”, to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £1 million for the Authority.

We have identified 4 audit adjustments with a total value of £351.7 million. These adjustments result in a net nil impact in the reported surplus on provision of services and a net nil impact on the general fund.

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

**Management Override of Controls** – In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business or are otherwise unusual. There were no matters arising from this work;

**Valuation of PPE** – We reviewed the approach that the Authority adopted to assess the risk that assets not subject to valuation were materially misstated and considered the robustness of that approach. As a result of this work we identified some assets that had not increased in value as a result of changes in build costs in the year, this resulted in an increase in PPE value of £27.7m and has been adjusted by the Authority.

**Pensions Liabilities & LGPS Triennial Valuation** – we reviewed the controls that the Executive has in place over the information sent directly to the Scheme Actuary (Mercer). We reviewed the appropriateness of the key assumptions included within the valuation and compared them to expected ranges. We also reviewed the methodology applied in the valuation by Mercer;

**Prepayment of Pension** – The council has made a significant pension prepayment during the year (£65m). We reviewed the legal advice obtained and the accounting transactions to ensure the treatment was materially accurate and in line with CIPFA guidance; and

**New core financial system** – We reconciled the closing balance on the old ledger to the opening balance on the new ledger to ensure no transactions were lost or duplicated in the transfer. Through our testing of activity during the year we have verified that the correct mapping has been used both for the transfer and subsequent activity.

# Summary for Audit & Standards Committee

## Other information accompanying the financial statements

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

## Whole of Government Accounts

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

## Value for Money conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016-17 on 01 December 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources. To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

## Value for Money risk areas

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

Our work identified the following significant matter:

**Financial Resilience with a particular focus on the performance of Social Care** – Like most of local government, the Authority faces a challenging future driven by funding reductions and an increase in demand for social care services.

We noted that regular reports continued to go to Audit and Standards Committee highlighting the progress being made in terms of budget monitoring and cost controls. We noted that this work continues to be ongoing with the portfolio continually striving to improve. We also noted from budget and the final outturn reports that the position was reported upon throughout the year and was understood. The final overspend of £6.3m in the Children, Young People and Families Portfolio and £6.6m in the Communities portfolio was forecast and understood. As a result we have gained assurance that the position with regards to the overspends has been transparently reported, giving us assurance with regards to the 'informed decision making' criteria.

We were satisfied from review and discussion of internal processes that there was relevant monitoring and actions with regards to the performance of the portfolio. We were satisfied that the level of internal scrutiny was appropriate to effectively manage the identified risk.

We have also reviewed the recovery and change programmes in place which further incorporate how the Council should continue to work with the CCG more closely. These plans give us assurance that the Council continues to review the pressures and will redesign services to meet the demand pressures, thus demonstrating that sustainable resource deployment has taken place.

## Section one:

# Summary for Audit & Standards Committee

## High priority recommendations

We raised three high priority recommendations as a result of our 2016-17 work.

These recommendations were all related to the valuation processes employed by the Authority.

The first recommendation was with regards to the Authority needing to implement a formal impairment review process and consideration of the possible movement of value in assets outside of the rolling five year revaluation programme.

The second recommendation was with regards to the Authority making further consideration as to the rationale for assets that are revalued in year and considering whether this reflects a fair proportion of the asset base as a whole and also any corporate decisions made in year.

The third recommendation related to the independence of the Council's valuation team. This team came back in house to the Authority in year and we noted that the Authority needed to ensure that there are appropriate measures in place to ensure that the valuers remain independent and that this independence is documented through clear, detailed instructions. We noted that the valuation team should not include figures in their report provided by other Council teams unless they have verified all calculations and assumptions used.

## Certificate

We received an objection to the Authority's financial statements which we have considered and concluded that no further action is required to be undertaken. This consideration led to a delay in issuing our final audit certificate until 8<sup>th</sup> November 2019.

Now issued the certificate confirms that we have concluded the audit for 2016-17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

## Audit fee

Our audit fee for 2016-17 was £186,998, excluding VAT (2015-16: £186,998). This fee was in line with that planned for the year, with some small additional fees incurred related to the Authority's move to a new financial ledger. Further detail is contained in Appendix 2.

## Exercising of audit powers

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

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



# Appendices

**Appendix 1:**

# Summary of reports issued

**This appendix summarises the reports we issued since our last Annual Audit Letter. These reports can be accessed via the Audit & Risk Committee pages on the Authority’s website at [www.sheffield.gov.uk](http://www.sheffield.gov.uk).**

## **Certification of Grants and Returns**

This report summarised the outcome of our certification work on the Authority’s 2015-16 grants and returns.

## **External Audit Plan**

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

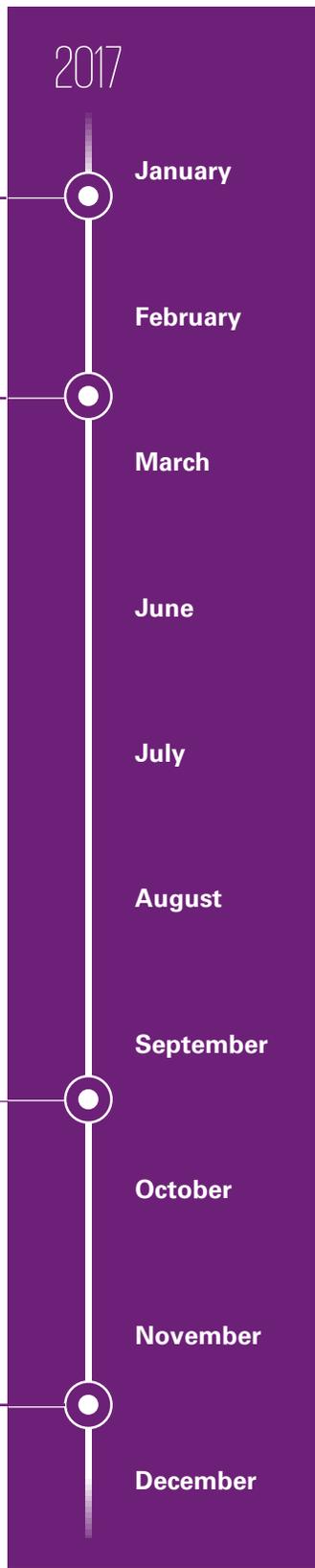
## **Report to Those Charged with Governance**

The Report to Those Charged with Governance summarised the results of our audit work for 2016-17 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

## **Auditor’s Report**

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



## Appendix 2:

# Audit fees

This appendix provides information on our final fees for the 2016-17 audit.

As communicated to you in our *External Audit Plan 2016-17*, our scale fee for the audit is £186,998 plus VAT (£186,998 in 2016/17), which is consistent with an increase of 2% from the prior year.

We have previously agreed with management an additional fee of £6,000 related to additional work required over phase 1 of the new Integra General Ledger system and £3,000 related to additional IT system audits.

Our work on the certification of the Authority's Housing Benefit Subsidy return was completed in November 2017. The planned scale fee for this was £19,840 plus VAT (£19,840 in 2016/17). However we also requested further fee for this work due to the volume of additional work required. Fees for other grants and claims which do not fall under the PSAA arrangements amount to £12,000 plus VAT (£12,000 in 2015/16), see further details below.

### Other services

We did not charge any additional fees for other services.

Component of the audit	2016-17 Actual Fee £	2015-16 Actual Fee £
<b>Accounts opinion and value for money work</b>		
PSAA Scale fee (Sheffield City Council)	186,998	186,998
Additional fee in relation to IT	9,000	7,000
<b>Total audit services</b>	<b>195,998</b>	<b>193,998</b>
<b>Mandatory assurance services</b>		
Housing Benefits Certification	23,262	30,025
<b>Total mandatory assurance services</b>	<b>23,262</b>	<b>30,025</b>
<b>Audit-related assurance services</b>		
Teachers' Pension Return	3,250	3,250
Pooling of Housing Capital Receipts	2,750	2,750
SFA Subcontractor Controls Assurance	6,000	6,000
<b>Total audit-related assurance services</b>	<b>12,000</b>	<b>12,000</b>
<b>Total non-audit services</b>	<b>35,262</b>	<b>42,025</b>
<b>Grand total fees for the Authority</b>	<b>231,260</b>	<b>236,023</b>

All fees quoted are exclusive of VAT.



The key contacts in relation to our audit are:

**Tim Cutler**  
Partner

E: [Tim.cutler@kpmg.co.uk](mailto:Tim.cutler@kpmg.co.uk)

**Matthew Ackroyd**  
Senior Manager

E: [matthew.ackroyd@kpmg.co.uk](mailto:matthew.ackroyd@kpmg.co.uk)

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[kpmg.com/uk](https://kpmg.com/uk)



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

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

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

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEFFIELD CITY COUNCIL

## Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2017 issued on 01 December 2017 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of the Authority and the Group as at 31 March 2017 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

## Issue of value for money conclusion

In our audit report for the year ended 31 March 2017 issued on 01 December 2017 we reported an unqualified value for money conclusion in the following terms:

### Unqualified Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Sheffield City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

### Certificate

In our report dated 01 December 2017, we explained that we could not formally conclude the audit on that date until we had completed our consideration of matters brought to our attention by local authority electors relating to 2016/17. We have now completed this work. No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion, or a significant impact on our unqualified conclusion on the authority's arrangements for securing economy, efficiency and effectiveness.

We certify that we have completed the audit of the financial statements of Sheffield City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Timothy Cutler

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 St Peter's Square, Manchester, M2 3AE

08 November 2019

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# Annual Audit Letter 2017/18

**Sheffield City Council**

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November 2019

A group of business professionals in a meeting, looking at documents. The image is a close-up, slightly blurred, showing the heads and shoulders of several people. A woman with dark hair is on the left, looking down. A man with grey hair is in the center, also looking down. A woman with dark hair is on the right, looking down. They are all wearing business attire. The background is out of focus.

**Section one**

# Summary for Audit & Standards Committee

# Summary for Audit & Standards Committee

This Annual Audit Letter summarises the outcome from our audit work at Sheffield City Council (“the Authority”) in relation to the 2017-18 audit year, which has been finalised following the resolution of an objection to the accounts raised by a local elector.

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

## Audit opinion

We issued an unqualified opinion on the Authority’s financial statements on 30<sup>th</sup> July 2018. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

## Financial statements audit

Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority’s accounts was set at £20 million which equates to around 1.53 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We report to the Audit & Standards Committee any misstatements of lesser amounts, other than those that are “clearly trivial”, to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £1 million for the Authority.

We have identified 1 audit adjustment with a total value of £4.186 million. These adjustments result in a net nil impact in the reported surplus on provision of services and a net nil impact on the general fund.

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

**Management Override of Controls** – In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business or are otherwise unusual. There were no matters arising from this work;

**Valuation of PPE** – We reviewed the approach that the Authority adopted to assess the risk that assets not subject to valuation were materially misstated and considered the robustness of that approach. As a result of this work we identified some assets that had been incorrectly recognised as additions in year on assets already subject to a revaluation. This had inflated the balance sheet value by somewhere between £3.9m and £6.75m (exact value could not be determined without full revaluation on impacted assets). Given this is below our performance materiality threshold of £14m the Authority has chosen not to amend the financial statements;

**Pensions Liabilities** – we reviewed the controls that the Executive has in place over the information sent directly to the Scheme Actuary (Mercer). We also liaised with the auditors of the Pension Fund in order to gain an understanding of the effectiveness of those controls operated by the Pension Fund. We reviewed the appropriateness of the key assumptions included within the valuation and compared them to expected ranges. We also reviewed the methodology applied in the valuation by Mercer;

**Faster Close** – We received draft financial statements on the statutory deadline of 31 May 2018. The quality of this draft was consistent with that of prior years; and

**‘Inverse’ LOBO Loans** – We reviewed the LOBO loans in place at the Council and confirmed one loan which was ‘inverse’ in nature. We reviewed and corroborated the reasoning from the Council’s treasury management advisers as to why there was no change required to the current and historic accounting treatment with regards to this loan.

## Section one:

# Summary for Audit & Standards Committee

## Other information accompanying the financial statements

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

## Whole of Government Accounts

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

## Value for Money conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2017-18 on 30<sup>th</sup> July 2018. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources. To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

## Value for Money risk areas

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

Our work identified the following significant matters:

**Identification and Delivery of Savings** – Like most of local government, the Authority faces a challenging future driven by funding reductions and an increase in demand for services, in particular with regards to Social Services. We noted through our work that the financial position of the Authority had been transparently reported and monitored throughout the period, enabling both officers and members to make informed decisions; and

**Delivery and Management of Social Care** – We assessed the Council's processes for reviewing the performance of social care services and whether there were appropriate methods for managing and monitoring performance in year, including the relevant reporting of this to management and members. We also reviewed how the Authority is working with partners and third parties to deliver social care. Overall, we were provided with evidence that demonstrated that the Authority had worked with third parties, transparently reported and proactively monitored and managed social care services in the year. This had enabled informed decisions to be made and resources to be deployed as sustainably as could reasonably be expected.

## High priority recommendations

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

## Section one:

# Summary for Audit & Standards Committee

## Certificate

We received an objection to the Authority's financial statements which we have considered and concluded that no further action is required to be undertaken. This consideration led to a delay in issuing our final audit certificate until 8<sup>th</sup> November 2019.

Now issued the certificate confirms that we have concluded the audit for 2017-18 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

## Audit fee

Our audit fee for 2017-18 was £186,998, excluding VAT (2017: £186,998). This fee was in line with that planned for the year, with some small additional fees incurred related to the Authority's move to a new financial ledger. Further detail is contained in Appendix 2.

## Exercising of audit powers

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

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



# Appendices

## Appendix 1:

# Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter. These reports can be accessed via the Audit & Risk Committee pages on the Authority's website at [www.sheffield.gov.uk](http://www.sheffield.gov.uk).

### Certification of Grants and Returns

This report summarised the outcome of our certification work on the Authority's 2016-17 grants and returns.

### External Audit Plan

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

### Report to Those Charged with Governance

The Report to Those Charged with Governance summarised the results of our audit work for 2017-18 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

### Auditor's Report

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

2018

January

February

March

April

May

June

July

August

September

October

## Appendix 2:

# Audit fees

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

As communicated to you in our *External Audit Plan 2017-18*, our scale fee for the audit is £186,998 plus VAT (£186,998 in 2016/17), which is consistent with an increase of 2% from the prior year.

We have previously agreed with management an additional fee of £4,000 related to additional work required over phases 2 and 3 of the new Integra General Ledger system.

Our work on the certification of the Authority's Housing Benefit Subsidy return was completed in November 2018. The planned scale fee for this is £30,025 plus VAT (£19,840 in 2016/17). However we also anticipate requesting further fee for this work due to the volume of additional work required. Fees for other grants and claims which do not fall under the PSAA arrangements amount to £12,000 plus VAT (£12,000 in 2016/17), see further details below.

### Other services

We did not charge any additional fees for other services.

Component of the audit	2017-18 Actual Fee £	2016-17 Actual Fee £
<b>Accounts opinion and value for money work</b>		
PSAA Scale fee (Sheffield City Council)	186,998	186,998
Additional fee in relation to IT	4,000	9,000
<b>Total audit services</b>	<b>190,998</b>	<b>195,998</b>
<b>Mandatory assurance services</b>		
Housing Benefits Certification	35,342	23,262
<b>Total mandatory assurance services</b>	<b>30,025</b>	<b>23,262</b>
<b>Audit-related assurance services</b>		
Teachers' Pension Return	3,250	3,250
Pooling of Housing Capital Receipts	2,750	2,750
SFA Subcontractor Controls Assurance	6,000	6,000
<b>Total audit-related assurance services</b>	<b>12,000</b>	<b>12,000</b>
<b>Total non-audit services</b>	<b>42,025</b>	<b>35,262</b>
<b>Grand total fees for the Authority</b>	<b>233,023</b>	<b>231,260</b>

All fees quoted are exclusive of VAT.



The key contacts in relation to our audit are:

**Tim Cutler**  
Partner

E: [Tim.cutler@kpmg.co.uk](mailto:Tim.cutler@kpmg.co.uk)

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Senior Manager

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

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

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

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEFFIELD CITY COUNCIL

## Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2018 issued on 30 July 2018 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of the Authority and the Group as at 31 March 2018 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

## Issue of value for money conclusion

In our audit report for the year ended 31 March 2018 issued on 30 July 2018 we reported an unqualified value for money conclusion in the following terms:

### Unqualified conclusion

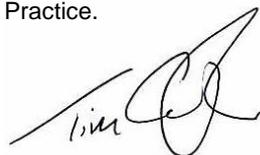
On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Sheffield City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

### Certificate

In our report dated 30 July 2018, we explained that we could not formally conclude the audit on that date until we had completed our consideration of matters brought to our attention by local authority electors relating to 2016/17 and we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work.

We note that since the date we issued our audit opinion the value of council dwelling assets recognised at 31 March 2018 has been restated by means of a prior period adjustment in the 2018/19 financial statements. No matters have come to our attention since that date that would have a significant impact on our unqualified conclusion on the authority's arrangements for securing economy, efficiency and effectiveness.

We certify that we have completed the audit of the financial statements of Sheffield City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Timothy Cutler

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 St Peter's Square, Manchester, M2 3AE

08 November 2019

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# Annual Report on grants and returns 2017/18

**Sheffield City Council**

November 2019



# Contents

The contacts at KPMG in connection with this report are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. 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.psa.co.uk](http://www.psa.co.uk)).

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

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

### Introduction and background

This report summarises the results of work we have carried out on the Council's 2017/18 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2017/18 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2017/18 Housing Benefit Subsidy claim. This had a value of £182.1 million.
- Under separate assurance engagements we certified two returns and one arrangement as listed below.
  - Pooling Capital Receipts;
  - Teachers' Pension Return; and
  - SFA subcontracting arrangements.

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### Certification and assurance results (Pages 4-5)

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our work, the claim was subject to a qualification letter. In summary we qualified on 4 issues and raised 5 observations. Detail can be found on page 5. We note that the Housing Benefit Subsidy claim is large and complex, therefore it is not unusual for us to identify issues. We understand from management that the Department has accepted the claim without need for follow up or amendment to the grant payable.

Our work on the Teachers Pension Return, the Pooling Capital Receipts Return and the SFA subcontracting arrangements were unqualified.

A total of five adjustments were necessary to the Housing Benefit Subsidy Claim. These adjustments totalled: £74,348.

No further adjustments were necessary to the Council's grants and returns as a result of our certification work this year.

### Recommendations (Pages 7 – 8)

We have made 2 recommendations to the Council from our work this year and agreed an action plan with officers.

In addition there were 4 recommendations outstanding from previous years' work on grants and returns.

### Fees (Page 6)

Our fee for certifying the Council's 2017/18 Housing Benefit Subsidy grant was £30,025, which is in line with the indicative fee set by PSAA. A further fee of £5,317 was agreed with the Council and PSAA due to additional work required to be undertaken.

Our fees for the other grant/return engagements were subject to agreement directly with the Council and totalled £13,000 (prior period £12,000).

# Summary of reporting outcomes

Overall, we carried out work on 4 grants and returns:

- 3 were unqualified with no amendment; and
- 1 required a qualification to our audit certificate.

Detailed comments are provided overleaf.

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Detailed below is a summary of the reporting outcomes from our work on the Council’s 2017/18 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is possible that the relevant grant paying body might require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate. However, we understand that the Department has confirmed to the Council that the claim has been accepted with no loss of grant.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
<b>Public Sector Audit Appointments regime</b>					
— Housing Benefit Subsidy	1	●		●	
<b>Other grant/return engagements</b>					
— Teacher’s Pensions Agency Return	2				●
— Pooling Capital Receipt Return	3				●
— SFA Subcontracting	4				●

# Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

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Ref	Summary observations	Amendment
1	<p><b>Housing Benefits Subsidy Claim</b></p> <p><b>Qualifications</b></p> <p>We reported a total of 5 qualifications in our letter dated 30<sup>th</sup> November 2018.</p> <ol style="list-style-type: none"> <li>Rent Rebates - we reported two issues as follows: <ul style="list-style-type: none"> <li>Benefit had been overpaid as a result of the Authority inputting ineligible rent charges into the benefit calculation incorrectly. Total extrapolated error of £6.</li> <li>The earned income had been calculated incorrectly in the benefit calculation resulting in both under and overpayment of benefit. This is the fourth year we have reported this issue and the total extrapolated error was £31,568.</li> </ul> </li> <li>Rent Allowances – we reported three issues as follows: <ul style="list-style-type: none"> <li>The additional earnings disregard had been incorrectly applied to the benefit calculation, which resulted in overpayment of benefit in one case. This is the second year we have reported this issue and the total extrapolated impact reported was £85.</li> <li>Child care costs had been miscalculated resulting in both under and overpayments of subsidy. This is the first year we have reported this issue. Total extrapolated impact reported was £25,328.</li> <li>The earned income had been calculated incorrectly in the benefit calculation resulting in both overpayment and underpayment of benefit. This is the fourth year we have reported this issue and the total extrapolated error was £17,361.</li> </ul> </li> </ol> <p><b>Observations</b></p> <p>We reported a total of 1 observation in our letter dated 30<sup>th</sup> November 2018.</p> <ol style="list-style-type: none"> <li>There were a total of 5 identified cases whereby a case had moved from being standard to passported on the incorrect date. No errors impacting subsidy were identified.</li> </ol>	<p><b>Total amendment / extrapolated impact was £74,348</b></p>

## Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

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### Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2017/18 of £30,025. Our actual fee is higher than the indicative fee at £35,342, and this compares to the 2016/17 fee for this claim of £23,262. As a result of audit findings and additional testing that was required to be carried out we have agreed an additional fee of £5,317 with the Council. This additional fee was approved by PSAA.

### Grants subject to other engagements

The fees for our work on other grants/returns are agreed directly with the Council. Our fees for 2017/18 saw a small increase on those from 2016/17.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2017/18 (£)	2016/17 (£)
Housing Benefit Subsidy claim	35,342	23,262
Teacher's Pensions Agency Return	3,250	3,250
Pooling Capital Receipt Return	3,750	2,750
SFA subcontracting arrangements	6,000	6,000
<b>Total fee</b>	<b>48,342</b>	<b>35,262</b>

# Recommendations

We did not make any recommendations in relation to our 2017/18 work.

# Prior year recommendations

We made 2 recommendations in our 2016/17 Certification of Grants and Returns Annual Report. We are pleased to report that no similar issues have been identified in the 2017/18 period with recommendations having been implemented.



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## AUDITORS CERTIFICATE WHERE THE OPINION PREVIOUSLY ISSUED IN ADVANCE OF CLOSURE OF THE AUDIT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEFFIELD CITY COUNCIL

#### Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2019 issued on 30 September 2019 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of Sheffield City Council as at 31 March 2019 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

#### Issue of value for money conclusion on Sheffield City Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

In our audit report for the year ended 31 March 2019 issued on 30 September 2019 we reported that, in our opinion, in all significant respects, Sheffield City Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

#### Certificate

In our report dated 30 September 2019, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work.

Also, we explained that we could not formally conclude the audit and issue the audit certificate for 2018/19 until the certificates for 2016/17 and 2017/18 were issued. These have now been issued.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and value for money conclusion.

We certify that we have completed the audit of the accounts of Sheffield City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

*S R Clark Ernst and Young LLP*

Stephen Clark (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Birmingham  
Date: 28 November 2019

The maintenance and integrity of the Sheffield City Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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## Audit and Standards Committee Report

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**Report of:** Kayleigh Inman, Senior Finance Manager (Internal Audit)

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**Date:** 19<sup>th</sup> December 2019

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**Subject:** Outcomes of the Internal Audit Mid-Year Review of the Annual Plan

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**Author of Report:** Kayleigh Inman

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### Summary:

The purpose of this report is to present and communicate to members of the Audit and Standards Committee the outcomes of mid-year review of the annual work plan.

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### Recommendations:

- 1) Members of the Audit and Standards Committee are asked to note the contents of the report.
  
  - 2) Members of the Committee are asked to agree the revised 19/20 work plan.
- 

### Background Papers:

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**Category of Report:** Open

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\* Delete as appropriate

## Statutory and Council Policy Checklist

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

## **REPORT TO SHEFFIELD CITY COUNCIL AUDIT AND STANDARDS COMMITTEE**

**19<sup>th</sup> December 2019**

### **Senior Finance Manager Report**

#### **Purpose of the Report**

1. The purpose of this report is to communicate to members of the Audit and Standards Committee the changes that have been required to the 19/20 tactical plan following the mid-year review.
2. The changes are a result of both staffing shortages and high sickness levels within Internal Audit.

#### **Background**

3. Internal Audit have always performed a review of the mid-year plan in order to assess whether resources are sufficient to deliver the remainder of the plan, and to take account of any new/emerging risk areas that may need to take priority over planned reviews.
4. A requirement of the Public Sector Internal Audit Standards (PSIAS) is to report the outcomes of the mid-year review to the Audit and Standards Committee where changes are deemed to be 'significant'. Within SCC Internal Audit, 'significant' is defined as a variation of 15% of the total number of planned days that will be delivered.
5. This first six months of 19/20 has been particularly difficult in terms of plan delivery, due to the high levels of sickness together with the level of staffing vacancies being carried in Internal Audit.
6. As at the 30<sup>th</sup> September, the PI result for the number of planned 19/20 assurance reviews completed was only 12 compared to a pro-rata target of 24. An additional 15 reviews were completed which had been carried forward as work-in-progress from 18/19.
7. At the 1<sup>st</sup> December 22 assurance reviews had been completed from the 19/20 audit plan. The full year target is to complete 77 reviews.

#### **Resources**

8. A Managing Employee Reduction (MER) Scheme is underway across the Finance and Commercial Service. It was anticipated, when the audit plan was being developed, that the MER process would have been completed by the

start of the 19/20 financial year. As a result, it was assumed that the vacant post within the Internal Audit structure would be filled and so a full-time equivalent member of staff was built into the resourcing assumptions.

9. Unfortunately, the MER process was delayed which meant Internal Audit has been unable to recruit to the vacant post. **This equates to the loss of 11 full audit reviews from the tactical plan.**
10. Attempts were made to temporarily appoint to the vacant post via Agency recruitment, however, due to a general shortage of trained internal auditors this was unsuccessful.
11. In addition to the above, a total of 19.4 weeks have been lost to sickness to date in 19/20. **This equates to approx. 6 audit reviews.**
12. Finally, the Internal Audit team have hosted the 3 different graduate trainees, who are on rotation around Finance. In order to ensure they are well-rounded and gain sufficient experience about the roles and responsibilities of Internal Audit, additional resources have been dedicated to training these officers. This has had a slight impact on the number of audits delivered. **This equates to approx. 1 full audit review.**

### Balancing Resources

13. In order to balance the resources available with the number of days work included in the plan, 20 assurance reviews have been removed. These are identified in appendix 1.

	Days
Days left to deliver	1033
Staff resources	654
Resource shortfall	379
Days removed due to service demand changes	-260
Audit days left to remove due to resourcing issues	-119
Residual balance	-14

## **Audit Assurance**

14. In removing audits from the tactical plan, Internal Audit has been mindful of the original priority assigned to the review. Wherever possible, audits have been removed based on the 'scores' awarded when the area was initially risk-assessed. Consideration has also been given to the overall coverage being achieved in each portfolio, in order that the annual audit opinion can still be given.
15. 14 of the assurance reviews have been removed for service reasons – for example a review was proposed of the new Performance Management Framework, however this has not yet been rolled-out and so the review cannot be completed.
16. 6 further reviews have been removed to balance the plan with the resources available.
17. The audits that have been removed have all been added to the first-call list, which will be revisited as part of the 2020/21 planning process. In most cases the audits that have been deferred from this year's plan will automatically be included in the plan for next financial year.

## **Business Partnering Activity**

18. The business partnering resource included in the internal audit plan to complete pro-active audit activity continues to be used for added-value pieces of work. This work is undertaken at the request of portfolio management and the so far this year, more than half of the resource included in the plan has been used.
19. 15 pieces of work have been delivered. This swing towards proactive work also contributes the target for completion of assurance reviews not being achieved.

## **FINANCIAL IMPLICATIONS**

20. There are no direct financial implications arising from the report.

## **EQUAL OPPORTUNITIES IMPLICATIONS**

21. There are no equal opportunities implications arising from the report.

## **CONCLUSION**

22. This first 6 months of 19/20 has been particularly difficult in terms of plan delivery.
23. As a result Internal Audit has had to remove 20 assurance reviews from the plan, which equates to 22% of the original plan. For the most part, reviews have been deferred in areas where service demands have changed. These reviews will be picked up in next years' work plan.

## **RECOMMENDATION**

24. Members of the Audit and Standards Committee are asked to note the contents of the report.
25. Members of the Committee are asked to agree the revised 19/20 work plan.

Area	Audit Title	Audit Type	IA Assessed Risk	Proposed assurance to be obtained	Progress	Reason
Place	HRM - Subcontractors	RBA	High	Assurance that the controls in place for the recruitment and management of subcontractors within the housing repairs service are sound	defer	Sufficient coverage from other audits.
Place	City Centre Regeneration Strategy	RBA	High	To provide assurance that the overarching strategy for the re-development of key city areas is being managed robustly. The scope will cover effective and clear links to other projects and partners.	defer	Resourcing
Place	Homeless Reduction Act	RBA	High	Following the introduction of the Homeless Reduction Act, assurance to be provided on whether the service has met the requirements and the impact on the service	defer	Resourcing
Place	Housing integration - housing repairs team	RBA	High	Assurance that the service has robust controls in place for its day to day operation following the insourcing of the repairs team.	defer	Resourcing
People	Adults Social Care records.	Business Partnering	High	Support to management in developing the process for the completion of Adult Social Care records.	defer	Resourcing
People	Financial Aspects of Liquid Logic	RBA	High	To assess the robustness and effectiveness of the Financial Aspect of Liquid Logic across both Children and Adult Services.	defer	Sufficient coverage from other audits - including a)Liquid Logic application review b) Management of system audit logs on Liquid Logic.
People	Multi-Agency Support Teams (MAST)	RBA	High	A review of this early help services and an assessment of the training and consultancy provided across the city.	defer	Resourcing
Resources	Capability Procedures	RBA	High	To provide assurance to management that the procedures for managing staff capability are being effectively operated	Removed at client request.	This policy is still being reviewed. Oher HR reviews have also been undertaken.

Resources	IT Trent - systems process review (post implementation).	RBA	High	To review the new Itrent system in operation to ensure that data is accurately processed, payments are made in a controlled way and that key data and legislative requirements are being complied with.	defer	There have been a number of reviews in this areas this year and it is felt that the process need to be in. The MFS review will look at some of the transactions as well as the transfer review. It is not felt appropriate at this time.
Resources	Performance Management	RBA	High	To provide assurance to management that the Council Performance management arrangements are reporting efficiently and that the data supplied can be fully validated.	Removed at client request.	This process is still being rolled out.
Resources	Policies and use of systems for Council operated Social Media Sites.	RBA	Medium	To provide assurance to management that the Council that the social media accounts operated by the Council have been identified and that there are processes in place to ensure that they give a consistent message.	Removed at client request.	There has been a change of personnel and this process is not yet in place.
Resources	Records Management Strategy	RBA	High	To provide assurance to management that the Council has in place an adequate strategy for the management of records.	Removed at client request.	This Strategy is still being progressed and will not be ready for review until next year.
Resources	Process for setting up new users and deactivating leavers.	RBA	High	To provide assurance to management that the process for the setting up of new starters and removing leavers from the Council's IT system is adequate and operating effectively.	Removed at client request.	This has been delayed as the insourcing project has been delayed until January 2020 and as such this process is better to be looked at after April 2020 when the full SIAM model is fully implemented.
Resources	Lagan (CRM) (Customer Services)	Application Review	High	To provide assurance to management that the Lagan (CRM) application is adequately controlled.	Removed at client request.	This system is in the process of being upgraded and as such is not in suitable position to review. It was anticipated that this would have been done earlier in the year, but there has been slippage.

Investigations - Housing Benefit	Housing benefit review	RBA	High	To provide assurance that the Council has adequate controls in place to control and monitor expenditure of housing benefit in line with the required regulations. Including regularity and the review of the system and application assessment.	Removed at client request.	This has been deferred as the service is being insourced from January 2020 and this is not a suitable time to look at it. There has been work undertaken and reported on the insourcing project.
Place	Early Measures Air Quality - grant sign off	Grant certification	Statutory	Statutory responsibility - an audit opinion on the grant usage and assurance that the grant terms and conditions have been complied with. Grant to support early measures activity on air quality.	Removed at client request.	Sign-off is no longer required by grant funding body.
Place	National Productivity investment fund- grant sign off	Grant certification	Statutory	Statutory responsibility - an audit opinion on the grant usage and assurance that the grant terms and conditions have been complied with. Grant to support road improvements in specific areas of Sheffield	Removed at client request.	Sign-off is no longer required by grant funding body.
People	Children Social Care Recovery Plan	RBA	High	To provide assurance on the effectiveness of the Children's Recovery Plan.	Removed at client request.	Due to Ofsted visit and last audit deferred at request client.
People	Commissioning - Enhanced Supported Living.	RBA	High	To provide assurance on the contract monitoring and controls in place. Including an assessment of costs and effectiveness of the new Framework in order to provide positive outcomes and sustainable quality at best value.	Removed at client request.	The LA has decided not to pursue this contract so there is nothing for IA to review.
Resources	Life Changes Fund - Social Impact Bond	RBA	High	To provide assurance that the governance arrangements for all parties involved in the Social Impact Bond are robust and adequate.	Removed at client request.	This grant funding stream is currently being worked up and is not in a suitable position to review.

Resources	The management of system Audit logs (set up, usage and clearing) on the OHMS system	RBA	High	To provide assurance to management that there is adequate and secure recording and reporting of transactions within the application and that this data is used and deleted appropriately.	Removed at client request.	The system is being changed and updated. It is not possible to look as this issue, until the updated system is in place.
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## Audit and Standards Committee Report

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**Report of:** Director of Legal and Governance

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**Date:** 19<sup>th</sup> December 2019

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**Subject:** Work Programme

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**Author of Report:** Abby Brownsword, Democratic Services  
(Tel - 0114 273 5033)

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**Summary:**

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

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**Recommendations:**

That the Committee:-

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

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**Background Papers:** None

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**Category of Report:** OPEN

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
NO Cleared by:
<b>Legal Implications</b>
NO Cleared by:
<b>Equality of Opportunity Implications</b>
NO Cleared by:
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
NONE
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
NO

## **WORK PROGRAMME**

### **1. Purpose of Report**

1.1 To consider an outline work programme for the Committee.

### **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 includes standards related matters, including an annual review of the Members Code of Conduct and Complaints Procedure and an Annual Report on the complaints received.

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

2.3 Please note that the July 2020 meeting of the Committee has been moved to Thursday 30<sup>th</sup> July 2020 at the request of the Council's External Auditors (Ernst and Young) and with the permission of the Chair.

### **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**

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Audit and Standards Work Programme 2019-20

Date	Item	Author
19 December 2019	PFI Objection Report	Dave Phillips (Head of Strategic Finance)
	Audit Certificate and Annual Audit Letter 2016/17	Dave Phillips (Head of Strategic Finance)
	Audit Certificate and Annual Audit Letter 2017/18	Dave Phillips (Head of Strategic Finance)
	Update on the Mid-Year Review of the Internal Audit Plan	Kayleigh Inman (Senior Finance Manager)
	Annual Ombudsman Report -Update	Ben Marston (Service Delivery Manager)
	Information Management Annual Report	Mark Jones (Senior Information Management Officer)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
23 January 2020	Progress on High Opinion Audit Reports	Kayleigh Inman (Senior Finance Manager)
	Formal Response to Audit (ISA 260) Recommendations	Dave Phillips (Head of Strategic Finance)
	AGS Half Yearly Update	Gillian Duckworth (Director of Legal and Governance)
	Review of Member's Code of Conduct	Gillian Duckworth (Director of Legal and Governance)
	Review of Standards Complaints Procedure	Gillian Duckworth (Director of Legal and Governance)
	Annual Standards report	Gillian Duckworth (Director of Legal and Governance)
	Universal Credit	Tim Hardie (Director of Finance and Commercial Services)

Audit and Standards Work Programme 2019-20

	Strategic Risk Management	Helen Molteno (Corporate Risk Manager)
	Update on the Insourcing of ICT	Mike Weston (Assistant Director of ICT Service Delivery)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
20 February 2020	(Additional meeting if required)	
19 March 2020	(Additional meeting if required)	
16 April 2020	Internal Audit Plan 2019/20	Kayleigh Inman (Senior Finance Manager)
	Compliance with International Auditing Standards	Dave Phillips (Head of Strategic Finance)
	Certification of Claims and Returns Annual Report 2017/18	Ernst & Young (External Auditor)
	External Audit Plan 2019/20	Ernst & Young (External Auditor)
	Annual Audit Fee Letter 2019/20	Ernst & Young (External Auditor)
	Whistleblowing Policy Review and Update	Gillian Duckworth (Director of Legal and Governance)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
June/July 2020	Audit Training	External Facilitator (Gary Bandy)
11 June 2020	Summary of Statement of Accounts	Dave Phillips (Head of Strategic Finance)

Audit and Standards Work Programme 2019-20

	Internal Audit Annual Fraud Report	Kayleigh Inman (Senior Finance Manager)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
23 July 2020	Report to Those Charged with Governance (ISA 260)	Ernst & Young (External Auditor)
	Statement of Accounts	Dave Phillips (Head of Strategic Finance)
	Annual Governance Statement	Gillian Duckworth (Director of Legal and Governance)
	Annual Internal Audit Opinion Report	Kayleigh Inman (Senior Finance Manager)
	Information Management Annual Report	Mark Jones (Senior Information Management Officer)
	Progress on High Opinion Audit Reports	Kayleigh Inman (Senior Finance Manager)
	Update on Standards Complaints	Gillian Duckworth (Director of Legal and Governance)
	Strategic Risk Management	Helen Molteno (Corporate Risk Manager)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)

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