

## **Lancashire County Council**

### **Audit and Governance Committee**

**Monday, 25th September, 2017 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

### **Agenda**

#### **Part I (Open to Press and Public)**

<b>No.</b>	<b>Item</b>
------------	-------------

- |            |  |                   |
|------------|--|-------------------|
| <b>1.</b>  | <b>Apologies</b>   |                   |
| <b>2.</b>  | <b>Disclosure of Pecuniary and Non-Pecuniary Interests</b><br>Members are asked to consider any Pecuniary and Non-Pecuniary Interests they may have to disclose to the meeting in relation to matters under consideration on the Agenda. |                   |
| <b>3.</b>  | <b>Minutes of the Meeting held on 31st July 2017</b>   | (Pages 1 - 4)     |
| <b>4.</b>  | <b>The Annual Audit Letter for Lancashire County Council and Lancashire County Pension Fund 2016/17</b>  | (Pages 5 - 28)    |
| <b>5.</b>  | <b>Treasury Management Activity 2017/18</b>  | (Pages 29 - 40)   |
| <b>6.</b>  | <b>Health, Safety and Resilience Service Overview and Risk Register</b>  | (Pages 41 - 78)   |
| <b>7.</b>  | <b>Internal Audit Progress Report</b>  | (Pages 79 - 94)   |
| <b>8.</b>  | <b>Standards and the Code of Conduct</b>   | (Pages 95 - 106)  |
| <b>9.</b>  | <b>Risk and Opportunity Register Quarter 2</b>   | (Pages 107 - 122) |
| <b>10.</b> | <b>Update on Overpayment of Salaries</b>   | (Pages 123 - 126) |

**11. Urgent Business**

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

**12. Date of Next Meeting**

The next meeting of the Committee will be held on Monday 23 October 2017 at 2.00pm in Cabinet Room 'B', County Hall, Preston.

I Young  
Director of Governance,  
Finance and Public Services

County Hall  
Preston

## Lancashire County Council

### Audit and Governance Committee

**Minutes of the Meeting held on Monday, 31st July, 2017 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

#### **Present:**

County Councillor Alan Schofield (Chair)

#### **County Councillors**

E Nash	E Lewis
P Williamson	J Shedwick
J Berry	C Wakeford

#### **1. Apologies**

Members noted that there were no apologies but CC Wakeford attended instead of CC Vincent.

#### **2. Disclosure of Pecuniary and Non-Pecuniary Interests**

There were no declarations of interest at this time.

#### **3. Minutes of the Meeting held on 26 June 2017**

**Resolved:** - That the minutes of the meeting held on the 26<sup>th</sup> June 2017 be confirmed and signed by the Chair.

#### **4. Approval of the Council's Statement of Accounts 2016/17**

Khadija Saeed presented the Council's Statement of Accounts 2016/17 to members as the committee has delegated authority to approve the accounts prior to publication on 30<sup>th</sup> September 2017. The Statement of Accounts had been prepared in accordance with the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The style and format of the accounts complied with CIPFA standards however, the content had been reviewed and refreshed to make the accounts easier to understand. The report summarised the key components of the accounts and set out a revised timetable for the following year.

As a consequence of External Auditor recommendations, written amendments to note 30 on cash flows from operating activities and section 14 on the pension fund accounts were presented to the committee.

It was further explained that the councils out turn report will be presented to cabinet on 10<sup>th</sup> August 2017 and that any subsequent amendments will need to be incorporated into the statement of accounts 2016/17.

**Resolved:** - That;

- (i) Any subsequent amendments as a result of the councils out turn report should be completed by the Director of Financial Resources following consultation with the Chair and Deputy Chair.
- (ii) The Lancashire County Council Statement of Accounts for 2016/17 be approved and signed by the Chair of the Committee.

**5. Approval of the County Council and County Pension Fund Letters of Representation 2016/17**

A report was presented on the County Council's Management Representation Letter at Appendix 'A' and that for the Lancashire County Pension Fund at Appendix 'B' to the report.

The committee was informed that the Management Representation Letters should be made available to the external auditors (as part of the audit evidence) before the audit report was issued.

It was noted that the Management Representation Letters would be signed on behalf of the Lancashire County Council and the Lancashire County Pension Fund by the Council's S. 151 Officer and the Chair of the Audit and Governance Committee and the Committee was asked to approve them.

**Resolved:** - That the management representation letters, as set out at Appendices 'A' and 'B', to the report now presented be approved and duly signed.

**6. External Auditor's Annual Audit Findings for Lancashire County Council 2016/17**

A report was presented by Karen Murray, external auditor, on the overall findings of the external auditor in relation to the audit of the annual accounts of Lancashire County Council, their proposed opinion on those accounts, and conclusion on the council's value for money arrangements. The external auditor thanked the Council's finance team and other staff for the level of support and assistance provided during the audit.

In commenting on the county council's accounts, Karen Murray, external auditor, informed the committee that the draft accounts were, overall, prepared to a good standard. However, one misstatement had been identified within the accounts and it had been discussed with the Director of Financial Resources and the accounts amended. The key messages arising from the audit included:

- The council had delivered draft accounts ahead of its internal deadline of 31<sup>st</sup> May 2017
- Work had been undertaken on the layout to make them more understandable and the clarity of supporting material had been improved

The report also included the value for money conclusion. The opinion given in the report confirmed that the council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

**Resolved:** - That;

- (i) The external audit findings report covering the audit of the County Council for year ended 31 March 2017 be noted.
- (ii) The adjustments to the financial statements and the other issues raised by the external auditor, as set out in the report presented, be noted.

## **7. External Audit - Lancashire County Council Pension Fund Audit Findings Report 2016/17**

A report was presented on the audit findings in relation to the accounts of the Lancashire County Pension Fund.

In commenting on the Lancashire County Pension Fund account, Karen Murray, external auditor, informed the committee that the audit work had not identified any material adjustments affecting the Fund's reported financial position. However, a number of minor adjustments had been made to improve the presentation of the financial statements. It was also reported that sample testing of journal controls and entries had been completed.

It was reported that the pension fund's financial statements gave a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and the amount and disposition of the fund's assets and liabilities.

The external auditor thanked Council officers for their support during the audit.

**Resolved:** - That the external audit findings report covering the audit of the Lancashire County Pension Fund for year ended 31 March 2017 be noted.

## **8. External auditor appointment process**

Neil Kissock, Director of Financial Resources presented a report on the process for the appointment of an external auditor. Previously, full council had agreed to opt into an approved sector led body approach to appointing its external auditor for the five years commencing 1<sup>st</sup> April 2018. This allowed Public Sector Audit Appointments Limited (PSAA) to act as the appointing person for the county council. The council has to secure an external auditor by December 2017.

As part of the process, PSAA will start consulting audited bodies on proposed appointments in August 2017. The consultation period is five weeks. Where a body accepts the proposed appointment no further action is needed. If the body does not accept the appointment it has the opportunity to make further representations. In this instance, the Chair of the committee will advise members accordingly.

**Resolved:** - That the Director of Financial Resources in consultation with the Chair of the Committee is authorised to respond to the PSAA's consultation on the proposed appointment of an external auditor for the council, and subsequent consultations as necessary.

**9. Actions to enhance the Committee's effectiveness as an element of the Council's Governance Framework**

Ruth Lowry presented the report on the effectiveness of the committee following an Internal Audit Service assessment. As a first step it was proposed that the committee consider amending its terms of reference and approve the actions set out in the report to support its own operation.

In the context of the proposed terms of reference, the committee discussed its role in relation to risk, treasury management and standards.

**Resolved:** - That:

- (i) The revised terms of reference, including the change of name to the Audit, Risk and Governance Committee are approved and submitted to the next full council for approval.
- (ii) The actions set out in the report at Appendix B are approved.
- (iii) The Committee receive a report on the current standards regime at its next meeting in September.

**10. Urgent Business**

There were no items of urgent business.

**11. Dates of Future Meetings**

It was noted that the next meeting of the Committee would be held on 25<sup>th</sup> September 2017 at 2pm, Cabinet Room B, County Hall, Preston.

I Young  
Director of Governance, Finance  
and Public Services

County Hall  
Preston

## **Audit and Governance Committee**

Meeting to be held on Monday, 25 September 2017

Electoral Division affected: (All Divisions);
--

## **The Annual Audit Letter for Lancashire County Council and Lancashire County Pension Fund 2016/17**

(Appendix 'A' refers)

Contact for further information:

Karen Murray, Tel: (0161) 2346364, Grant Thornton,  
karen.l.murray@uk.gt.com

### **Executive Summary**

The Annual Audit Letter summarises the outcome of our work in 2016/17. It includes the key messages in relation to the financial statements audit and audit opinion, and Value for Money (VfM) conclusion.

The Annual Audit Letter will also be reported to Cabinet.

### **Recommendation**

The Audit and Governance Committee is recommended to note the Annual Audit Letter for 2016/17 as set out at Appendix 'A'.

### **Background and Advice**

Karen Murray, Engagement Lead, Grant Thornton, will attend the Committee meeting to present the report and respond to any questions.

### **Consultations**

The report has been agreed with the County Council's Management Team and will also be reported to the Council's Cabinet.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

No significant risks have been identified.

**Local Government (Access to Information) Act 1985**  
**List of Background Papers**

Paper	Date	Contact/Tel
-------	------	-------------

N/A		
-----	--	--

Reason for inclusion in Part II, if appropriate		
---	--	--

N/A		
-----	--	--



# The Annual Audit Letter for Lancashire County Council and Lancashire County Pension Fund

**Year ended 31 March 2017**

September 2017

**Karen Murray**

Director

T 0161 534 6364

E karen.l.murray@uk.gt.com

**Caroline Stead**

Senior Manager

T 0161 234 6355

E caroline.l.stead@uk.gt.com

**Marianne Dixon**

Manager

T 0113 200 2699

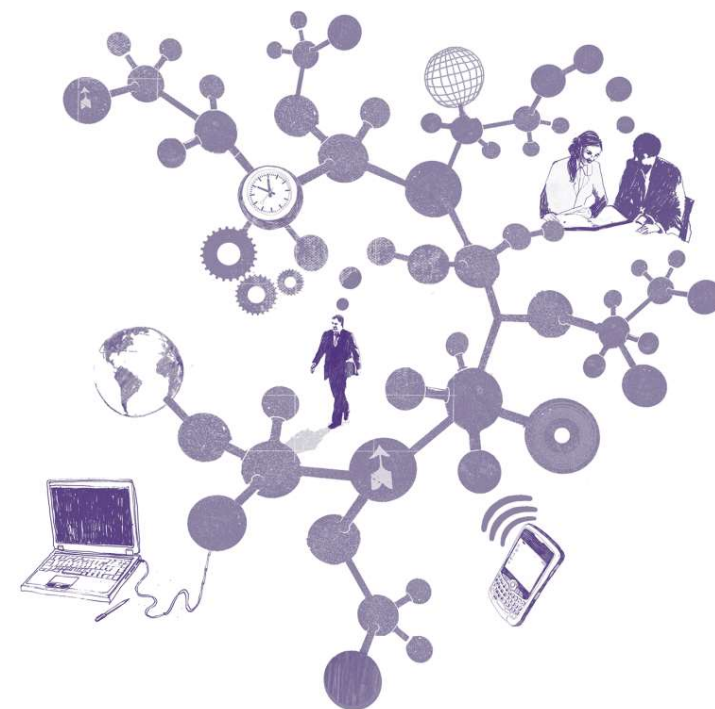
E marianne.dixon@uk.gt.com

**Ian Pinches**

Assistant Manager

T 0161 234 6359

E ian.m.pinches@uk.gt.com



---

# Contents

Section	Page
1. Executive summary	3
2. Audit of the accounts	5
3. Value for Money conclusion	16
<b>Appendices</b>	
A Reports issued and fees	

---

# Executive summary

## Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work we have carried out at Lancashire County Council (the Council) for the year ended 31 March 2017.

This Letter provides a commentary on the results of our work to the Council and its external stakeholders, and highlights issues we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit and Governance Committee (as those charged with governance) in our Audit Findings Report on 31 July 2017.

## Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

## Our work

### Financial statements opinion

We gave an unqualified opinion on the Council's and Pension Fund's financial statements on 10 August 2017.

### Value for money conclusion

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017 except for the results of the Ofsted inspection of children's services, and the arrangements to maintain a sound system of internal control. We therefore qualified our value for money conclusion in our audit opinion on 10 August 2017.

---

### **Whole of government accounts**

We are currently completing our work on the Council's consolidation return following guidance issued by the NAO and anticipate issuing our report during the week commencing 11 September 2017.

### **Certificate**

We are currently unable to certify that we have completed the audit of the accounts of the Council

We are unable to issue our certificate of completion of the audit. This is because we cannot formally conclude the audit on the accounts from 2012/13 onwards until we have completed our consideration of matters arising from 2012/13.

### **Other work completed**

We have provided training on the role of external audit to members of the audit and governance committee.

Members of your finance team attended our training workshops on year end closedown in February 2017.

### **Working with the Council**

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**  
**September 2017**

# Audit of the accounts

## Our audit approach

### Materiality

In our audit of the Council's accounts, we applied the concept of materiality to determine the nature, timing and extent of our work, and to evaluate the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £33 million, which is 1.5% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We also set a lower level of specific materiality for related party transactions and senior officer remuneration.

We set a lower threshold of £1.6m, above which we reported errors to the Audit and Governance Committee in our Audit Findings Report.

### Pension Fund

For the audit of the Lancashire County Pension Fund accounts, we determined materiality to be £60.3 million, which is 1% of the Fund's net assets. We used this benchmark, as in our view, users of the Pension Fund accounts are most interested in the value of assets available to fund pension benefits.

We set a lower level of specific materiality for certain areas such as senior management salaries and related party transactions. We set a threshold of £3.6m above which we reported errors to the Audit and Governance Committee.

## The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by the Director of Financial Resources are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the accounts - Council

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>The revenue cycle includes fraudulent transactions</b></p> <p>Under ISA (UK&amp;I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Lancashire County Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate revenue recognition;</li><li>• opportunities to manipulate revenue recognition are very limited; and</li><li>• the culture and ethical frameworks of local authorities, including Lancashire County Council, mean that all forms of fraud are seen as unacceptable.</li></ul>	<p>Our audit work did not identify any issues in respect of revenue recognition.</p>
<p><b>Management over-ride of controls</b></p> <p>Under ISA (UK&amp;I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"><li>• reviewed entity controls</li><li>• review of journal entry process and selection of unusual journal entries for testing back to supporting documentation</li><li>• review of accounting estimates, judgements and decisions made by management</li></ul>	<p>Our audit work did not identify any issues in respect of revenue recognition.</p>

# Audit of the accounts - Council

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of property, plant and equipment</b></p> <p>The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements. In 2016/17 the Council has also made decisions about the use of properties, as part of the property strategy which could impact on the value to be included in the Statement of Accounts.</p>	<p>We have</p> <ul style="list-style-type: none"> <li>• reviewed management's processes and assumptions for the calculation of the estimate</li> <li>• reviewed the competence, expertise and objectivity of any management experts used</li> <li>• reviewed of the instructions issued to valuation experts and the scope of their work</li> <li>• discussed with valuer about the basis on which the valuation is carried out and challenged the key assumptions</li> <li>• reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding</li> <li>• tested a sample of revaluations made during the year to ensure they are input correctly into the Council's asset register</li> <li>• evaluated the assumptions made by management for those assets not revalued during the year and considered how management is satisfied these are not materially different to current value</li> <li>• reviewed the classification and valuation of properties in line with the decisions in the property strategy to ensure the valuations included in the accounts reflect the use of the property at the end of the financial year.</li> </ul>	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>
<p><b>Valuation of pension fund net liability</b></p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p>	<p>We have</p> <ul style="list-style-type: none"> <li>• identified the controls put in place by management to ensure the pension fund liability is not materially misstated.</li> <li>• reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation.</li> <li>• gained an understanding of the basis on which the valuation is carried out.</li> <li>• undertaken procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>• reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>

# Audit of the accounts - Council

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Employee remuneration</b> Payroll expenditure represents a significant percentage of the Council's gross expenditure.</p> <p>We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> <li>Employee remuneration accruals understated (Remuneration expenses not correct)</li> </ul>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented our understanding of processes and key controls over the transaction cycle</li> <li>undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding</li> <li>reconciled the total payroll costs in the payroll system to the general ledger and the financial statements.</li> <li>undertaken a trend analysis of pay by month to confirm there are no unusual fluctuations throughout the year.</li> </ul>	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>
<p><b>Operating expenses</b> Non-pay expenditure represents a significant percentage of the Council's gross expenditure. Management uses judgement to estimate accruals of un-invoiced non-pay costs.</p> <p>We identified the completeness of non- pay expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> <li>Creditors understated or not recorded in the correct period (Operating expenses understated)</li> </ul>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented our understanding of processes and key controls over the transaction cycle</li> <li>undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding</li> <li>Reviewed your process for raising accruals at the year-end</li> <li>tested new year payments to confirm the completeness of the accruals included in the statement of accounts.</li> </ul>	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>



# Audit of the accounts - Council

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Employee remuneration</b> Payroll expenditure represents a significant percentage of the Council's gross expenditure.</p> <p>We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> <li>Employee remuneration accruals understated (Remuneration expenses not correct)</li> </ul>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented our understanding of processes and key controls over the transaction cycle</li> <li>undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding</li> <li>reconciled the total payroll costs in the payroll system to the general ledger and the financial statements.</li> <li>undertaken a trend analysis of pay by month to confirm there are no unusual fluctuations throughout the year.</li> </ul>	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>
<p><b>Operating expenses</b> Non-pay expenditure represents a significant percentage of the Council's gross expenditure. Management uses judgement to estimate accruals of un-invoiced non-pay costs.</p> <p>We identified the completeness of non- pay expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> <li>Creditors understated or not recorded in the correct period (Operating expenses understated)</li> </ul>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented our understanding of processes and key controls over the transaction cycle</li> <li>undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding</li> <li>Reviewed your process for raising accruals at the year-end</li> <li>tested new year payments to confirm the completeness of the accruals included in the statement of accounts.</li> </ul>	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>

# Audit of the accounts - Council

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Employee remuneration</b> Payroll expenditure represents a significant percentage of the Council's gross expenditure.</p> <p>We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> <li>Employee remuneration accruals understated (Remuneration expenses not correct)</li> </ul>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented our understanding of processes and key controls over the transaction cycle</li> <li>undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding</li> <li>reconciled the total payroll costs in the payroll system to the general ledger and the financial statements.</li> <li>undertaken a trend analysis of pay by month to confirm there are no unusual fluctuations throughout the year.</li> </ul>	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>
<p><b>Changes to the presentation of local authority financial statements</b></p> <p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 CIPFA Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures was also required.</p>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements</li> <li>reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Council's internal reporting structure</li> <li>reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS)</li> <li>tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES</li> <li>tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger</li> <li>tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements</li> </ul>	<p>The changes to the presentation are in line with the requirements of the CIPFA code.</p> <p>Because it was the first year of these changes management added additional disclosures to explain the movement from the accounts for 2015/16 to the restated comparatives included in the accounts.</p>

# Audit of the accounts – Pension Fund

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the audit of the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<b>Valuation of level 3 investments</b> Significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.	As part of our audit work we: <ul style="list-style-type: none"><li>• Updated our understanding of your process for valuing Level 3 investments through discussions with relevant personnel</li><li>• Tested a sample of individual investment valuations by obtaining and reviewing the audited accounts at latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciling those values to the values at 31<sup>st</sup> March with reference to known movements in the intervening period.</li><li>• Reviewed the qualification of the fund managers as experts to value the level 3 investments at year end and gained an understanding of how the valuation of these investments had been reached.</li><li>• Reviewed the competence, expertise and objectivity of management experts used.</li></ul>	Our audit work did not identify any issues around the valuation of the Level 3 investments reported at year end.

# Audit of the accounts – Pension Fund

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<b>Investment income</b> Investment activity not valid and investment income not accurate.	We undertook the following work in relation to this risk: <ul style="list-style-type: none"> <li>Reviewed the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records, obtaining explanations for variances.</li> <li>For direct property income we rationalised income for a sample of properties against expected rental income</li> </ul>	Our audit work did not identify any significant issues in relation to the risk identified.
<b>Investment purchases and sales</b> Investment activity not valid	We undertook the following work in relation to this risk: <ul style="list-style-type: none"> <li>Reviewed the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records, obtaining explanations for variances.</li> <li>Tested a sample of purchases and sales to ensure they are recognised appropriately</li> </ul>	Our audit work did not identify any significant issues in relation to the risk identified.
<b>Investment values – Level 2 investments</b> Valuation is incorrect	We undertook the following work in relation to this risk: <ul style="list-style-type: none"> <li>Reviewed the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records, obtaining explanations for variances.</li> <li>Tested a sample of those investments to independent information from custodian/manager on units and on unit prices where the custodian does not provide independent pricing information.</li> <li>For direct property investments, agreed values in total to the valuer's report and taken steps to ensure it is appropriate for us to place reliance on the valuer as an expert.</li> </ul>	Our audit work did not identify any significant issues in relation to the risk identified.
<b>Contributions</b> Recorded contributions not correct	We undertook the following work in relation to this risk: <ul style="list-style-type: none"> <li>Carried out procedures and walkthrough testing to understand the pension fund's arrangements for gaining assurance over recorded contributions</li> <li>Tested the controls over occurrence, completeness and accuracy of contributions</li> <li>Rationalised contributions received with reference to changes in member body payrolls and numbers of contributing pensioners and ensured that any unexpected trends were satisfactorily explained.</li> </ul>	Our audit work did not identify any significant issues in relation to the risk identified.

# Audit of the accounts – Pension Fund

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<b>Benefits payable</b> Benefits improperly computed/claims liability understated.	We undertook the following work in relation to this risk: <ul style="list-style-type: none"> <li>performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding</li> <li>performed controls testing over completeness, accuracy and occurrence of benefit payments</li> <li>tested a sample of pension payments, lump sums, and refunds</li> <li>rationalised pensions paid with reference to changes in pensioner numbers and increases applied in the year and ensured that any unusual trends were satisfactorily explained.</li> <li></li> </ul>	Our audit work did not identify any significant issues in relation to the risk identified.
<b>Member data</b> Member data not correct	We undertook the following work in relation to this risk: <ul style="list-style-type: none"> <li>carried out procedures and reviews sufficient to understand the pension fund's arrangements for gaining assurance over the accuracy of member data</li> <li>performed controls testing over annual/monthly reconciliations and verifications with individual members</li> <li>tested a sample of changes to member data made during the year to source documentation.</li> </ul>	Our audit work did not identify any significant issues in relation to the risk identified.

---

# Audit of the accounts

## **Audit opinion**

We gave an unqualified opinion on the Council's accounts on 10 August 2017, in advance of the 30 September 2017 national deadline.

The Council made the accounts available for audit in line with the agreed timetable, and provided a good set of supporting working papers. The finance team responded promptly and efficiently to our queries during the audit.

## **Issues arising from the audit of the accounts**

We reported the key issues from our audit of the accounts of the Council to the Audit and Governance Committee on 31 July 2017.

## **Pension fund accounts**

We also reported the key issues from our audit of accounts of the Pension Fund hosted by the Council to the Audit and Governance Committee on 31 July 2017.

## **Annual Governance Statement and Narrative Report**

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

## **Whole of Government Accounts (WGA)**

We are carrying out work on the Council's consolidation schedule in line with instructions provided by the NAO. We anticipate issuing a group assurance certificate during the week commencing 11 September.

---

# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2016 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out in table 2 overleaf.

## Overall VfM conclusion

We are satisfied that, in all significant respects, except for the matters we identified below, the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2017.

# Value for Money

**Table 2: Value for money risks**

Risk identified	Work carried out	Findings and conclusions
<p><b>Internal control</b></p> <p>In 2015/16 Internal Audit did not complete a full programme of work. As a result, the Head of Internal Audit was not able to provide an opinion on the overall system of internal control. For 2016/17, there is an audit plan in place and which has been approved by the Audit and Governance Committee. It is being delivered by a strengthened internal audit team. However, the plan was developed to reflect the Council's progress with its transformation agenda and as a result, supported a limited assurance opinion, notwithstanding the outcomes of the specific reviews within the plan.</p> <p>There are other sources of information and assurance that management will need to draw on to support the annual review of the effectiveness of the system of internal control.</p>	<p>We have reviewed the head of internal audit opinion and the AGS to confirm that the work completed is reflected in both.</p>	<p>The Council's Head of Internal Audit opinion for 2016/17 provided limited assurance on the Council's overall system of internal control. This is because the plan put in place for the year, and approved by the Audit and Governance Committee in January 2016 did not provide for coverage of the Council's full internal control system.</p> <p>Although the audit plan was delivered as expected, it was developed to support the Council's progress with its transformation agenda and to provide coverage of the key financial systems. As a result of there has been a limited of scope to the programme of work undertaken with an agreement not to review those areas where management were making changes or improvements to systems, processes and controls.</p> <p>The work completed to date has largely resulted in substantial assurance being provided for those areas subject to review, including key financial systems.</p> <p>An audit plan for 2017/18 has been agreed with management and was reported to the Audit and Governance Committee's meeting of 26 June 2017 including the planned approach and scope of work for internal audit to deliver for 2017/18.</p> <p>We concluded that there were weaknesses in the Council's arrangements for working effectively with third parties to deliver strategic priorities, managing risks effectively and maintaining a sound system of internal control.</p>



# Value for Money

Risk identified	Work carried out	Findings and conclusions
<p><b>Financial position, service transformation and working in partnership</b></p> <p>The Council's MTFP is predicated on the delivery of significant savings to move the Council to a lower cost profile. The plan links to a programme that includes a number of key projects and investments, which are significant both in scale and financial terms in transforming the way the Council delivers services.</p> <p>This sits alongside various partnership arrangements in which the Council is involved, including the shadow combined authority and the local health and wellbeing board which are intended to support wider public service reform.</p>	<p>We will review the project management and risk assurance frameworks established by the Council in respect of the more significant projects, to establish how the Council is identifying, managing and monitoring these risks.</p> <p>We will review the arrangements the Council has in place to work with other bodies in Lancashire.</p>	<p>The Council set a balanced budget for 2017/18, and believes that it will be able to do so in 2018/19, but identifies that delivering the level of savings required to deliver a balanced budget will be challenging for the Council beyond this point</p> <p>The Council's work in 2015/16 to review the base budget identified there was an ongoing challenge to its financial position particularly in respect of increased service demand.</p> <p>In response to this the council has taken the following actions:</p> <p>Commissioned PWC to examine the council's base budget review. The outcome from this confirmed the findings of the base budget review and has been used to support representations to central government.</p> <p>A second report was commissioned from PWC to consider a sustainable public sector delivery model in Lancashire. This included significant changes involving other bodies in the public sector in the area and therefore is not all within Lancashire County Council's power to reform. The Council recognises the need for working across the local government and NHS boundaries and is involved in work with the local sustainability and transformation partnerships and continue to be consulted upon with third parties recognising the challenges to integration of health and social care across the Council's boundaries.</p> <p>The Council has identified there are other areas where there continue to be significant cost pressures. The risk register includes the level of financial risk faced by the Council and the mitigating actions being taken. The quarterly "money matters" report to the Cabinet reflect the level of savings assumed within budget and progress against these.</p> <p>External consultants have been commissioned to redesign care pathways and deliver efficiencies within social care.</p> <p>The project office has been re-established and has in place the structure to support the other efficiency and transformation plans. This has established a framework which is supporting and monitoring the key savings plans, and is working in holding budget holders to account for delivery of savings projects.</p> <p>The year end outturn represented an underspend against the planned budget of £23.101m. However a significant amount of that underspend was driven by over-performance against the Treasury Management budget and the draft outturn (to be reported in August), shows there are still areas of significant cost pressure, particularly around adult and children's social services. The Council recognises this and a medium term focus will be balancing risk, quality of service and cost.</p> <p>On that basis we concluded that the risk was sufficiently mitigated and the Council has proper arrangements</p>

# Value for Money

Risk identified	Work carried out	Findings and conclusions
<p><b>Ofsted inspection of children's services</b></p> <p>Ofsted issued a report on the Council's children's services in 2015/16 which rated these as 'inadequate'. The Council is currently subject to follow up review. Until such time as Ofsted has confirmed that adequate arrangements are in place this remains a significant risk to the Council's arrangements.</p>	<p>We have reviewed the Council's monitoring of its improvement plan arrangements and we will consider any further reports from Ofsted as they become available. We will take these into account in forming our conclusion.</p>	<p>The Council has continued to respond positively to the issues arising from the Ofsted inspection and is making progress in delivering it's improvement plan.</p> <p>The Lancashire Children's services improvement board has continued to meet throughout the year. To ensure that key priorities are acted upon there is a 12 week plan considered at the board which covers the actions planned over the period in question. This is a rolling plan which which focuses on 5 key areas for improvement - the most urgent issues with actions, timescales and lead officers. It also sets out how the progress against these specific actions will be monitored and where applicable audited.</p> <p>In February 2017 a substantive appointment was made to the Director of Children's Services.</p> <p>The plan and board both identify there is a significant amount of work to cover.</p> <p>The most recent correspondence from Ofsted confirms that uneven progress has been made in improving services and there still remain significant challenges to the consistent quality of provision of children's services.</p> <p>We concluded that there were weaknesses in the Council's arrangements managing risks effectively and maintaining a sound system of internal control</p>

# Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and provision of non-audit services

## Fees

	Proposed fee £	Actual fees £	2015/16 fees £
Statutory audit of Council	112,995	112,995	112,995
Statutory audit of Pension Fund	34,169	34,169	34,169
IAS 19 fee variation	1,737	1,737	1,737
<b>Total fees (excluding VAT)</b>	<b>148,901</b>	<b>148,901</b>	<b>148,901</b>

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

## Reports issued

Report	Date issued
Audit Plan	April 2017
Audit Plan - pension fund	April 2017
Audit Findings Report	July 2017
Audit Findings Report – pension fund	July 2017
Annual Audit Letter	September 2017

## Fees for other services

Service	Fees £
<b>Audit related services:</b>	
• Teacher's Pensions return, reasonable assurance engagement	4,200
• Local Transport Plan Major projects reasonable assurance engagement	2,500
• BIS – Growth Hub funding	4,000
<b>Non-audit services</b>	
• Tax compliance services for the subsidiary company (this work related to the 2015/16 return, but was undertaken in 2016/17)	20,220

## Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all other services which were identified.
- We have considered whether other services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place, as reported in our Audit Findings Report.

# Reports issued and fees continued

We have considered whether other services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards have been applied to mitigate these risks.

	Service provided to	Fees	Threat identified	Safeguards
Grant Thornton UK LLP were previously the auditors for LCDL limited. This included undertaking tax compliance work for the company	LCDL limited	£20,220	Y	The work was undertaken by an appropriately qualified team who were separate from the team undertaking the company and Council audit.
<b>Audit related services</b>				
Teacher's Pensions return, reasonable assurance engagement	Lancashire County Council	£4,200	Y	This is a recurring fee and therefore a self-interest threat exists. However the level of this recurring fee taken on its own is considered to be a significant threat to independence as the fee for this work in comparison to the total audit fee for the Council and in particular to Grant Thornton UK LLP overall. The work relates to audit related services for which there is a fixed fee and there is no contingent element to the fee.
Local Transport Plan Major projects reasonable assurance engagement	Lancashire County Council	£2,500	Y	This is a recurring fee and therefore a self-interest threat exists. However the level of this recurring fee taken on its own is considered to be a significant threat to independence as the fee for this work in comparison to the total audit fee for the Council and in particular to Grant Thornton UK LLP overall. The work relates to audit related services for which there is a fixed fee and there is no contingent element to the fee.
BIS – Growth Hub funding	Lancashire County Council	£4,000	N	
	<b>TOTAL</b>	£30,920		



© 2017 Grant Thornton UK LLP. All rights served.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International LTD (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL, and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

**[grant-thornton.co.uk](http://grant-thornton.co.uk)**



## **Audit and Governance Committee**

Meeting to be held on Monday, 25 September 2017

Electoral Division affected: None;
---------------------------------------

## **Treasury Management Activity 2017/18**

(Appendix 'A' refers)

Contact for further information:

Neil Kissock, Tel: (01772) 536154, Director of Financial Resources,

[neil.kissock@lancashire.gov.uk](mailto:neil.kissock@lancashire.gov.uk)

### **Executive Summary**

The report set out at Appendix 'A' is a review of the Council's treasury management activities in 2017/18 for the months April to July 2017. The activities are regulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice and it considers best practice to review treasury management activities on a regular basis.

This review includes:

- A review of the economic conditions during the period
- Borrowing activity
- Investment activity
- Actual results measured against 2017/18 Prudential Indicators

The CIPFA 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom will adopt 'IFRS 9 - Financial Instruments' with an implementation date for local authorities of 1 April 2018.

Although accounts will not be prepared under the new standard until 2018/19, some of the changes may impact on the revenue account and therefore may need addressing in the forthcoming 2018/19 budget round.

### **Recommendation**

The Committee is asked to:

- (i) Note the treasury management activities for the period April to July 2017.
- (ii) Note the changes to the Council's treasury management resource.
- (iii) Approve the process for fund selection set out in this report including decisions for funds of up to £15m to be made by the Director of Financial Resources; and
- (iv) Note the changes set out in the report relating to IFRS 9 that are to be implemented from 1 April 2018.

## **Background**

As part of the County Council's governance arrangements for its treasury management, the Audit and Governance Committee is charged with oversight of the Council's treasury management activities. To enable the Committee to fulfil this role, the Committee receives regular reports on treasury management issues and activities. Reports on treasury activity are discussed on a monthly basis with the Director of Financial Resources and the content of these reports are used as a basis for this report to the Committee.

## **Treasury Management Activity**

The report set out at Appendix 'A' includes a review of the borrowing and lending activity from April to July 2017 and sets this activity against the economic background.

At the meeting of the Full Council in July 2017 it was approved that investment in property and equity funds of up to £50m in each category could be made. To reduce risk, it is not intended that all of the allocation in each category will be in one fund but that there will potentially be a number of funds with smaller amounts invested in each. There is a variety of different types of funds and therefore it is not thought beneficial to be too prescriptive on the criteria for selecting a fund, however the factors that will be considered will include:

- The overall size of the pooled fund
- The percentage that the Council's investment would represent of the total fund
- Years the company has been operating this or similar pools
- Past performance compared to a benchmark both in terms revenue and capital gains
- Percentage of the fund invested in UK, Europe, USA and other countries
- Liquidity restrictions
- For bond funds - credit ratings of the constituent investments
- For asset backed funds - the nature of the assets and risk assessment
- Whether the expenditure represents capital expenditure and the subsequent Minimum Revenue Provision (MRP) implications
- Foreign currency risk exposure

As part of the evaluation process, due diligence advice will be sought from the Council's external treasury management advisers Arlingclose. It is proposed that an investment of up to £15m in an individual fund can be undertaken by the Director of Financial Resources. For an investment in excess of £15m it is proposed that approval is sought from the Cabinet. Investments in the funds will be reported to Audit and Governance Committee as part of the Treasury Management activity reports throughout the year.



## **Treasury Management Resource**

The Council's current resource to deliver its treasury management responsibilities focuses on daily cash-flow management; corporate bond investments; renewal of borrowing agreements, monitoring expenditure and income, and reporting against the requirements of the Prudential Code. These activities are carried out for funds relating to the Council, Lancashire police and fire services and schools with some of these activities also carried out for the Lancashire Pension Fund.

Treasury management advice is currently received from external treasury management advisers Arlingclose at a cost of £28,000 in 2017/18, and Local Pensions Partnership Investments Ltd (LPPI) at a cost of £80,000 per annum.

Contributions are received from Lancashire schools, fire and police services and the Lancashire Pension Fund towards these costs.

With the termination of contractual transition arrangements, LPPI are now unable to deliver the full range of services previously provided under the contract for treasury management services due to the constraints of their FCA regulated status and lack of expertise in areas such as capital financing.

Under the Council's urgency arrangements it has recently been agreed that an additional post of Director of Investment is established reporting to the Council's Director of Financial Resources. This is to provide entrepreneurial leadership and direct investment expertise to the Council's treasury management resource to meet the challenges involved in ensuring adequate returns on investments and minimising borrowing costs in support of the Council's financial position.

## **IFRS 9 - Financial Instruments**

The CIPFA 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom will adopt 'IFRS 9 - Financial Instruments'. This is to be implemented from 1 April 2018 and includes some changes to current practice.

The changes to IFRS 9 will mean that more investments will be classified as "fair value through profit and loss" (FVPL) where any changes in fair value will impact upon the revenue account and therefore potentially upon the usable reserves of the County Council at the end of each financial year. Additionally, the potential losses on investments are also to be charged to the revenue account in case actual losses are incurred in the future.

Although accounts will not be prepared under the new standard until 2018/19, as some of the changes may impact on the Council's reserves they will potentially need to be addressed in the forthcoming 2018/19 budget round. There are a number of issues of interpretation requiring greater clarity and further guidance from CIPFA on how IFRS 9 should be implemented. The guidance is expected to be issued in November 2017, against which the treasury management arrangements will be assessed and appropriate recommendations made as part of the budget setting process for 2018/19.

## **Consultations**

Arlingclose Limited have provided treasury management advice.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

The County Council's Treasury Management Strategy sets out a policy in respect of borrowing and lending activity that sets out the risks involved with planned treasury activities taking place during the year.

## **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Tel
Treasury Management Strategy	February 2017	Paul Dobson/ (01772) 534725
Treasury Management Strategy update	June 2017	Paul Dobson/ (01772) 534725
CIPFA Code of Practice	2011	Paul Dobson/ (01772) 534725

Reason for inclusion in Part II, if appropriate

N/A

## **Treasury Management Activity 2017-18 April to July 2017**

### **Background**

The County Council's Treasury Management activity is governed by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy on the likely financing and investment activity. A meeting of Full Council agreed these for the 2017/18 financial year in February 2017. The Code also recommends that members are informed of treasury management activities at least twice a year.

This report considers treasury management activity between 1<sup>st</sup> April and 31<sup>st</sup> July 2017.

### **Economic Context in the period**

The Prime Minister called a General election in June which led to a minority Conservative government in a confidence and supply arrangement with the Democratic Unionist Party. This political impasse resulted in an enhanced level of political uncertainty. In terms of economic data a key feature of the period was the increase in inflation with the UK Consumer Price Inflation (CPI) index rising to 2.9%, its highest since June 2013. This was due to rises in a number of categories in the CPI 'basket' as the fall in the value of sterling following June 2016's referendum result continued to feed through into higher import prices.

Unemployment rates remained low. The unemployment rate for April was 4.6% which was its lowest since July 1975. However, this had not resulted in a large increase in wages with the squeeze on real wages (i.e. after inflation) intensifying. Quarter 1 GDP data showed economic activity growing at a much slower pace of 0.2%. However recent surveys indicate that the slowdown in the first quarter is being viewed as an anomaly and that Quarter 2 GDP could rebound. Understandably, the Bank of England made no change to monetary policy at its meeting on 15th June.

Having raised rates in March, the US Federal Reserve made no change to monetary policy at the conclusion of its meeting in May. The recent weakness witnessed in the first print of Quarter 1 US GDP was noted in the accompanying statement but the Fed viewed this as a transitory issue and was of the view that the GDP path and household spending would recover during 2017. The US Federal Reserve then increased its target range of official interest rates in June for the second time in 2017 by 25bps (basis points) to between 1% and 1.25% and a further similar increase is expected during the second half of 2017.

In the UK, short term interest rates continue to be at historically low levels. During the period the Bank of England maintained the base rate at 0.25%. The Council's treasury advisors predict no further changes in the base rate for this financial year due to the uncertainty for the UK economy arising from the Brexit negotiations and the fall in real wages.

## Implications for Lancashire County Council Treasury Strategy

Since 2010 the County Council have used short term market borrowing to fund capital expenditure so taking advantage of historically low interest rates. This policy has proved to be very effective in an environment where rates have stayed low for much longer than expected and this was continued in the first four months of the financial year 2017/18. However, prospects for interest rate increases are continuously monitored. Although it is not anticipated that the interest rates will rise they are at very low levels including those for long term borrowing. Therefore the opportunity for fixing some of the debt for a longer period will be kept under consideration.

### Current Treasury Management Policy

Full Council approved the 2017/18 treasury management strategy in February 2017. The Council's stated treasury management objectives are:

- I. To ensure the security of the principal sums invested which represent the County Council's various reserves and balances,
- II. To ensure that the County Council has access to cash resources as and when required,
- III. To minimise the cost of the borrowing required to finance the County Council's capital investment programme, and
- IV. To maximise investment returns commensurate with the County Council's policy of minimising risks to the security of capital and its liquidity position.

### Investment Activity

Investments at the 31<sup>st</sup> July total £525.88m consisting of £219.77m in bank and local authority deposits and £306.11m in bonds. In total investments have decreased by £48.65m reflecting cash flow requirements impacted by the decision to make a pension prepayment in the period. The table below shows the investment activity between 1<sup>st</sup> April and 31<sup>st</sup> July 2017.

Bank and Local Authority Deposits	Call/MMF	Fixed	Total
	£m	£m	£m
<b>Balance 1 April 2017</b>	<b>26.17</b>	<b>78.00</b>	<b>104.17</b>
Maturities	-32.21	-128.00	-160.21
New Investments	31.01	244.80	275.81
<b>Balance 31 July 2017</b>	<b>24.97</b>	<b>194.80</b>	<b>219.77</b>

<b>Bonds</b>	<b>LA Bonds</b>	<b>Gilts</b>	<b>Others</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Balance 1 April 2017</b>	<b>35.85</b>	<b>233.18</b>	<b>201.33</b>	<b>470.36</b>
Maturities	-0.70	-301.79	-125.70	-428.19
New Investments	0.24	165.93	97.77	263.94
<b>Balance 31 July 2017</b>	<b>35.39</b>	<b>97.32</b>	<b>173.40</b>	<b>306.11</b>

Within the period, there has been a reduction of £136m in the amount of Gilts being held to reduce the exposure in the portfolio to the volatility in this market. This has resulted in an increase in bank and local authority deposits.

The current rate of return on the investment portfolio measured by Arlingclose Ltd treasury consultants is 0.77% which compares favourably with the benchmark 7 day LIBID which averages 0.11% over the same period.

### **Borrowing Activity**

Current market conditions continue to enable the County Council to take advantage of short term market borrowing. The table below shows the borrowing activity which has taken place between 1<sup>st</sup> April and 31<sup>st</sup> July 2017.

<b>Borrowing</b>	<b>PWLB Fixed</b>	<b>PWLB Variable</b>	<b>Long Term Market Loan</b>	<b>Other local authorities *</b>	<b>Call Accounts</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Balance 1 April 2017</b>	<b>213</b>	<b>126</b>	<b>52</b>	<b>590</b>	<b>61</b>	<b>1,042</b>
New Borrowing	0	0	0	284	202	486
Maturities	0	0	0	-315	-156	-471
<b>Balance 31 July 2017</b>	<b>213</b>	<b>126</b>	<b>52</b>	<b>559</b>	<b>107</b>	<b>1,057</b>

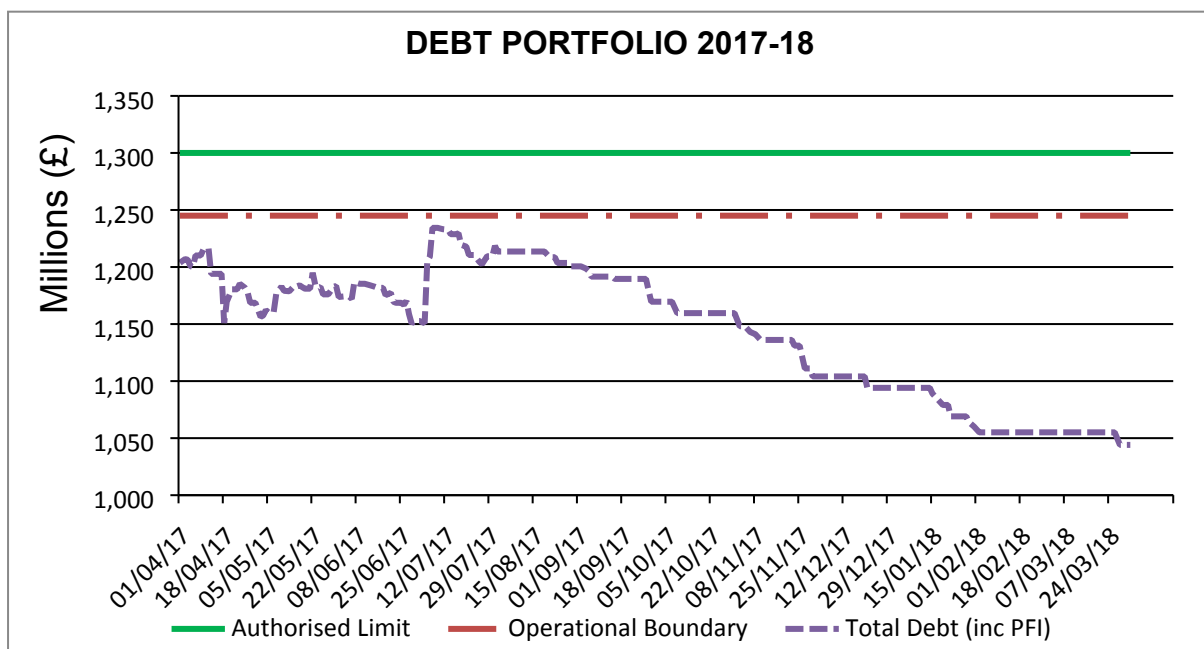
Public Finance Initiative Liability	162
<b>Total Borrowing including PFI</b>	<b>1,219</b>

\*Including Police & Crime Commissioners

The outstanding borrowing has increased by £15m in the period. This increase is mainly due to the increase in shared investment scheme balances.

Total borrowing now stands at £1.219bn including the financing of £162m of assets through remaining Public Finance Initiative Liability (PFI) schemes.

The following graph shows the level of debt for the current financial year compared with the prudential indicator operational and authorised boundaries. The debt shown from 1<sup>st</sup> August 2017 represents the debt position if no maturing debt was replaced rather than an estimate of the expected position.



The 'authorised limit' is a prudent estimate of debt which reflects the authority's capital expenditure plans and allows sufficient headroom for unusual cash movements.

The 'operational boundary' is a prudent estimate of debt but includes no provision for unusual cash movements. It represents the estimated maximum external debt arising as a consequence of the County Council's current plans and as such it is expected that the boundary could be breached but not on a regular basis.

Total debt during the year to date has remained below the 'operational boundary'.

The current interest rate payable on debt as measured by Arlingclose treasury consultants is 1.71%. The most recent benchmarking figure available for the average rate for all Arlingclose clients (as measured on 31<sup>st</sup> March 2017) is 3.76%.

### Budget Monitoring Position

The net financing charges for 2017/18 are currently forecast to be £0.5m lower than the budget by the end of the financial year. The main reasons for this are:

- Sale of bonds due to market movements during recent months, resulting in a gain of £1m.
- This gain is reduced by the lost interest receivable, as a result of selling these bonds.

This position is kept under regular review taking account both of ongoing performance and also market movements and the forecast is provided to the Director of Financial Resources on a monthly basis.

## **Prudential Indicators 2017/18**

The Local Government Act and supporting regulations require the County Council to have regard to the Prudential Code and to set Prudential Indicators to ensure the County Council's capital investment plans are affordable, prudent and sustainable.

During the reporting period the County Council has been within the Prudential Indicators approved as part of the Treasury Management Strategy in February 2017. Annex 1 provides details of actual performance against the indicators as at July 2017.

**Prudential Indicators**

<b>Adoption of CIPFA Treasury Management Code of Practice</b>	Adopted
---	---------

£m	£m
2017/18 Benchmark	Actual at July

<b>Authorised limit for external debt</b>		
The Authorised Limit is a prudent estimate of debt which reflects the authority's capital expenditure plans and allows sufficient headroom for unusual cash movements.		
Borrowing	1,100	1,057
Other long term liabilities (PFI schemes)	200	162
<b>TOTAL</b>	<b>1,300</b>	<b>1,219</b>

<b>Operational boundary for external debt</b>		
The Operational Boundary is a prudent estimate of debt with no provision for unusual cash movements.		
Borrowing	1,075	1,057
Other long term liabilities (PFI schemes)	170	162
<b>TOTAL</b>	<b>1,245</b>	<b>1,219</b>

<b>Capital Financing Requirement to Gross Debt</b>		
The Capital Financing requirement is the underlying need to borrow for capital purposes. This is the cumulative effect of past borrowing decisions and future plans. This is not the same as the actual borrowing on any one day, as day to day borrowing requirements incorporate the effect of cash flow movements relating to both capital and revenue expenditure and income.		
Capital Financing Requirement	844	871
Gross debt	1,003	1,057
Debt to Capital Financing Requirement	<b>119%</b>	<b>121%</b>

Gross borrowing is higher than the capital financing requirement because the shared investment scheme is accounted for as borrowing but it does not form part of the capital financing requirement calculation.

Treasury Management Indicators:

<b>Interest Rate exposure</b>		
	Upper Limit £m	Actual £m
1 year impact of a 1% rise	10.0	0.8



**Maturity structure of debt**

	Upper Limit %	Actual %
Under 12 months	75	35
12 months and within 2 years	75	32
2 years and within 5 years	75	7
5 years and within 10 years	75	7
10 years and above	50	19

**Investments over 364 days**

	Upper Limit £m	Actual £m
Long term Investment Limit	450	332

**Minimum Average Credit Rating**

	Benchmark	Actual
Average counterparty credit rating	A+	AA+



## **Audit and Governance Committee**

Meeting to be held on Monday, 25 September 2017

Electoral Division affected: (All Divisions);
--

## **Health, Safety and Resilience Service Overview and Risk Register**

(Appendices 'A' and 'B' refer)

Contact for further information:

Alan Wilton, Tel: (01772) 538877, Head of Service, Health, Safety & Resilience

alan.wilton@lancashire.gov.uk

### **Executive Summary**

The report gives an overview of the Health, Safety & Resilience Service which operates within a plethora of legislation and internal policy to help protect the wellbeing of Lancashire County Council staff, by providing a safe and supportive work environment; and the wellbeing of the population of Lancashire by ensuring robust plans (and a resilient response) are in place to help mitigate the effects of natural and man-made incidents and large scale outbreaks of disease.







Much of the work of the Resilience team within the service is linked to internal and external risk registers and it is in response to a question raised at a previous Audit and Governance Committee meeting in relation to the corporate risk register that this report has been prepared.

### **Recommendation**

The Audit and Governance Committee is recommended to note the contents of the report, promote the uptake of places on the specific County Council elected member training, and where appropriate promulgate the use of 'In The Know' to the public.

### **Background and Advice**

Stakeholders in/Customers of the Service:

-  The people and communities of Lancashire
-  Lancashire County Council, its staff and its Elected Members
-  District Local Authorities, educational and care establishments
-  NHS Clinical Commissioning Groups
-  Private industry
-  Statutory organisations; voluntary agencies and the community and faith sectors.

The service comprises three main sections viz. Resilience, Educational Off-site Visits and Health, Safety & Quality.








## Resilience

Most emergencies are completely unpredictable. They can be caused by a variety of events including large scale flooding, infectious diseases, industrial accidents or spills, or by intentional acts. When an emergency happens it can threaten public safety, the environment, property, the economy; critical infrastructure such as transportation and telecommunications; and the health of the public.

By law organisations that have been identified with having a role in responding to an emergency are required to have arrangements in place so that resources and personnel are able to respond as quickly and effectively as possible. As such, Lancashire County Council has to have plans in place for any emergency situation within Lancashire that could impact on its residents or on the county council itself.

The Resilience Team, on behalf of the County Council, works with a large number of organisations who may be required to respond to an emergency to ensure that there is an appropriate level of preparedness in place to ensure an effective multi-agency response to deal with a full range of emergencies from localised incidents through to catastrophic emergencies.

Part of this provision on behalf of the County Council is a duty to ensure that plans are in place to protect the health of Lancashire's population from threats ranging from relatively minor health outbreaks to full-scale emergencies. Some of the key responsibilities of the Resilience team are to:

-  Ensure the County Council remains compliant with all civil protection and other relevant legislation.
-  Develop effective service resilience arrangements for the County Council to enable it to respond to an emergency and ensure continuity of business.
-  Improve the arrangements within LCC to lead on, and manage, the recovery phase.
-  Produce and maintain relevant Hazard Specific plans to address the highest identified risks facing the authority (e.g. pandemic influenza).
-  Deliver statutory industrial (COMAH, REPPiR, PSR etc.) related plans through the production and 3 yearly review of plans and validation exercises, including associated training and liaison with site operators.
-  Deliver the human aspects agenda to support individuals affected by emergencies; to include the provision of a co-ordinated and trained Emergency Response Group (ERG) and the identification and support to be provided to vulnerable people.
-  Plan for the outbreak of infectious diseases.

- ✚ Continual assessment of hazards and risks, ensuring appropriate multi-agency plans are in place, are tested and reviewed on a regular basis to meet these and relevant training to staff is provided.
- ✚ Provide a 24/7/365 Emergency Planning Duty Officer to act as the initial point of contact for the Authority in relation to emergencies, and to co-ordinate the response of the County Councils resources and act as the gateway to District councils and voluntary organisations within Lancashire.
- ✚ Improve the preparedness of communities for the impacts of emergencies.
- ✚ Ensure identified LCC staff with a role in response and/or recovery receive appropriate training to develop the necessary knowledge, skills and expertise to enable them to respond effectively to emergencies.
- ✚ Maintain good working relationships with partner agencies, including local, regional and national agencies and voluntary bodies.

The Resilience team deal on average with an incident per week of varying size.

The council's core role in the event of emergencies is, in the first instance, to provide support and assistance to the emergency services in protecting life and property this is co-ordinated through HS&R Service.

Our other responsibilities are to mitigate the consequences of the emergency on the community by:

- ✚ assisting displaced persons through the provision of rest centres.
- ✚ lead on the identification of vulnerable people/premises and the assessment of their needs
- ✚ responding to incidents on the public highway
- ✚ ensuring priority LCC services continue to be delivered
- ✚ informing the public as part of the multi-agency response

## Health, Safety & Quality

Lancashire County Council recognises that its employees are its most important asset. Working in a demanding and challenging environment against a backdrop of a tough economic climate it is important that structures and processes are in place to provide support to managers to enable them to ensure the Health, Safety and Wellbeing of their staff and to ensure the County Council remains compliant with all aspects of Health and Safety legislation.

The Health, Safety and Quality Team also facilitate the management of ISO 9001:2008 & ISO 17025:2005 certification across relevant services ensuring more

effective performance through the promotion of measurement, analysis and improvement. The outcomes of the analysis of compliments and complaints are used to promote improvements in our practice and procedures and thereby improving the quality of the services we provide.

The key responsibilities can be summarised as:

- ✚ To ensure compliance with all health and safety legislation, primarily the Health and Safety at Work Act and associated Health and Safety at Work Regulations and the Regulatory Reform Order (Fire Safety).
- ✚ To act as the competent person for the Authority in terms of Health and Safety advice.

These key responsibilities are fulfilled through suitably qualified and professional staff in the Health, Safety & Quality team delivering:

- ✚ Health and Safety Audit programme to ensure compliance with all aspects of health and safety legislation and LCC requirements.
- ✚ Quality Audit programme to ensure compliance with externally accredited Quality Management Systems.
- ✚ Health and Safety advice, guidance and support via on-site visits, e-mail, the web-site and telephone queries.
- ✚ Fire risk assessments in accordance with the requirements of the Regulatory Reform Order (Fire Safety).
- ✚ Health and Safety Briefings on a range of health, safety and wellbeing related topics to all employees.
- ✚ Health and Safety support visits to assist managers and Head teachers to comply with health and safety requirements.
- ✚ Management and maintenance of the web-based health, safety and quality management systems.
- ✚ Support as appropriate with the investigation of accidents and incidents and RIDDOR reporting.
- ✚ Providing audit and support in relation to specific Design and Construction projects, Highways projects including the Control of Substances Hazardous to Health (COSHH).
- ✚ Liaison with internal services and external organisations on all aspects of health, safety and quality.
- ✚ Management and monitoring of external contracts: the Occupational Health contract and the health and safety training contract.

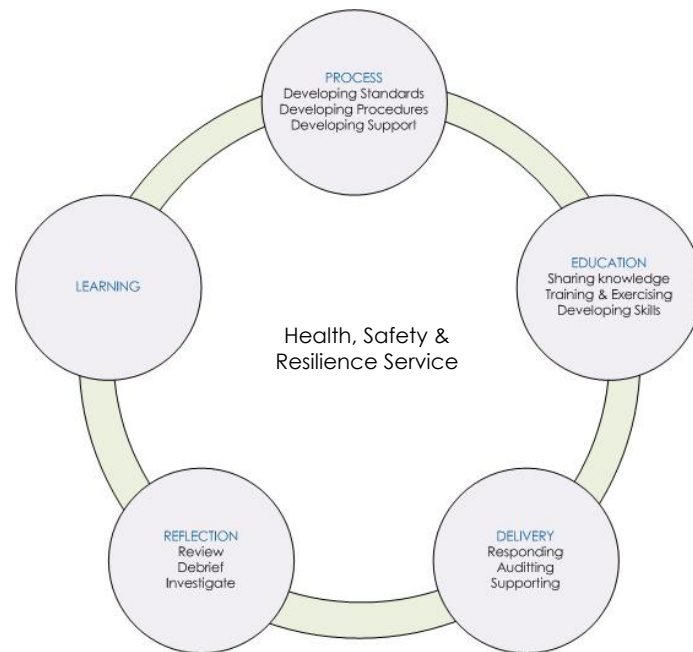
## Educational Off-Site Visits

Lancashire County Council provide support and direction to employees and managers to enable them to lead and manage planned discrete off site educational experiences, which are designed to enrich and enhance the curriculum.

The Educational Off Site Visits Team provide technical advice, process applications and following comprehensive monitoring, ensure compliance with the Authority's Policy and Guidelines.

- ✚ Clarity for all user groups of the employer defined categories for Off Site activities or visits. This ensures schools/services know which categories of visit require establishment approval and which categories of visit require Local Authority approval.
- ✚ Approval and Vetting of all Type B Visits by Local Authority.
- ✚ Ongoing support to Educational Visit Co-ordinators to maintain competency, compliance with policy for Type A Visits.
- ✚ Educational Visits advice, guidance and support to all services via consultancy visits, e-mail, EVOLVE system, and telephone queries.
- ✚ Educational Off Site Visits Service Level Agreements for schools, provides advice, guidance and support or approval for off site visits or learning outside of the classroom - via telephone queries, EVOLVE add note function, and the offer of on-site support visits or bespoke consultancy package.
- ✚ The tracking of the appointment, training and professional learning of each EVC.
- ✚ Targeted Professional Support Visits for quality assurance and support for schools and services.
- ✚ Maintenance of the LCC registered centres/ providers list.
- ✚ Maintenance of the approved LCC Instructor list to ensure competences are evidenced.
- ✚ Management and monitoring of the Duke of Edinburgh package SLA for any establishments who follow the award scheme under the LCC licence.
- ✚ Provision of an appropriate emergency planning procedure to support establishments in the event of a critical incident

Throughout the HS&R service actions (related to these all these themes) are being carried out as part of the continual improvement process.



## Risk Registers

The service links with and uses a variety of risk registers for various purposes, the main overarching one for delivery of function being:

- ✚ The LCC Corporate Risk Register updated quarterly covers the overarching risks for the service which in essence can be summarised as the consequences to the Authority should the service not deliver its duties (previously reported to committee prompting questions resulting in this paper).

The Resilience part of the agenda is also closely linked, for specific delivery, with:

- ✚ The Community Risk Register - produced in cooperation with other multi-agency partners through the Local Resilience Forum to provide a basis for emergency planning where specific legislation (e.g. CoMAH, REPIR) does not apply.

This information is shared with the public through the In The Know website (<https://www.stayintheknow.co.uk/>), which the service encourages members of the public to sign up to and receive alerts and access information about resilience from LCC and partner agencies and to access risk information specifically through the Preparing for Emergencies booklet (Appendix 'A' refers).

- ✚ In delivering the duties the service will also use information derived from risk registers produced by various partner agencies such as Health & Safety Executive, Environment Agency, Lancashire Fire & Rescue service, Lancashire Constabulary, etc. some generic, some specific, some containing information not in the public domain.



Further information and support in relation to the risk profile and the planning and arrangements in place to meet the risks is available via the LCC Elected Member training package (Appendix 'B' refers).

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

Key implications of service non delivery are financial, legal and reputational.

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Tel
-------	------	-------------

N/A

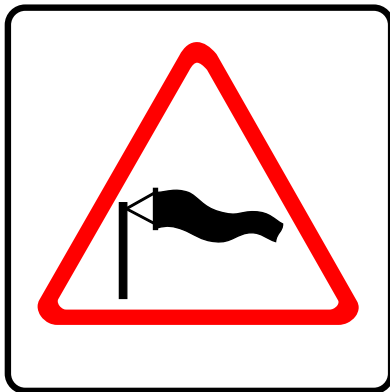
Reason for inclusion in Part II, if appropriate

N/A



# Preparing for Emergencies

## in Lancashire





# The Lancashire Resilience Forum

The chances of you and your family being caught up in a major emergency are low. However, it is very important that you have made the necessary preparations to protect yourself, your family and other. This leaflet will show you how you can do this and what the LRF do to keep you safe.



The Lancashire Resilience Forum (LRF) is a group of organisations that work together to prepare and respond to emergencies in Lancashire. It does this by:

- Meeting regularly;
- Considering the hazards that feature in Lancashire, assessing the impacts of the risk and providing this information to the public in a Community Risk Register;
- Creating plans to help make the risks safer and to respond and recover should an emergency happen;
- Responding together in a coordinated way when something does go wrong;
- Training and testing to make sure we are ready;
- Learning the lessons from incidents and exercises.

When an incident occurs, all members of the LRF work together from a single building to achieve common objectives:

- Prevent the situation from getting worse;
- Save lives;
- Relieve suffering;
- Protect property;
- Recover to normality as soon as possible;
- Facilitate criminal investigation and judicial process as necessary.

The LRF involves the emergency services; local authorities; health agencies; Environment Agency and Maritime Coastguard Agency. Voluntary groups; transport providers; utility providers and local businesses provide help to the Forum.



# Risks in Lancashire

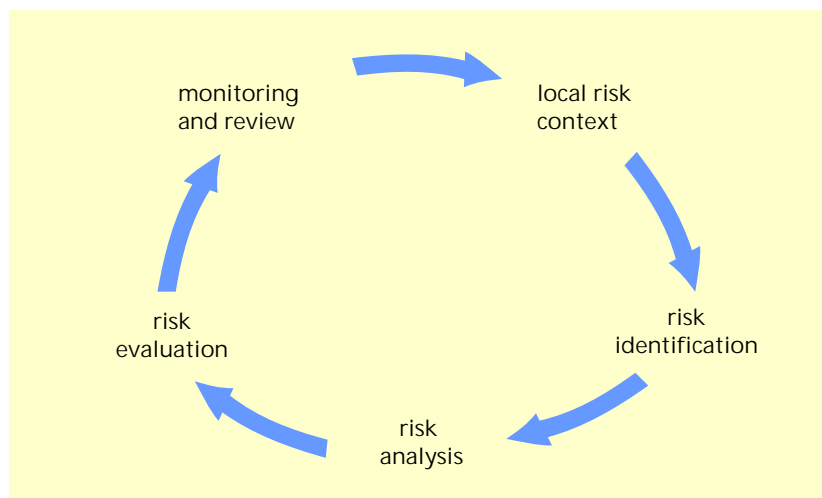
## Community Risk Register

Every Resilience Forum has a Community Risk Register which describes the risks that are present in the community; assesses how likely they are to lead to an emergency and the potential impact they would have. This information is used by the LRF to plan and prepare for emergencies that may occur. It is created through a risk assessment.

The potential for national emergencies are determined by Government. The Lancashire Resilience Forum considers the national issues alongside the **local risk context** described below, **identifying the risks** within the county. These risks can come from lots of areas – natural events such as weather, human diseases, animal diseases, accidents or deliberate acts such as terrorism. This can help identify new issues or highlight situations where risk may be changing.

Each identified risk is then **analysed** and given a rating according to how likely the risk is to lead to an emergency and their potential impact on safety and security, health, economy, environment and society.

The LRF then **evaluates the analysis** and determines whether to include it in the community risk register, identifying where plans are needed and arrangements required to deliver a multi-agency response. The LRF monitors the risks at each of its meetings to check that **all** are still relevant and there are no newly emerging issues to consider.



## About Lancashire – the local risk context

Lancashire comprises [the 12 districts within the Lancashire County Council area and two unitary authorities of Blackburn with Darwen and Blackpool. It covers just over 3,000 square kilometres including 123\m of coastline from West Lancashire in the south to Morecambe Bay in the north, including the major tourist resorts of Blackpool, Fleetwood and Morecambe. With a resident population of 1.45 million, it is one of the most populated and urbanised shire counties in Britain, with a legacy of historical industrial heritage. Conurbations include Preston, Lancaster, Burnley, Blackburn and Skelmersdale. In contrast, large parts of the county are sparsely populated with coastal and estuary landscapes; moorland or arable countryside. Major motorways traverse the county with the M6 running through the entire length of the county, as does the West Coast Mainline. There are ports at Heysham and

Fleetwood and an airport in Blackpool. There are two nuclear facilities within the county – Heysham and Springfields – and thirteen industrial sites which require special plans to deal with hazards under COMAH legislation. Offshore wind generation and oil fields sit off the coast in Morecambe Bay. There are two large universities in Lancaster and Preston and major hospitals in Blackburn, Preston, Blackpool and Lancaster.

## Common consequences

It really isn't possible to foresee every circumstance, and isn't practical to have detailed plans for every potential risk scenario. But there are many emergencies that create similar problems that the LRF includes in its plans and considers when responding.



## The top risks in Lancashire

The LRF has identified the following top risks for Lancashire:

- **Disruption of road, rail and air transport** networks which will require provision of help and information to those who may be stranded;
- **Displacement of people** who may not be able to get home or have been evacuated from home or work which may require the provision of safe places to shelter and transport to get there;
- **Debris, rubble or contaminated/polluted land, air or water** left behind after an event such as flooding which will need to be cleared and made safe;
- **Large numbers of deaths or injuries** with plans needed to help hospitals deal with an increased number of patients and mortuary spaces so that people can be treated with dignity;
- **Loss of electricity, gas, water, oil or telephone** with plans needed to issue advice to help people stay safe – especially those who may be more vulnerable and work with suppliers to manage interruptions;
- **Disruption to public services** such as school closures, bin collections and welfare payments.

- **Flu-type pandemic**
- **Flooding**
- **Terrorist attack**
- **Industrial incident**
- **Loss of essential services**
- **Cold weather and snow**
- **Heatwave**
- **Storms and gales**

# Preparing for Emergencies

We can prepare for some things in life but can we plan for the unexpected?



- Chemical incidents
- Severe weather
- Business continuity

Use the guide below to learn about preparing for these risks and complete your own emergency plan.

## Get ready – Action Step 1

Prepare now but don't panic. You would be unlucky to be caught up in a major emergency but just in case, fill in 'My Home Emergency Plan'.

## ICE – In Case of Emergency

Enter the word ICE in your mobile phone contact list and then the phone number of your emergency contact (next of kin or friend). Those with iPhones can enter your Medical ID information which includes giving an emergency contact.

Your contact should agree to this and know any important information about you such as medications, allergies, medical conditions, etc.

If you don't have a mobile phone – write this information on a card and keep it in your wallet or purse.

From severe weather to chemical incidents to pandemic flu, emergencies do occur and whilst they can be unpredictable, we can plan ahead to help minimise the impact they have.

## How do we plan?

Most emergencies are dealt with by the emergency services but occasionally an incident is more serious and requires them to work with other organisations. Lancashire Resilience Forum partners work together to plan how we would react to any emergency.

We have plans to manage the most likely risks to affect Lancashire and we train throughout the year to ensure we are ready. They include:



## Step 2 – get an emergency pack together

In some cases you may have to leave your home quickly so it is important to have basic necessities to hand.

In some cases the emergency services may not be able to reach you straight away and you may have to support yourself and your family for some time.

An emergency pack, with essential items, stored in a safe but easily accessible place will help you if you are stuck in your own home or if you are evacuated from your home.

Tick off these suggested items as you put them into your emergency pack.

- Copy of emergency Plan
- First aid kit and medication
- Copies of important family documents in a waterproof bag
- Prescription medication
- Cash and credit cards
- Car keys
- Toiletries and sanitary supplies
- Mobile phone and charger
- Infant supplies
- Spare clothes
- A battery torch with spare batteries or a wind up torch
- A battery radio with spare batteries or wind up radio
- Bottled water and emergency food, enough for three days
- Childcare supplies or other special care items
- Extra set of house and car keys

Keep an Emergency Grab Bag in your car. This is extremely important during cold weather.



### Step 3 – keep informed Go in, Stay in, Tune in

As well as being prepared, keeping yourself informed of what is happening will help you during an emergency.

If there is an emergency, there is an agreement with the BBC TV and BBC Radio to interrupt regular broadcasting to keep you informed of developments and give you advice.

Regular updates on developments will also be shared by the emergency services on Twitter and can be found by using the hashtag #lancsalert

Follow these steps in case of an emergency:

- **Go in** – Find a place of safety and close doors and windows. In some circumstances your local council may have opened a rest centre to provide a place of safety if you have no other options.
- **Stay in** – Stay inside as long as it is safe to do so. You can use this time to contact your family and friends and make sure they are safe, and confirm that you are safe. Report anyone missing to the police.
- **Tune in** – Local radio stations, TV and internet news sources are used by emergency responders to issue specific advice (you may want to get a wind-up radio because it wouldn't need new batteries during a power cut).



**BBC RADIO  
LANCASHIRE**  
95.5 FM | 103.9 FM | DAB

**BBC RADIO  
MANCHESTER**  
95.1FM | 104.6FM | DAB

**BBC RADIO  
MERSEYSIDE**  
95.8FM | 1485AM | DAB



# Home Emergency Plan

# DURING AN EMERGENCY

## GO IN, STAY IN, TUNE IN

If you are not involved in the emergency but are close by, or think you are in danger, you should; close all doors and windows, stay in your home, school or work place until you are told it is safe to leave, listen to local radio and TV stations for updates and follow #lancsalert on Twitter.

To receive alerts on emergencies from the Emergency Services sign up to [In The Know](#).

**If the danger is inside, get out, stay out and call the Emergency Services**

## EVACUATION

You may be asked to leave your home for your own safety. If so, you will be told where the Council Evacuation Rest Centre is. If you can, you may wish to stay with friends or family who are not affected.

**Always follow instructions from the Emergency Services**

**Who can we stay with?** *Try to think of two different locations in case someone is not available during the emergency.*

Name: Address: Phone Number:
Name: Address: Phone Number:

**If we are not at home and can't contact each other, where can we meet?** *Try to pick two locations, one near home and another further away in case the emergency prevents you from getting to one.*

**Never travel anywhere if you are told it is not safe to do so**

Location 1:
Location 2:
<b>If we can't get to the meeting place, who can we all contact to say we are all safe?</b>
Name: Phone Number:

**If we have to leave home, how do we turn off the following?**

**Only do this if you have time and it is safe to do so**

Gas:

Electricity:

Water:

**Do we have any neighbours that might need our help?**

Name:

Address:

Phone Number:

Name:

Address:

Phone Number:

If you have time, secure your premises before you leave and don't return home until you are told it is safe to do so.

## HOME EMERGENCY KIT

You should try to put an emergency kit together. If you do, ensure it is kept somewhere safe. It may be useful if you have to stay in your house, or leave in a hurry. If not, at least make a note of where important items are.

**What goes into your kit is a personal decision!**

ITEM	LOCATION
Medication and prescriptions.	
Tinned or dried food, water and children's essentials for three days (remember to check and change water and food regularly).	
Pet food.	
Basic cutlery and tin opener.	
Wind up or battery powered torch and radio (with spare batteries).	
Blankets and first aid kit.	
Copies of important documents (birth certificates, insurance papers etc).	
Extra set of house and car keys.	
Change of clothing, footwear and sleepwear.	
A small amount of cash including change.	
Important contact details.	
Your P [ { ^ A Emergency Plan.	

## PREPARE YOUR HOUSEHOLD

Check off each suggestion when you have done the following.

Fit smoke alarms.	
Prepare escape routes; at least two from each room in the house if you can.	
Decide where you would shelter in the house in the event of an emergency (for example the upper floor in the event of a flood).	
Know the quickest route out of your home and neighbourhood.	
Make sure all members of the household know how to switch off the gas, electricity and water at the mains.	
Put your emergency phone numbers by your telephone. You may want to keep a copy in your purse or wallet too.	
Teach children how and when to call the ^mergency •ervices (999).	
Have sufficient food in your house for three days.	
Have a first aid kit and make sure everyone in the household knows where it is.	
Do you have valid insurance cover for your house and contents?	
Does your child's school have updated information about how to reach a parent or designated adult?	
Any other information you think might be important.	



## EMERGENCY CONTACT NUMBERS

Keep this list handy and make extra copies if needed. You may also want to store a copy in your emergency kit.

<b>Emergency Services</b>	999
<b>Lancashire City Council - Customer Contact Centre</b>	0300 123 6701
<b>United Utilities</b>	0845 746 2200
<b>Electricity North West</b>	105 or 0800 195 4141
<b>National Gas Emergency Service</b>	0800 111 999
<b>Environment Agency Floodline</b>	0845 988 1188
<b>Association of British Insurers (ABI)</b>	0207 600 3333
<b>NHS FFF</b>	111
<b>Family Doctor</b>	
<b>Your Insurance Company (Buildings)</b>	
<b>Your Insurance Company (Contents)</b>	
<b>Your Insurance Company (Car)</b>	



## **USEFUL LINKS**

Description	Link
Electricity North West	Website <a href="http://www.enwl.co.uk/">http://www.enwl.co.uk/</a> Facebook: <a href="https://www.facebook.com/ElectricityNorthWest">https://www.facebook.com/ElectricityNorthWest</a> Twitter: <a href="https://twitter.com/electricitynw">https://twitter.com/electricitynw</a>
United Utilities	Website <a href="http://www.unitedutilities.com/">http://www.unitedutilities.com/</a> Facebook: <a href="https://www.facebook.com/OfficialUnitedUtilities">https://www.facebook.com/OfficialUnitedUtilities</a> Twitter: <a href="https://twitter.com/unitedutilities">https://twitter.com/unitedutilities</a>
National Grid	Website <a href="http://www.nationalgrid.com/uk/">http://www.nationalgrid.com/uk/</a> Facebook: <a href="https://www.facebook.com/nationalgriduk">https://www.facebook.com/nationalgriduk</a> Twitter: <a href="https://twitter.com/nationalgriduk">https://twitter.com/nationalgriduk</a>
Environment Agency	Website <a href="https://www.gov.uk/government/organisations/environment-agency">https://www.gov.uk/government/organisations/environment-agency</a> Facebook: <a href="https://www.facebook.com/environmentagency">https://www.facebook.com/environmentagency</a> Twitter: <a href="https://twitter.com/envagency">https://twitter.com/envagency</a>
Met Office	Website <a href="http://www.metoffice.gov.uk/">http://www.metoffice.gov.uk/</a> Facebook: <a href="https://www.facebook.com/metoffice">https://www.facebook.com/metoffice</a> Twitter: <a href="https://twitter.com/metoffice">https://twitter.com/metoffice</a>
Lancashire County Council	Website <a href="http://www.lancashire.gov.uk/">http://www.lancashire.gov.uk/</a> Facebook: <a href="https://www.facebook.com/lancashirecc">https://www.facebook.com/lancashirecc</a> Twitter <a href="https://twitter.com/LancashireCC">https://twitter.com/LancashireCC</a>
In the Know (Community Alerts)	Website <a href="https://www.stayintheknow.co.uk/">https://www.stayintheknow.co.uk/</a> Facebook: <a href="https://www.facebook.com/lancspolice">https://www.facebook.com/lancspolice</a> Twitter: <a href="https://twitter.com/LancsPolice">https://twitter.com/LancsPolice</a>
Lancashire Fire & Rescue Service	Website <a href="http://www.lancsfirerescue.org.uk">http://www.lancsfirerescue.org.uk</a> Facebook: <a href="https://www.facebook.com/LancashireFireandRescueService">https://www.facebook.com/LancashireFireandRescueService</a> Twitter: <a href="https://twitter.com/LancashireFRS">https://twitter.com/LancashireFRS</a>
Lancashire Constabulary	Website <a href="http://www.lancashire.police.uk/">http://www.lancashire.police.uk/</a> Facebook: <a href="https://www.facebook.com/lancspolice">https://www.facebook.com/lancspolice</a> Twitter: <a href="https://twitter.com/LancsPolice">https://twitter.com/LancsPolice</a>
North West Ambulance Service	Website <a href="http://www.nwas.nhs.uk/">http://www.nwas.nhs.uk/</a> Facebook: <a href="https://www.facebook.com/nwasofficial">https://www.facebook.com/nwasofficial</a> Twitter: <a href="https://twitter.com/nwambulance">https://twitter.com/nwambulance</a>
UK Government Advice	Website <a href="https://www.gov.uk/local-planning-emergency-major-incident">https://www.gov.uk/local-planning-emergency-major-incident</a> Facebook: <a href="https://www.facebook.com/UKgovernment">https://www.facebook.com/UKgovernment</a> Twitter: <a href="https://twitter.com/GOVUK">https://twitter.com/GOVUK</a>

Description	Link
NHS 111	Website <a href="http://www.nhs.uk/NHSEngland/AboutNHSservices/Emergencyandurgentcareservices/Pages/NHS-111.aspx">http://www.nhs.uk/NHSEngland/AboutNHSservices/Emergencyandurgentcareservices/Pages/NHS-111.aspx</a> Facebook: <a href="https://www.facebook.com/nhschoices">https://www.facebook.com/nhschoices</a> Twitter: <a href="https://twitter.com/nhschoices">https://twitter.com/nhschoices</a>
Lancashire Care NHS Foundation Trust	Website: <a href="https://www.lancashirecare.nhs.uk/">https://www.lancashirecare.nhs.uk/</a> Facebook: <a href="https://en-gb.facebook.com/lancashirecare/">https://en-gb.facebook.com/lancashirecare/</a> Twitter: <a href="https://twitter.com/LancashireCare">https://twitter.com/LancashireCare</a>
University Hospitals of Morecambe Bay	Website: <a href="https://www.uhmb.nhs.uk/">https://www.uhmb.nhs.uk/</a> Facebook: <a href="https://en-gb.facebook.com/UHMBT/">https://en-gb.facebook.com/UHMBT/</a> Twitter: <a href="https://twitter.com/UHMBT">https://twitter.com/UHMBT</a>
Blackpool Teaching Hospitals	Website: <a href="https://www.bfwh.nhs.uk/">https://www.bfwh.nhs.uk/</a> Facebook: <a href="https://www.facebook.com/blackpoolhospitals/">https://www.facebook.com/blackpoolhospitals/</a> Twitter: <a href="https://twitter.com/BlackpoolHosp">https://twitter.com/BlackpoolHosp</a>
East Lancashire Teaching Hospitals	Website: <a href="https://www.elht.nhs.uk/">https://www.elht.nhs.uk/</a> Facebook: <a href="https://en-gb.facebook.com/EastLancashireHospitals/">https://en-gb.facebook.com/EastLancashireHospitals/</a> Twitter: <a href="https://twitter.com/EastLancsHosp">https://twitter.com/EastLancsHosp</a>

# 10 Minute

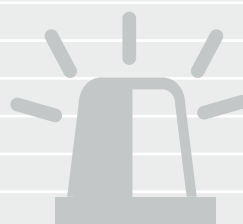
## Emergency Plan for your business

### Take 10 minutes to help prepare your business

This 10 minute plan is designed to help small to medium-sized businesses prepare for, respond to and recover from emergencies, such as flooding, cybercrime and civil unrest

#### 1. Emergencies

Consider the following impacts on your business	High	Med	Low
<b>Access to site and premises prevented</b>			
Disruption from external events such as flooding or fire			
Critical equipment fails or a major supplier goes out of business			
Loss of electricity, water or gas			
Disruption to key transport networks			
Key staff are absent at the same time			
Burgled or vandalised office			
IT and telecommunications outages			



#### 2. Plan ahead

What could you do to protect your business?	Yes	No
Check live alerts – sign up for <a href="#">flood warnings</a> and <a href="#">Cross Sector Safety and Security Communications</a>		
Horizon scanning – keep up to date with national and local issues		
<a href="#">Download the British Red Cross Emergency App</a>		
Check your flood risk – coastal, river, rainfall/run-off		
Consider flood protection – <a href="#">raise electrical/valuable items and implement flood measures</a>		
Consider insurance limits – excess and coverage terms and conditions, watch for small print and under insurance		
Understand site – evacuation routes, flood plans, chemical plans		
Consider back-up utilities – energy, water and communications		
Create checklist for new starters and leavers – new passwords, access codes and keys		
Follow data protection guidance		
Back-up computers and key documents - keep copies safe / offsite		
Undertake weekly security checks – IT / Fire Alarm / Safety System / Burglar Alarm		
Ensure staff understand colleagues' job roles to cover for absences		
Consider Health & Safety Staff Training including First Aid		
Create contact list of current and alternative suppliers		
Document key processes / procedures		
Share resilience plans and identify ways to support neighbouring businesses		



#### 3. Communicate

How should you communicate?	Yes	No
<b>Capture Business Emergency Contacts – overleaf</b>		
Detail important information and contacts, including staff, emergency, customers and suppliers		
Communicate to staff		
Regularly review and update contacts (every 3 to 6 months)		
Keep contacts in a safe place / offsite		
Regularly test and check key elements of the plan (every 3 months to 6 months)		
Create an emergency 'grab bag' – key documents, plans and contact details		



# Business Emergency Contacts

## Your main contact details

Have you nominated a primary and deputy contact to implement the 10 Minute Plan?

Do you have an emergency contacts list for tradespeople such as glaziers, carpenters and electricians?

## Alternative premises

Where can you go if you cannot access your premises? Is it suitably equipped for temporary operation of your core business activities? How would you communicate with your customers and suppliers? Who would do this if you were unavailable?

## People you would need to contact

### Insurance details

#### Insurance company (Claims Supporting contacts) \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_ Policy number: \_\_\_\_\_

#### Key People (Managers/Staff/Emergency contacts) \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_ Email: \_\_\_\_\_

#### Key Suppliers (Services/Stock/Equipment/Raw materials) \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_ Email: \_\_\_\_\_

#### Customers contacts [Capture separately if preferable]

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_ Email: \_\_\_\_\_

#### Neighbouring/Supporting Business

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_ Email: \_\_\_\_\_

### Other Useful Contacts

#### Emergency services 101 non-emergency | 999 emergencies \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_

#### IT and cyber security support [add website] \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_

#### Emergency response contractor [add website] \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_

#### Electricity – (24hr faults) [add website] \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_ Acct no: \_\_\_\_\_ Shut off location: \_\_\_\_\_

#### Gas – (24hr emergency) [add website] \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_ Acct no: \_\_\_\_\_ Shut off location: \_\_\_\_\_

#### Water – (24hr) [add website] \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_ Acct no: \_\_\_\_\_ Shut off location: \_\_\_\_\_

#### Telephone provider [add website] \_\_\_\_\_

Landline: \_\_\_\_\_ Mobile: \_\_\_\_\_ Acct no: \_\_\_\_\_

## Actions – Stay in contact with key people, keep them informed

Call 999 if people or property are in danger

Assess the impact on your business and how long it will last

Contact your insurance company (take lots of pictures and video as evidence of any loss or damage)

Contact staff, suppliers and customers to let them know what has happened

Use social media such as Facebook, Twitter and Snapchat to send messages out about business disruption

Identify what business activities can continue and which may need to be put on hold

Speak to neighbouring businesses to see if they can help

Contact your local council to see if they can help.

# The Top Risks in Lancashire

## Flu Pandemic

Seasonal flu occurs between October and May and people with long term medical conditions, older people and pregnant women are encouraged to have a seasonal flu vaccine because they are most at risk of developing complications if they catch flu.

A flu pandemic can happen at any time and is a new virus to which people have no immunity and spreads easily across the World, for which there is no readily available vaccine. Flu is characterised by high temperatures, headache and muscle pain.

### Potential impact and consequences

- Pandemic flu can affect anyone and usually occurs in waves that may affect up to half the UK population with significant loss of life.
- Health and social care systems will face greater demand and those who are vulnerable may receive lower levels of care than they require.
- Normal day-to-day activity will be disrupted because of staff shortages. This may affect delivery of essential services including the emergency services. Shops may close and there may be food shortages because of staffing problems.
- People may be encouraged to avoid places where there is potential for high levels of human contact and activities such as football matches may be cancelled.

### What you can do

- Try to stay healthy as this is the best defence against illness
- Get a seasonal flu jab to protect against seasonal flu
- Follow good hygiene to prevent the spread: carry tissues and use them to catch coughs or sneezes, then bin the tissues and kill the germs by washing your hands.
- Keep a stock of "over the counter" cold and flu medication to help relieve symptoms
- Identify someone who could act as a "flu friend" to collect medicine or food to allow you to remain at home away from contact with other people.
- Follow advice from the NHS.
- Find out more in this document
- Sign up to In the Know to receive information about emergencies and follow #lancsalert on social media

### What does the LRF do about flu?

The LRF has a group which develops and oversees a dedicated pandemic plan. In the event of a pandemic it will assist with management of demand on the NHS and social care system; promote good infection control measures; distribute any medicine or coordinate vaccination programmes; raise awareness and put in place measures to cope with increased death rates.



# Flooding



Flooding in Lancashire can come from the sea caused by storm surges, high tides or gale force winds which cause sea water to breach or come over the top of defences. Away from the coast, heavy or prolonged rainfall or melting snow causes flooding from rivers breaching their banks. In urban areas it comes from heavy rainfall which creates surface water flooding. While our reservoirs are built and maintained to very high standards and the likelihood of failure is low, it could lead to the sudden release of deep fast-moving water. 1 in 6 properties in England is at risk of flooding and it is expected to increase in the future. All types of flooding can happen quickly and with little or no warning but preparation is possible.

## Potential impact and consequences

- Flooding is a risk to life – just six inches of fast flowing water can knock you off your feet and a car can float in just two feet of water.

- Flood water causes lasting damage to homes, businesses, agricultural land, roads and other infrastructure, leaving behind polluted or contaminated silt or rubble.
- Electricity, water, telecoms and other utilities supplies will be disrupted.
- People may have to leave their homes and restoration and recovery can take a long time, often taking a toll on personal health and wellbeing.
- Businesses – especially those involved in tourism – may face significant difficulties.

## What you can do

- Find out if your property is within a flood risk area by visiting the Environment Agency website or calling Floodline on 0845 988 1188. If you are in an “at risk” area you can sign up to receive free flood alerts by telephone, mobile or email.

- If your property is at risk think about purchasing flood protection products such as sandbags or flood skirts.
- Make sure your insurance covers flooding.
- Plan what you would do if you had to evacuate and whether there are any neighbours who may need your help.
- Fill out [Pome Emergency Plan](#)
- Keep drains and gutters clear of leaves.
- Find out more about how to deal with flooding if it is likely to happen in this [do&{ ^}c](#)
- Sign up to In the Know to receive information about emergencies and follow [#lancaster](#) on social media

## What does the LRF do about flooding?

The LRF has a group which develops and oversees dedicated flood plans for every part of the County including plans to protect areas at risk. In the event of a flooding it will alert people to the risk of flooding; assist with managing the evacuation or rescue of people who are at risk; clear drains and roads and put in place safe routes. After a flood the resilience forum leads the clear up and recovery operation.

# Industrial incidents



Lancashire has a wide variety of industrial sites and many of these involve the use or storage of hazardous materials as part of their daily business which, ~~At a~~ potential to cause accidents such as fire, explosion or release of chemicals that may damage people or the environment either near the site or further away. This includes two sites involving nuclear power – Heysham Power Station and Westinghouse Springfields which is governed by strict nuclear regulations. Others include sites that are regulated under COMAH regulations designed to prevent accidents and limit consequences if they do occur.

## Potential impact and consequences

- Large fires, explosions or a release of chemicals are potential industrial hazards which may result in loss of life and property. Individuals ~~health~~ may also be affected by breathing in materials. Animals and the environment may also be harmed.
- Utilities or other essential services may be affected and you may be asked to evacuate or leave an area.

## What you can do

- If you live close to a potentially hazardous site you will automatically be sent information about how you could be affected by a major incident at the establishment and the safety measures you should take to stay safe in the unlikely event that something happens. Read this and keep it safe!
- In the event of an incident go inside and close all windows and doors, air conditioning or venting systems that might draw air in fr[om] outside and tune in to local radio stations for further information. This is good advice for any large fire as exposure to smoke always poses some risk to health.
- Be prepared to evacuate if you live nearby the affected site and do not enter property that is within a cordon. Follow all instructions given by the emergency services.
- You can also sign up to In the Know to receive information about emergencies and follow #lancsa~~te~~ on social media.

## What does the LRF do about Industrial incidents?

The LRF has a dedicated group which looks at hazardous material risks and there is a dedicated plan for each site that is governed by health and safety regulations. Agencies work closely with site operators to test and practice these plans regularly.



# Terrorism



While the probability of getting caught up in a terror attack is small and there is no specific intelligence to suggest that Lancashire is a target for any attack, the threat from terrorism is very real. Terrorists work to damage communities but by working together communities can tackle the problem so that everyone can go about their everyday lives freely and with confidence.

## Potential impact and consequences

The impact and consequences of a terror attack would be wide ranging and irrevocable. Mass fatalities, widespread injury, fear and worry and damage to property or infrastructure are all possibilities.

## What you can do

- Report anything suspicious to the anti-terrorist @ d3 ^A } 0800 789 321
- In the unlikely event of getting caught up in a firearms event

### RUN



Run to a place of safety. This is a far better option than to surrender or negotiate. If there's nowhere to go, then....

### HIDE



Hide. It's better to hide than to confront. Remember to turn your phone to silent and turn off vibrate. Barricade yourself in if you can. Then finally and only when it is safe to do so...

### TELL



Tell the police by calling 999

- If you are asked to evacuate – follow all instructions from the emergency services.
- Sign up to In the Know to receive information about emergencies and follow #lancsalert on social media

## What does the LRF do about terrorism?

The police lead all planning in relation to counter terrorism but partners work with them to help reduce the risk by supporting the national Counter Terrorism Strategy (CONTEST).



# Cold weather and snow



While icy or snowy landscapes can look beautiful and can bring children a lot of fun, cold weather and snow can have a serious disruptive impact on our day-to-day lives. In the winter of 2009/10 snow caused disruption across most of the county with the record-breaking low temperatures and weeks of snow coverage.

## Potential impact and consequences

Cold weather and snow brings difficulty in travelling with dangerous road conditions. With vulnerable people potentially being exposed to temperatures that might be harmful to health. Power cuts and food shortages and closures of schools, businesses and public buildings are also features.

## What you can do

- Stay informed of weather forecasts at [www.metoffice.gov.uk](http://www.metoffice.gov.uk)
- If the power goes off in Lancashire you can call Freephone 105 to report it or get information
- Keep warm – wear layers of clothing made from wool, cotton or fleece.
- Check your heating is in good working order and that radiators are not covered by curtains or furniture. Close curtains to keep the heat in.
- Wear a hat, gloves, scarves and shoes with a good grip if you go outside.
- Take care in icy conditions – ask yourself if you really need to travel. If you do, make sure you clear all snow from your vehicle

before setting off, take warm clothing, a shovel, a drink and mobile phone with you.

- You can also sign up to In the Know to receive information about emergencies and follow #lancsalert on social media.

## What does the LRF do about cold weather?

The Lancashire Resilience Forum has a dedicated group that considers the risk of bad weather and it has a severe weather plan. In the event of bad weather it will share early warnings.

# Loss of essential services

In the UK, the infrastructure to supply the essential services we rely on - gas, electricity, water and telecommunications - is well planned and robust with large-scale failures happening only rarely. Essential services can be lost through the impact of severe weather, contamination, deliberate attack or industrial action.

## Potential impact and consequences

Sometimes the loss of one service is affected by the loss of another. For example, for water to be pumped effectively electricity is needed. Loss of services mean people are unable to heat or light their home, drink water, cook meals or use the telephone. Businesses, schools or public buildings may need to close and travel disruption is likely. Food shortages may also occur.

## What you can do

- If the power goes off in Lancashire you can call Freephone 105 to report it or get information. Loss of supply can happen without warning so it is always useful to have in stock an emergency pack containing items such as torches, bottled water and wind up/battery radio.
- They can also happen with warning – so make sure you fill baths or containers with safe water to use or purchase bottled water.
- Many landline telephones with mobile handsets require electricity and will not work in a power cut – consider purchasing a fixed telephone.
- Visit elderly neighbours or family to make sure they are coping – encourage them to stay warm with extra layers and blankets.

- If there is a power cut take care if you use candles – place them on a proper holder, do not leave them in a draught or in front of curtains
- You can also sign up to In the Know to receive information about emergencies and follow #lancsaert on social media.

## What does the LRF do about essential services?

The Lancashire Resilience Forum has a dedicated group that considers the risk of supply failure and it has plans in place for the loss of utilities for water and electricity. The LRF will work to identify especially vulnerable people who will need extra help in the event of loss of essential services.



# Heatwave



Extreme heat can be really dangerous if you're elderly, very young or have an existing health problem. During a heatwave – where temperatures remain abnormally high for longer than a couple of days - deaths and serious illness rise.

## Potential impact and consequences

High temperatures lead to respiratory problems, dehydration, heat exhaustion, sunburn and often result in increased hospitalisation. Travelling is uncomfortable – particularly when vehicles are stationary and engines overheat and roads/pathways may melt.

## What you can do

- Stay informed of weather forecasts at [www.metoffice.gov.uk](http://www.metoffice.gov.uk)
- Keep out of the sun between 11am and 3pm
- Avoid strenuous activity – particularly outdoors
- Wear a strong sunscreen and wear a hat
- Drink plenty of water – avoid caffeine and alcohol
- Take extra care with food storage and preparation to prevent contamination and illness

- Keep yourself cool at night by sleeping with a damp sheet or holding a damp cloth at the back of your neck.
- You can also sign up to In the Know to receive information about emergencies and follow [#lancsalert](#) on social media.

## What does the LRF do about hot weather?

The Lancashire Resilience Forum has a dedicated group that considers the risk of bad weather and it has a severe weather plan. In the event of bad weather it will share early warnings.

# Storms and Gales



Wind and storms are common on the west coast of the UK which often faces strong Atlantic fronts.

## Potential impact and consequences

Strong winds can cause power cuts, collapsed or dangerous structures and can leave loose debris which may result in injury to people. Conditions can also create large waves which may lead to coastal flooding

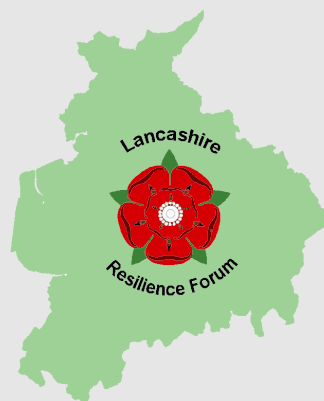
## What you can do

- Stay informed of weather forecasts at [www.metoffice.gov.uk](http://www.metoffice.gov.uk)
- If a gale is predicted secure loose objects in your garden such as tables and chairs and trampolines. Secure your garage or shed and make sure your car is parked clear of trees, fences or buildings.
- Avoiding driving – if you do have to, lower your speed and watch out for flying debris
- If the power goes off in Lancashire you can call Freephone 105 to report it or get information.
- Stay away from coasts – do not go to look at waves.
- Do not touch any fallen power or phone cables.

- Make safe any structural damage as soon as you can.
- You can also sign up to In the Know to receive information about emergencies and follow #lancsaert on social media.

## What does the LRF do about essential services?

The Lancashire Resilience Forum has a dedicated group that considers the risk of bad weather and it has a severe weather plan. In the event of bad weather it will share early warnings.





## **A14. Introduction to Emergencies for Elected Members**

### **Aim:**

This course has been designed to provide Elected Members with an overview of the role of Lancashire County Council in planning for, responding to and recovering from emergencies, including reference to statutory responsibilities and working within a multi-agency environment.

Participants will gain an appreciation of Lancashire's risk profile and activities undertaken when an emergency is declared. This course will also explore the role that elected members could take to support the response to emergencies and act as a link between statutory response organisations and local communities.

### **Objectives:**

This course aims to provide an overview of the statutory role of Lancashire County Council in responding to emergencies including elected members.

The objectives are to:

- Recognise the various pieces of statutory legislation that cover emergency planning and response;
- Explain the basic principles of the Civil Contingencies Act 2004;
- Recognise the risk profile of Lancashire;
- Understand what constitutes an 'emergency' under the Act;
- Describe the command, control and coordination arrangements in Lancashire;
- Identify the roles and responsibilities for Lancashire County Council in an incident.
- Explore the potential role of elected members during the emergencies.

### **Prerequisites:**

None.

### **Delivery Format:**

Classroom based – presentations, group discussions and case study work.

### **Duration:**

2 hours.

### **Location:**

County Hall, Preston.

### **Max. No of Places:** tbc

### **Provider:**

Resilience Team, Health, Safety & Resilience Service

### **2017/18 Dates:**

- [19/10/17 \(AM\)](#)
- [08/11/17 \(AM\)](#)





## **Audit and Governance Committee**

Meeting to be held on Monday, 25 September 2017

Electoral Division affected: (All Divisions);
--

## **Internal Audit Progress Report**

(Appendices 'A' - 'C' refer)

Contact for further information:

Ruth Lowry, Tel: (01772) 534898, Head of Internal Audit,

ruth.lowry@lancashire.gov.uk

### **Executive Summary**

In the context of the Committee's responsibility to consider updates on the Internal Audit Service's work including key findings, issues of concern and action in hand as a result of internal audit work, the Committee is asked to consider the internal audit progress report and outcomes of the work for the period to 31 August 2017.

### **Recommendation**

The Committee is asked to receive and note the report.

### **Background and Advice**

This report sets out for the Committee the internal audit work performed under the audit plan for 2017/18 approved in June 2017.

Appendix 'A' to this report highlights key issues that the Audit and Governance Committee should be aware of in fulfilling its role of providing independent oversight of the adequacy of the Council's governance, risk management and internal control framework. It highlights the issues arising from the work undertaken during the period to 31 August 2017 under the audit plan for 2017/18, although at this point very little work on the plan has been fully completed.

Appendix 'B' sets out the audit plan for the year and provides brief notes of the progress made on each engagement.

Appendix 'C' sets out the audit assurance levels and classification of residual risks.

### **Consultations**

The Directors of Financial Resources; Legal, Democratic and Governance; and Governance, Finance and Public Services have been consulted on this report.

**Implications:**

This item has the following implications, as indicated: none.

**Risk management**

This report supports the Audit and Governance Committee in undertaking its role, which includes providing independent oversight of the adequacy of the Council's governance, risk management and internal control framework.

**Local Government (Access to Information) Act 1985****List of Background Papers**

Paper	Date	Contact/Tel
-------	------	-------------

N/A

Reason for inclusion in Part II, if appropriate

N/A

**Internal Audit Service progress against plan 2017/18**  
 Audit and Governance Committee meeting 25 September 2017

## **Matters arising from internal audit work completed during the period to 31 August 2017**

### **1 Introduction**

- 1.1 This report highlights key issues that the Audit and Governance Committee should be aware of in fulfilling its role of providing independent oversight of the adequacy of the council's governance, risk management and internal control framework. It highlights the issues arising from the work undertaken during the period to 31 August 2017 by the Internal Audit Service under the audit plan for 2017/18, although at this point very little work on the plan has been fully completed.
- 1.2 A full table of all the audit work currently planned, progressing and completed for 2017/18 is included at Appendix B, setting out brief notes of the progress made on each engagement. The terminology used in the table reflects the methodology followed by the Internal Audit Service, which undertakes a risk and control evaluation in two phases: the establishment of a risk and control framework, and compliance testing of the controls identified. Any action plans agreed by management to mitigate medium or high residual risks are followed up to confirm their implementation.

### **2 Key issues**

- 2.1 Audit work is progressing well, although very little has been completed to the point where it may be reported to the Audit and Governance Committee. A number of risk and control frameworks are being developed with service managers, but more detailed testing is planned for the second part of the year in a number of cases and will be reported only when all work is complete. However draft reports are being prepared and discussed with managers on:
  - panel decision making processes in relation to clients with learning disabilities and mental health issues
  - safeguarding children through recruitment
  - the provision of transport for children
  - the Customer Access Service's management assurance process
  - blue badge applications
  - the Making Safeguarding Personal initiative in the Public Health and Wellbeing service
  - the Caring and Responsive Transport (CART) system's accounts payable and accounts receivable processes
  - the Repair and Maintenance Programme (RAMP) System's accounts payable system
  - management information and budgetary control
  - information governance.
- 2.2 Although it is too soon to highlight any key issues emerging from completed audit work, there will be more to report to the committee's next meeting. However the committee is well aware that the council is currently addressing

## Internal Audit Service progress against plan 2017/18

Audit and Governance Committee meeting 25 September 2017

significant challenges. Work is under way to identify further savings in 2018/19 and, in addition to the implications for the council of budget reductions which have already resulted in the loss of significant numbers of staff and major operational change across every service area, it is likely that there will also be considerable change in the council's senior management structure and personnel over the coming months. It would therefore be unreasonable to expect that either the council's senior officers or the Internal Audit Service will be able to provide any more than limited assurance that the council's frameworks of governance, risk management and control will have been adequately designed and effectively operated during 2017/18, whatever improvements in governance and control are ultimately achieved.

- 2.3 The audit plan recognised that there are areas of the council's operations that are subject to too much turbulence to be audited, and areas where managers acknowledged even before the year began that they would not be able to provide assurance that services and systems are adequately controlled. A number of areas that are still subject to further control improvements were listed in the audit plan presented to the committee in June 2017.

### 3 The assurance available from completed audit work

- 3.1 A brief summary of the assurance provided for each of the audits relating to 2017/18 and completed to final report stage by 31 August 2017 is provided in the table below.

Control area	Assurance
<b>Governance and democratic oversight</b>	
Effective oversight of corporate governance by the Audit and Governance Committee.	Not applicable
<b>Service delivery: Schools' financial management</b>	
Review of a sample of Schools Financial Value Standard (SFVS) self-assessments submitted by schools for 2016/17 to ensure that their assertions are supported by adequate evidence.	Substantial

- 3.2 Since April 2016 the Lancashire Pension Fund has been administered and its pooled assets managed by Local Pensions Partnership Ltd (LPPL). LPPL has appointed Deloitte LLP as its own internal auditor and, in addition to the work being undertaken by the council's Internal Audit Service, the council may choose to take some assurance from Deloitte's work on the framework of governance, risk management and control operating over the council's Pension Fund. Deloitte disclaim any liability to the council for any reliance it may place on this work but have agreed that their conclusions may be reported to the Audit and Governance Committee.
- 3.3 Deloitte have completed two audits in the year to date, relating to the oversight of the first phase of LPPL's business and transformation change, and early work on the core systems and infrastructure migration.

Control area	Assurance
--------------	-----------

**Internal Audit Service progress against plan 2017/18**  
 Audit and Governance Committee meeting 25 September 2017

Control area	Assurance
<b>Lancashire Pension Fund</b>	
Oversight of LPPL's business and transformation change (phase 1).	Effective with scope for improvement
Core systems and infrastructure migration (phase 1).	Effective with scope for improvement

- 3.4 Deloitte's classification scheme differs slightly from that used by the Internal Audit Service, and an explanation of the assurance provided by both is set out in Appendix C.

#### **4 Issues arising from completed audit work**

- 4.1 The matters arising from each of the completed audits are set out in the narrative below, and notes of the progress made on each audit on the plan for 2017/18 are set out in the table in Appendix B.

##### **Effective oversight of corporate governance by the Audit and Governance Committee**

- 4.2 The Internal Audit Service has assessed the Audit and Governance Committee's objectives in the context of the Council's governance framework and current good practice and, at its meeting on 31 July 2017, the committee agreed that some actions could readily be taken to improve the committee's effectiveness within this framework involving both councillors and officers serving the Committee.
- 4.3 The committee's membership as well as its constitution and officer support arrangements have already changed significantly.

##### **Schools' financial management**

- 4.4 The self-assessments in each of the 19 schools we sampled were completed as required, and schools were able to provide sufficient relevant evidence to validate their responses to the council in the Schools Financial Value Standard. Our findings, and some suggestions for improvements that schools could make to support better financial control, will be reported by the Schools Financial Services team in a bulletin for publication on the schools portal at the start of the new academic year.

#### **5 Amendments to the audit plan**

- 5.1 The audit plan proposed work on the operational feeder systems relating to payments to and by the council. Two of the three accounts payable systems now selected for audit are: payments to taxi operators by the Public and Integrated Transport Service within Operations and Delivery through the Care and Responsive Transport (CART) system; and payments to suppliers through the Repair and Maintenance Programme (RAMP). Since RAMP is used to control accounts receivable from the council's external clients, that aspect of the system has also been audited.
- 5.2 At the time the audit plan was published it had not been decided which contract it would be appropriate to test in the Public Health and Wellbeing Service. It has

## **Internal Audit Service progress against plan 2017/18**

Audit and Governance Committee meeting 25 September 2017

now been agreed that the contract monitoring process within the sexual health service will be subject to audit, although further cost savings may affect that contract in future. The audit of contract monitoring in Community Services will focus on the processes operated by the Highways Service.

- 5.3 The plan included work to follow up any actions arising from work in 2016/17 relating to the escalation of matters of strategic or political importance in Children's Services, but no action plan was agreed. This work will be taken forward instead through the audit of communication with staff involved in operations and service delivery across the council. Similarly we planned to follow up the actions agreed in two other areas – monitoring of the contract with BTLS, and the identification of, and responses to, external feedback on children's services and schools – but, since actions were agreed only to reduce low risks further, in accordance with our audit approach we will not check that these action have been implemented.
- 5.4 We have added a very short piece of work to the plan to support the Highways Service. We will jointly consider the controls that should be in place when vehicles are hired and reach the end of their contract hire period.

## **6 External quality assessment**

- 6.1 In May 2016 the committee considered the Internal Audit Service's Quality Assurance and Improvement Programme and noted that:

"External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The chief audit executive must discuss with the board:

- The form of external assessments;
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest."

PSIAS 1312: External Assessments

- 6.2 In September 2016 the committee also noted the proposed appointment of the Chartered Institute of Internal Auditors to undertake an external assessment of the Council's Internal Audit Service, validating the service's own self-assessment against the International Professional Practices Framework, the Public Sector Internal Audit Standards and the Local Government Application Note. This review will take place in November 2017 and the assessor has already arranged to meet the chair of the committee.
- 6.3 The results of the assessment will be reported to the committee at its meeting in January 2018.

Service area	Operational area of activity	Audit work	Type *	Progress/ findings	Assurance
<b>Control framework: Governance and democratic oversight</b>					
Democratic Services	Decision-making within the corporate governance framework by elected members under delegated powers.	Assessment of the council's measures to ensure compliance with its procedures, authority and timescales for proper decision-making by members, including compliance testing.	1+2	Some preparatory work has been done, but more detailed work is scheduled to begin later in the year.	
Democratic Services	Decision-making within the corporate governance framework by officers under delegated powers.	Assessment of the council's measures to ensure compliance with its procedures, authority and timescales for proper decision-making by officers under the scheme of delegation. (This work will be continued from 2016/17).	1+2	Like the audit of members' decision-making, the detailed work on this will begin later in the year.	
Democratic Services	Effective oversight of corporate governance by the Audit and Governance Committee.	Re-assessment under the new administration of the constitution and operation of the Audit and Governance Committee against professional guidance and current best practice.	1+2	The committee has considered the action plan arising from an assessment of its risk and control framework, and has already agreed that revised terms of reference will be proposed for approval by the full Council at its meeting in October 2017.	Not applicable
Democratic Services	Operational policy setting.	Understanding the way in which the new administration will establish policies for the organisation and review its current policies.	1	This audit is scheduled for the third quarter of the year.	
<b>Control framework: Business effectiveness</b>					
Risk management	Preparation and use of the corporate risk register, after its first year of operation.	Re-assessment after the first year in use of the principles and practical operation of risk management arrangements to produce a corporate risk register and respond to the issues it records. This will include compliance testing of the processes in place across the council's services.	1+2	The first phase of this audit has been completed and testing is beginning with individual heads of services.	
Financial management	Delivery of the council's financial strategy and budget reductions	Understanding the council's financial position and the controls that will ensure that sufficient, or planned, savings will be made in addition to those already achieved under the three-year plan that will end 2017/18.	1+2	A preliminary risk and control framework has been agreed with service managers but will be reviewed when the next round of savings has been agreed. This will be confirmed and tested early in 2018.	
Corporate Finance	Obtaining and understanding the assurance provided by the Pension Fund's own internal auditors.	Assessment of the assurance proposed and, in due course, provided by Deloitte LLP over the Lancashire Pension Fund's administration and investment operations outsourced to the Local Pensions Partnership.	1	The first two reports have been provided in summarised form by Deloitte LLP.	
Corporate Finance	Oversight of the Lancashire Pension Fund.	Assessment of the council's governance framework to achieve corporate oversight of the Lancashire Pension Fund.	1+2	The scope and timing of the audit have been agreed and work will start the third quarter of the year.	
Corporate Finance	Oversight of the Lancashire Pension Fund.	Audit of the custodianship of the assets of the Lancashire Pension Fund.	1+2	The current custodianship contract will end in July 2018 and there will be an opportunity to address any issues arising from the audit as the contract is renewed or replaced. We will undertake compliance testing in quarter three to give assurance over the current arrangements.	
Corporate Finance	Oversight of the Lancashire Pension Fund.	Audit of the council's accounting for the Pension Fund through its general ledger.	2	This work will take place in early 2018.	
Business Intelligence	Corporate performance monitoring.	Follow-up of the actions agreed following our review of this area in 2016/17.	F	The actions agreed with management will be followed up in the last quarter, once the agreed implementation dates have passed.	
Financial Management	Oversight and alignment of the council's establishment and staffing budget.	Continuation of the work begun in 2016/17 to review the process to capture workforce planning decisions and ensure that the council's establishment is properly supported by matching budgets, and that HR and financial records are aligned, complete, accurate and current.	1+2	A risk and control framework has been agreed with the head of service for operational financial management, and testing will start shortly.	

\* Type of audit: In accordance with the explanation set out in the audit plan, '1' is consultancy only; '2' is compliance testing only; '1+2' is a full risk and control evaluation; 'F' is follow-up testing.

Service area	Operational area of activity	Audit work	Type *	Progress/ findings	Assurance
<b>Control framework: Service delivery</b>					
Operations and Delivery	Communication with staff across the council.	Testing the dissemination of information up and down the management chain, to ensure that all staff understand the council's priorities and operating procedures and to ensure the escalation of matters of strategic or political importance.	1+2	This is scheduled towards the end of the year.	
Adult Services	Supervision and support to front line social workers and other social care support workers.	Work to build on the audit undertaken in 2016/17, with further assessment and compliance testing of supervision and support to front-line social workers and other social care support workers across a sample of geographical areas and services.	1+2	Our work for 2017/18 will take place later in the year when the new supervision and support arrangements for front line social workers and other social care support workers have been properly established under revised policies and procedures.	
Adult Services	Panel decision making processes.	Audit of the panel decision making process specifically in relation to clients with learning disabilities and mental health issues, including compliance with approval thresholds and delegated responsibilities.	1+2	Work on both phases of this audit is almost complete, and a report is being drafted.	
Adult Services	Case management: occupational therapy services.	Assessment of compliance with the arrangements in place over the referral process, timeliness of the assessment and agreement of packages of care, delivery of services, oversight and supervision arrangements.	1+2	The risk and control framework has been developed and discussed with the operational managers involved, and the second phase of work will begin in September.	
Adult Services	Direct payments to service users and their carers.	Assessment of compliance with the processes underpinning decisions to support care users with direct payments, the development and approval of the associated support plans.	1+2	The first phase of this work is complete and a risk and control framework has been agreed with the Adult Services Leadership Team. Testing has begun.	
Exchequer Services	Service user financial assessments.	Assessment of the timeliness and accuracy with which service user's financial assessments are conducted and then revised as changes are made to approved packages of care.	1+2	This work is scheduled to take place before Christmas 2017.	
Exchequer Services	Direct payment reviews.	Audit of the scope, frequency and timeliness of reviews undertaken to determine that direct payments are being spent only on items identified in the support plan and that unspent funds are being effectively clawed back.	1+2	This work is being undertaken in conjunction with that on Adult Services, and the risk and control framework agreed with the Adult Services Leadership Team is being discussed with the Finance team in advance of testing.	
Adult Services	Contract monitoring: reablement service.	Audit of the system to monitor contracts for the provision of the reablement service.	1+2	Work on the first phase is scheduled to be complete by Christmas 2017 and compliance testing will be undertaken in early 2018.	
Adult Services	Contract monitoring: crisis support service.	Audit of the system to monitor contracts for the provision of the crisis support service.	1+2	This audit will be undertaken in association with that on the reablement service, so compliance testing will take place in early 2018.	
Adult Services	Use of the care portal by external care providers to claim payments for services provided to service users.	Audit of the system to manage payments to external care providers, focussing on information flows from providers and checks that ensure payments are accurate and valid.	1+2	Work has begun to understand the developmental work that is being undertaken by the service's managers.	
Adult Services	Development of the workforce (training and guidance for staff across Adult Services).	Consideration of the arrangements to ensure mandatory and corporate training is properly undertaken by relevant staff, and that both training and broader guidance material are adequate.	1+2	This audit is scheduled to take place at the end of the year and will be informed by work on a number of other areas which will be complete by then.	
Children's Services	Safeguarding through recruitment: selection and vetting procedures.	Audit of the recruitment and vetting of staff, including agency workers, in a sample of service areas across Children's Services, in particular to ensure that credentials are confirmed and individuals are properly vetted to address the risks around safeguarding.	1+2	Separate risk and control frameworks have been agreed addressing the recruitment of agency workers and council employees, and testing is complete. A draft report is being prepared.	



Lancashire County Council internal audit plan 2017/18: progress as at 31 August 2017

Service area	Operational area of activity	Audit work	Type *	Progress/ findings	Assurance
Children's Services	Service improvement.	Understanding the framework in place and the actions being taken to support improvement across Children's Services so that we will be better placed to provide support and to plan future assurance work. This work will specifically include activity supporting effective casework management and supervision.	1	An initial meeting has taken place and further meetings will be scheduled following this. Our work will develop our understanding of the governance structures around the Improvement Plan and the arrangements for tracking, monitoring, reporting and overseeing progress in implementing Ofsted's recommendations.	
Children's Services	Information security within parts of Children's Services.	A number of data losses have been experienced in the Fostering and Adoption Service and Minute Taking Team so, working with those teams and the Information Governance team, we will assess the risks and controls in place to manage information.	1	This audit is scheduled for late in quarter three.	
Children's Services	Contract monitoring: external residential placements.	Audit of the Access to Resources Team's system to monitor external residential placement contracts.	1+2	The Access to Resources team was established only early in 2017 so the audit will take place in early 2018, but a planning meeting has been scheduled with the head of service to agree the audit's scope.	
Children's Services	Personal budgets for service users and direct payments to their carers.	An overview of the process by which personal budgets are established and reviewed, and direct payments are made to service users and carers including third party service providers.	1	A risk and control framework has been agreed with service managers and testing has started.	
Children's Services	Transition from children's to adult services.	Initial assessment of the controls to ensure service users' needs continue to be met as they make the transition from Children's to Adults' services. This work will include a focus on the Special Educational Needs and Disabilities Service.	1	Initial planning work is being undertaken and more detailed audit work will be done before Christmas 2017.	
Community Services	Provision of transport for children.	Audit of the arrangements made to safeguard children being transported by the council to educational or other facilities.	1+2	A risk and control framework has been agreed, and testing has finished: a report is being drafted.	
Community Services	Contract monitoring.	Audit of arrangements to monitor Community Services' contracts to ensure proper contract delivery by the supplier and appropriate payment by the council.	1+2	Following initial discussions with the director of community services we will audit contracts in the Highways Service and one relating to Network Rail. It is intended that work will begin shortly.	
Community Services	Operation of the Highways Asset Management System (HAMS).	First assessment of the operation of the system since its introduction to replace a number of other systems during 2016/17. Mapping of the system into a risk and control framework.	1	A risk and control framework has been developed and is being discussed with the head of service.	
Community Services	Hire and return of vehicles by the Highways Service.	Support to management to assess the risks and controls associated with hiring and returning vehicles.	1	We are working with the head of service to understand the current control framework and advise where any changes are needed.	
Community Services	Waste management arrangements	Work to understand arrangements for managing waste.	1	We have agreed with the head of service for waste management that we will address this work at the end of the year, as the new arrangements have become further established.	
Community Services	Pre planning application advice service.	Assurance over the traded service recently introduced and offered to developers to improve the quality of their planning applications.	1+2	A risk and control framework is being drafted but, as this is a new service we plan to test controls in the fourth quarter of the year to ensure that a sufficient number of applications have been processed to provide an adequate sample.	
Community Services	Registrars' income.	Audit of service delivery including arrangements for charging and income collection.	1+2	A risk and control framework has been agreed and controls testing at a sample of registry offices has started.	
Customer Access Service	Customer Access Service management assurance processes.	Assurance over the service's activity to ensure the quality of its service delivery including monitoring responses, follow-up action, data system input, and treatment of any feedback or complaints.	1+2	Compliance testing of the controls established in the risk and control framework has been completed and will be discussed with the head of service for the Customer Access Service shortly.	

Lancashire County Council internal audit plan 2017/18: progress as at 31 August 2017

Service area	Operational area of activity	Audit work	Type *	Progress/ findings	Assurance
Customer Access Service	Blue badge applications.	Assurance over the applications process and compliance with policy, including charging and accounting for income.	1+2	Our work on applications for blue badges has been undertaken at the same time as the audit above, and is therefore at the same stage: we expect to be able to issue a draft report shortly.	
Public Health and Wellbeing	Commissioning and oversight of public health service provision.	Assessment, with the service, of the effectiveness of its commissioning to achieve outcomes.	1	This work will start shortly and it is intended that it will be complete by November 2017.	
Public Health and Wellbeing	Commissioning and oversight of public health service provision.	Follow-up of actions agreed in 2016/17.	F	This work will be undertaken at the same time as the audit above.	
Public Health and Wellbeing	Quality Assurance Improvement Programme: residential care and nursing homes.	Consideration of the adequacy and effectiveness of the quality assurance programme at driving improvements in service delivery across the regulated care sector.	1+2	This audit will take place towards the end of the year.	
Public Health and Wellbeing	Making Safeguarding Personal.	Assessment of the council's framework for ensuring compliance with its statutory requirements under the Care Act 2014.	1	This work is nearly complete and a draft report is being discussed with the service's managers.	
Public Health and Wellbeing	Contract monitoring: sexual health service.	Audit of the system to monitor contracts for the provision of the sexual health service.	1+2	Work on the first phase of the audit will be complete by Christmas 2017 and compliance testing undertaken in early 2018.	
Public Health and Wellbeing	Planning to address emergencies and civil contingencies: central planning.	Follow-up of the work completed by the Emergency Planning Team since the audit in 2016/17 to understand the team's progress in completing its action plan.	F	We will follow up the action being taken by the central Emergency Planning team towards the end of the year at the same time as emergency planning within individual services is audited.	
Public Health and Wellbeing	Planning to address emergencies and civil contingencies: planning within services.	Audit undertaken through the Emergency Planning Service of operational services' resilience plans and the work to both support these and to integrate them across the council's work.	2	This audit will take place towards the end of the year.	
Schools' Financial Management	Oversight of schools' financial management.	Follow-up of the actions agreed in 2016/17.	F	Follow up work is scheduled for the third quarter of the year, after the implementation dates for the two agreed actions have passed.	
Schools' Financial Management	Schools Financial Value Standard (SFVS) self-assessments.	Review of a sample of SFVS self-assessments submitted by schools for 2016/17 to ensure that their assertions are supported by adequate evidence.	2	The schools we tested had completed self-assessments of their financial controls under the Schools Financial Value Standard as required and were able to provide sufficient appropriate evidence to support the statements they made for 2016/17. Some points of good practice have been drawn out and will be published on the Schools Portal by the Schools Financial Service to support general improvement across all schools.	Substantial
Schools' Financial Management	Financial and governance controls within the county's schools.	Following work to understand the council's central oversight of the county's schools in 2016/17 and the outcome of our audit of SFVS self-assessments, we will carry out a thematic audit in a sample of schools across the county of policies, processes and compliance in a specific area.	1+2	Planning will start in September with a view to starting testing at schools in October. The work is likely to focus on the effectiveness of arrangements for managing school budgets.	
Financial Management	Recovery of costs/ available income from partner organisations.	Assessment of controls across a sample of service areas to address the risk that the council does not fully recoup appropriate costs or income from partner organisations, including NHS contributions to care packages, or else takes on their roles at its cost.	1+2	This work is scheduled to start in the third quarter of the year.	
Corporate Commissioning	Commissioning, design and monitoring of the capital programme.	The first phase of this audit was undertaken in 2016/17 and will be continued in 2017/18, with compliance testing of the controls in place as they become embedded during the year.	1+2	The risk and control framework has now been agreed with the Director of Corporate Commissioning and we have presented it to the Capital Programme Board. Compliance testing of the controls in this framework will be undertaken towards the end of the year.	
Corporate	Health and safety of the council's	Assurance over the process to ensure that statutory and	1+2	Initial planning work has started and testing will start in quarter three.	

Service area	Operational area of activity	Audit work	Type *	Progress/ findings	Assurance
Commissioning	properties.	other necessary checks on the health and safety of the council's properties are carried out. This will include compliance with corporate strategy, policies and procedures and the use of the new Property Asset Management System.			
Corporate Commissioning	Better Care Fund.	Maintaining a watching brief over the governance arrangements for the council's use of the improved Better Care Fund.	1	This work has begun.	
Economic Development	The framework of economic development across Lancashire.	We will gain an understanding of the work of the Economic Development team so that we are better able to support the service and, in due course, provide appropriate assurance over its operation.	1	We have begun to build on the work done in 2016/17 with the Economic Development team, and have met the heads of service involved.	
Economic Development	Lancashire Enterprise Partnership: governance and accountability	Follow-up of the actions agreed during 2016/17.	F	This work will be done as we work to gain the better understanding of the service as part of the work above.	
<b>Control framework: Service support</b>					
Corporate Services	Core systems for managing capital projects – PPMS, PAMS, HAMS.	Work to understand the core system central controls supporting management of the council's assets: Programme & Project Management System (PPMS), Property Asset Management System (PAMS), Highways Asset Management System (HAMS). This work will be closely linked with work on the capital programme and in Community Services.	1	Some work has already started but will continue into early 2018, when the work on the capital programme will also be undertaken.	
Corporate Services	Recruitment: the process from start to finish to bring new staff productively into the council.	An overview of the recruitment process from start to finish to document the steps and timeline to recruit and equip new staff. This will involve a number of different services and will be undertaken in conjunction with work that Corporate Services staff are also undertaking.	1	Initial planning has started with a view to completing a risk and control framework before Christmas 2017.	
Corporate Services	Children's Services' LCS system helpdesk.	Audit of the provision by the helpdesk of advice and guidance to social workers in the use of the LCS system, and correction of their errors on request, to ensure data on LCS is accurate.	1+2	Initial planning meetings have been held and work on the risk and control framework will start in September ahead of detailed testing in October.	
Corporate Services	Amendments made to both the LAS and LCS systems (for adults' and children's services respectively) to support changes to working practices.	Work to gain an understanding of the system developments made as operational working practices are reassessed and changed, so that we will be better placed to provide support and to plan future assurance work.	1	Initial planning meetings have been held and work to establish the risk and control framework started in September.	
Democratic Services	Management of surveillance system recorded data.	Assessment of the council's compliance with the council's revised overt surveillance policy (including the use of CCTV) addressing the gathering, storage, use and disposal of data recorded through the surveillance system.	1+2	Work has begun to plan this audit and a risk and control framework is being developed, but testing will take place towards the end of the year.	
Programmes & Project Management	Apprenticeship Levy.	Initial advice to assist the service to establish the risk and control framework associated with control of use of the Apprenticeship Levy by the council and the schools whose staff is employed by the council, followed by evaluation of compliance.	1+2	A risk and control framework has been agreed with the head of service for learning and development, and we will undertake compliance testing in the fourth quarter once there is sufficient activity from which to select a sample.	

**Control framework: Business processes**

Lancashire County Council internal audit plan 2017/18: progress as at 31 August 2017

Service area	Operational area of activity	Audit work	Type *	Progress/ findings	Assurance
Systems Control	Access controls and system security.	A single audit, across Oracle as a whole, of controls over user access to the council's financial systems, including access by non-LCC staff.	1+2	This work will start in quarter three.	
Systems Control	Accounts payable: central controls.	Audit of the controls in place over the central accounts payable function, including oversight of the accounts payable process as a whole. We will address the system configuration and, as appropriate, controls over feeder file transfers, separation of duties, splitting of orders, receipting, authorisation of requisitions and payments, duplicate payments, changes to masterfile standing data and timeliness of payments.	2	This audit is scheduled for completion before Christmas 2017, but work to follow up the action plan agreed in 2016/17 has already begun.	
Public and Integrated Transport	Accounts payable: service-based controls Caring and Responsive Transport (CART) payments to taxi operators	Audit of the controls in place within the CART system, as one of the accounts payable feeder systems, to ensure that the transactions recorded represent valid charges for goods and services received, and are authorised on a timely basis in accordance with the relevant scheme of delegation.	1+2	This work is nearly complete and a draft report is being discussed with the service's managers.	
Public and Integrated Transport	Accounts payable: service-based controls Repair and Maintenance Programme (RAMP) system payments	Audit of the controls in place within the RAMP system, as one of the accounts payable feeder systems, to ensure that the transactions recorded represent valid charges for goods and services received, and are authorised on a timely basis in accordance with the relevant scheme of delegation.	1+2	This work is almost complete and a draft report is being discussed with the system's managers.	
Exchequer Services	Accounts receivable and debt management: central controls.	Audit of the controls in place, including system configuration, to support the central accounts receivable and debt management functions, with compliance testing of those controls and follow-up of the actions agreed in 2016/17 where relevant.	1+2	Phase one is complete and compliance testing is being undertaken.	
Public and Integrated Transport	Accounts receivable and debt management: service-based controls Repair and Maintenance Programme (RAMP) system payments	Audit of the controls in place within the RAMP system as one of the accounts receivable feeder systems, to assess their arrangements, including system configuration, to ensure that all income due is raised and collected.	1+2	This work is almost complete and a draft report is being discussed with the managers involved.	
Exchequer Services	Cash and banking: central controls including checks over completeness and compliance in other locations.	Compliance testing of the key controls over the central cashiers function, and by cashiers over cash taken and held in other locations. The work will include follow up of actions agreed following the 2016-17 audit review in this area.	2	Audit work has begun and compliance testing has begun.	
Financial Management (Operational)	Management information and budgetary control.	Gaining an understanding of, and confirming by testing, the way key budgets are managed, to connect with the need to achieve cost savings.	1+2	We have completed compliance testing of the controls within the risk and control framework agreed with the head of service for operational financial management, and the report is being drafted.	
Corporate Finance	Oracle general ledger.	Compliance testing of the key controls, including system configuration.	2	Each of the areas of financial control addressed wholly centrally are scheduled to be undertaken during the fourth quarter of the year, but before the finance teams become busy with their year-end closure work.	
Corporate Finance	Oversight of payroll payments.	Compliance testing of the key controls operated by the council to ensure it properly oversees the processing of transactions on its behalf by BTLS.	2	Each of the areas of financial control addressed wholly centrally are scheduled to be undertaken during the fourth quarter of the year, but before the finance teams become busy with their year-end closure	

Lancashire County Council internal audit plan 2017/18: progress as at 31 August 2017

Service area	Operational area of activity	Audit work	Type *	Progress/ findings	Assurance
				work.	
Corporate Finance	Treasury management.	Compliance testing of the key controls, including system configuration. The review incorporates the following elements - investment management and oversight and compliance with the Treasury Management Strategy. The review will also include follow up of the agreed actions from the 2016-17 audit.	2		
Corporate Finance	VAT.	Compliance testing of the key controls, including system configuration. The review will also include follow up of agreed actions from the 2016-17 audit.	2		
Health and Safety	Health and safety compliance.	Assessment of the compliance service – the second line of defence – in assuring controls over health and safety across the organisation. This will specifically incorporate testing of arrangements in Highways and Design and Construction.	1+2	This work is scheduled to take place early in 2018.	
ICT systems	Determination of the appropriate areas for audit.	External support is required to work with BTLS as well as Corporate Services to properly assess the ICT audit work that is appropriate and achievable.	n/a	Support to the Internal Audit Service from a specialist provider is being sought through a procurement process. The specification is being developed with the support of the council's Procurement and Legal teams, and it is intended that a supplier will have been identified and in place by March 2018.	Not applicable
Information management	Information governance.	Assessment of the controls in place to ensure that the statutory requirements of the Freedom of Information Act and Data Protection Act are met, with compliance testing.	1+2	This work is almost complete and a report is being drafted.	
BTLS: payroll processing	Payments on account and over-payments.	Audit of the processes by which payments on account are made, and the ways in which over payments occur.	1+2	This has been scheduled for the third quarter of the year.	
BTLS: payroll processing	Effectiveness of inputs to the system: the inputs required and how they are processed.	Audit of the revised processes within the council to provide BTLS with appropriate inputs to the payroll system, focusing on changes.	1	This has been scheduled for the third quarter of the year, but it is possible that the Human Resources Service may be unable to support the requirements of an audit at this time.	
BTLS: payroll processing	Processing of payments by BTLS, using information supplied by the council.	Compliance testing of key controls only, following full assurance over this process in 2016/17.	2	This has also been scheduled for the third quarter of the year, and should not be affected if work on the other areas addressing payroll processing is delayed.	
Procurement	Central procurement: compliance with legislation, financial regulations and standing orders.	Follow-up of the actions agreed in 2016/17.	F	All the planned work involving the Procurement team will be linked and undertaken at the same time so, following an initial planning meeting with the head of service, work on each will start shortly.	
Procurement	Central procurement: compliance with legislation, financial regulations and standing orders.	Compliance checks on a selection of key contracts let during the year.	2		
Procurement	E-tendering.	Assessment of the ease of use of iSupplier for potential suppliers to inform an understanding whether the council is fully compliant with procurement regulations.	1		
Procurement	Purchase cards.	Audit of the use of procurement cards.	1+2		

**Funding and grant certification**

Economic Development	Growth Hub Grant 2016/17.	Verification that £328,000 BIS funding has been spent in accordance with conditions set by the Department for	n/a	The work has been completed and a grant certificate issued.	Not applicable
----------------------	---------------------------	---	-----	---	----------------

**Lancashire County Council internal audit plan 2017/18: progress as at 31 August 2017**

<b>Service area</b>	<b>Operational area of activity</b>	<b>Audit work</b>	<b>Type *</b>	<b>Progress/ findings</b>	<b>Assurance</b>
		Business, Innovation and Skills funding.			
Economic Development	Growth Deal 2016/17: Local Growth Fund.	Verification that Growth Deal monies have been spent in accordance with conditions set by the Department for Communities and Local Government.	n/a	The work has been completed and a grant certificate issued.	Not applicable
Economic Development	Challenge Fund Grant Audit: Severe Weather Fund.	Verification that £2.7 million Challenge Fund Grant monies have been spent in accordance with conditions set by the Department for Transport.	n/a	We are planning the scope and timing of both of these grant certificates.	
Economic Development	Challenge Fund Grant Audit: Pothole Fund.	Verification that £4.9 million Challenge Fund Grant monies have been spent in accordance with conditions set by the Department for Transport.	n/a		
Public Health and Wellbeing	Verification of claims made under the Troubled Families Programme.	Testing of 10% of all claims made, as stipulated by the Department for Work and Pensions.	n/a	Testing for the October 2017 claim is ongoing.	

## Audit assurance levels and classification of residual risks

### Assurance levels

**Full assurance:** there is a sound system of internal control which is designed to meet the service objectives and controls are being consistently applied.

**Substantial assurance:** there is a generally sound system of internal control, designed to meet the service objectives, and controls are generally being applied consistently. However some weakness in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.

**Limited assurance:** weaknesses in the design and/ or inconsistent application of controls put the achievement of the service objectives at risk.

**No assurance:** weaknesses in control and/ or consistent non-compliance with controls could result/ have resulted in failure to achieve the service objectives.

### Classification of residual risks requiring management action

**Extreme residual risk:** Critical and urgent in that failure to address the risk could lead to one or more of the following occurring: catastrophic loss of the county council's services, loss of life, significant environmental damage or huge financial loss, with related national press coverage and substantial damage to the council's reputation. *Remedial action must be taken immediately.*

**High residual risk:** Critical in that failure to address the issue or progress the work would lead to one or more of the following occurring: failure to achieve organisational objectives, disruption to the business, financial loss, fraud, inefficient use of resources, failure to comply with law or regulations, or damage to the council's reputation. *Remedial action must be taken urgently.*

**Medium residual risk:** Less critical, but failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management. *Prompt specific action should be taken.*

**Low residual risk:** Areas that individually have no major impact on achieving the service objectives or on the work programme, but where combined with others could give cause for concern. *Specific remedial action is desirable.*

**Internal Audit Service progress against plan 2017/18**

Audit and Governance Committee meeting 25 September 2017

**Deloitte LLP's audit assurance levels and classification of residual risks, relating to its work on the Lancashire Pension Fund**

<b>Rating</b>	<b>Description of risk mitigation and control effectiveness</b>
Ineffective	<p>Risk mitigation or control absent or ineffective – high risk of failure in prevention, detection, and risk mitigation and/ or control activities for audited functions, processes and activities.</p> <p>Multiple high priority findings/ issues or significant number of either high or medium priority findings/ issues.</p>
Effective with scope for improvement	<p>Risk mitigation activities and controls may be compromised or fail – moderate risk of failure in risk mitigation and control with some need and justification to improve risk mitigation and control activities for audited functions, processes and activities.</p> <p>Some high priority issues or a significant number of medium and low priority findings/ issues.</p>
Effective	<p>Compliant (adequate in the circumstances) – low risk of failure in risk mitigation and control and some scope or justification to improve risk mitigation and control activities for audited functions, processes and activities.</p> <p>No high priority findings/ issues. Some moderate and low priority findings/ issues.</p>

<b>Rating</b>	<b>Description of risk mitigation and control effectiveness</b>
High	<p>The issue presents a risk that involves a direct exposure to significant assets or a significant potential financial loss. Lack of appropriate controls could have a considerable impact on operations, compliance with laws and regulations, or financial results.</p>
Medium	<p>The issue presents a risk, which involves an indirect exposure to significant assets and could have a moderate impact on operations, compliance with laws and regulations, or financial results.</p>
Low	<p>The issue and associated risks have limited impact on operations, compliance with laws and regulations, or financial results.</p>



## **Audit and Governance Committee**

Meeting to be held on Monday, 25 September 2017

Electoral Division affected: None;
---------------------------------------

## **Standards and the Code of Conduct**

(Appendix 'A' refers)

Contact for further information:

Josh Mynott, Tel: (01772) 534580, Democratic and Member Services Manager,  
josh.mynott@lancashire.gov.uk

### **Executive Summary**

The County Council is required to have in place a code of conduct for county councillors and arrangements for investigating complaints. This report sets out the arrangements in place at Lancashire County Council.

### **Recommendation**

That the Audit and Governance Committee note the report and comment as appropriate.

### **Background and Advice**

In May 2012 the Full Council agreed a new Code of Conduct for Members in accordance with provisions in the Localism Act 2011 which effectively brought to an end the previous standards regime. In July and October 2012 the Full Council refined the Code to incorporate further government guidance and regulations. This Code has been in place since that time.

The Code, attached at Appendix 'A', includes the following elements:

1. Expected standards of behaviour, based on the Nolan Principles of Public Life
2. Declarations of Interest
3. Gifts and Hospitality

The Code applies to all members and co-opted members of the council.

### **Legislative Context**

The current standards regime is based on the requirements of the Localism Act 2011. This replaced the previous regime which was perceived by some, including the government of the time, as bureaucratic and encouraging petty or vexatious complaints. It was certainly the case that the approach to handling complaints placed

disproportionately onerous obligations on councils and councillors in the face of often very minor, or clearly mischievous, complaints

The new rules sought to simplify arrangements for investigating complaints, notably through the abolition of the Standards Board for England and through giving each local authority responsibility for setting its own code of conduct and making and administering the arrangements for upholding the code.

In support of the new legislation, the government issued guidance on pecuniary and non-pecuniary interests and the investigation of complaints under the code.

The new arrangements significantly strengthened the punishments relating to a councillor's failure to declare a pecuniary interest or participation in decision in which he or she had a pecuniary interest, which became a criminal offence carrying a "Level 5" fine (currently unlimited), and a 5 year suspension from holding public office.

However, in relation to any other breaches of the Code, either in relation to non-pecuniary interests, gifts and hospitality or the behavioural requirements, the range of sanctions available to councils was greatly reduced, effectively to nothing.

### **Code of Conduct Complaints**

Full Council agreed arrangements for handling complaints at its meeting in October 2012. In brief, the process adopted by the County Council requires the Monitoring Officer (MO) to consider allegations that a councillor has failed to comply with the Code of Conduct and decide:

- Whether the complaint is frivolous, vexatious or without merit and should be dismissed with no further action, or
- That the complaint does not warrant a formal investigation and that informal resolution is possible by way of action such as an apology, or
- That the complaint appears to amount to a breach of the Code and merits an investigation, the outcome to be reported to the Conduct Committee

Councillors about whom a complaint is made are provided with the details of the complaint and complainant, unless there is a compelling reason why this should not be the case, and invited to submit any representations which they may wish to make.

If a complaint is subject to investigation, the councillor will be provided with the details of one of the Council's "Independent Persons", whose views they may seek. If the matter is referred by the MO to the Conduct Committee, then one of the other Independent Persons will attend the meeting, and the committee are required to take their views into account before reaching a decision.

A councillor alleged to have breached the code would be invited to attend the Conduct Committee meeting to give their views.

There is no right of appeal against the MO's decision or that of the Conduct Committee.

Complaints about breaches of the rules on pecuniary interests are a criminal matter and should be reported to the police.

## **Sanctions**

A crucial difference between the old Standards regime and current arrangements is in the sanctions available to a local authority in the event of a breach of the code. The old regime allowed councils to impose a range of punishments, up to and including a suspension as a member of the local authority for up to 6 months.

Other than the new criminal sanctions for breaches of rules around pecuniary interests, the new rules do not specify in legislation or guidance any sanctions that may be imposed for breaches of the code. This means that whilst a local authority may include sanctions within its scheme for handling complaints, there is no legislative basis or support which can be relied on in the event of challenge. Case law has indicated that relatively minor sanctions, such as requiring a councillor to undergo specified training, are likely to be deemed reasonable in law. However, serious sanctions, such as suspension, withdrawal of facilities or withdrawal of allowances, would certainly be open to challenge and are almost certainly unsustainable.

For this reason, the only sanction that exists in the Lancashire scheme is censure and requiring a councillor considered to have breached the Code to apologise, with the Conduct Committee having the option to specify the terms of the apology. There is, however, no further sanction should the councillor refuse to comply with the Conduct Committee's decision that they should apologise.

## **Consultations**

N/A

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

The County Council is required to operate a code of conduct for members. The statutory requirements are set out in the main body of the report.

## **Local Government (Access to Information) Act 1985** **List of Background Papers**

Paper	Date	Contact/Tel
-------	------	-------------

N/A

Reason for inclusion in Part II, if appropriate

N/A



**Lancashire County Council  
Members' and Co-opted Members' Code of Conduct**

You are a member or co-opted member of the Lancashire County Council and hence you shall have regard to the following principles – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Accordingly, when acting in your capacity as a member or co-opted member:

You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.

You must not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.

When carrying out your public duties you must make all choices, such as making public appointments, awarding contracts or recommending individuals for rewards or benefits, on merit.

You are accountable for your decisions to the public and you must co-operate fully with whatever scrutiny is appropriate to your office.

You must be as open as possible about your decisions and actions and the decisions and actions of your authority and should be prepared to give reasons for those decisions and actions.

You must declare any disclosable pecuniary or non-pecuniary interests that relate to your public duties and must take steps to resolve any conflicts arising in a way that protects the public interest, including registering and declaring interests in a manner conforming with the procedures set out below.

You must always treat people with respect, including the organisations and public you engage with and those you work alongside.

You must, when using or authorising the use by others of the resources of your authority, ensure that such resources are not used improperly (including for political purposes) and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

You must behave in accordance with all our legal obligations, alongside any requirements contained within this authority's policies, protocols and procedures, including on the use of the Authority's resources.

You must promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.

You must take account of relevant advice from statutory and other professional officers, taking all relevant information into consideration, remaining objective and making decisions on merit.

### **1. Registering and declaring disclosable interests**

- 1.1 You must, within 28 days of your election or appointment to office as a member or co-opted member, notify the Council's Monitoring Officer in writing of any disclosable interests you have. Disclosable interests may be pecuniary or non-pecuniary (see paragraph 2 below).
- 1.2 You must notify the Council's Monitoring Officer in writing within 28 days of becoming aware of any changes to a disclosable interest previously notified or of any new disclosable interest not previously notified.
- 1.3 If a disclosable interest, has not been entered onto the Council's register, then the member or co-opted member must disclose the interest to any meeting of the Council at which they are present, where they have a disclosable interest and where the matter is not a 'sensitive interest' (see *section 4 below*).
- 1.4 Following disclosure of a disclosable interest not on the Council's register or the subject of pending notification, you must notify the Monitoring Officer in writing of the interest within 28 days beginning with the date of disclosure.
- 1.5 You must disclose any disclosable interest at the beginning of any meeting or decision making session at which a matter relevant to your interest is considered.
- 1.6 Unless dispensation has been granted by the Conduct Committee, you may not participate in any discussion of, vote on, or discharge any executive or non-executive function related to any matter in which you have a disclosable pecuniary interest.
- 1.7 Section 34 of the Localism Act 2011 creates a number of criminal offences relating to the disclosure of pecuniary interests.

It is a criminal offence if, without reasonable excuse, you:

- (a) fail to notify the Monitoring Officer of any disclosable pecuniary interest within 28 days of your election or appointment as a Member or Co-opted Member of the Council, or
- (b) fail to disclose the interest at a meeting which you attend, where the interest relates to a matter to be considered, and where the interest has not been entered in the register of interests, or
- (c) in the case of an interest falling under (b), do not notify the Monitoring Officer within 28 days of the disclosure, or
- (d) participate in any discussion or votes at a meeting where you have disclosed, or ought to have disclosed, a pecuniary interest\*, or
- (e) as an executive member, have a disclosable pecuniary interest in a

- decision which you would otherwise take and have taken any steps in relation to the matter to which the interest relates other than to enable the decision to be taken by another executive member; or
- (f) knowingly or recklessly provide information that is false or misleading in relation to any of the above matters.

\* note – dispensations apply to certain pecuniary interests which allows a Member or Co-opted Member to participate in a discussion and vote (see section 5.2). The Council's Monitoring Officer will advise where any such dispensation applies.

A person who is guilty of such an offence is liable upon conviction to a fine of up to level 5 (currently £5,000) and the person may also be disqualified from being or becoming a Member or Co-opted Member of the Council for up to five years."

## 2. Definitions

### 2.1 Pecuniary Interests

Disclosable pecuniary interest means an interest of a description specified below which is your interest, your spouse's or civil partner's or the interest of somebody who you are living with as a husband or wife, or as if you were civil partners and you are aware that that other person has the interest.

Interest	Prescribed description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.  This includes any payment or financial benefit from a trade union within the meaning of the <u>Trade Union and Labour Relations (Consolidation) Act 1992</u> .
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority:

	<ul style="list-style-type: none"> <li>(a) under which goods or services are to be provided or works are to be executed; and</li> <li>(b) which has not been fully discharged.</li> </ul>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate Tenancies	Any tenancy where (to M's knowledge): <ul style="list-style-type: none"> <li>(a) the landlord is the relevant authority; and</li> <li>(b) the tenant is a body in which the relevant person has a beneficial interest.</li> </ul>
Securities	Any beneficial interest in securities of a body where: <ul style="list-style-type: none"> <li>(a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and</li> <li>(b) either:               <ul style="list-style-type: none"> <li>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</li> <li>(ii) 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 the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</li> </ul> </li> </ul>

## 2.2 Non-Pecuniary Interests

Disclosable non-pecuniary interest means an interest of a description specified below which is your interest, your spouse's or civil partner's or the interest of somebody who you are living with as a husband or wife, or as if you were civil partners and you are aware that that other person has the interest.

<b>Interest</b>	<b>Description</b>
Outside Bodies	Any position of general control or management, or membership of any body, except where you have been nominated to that body by the County Council



Gifts and Hospitality      Any person or body from whom you have received a gift or hospitality with an estimated value above £25 (see section 6)

**Explanation of the terms used in this section:**

**the Act** means the Localism Act 2011;

**body in which the relevant person has a beneficial interest** means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

**director** includes a member of the committee of management of an industrial and provident society;

**land** excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

**M** means a member of a relevant authority;

**meeting** means any meeting of the Council, the Cabinet, any of the Council's or Cabinet's committees, sub-committees, joint committees, joint sub-committees, or area committees;

**member** includes a co-opted member;

**relevant authority** means the authority of which M is a member;

**relevant period** means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or section 31(7), as the case may be, of the Act;

**relevant person** means M or any other person referred to in section 30(3)(b) of the Act;

**securities** means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

### 3 Register of interests

Any interests notified to the Monitoring Officer will be included in the register of interests.

A copy of the register will be available for public inspection and will be published on the authority's website.

## **4 Sensitive interests**

Where you consider that disclosure of the details of an interest could lead to you, or a person connected with you, being subject to violence or intimidation, and the Monitoring Officer agrees, if the interest is entered on the register, copies of the register that are made available for inspection and any published version of the register will exclude details of the interest, but may state that you have an interest, the details of which are withheld.

## **5 Non participation in case of pecuniary interest**

5.1 Where you have a disclosable pecuniary interest in any business of your authority:

- (a) You may not participate in any discussion or any vote on the matter and you must leave the room where the meeting is held while any discussion or voting takes place.
- (b) If the interest is not registered, you must disclose the interest to the meeting.
- (c) If the interest is not registered and is not the subject of a pending notification, you must notify the Monitoring Officer in writing of the interest within 28 days, for inclusion in the register of interests.

5.2 Subject to you disclosing the interest at the meeting, you may attend a meeting and vote on a matter where you have a pecuniary interest that relates to the functions of your authority in respect of:

- (i) housing, where you are a tenant of a local authority provided that those functions do not relate particularly to your tenancy or lease;
- (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
- (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
- (iv) an allowance, payment or indemnity given to members;
- (v) any ceremonial honour given to members; and
- (vi) setting council tax or a precept under the Local Government Finance Act 1992.

- 5.3 Where, as an executive member, you may discharge a function alone, and you become aware of a pecuniary interest in a matter being dealt with, or to be dealt with by you, you must notify the Monitoring Officer in writing of the interest and must not take any steps or further steps in the matter, or seek improperly to influence a decision about the matter.
- 5.4 Dispensations may additionally be granted by the Conduct Committee. A member seeking a dispensation should apply, in the first instance, to the Monitoring Officer

### **6. Gifts and Hospitality**

Members and Co-opted Members must (within 28 days of receiving it) notify the Council's Monitoring Officer in writing of any gifts or hospitality received under 2.2 above, the value of which is estimated at being over £25. "Hospitality" is defined as accommodation, food or drink, or entertainment which is provided free of charge or at a discounted rate. The requirement applies where the gifts or hospitality is received in your capacity as a member, rather than from friends or family, received from any person or body other than the authority.

Your notification must also give the identity of the donor of the gift or hospitality.

You should also make a notification of an accumulation of smaller gifts or hospitality valued at £25 or less received over a short period of time which when added together are valued above £25.

If you are uncertain of the value of a gift or hospitality you should declare it. It is also good practice to notify the Monitoring officer of offers of gifts or hospitality which have been offered but refused.

A failure to notify the Monitoring Officer of any gifts and/or hospitality over the value of £25 is a breach of the Council's Code of Conduct.

Any gifts or hospitality notified to the Monitoring Officer will be included on the Council's register of Gifts & Hospitality, a copy of which is available for public inspection and published on the Council's website.

However, where you consider that disclosure of the details of any gift or hospitality could lead to you, or a person connected with you, being subject to violence or intimidation the Monitoring Officer may agree to exclude from the Council's register such details as he considers appropriate and that information will not be included on the Council's register.



## **Audit and Governance Committee**

Meeting to be held on Monday, 25 September 2017

## **Report of the Head of Legal and Democratic Services**

Electoral Division affected: (All Divisions);
--

### **Risk and Opportunity Register Quarter 2**

(Appendix 'A' refers)

Contact for further information:

Ian Young, (01772) 533531, Director of Governance, Finance and Public Services

[ian.young@lancashire.gov.uk](mailto:ian.young@lancashire.gov.uk)

Paul Bond, (01772) 534676, Head of Legal and Democratic Services

[paul.bond@lancashire.gov.uk](mailto:paul.bond@lancashire.gov.uk)

#### **Executive Summary**

This report provides an updated (Quarter 2) Risk and Opportunity Register for the Committee to consider and comment upon.

#### **Recommendation**

The Committee is asked to consider and comment on the updated Risk and Opportunity Register set out at Appendix 'A'.

#### **Background and Advice**

Following the corporate approach to reporting on risk and opportunity the quarter 2 Risk and Opportunity register was recently reported to Management Team and the Cabinet Committee on Performance Improvement. An updated Risk and Opportunity Register is attached at Appendix 'A' and the Committee is asked to comment upon it.

There are a number of entries on the current register that reflect the financial strategy and policies of the previous administration. Therefore, the register will, at the appropriate time, need to be updated to reflect the new administration's financial strategy, policies and organisational proposals. These include:

- CR1 Failure to implement the County Council's MTFS
- CR2 Risk to the on-going financial viability of the county council
- CR4 Delivering organisational transformation
- CR16 Management of the County Council's assets
- CO1 Delivering a new model for public service delivery in Lancashire

The key highlights in the register include:

- for this quarter there are three new entries to the register:
  - CR29 Delayed Transfer of Care (DTOC)
  - CR30 Prevent people being drawn into terrorist activity
  - CO5 Apprenticeship levy
- for this quarter there is one deletion:
  - CO3 Opportunities through delivering the draft corporate strategy and property strategy
- allowing for mitigating actions, the residual risk score for the following entries remain 12 or above so the issue remains on the register:

<b>Risk Identification Number (RIN)</b>	<b>Risk Description</b>
CR1	Failure to implement the county council's MTFS. Residual risk score remains unchanged.
CR2	Risk to the on-going financial viability of the county council. Residual risk score remains unchanged.
CR4	Delivering Organisational Transformation. Residual risk score remains unchanged.
CR5	Inability to adequately protect and safeguard children. Further mitigating actions added. Residual risk score remains unchanged.
CR6	Failure to comply with statutory requirements and duties relating to CLA, children in need and children leaving care. Further mitigating actions added. Score remains unchanged.
CR7	Failure to recruit and retain experienced staff within Children's services. Residual risk remains unchanged
CR8	Reputational damage and risk of direct intervention by DFE. Residual risk remains unchanged.
CR12	Inability to implement/maintain systems that produce effective management information. Further mitigating actions added but residual score remains the same.
CR16	Management of the County Council's assets. Further mitigating actions added but residual score remains the same.
CR20	Transforming care (Winterbourne). Residual score remains at 12.
CR21	Service user/customer risk associated with the inability to influence behaviour change in demand and expectations continue to rise. Controls and mitigating actions updated but residual score remains at 12.
CR24	Failure to achieve targets with National Troubled Families Unit. Remains unchanged.
CR25	Failure to implement and meet the statutory requirement to children and young people with special educational needs and/or disabilities remains unchanged.
CR26	Proposed museums closures. Further mitigating actions added but residual score remains the same.
CR27	The mobilisation of the home care framework and subsequent service transfer process. Mitigating actions are being put in place but the residual score remains the same.

CR28	Risk of not fulfilling our statutory duty in relation to Court of Appeal applications. Controls and mitigating actions have been agreed but the residual score remains the same.
CR29	Delayed Transfer of Care. Controls and mitigating actions have been agreed but the residual score remains above 12 so it has been added to the register.
CR30	Prevent people being drawn into terrorist activity. Controls and mitigating actions have been agreed to fulfil our duty but the residual score remains above 12 so it has been added to the register.
CO1	Establishing a new model for public service delivery in Lancashire. No change.
CO2	Delivering economic growth. Further maximising actions added.
CO4	Health & Social Care Integration. Narrative no change
CO5	Apprenticeship levy and apprentice % in public sector. New opportunity that has been added to the register.

## Consultations

N/A

## Implications:

This item has the following implications, as indicated:

## Risk management

Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. An Authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk. Failure to develop and maintain a Corporate Risk and Opportunity Register means the Council would be negligent in its responsibilities for ensuring accountability and the proper conduct of public business.

## List of Background Papers

Paper	Date	Contact/Tel
-------	------	-------------

N/A

Reason for inclusion in Part II, if appropriate

N/A





## Appendix A: Corporate Risk & Opportunity Register Q2 2017/18

Risk Identification Number (RIN)	Risk Description	Risk Type	Possible Consequences	Current Controls	Risk Score	Mitigating Actions	Residual Score	Risk Owner	Direction of Travel
CR1	Failure to implement fully the councils medium term financial strategy including the delivery of planned budget reductions	Economic	Financial Savings not achieved resulting in in-year overspends with pressure on following year budget and reserves depleted more quickly than planned. Reductions in service and/or drop in quality of delivery leading to JR and damage to Council's reputation. New legislative requirements not being met and uncertainty over being able to deliver and/or implement future large projects. Potential for infrastructure to deteriorate.	<ul style="list-style-type: none"> <li>Monthly budget monitoring processes for Heads of Service and Directors with particular focus on agreed savings delivery.</li> <li>Ensure key programmes of activity (particularly linked to savings / downsizing) are adequately resourced.</li> <li>Quarterly Money Matters budget monitoring reports, MTFS, reserves and Treasury Management reports presented to members (includes capital).</li> <li>Management Team actions to monitor key areas of expenditure and consider remedial courses of action to address budgetary pressures.</li> <li>Robust Medium Term Financial Strategy and Plan, updated to reflect variations to resource and demand assumptions. Reserves regularly monitored and reviewed.</li> <li>Resources allocated to Base Budget Review. Rebalance budget savings via an ongoing risk assessment.</li> </ul>	25	<ul style="list-style-type: none"> <li>Recommendations from Zero Based Budget Review agree by Full Council on 9<sup>th</sup> February 2017.</li> <li>Improve commercial and financial acumen.</li> <li>Continuously revalidate budget assumptions.</li> <li>PWC interim draft report 'Lancashire Public Service Delivery Model' presented to Political Governance Working Group and then full Council on 23<sup>rd</sup> February to allow time for reflection. Full Council resolved to refer the report back to PwC asking them for their final report so that it can be given meaningful consideration and proper consultations can take place with other interested parties.</li> <li>Communicating with stakeholders to ensure an understanding of the council's financial position and need for change.</li> <li>Communicating specific proposals and service developments in the context of the financial scenario.</li> <li>Programme Office supporting services to deliver savings and bring forward savings wherever possible.</li> <li>An additional £2 billion to councils over the next 3 years to spend on adult social care services. For the council this equates to £48M.</li> <li>Work being undertaken to identify lowest quartile offer as part of budget savings</li> <li>Final revenue outturn position is an underspend of £23.101M against a cash limit budget of £713.020M. However, outturn is supported by c£83M from reserves and includes a £23M surplus as a result of treasury management activity. There continues to be an underlying pressure within service budgets particularly in demand led areas such as Children's Social care, Adults Social Care and Waste Services.</li> <li>Further budget savings options to be considered at September cabinet meeting</li> </ul>	16	Section 151 Officer	As time progresses the risk to some extent reduces. However, the risk cannot be fully mitigated until all the necessary enabling decisions have been taken and the relevant budget options have been realised.
CR2	Risk to the ongoing longer-term Financial Viability of the County Council	Economic/ Political/Social	Problems stored up for the future as a combination of delivery issues in CR1 and further national funding reductions causing minimum reserve position not to be maintained with the risk of not being able to	<ul style="list-style-type: none"> <li>Base Budget Review has identified the risk of the County Council not being able to meet statutory obligations by 2018/19. The actual timing of when this situation may occur will be identified from the various monitoring and review process outlined in CR1 above</li> </ul>	25	<ul style="list-style-type: none"> <li>Risk of the county council not being able to meet its statutory obligations by 2018/19 validated by PWC</li> <li>Zero Based Review activity (focus on lower quartile) will determine the scope for additional savings in all remaining services within the County Council (ongoing).</li> <li>Links to Combined Authority work including</li> </ul>	25	MT	Level

			set a balanced legal budget in future years.			<p>Healthier Lancashire programme with the NHS as to any opportunities / additional pressures (ongoing).</p> <p>Lobbying – Treasury and DCLG by utilising ongoing existing networks MP's / Members, LGA, CCN, SCT (ongoing)</p> <ul style="list-style-type: none"> <li>• Development of response to the Treasury and DCLG of future needs assessment/allocation formula.</li> <li>• Communicating with stakeholders to ensure an understanding of the councils financial position and need for change</li> <li>• Communicating specific proposals and service developments in the context of the financial scenario.</li> <li>• An additional £2 billion to councils over the next 3 years to spend on adult social care services. For the council this equates to £48M</li> <li>• Final revenue outturn position is an under spend of £23.101M against a cash limit budget of £713.020M. However, outturn is supported by c£83M from reserves and includes a £23M surplus as a result of treasury management activity. There continues to be an underlying pressure within service budgets particularly in demand led areas such as Children's Social care, Adults Social Care and Waste Services.</li> <li>• Further budget savings options to be considered at September Cabinet</li> </ul>			
CR4	Delivering organisational transformation including capacity, capability and resilience	Organisational	<p>The failure to clearly implement the draft corporate strategy that sets out our vision, aims and priorities could result in a lack of purpose, direction and have an impact on service delivery and produce an adverse external audit report. The new structure that seeks to provide the ability to join up our services in a new way may not be fit for purpose.</p> <p>Ineffective employee engagement and buy in. A fall in staff morale could increase sickness absence and stress. Loss of knowledge and skills due to turnover puts demand on remaining staff which can expose the council to key person dependency and</p>	<ul style="list-style-type: none"> <li>• As part of the base budget review process options for service delivery and redesign have been developed including proposals to stop some services.</li> <li>• Management Team approval of all new appointments and cessation of temporary staff contracts.</li> <li>• Senior Management Development programme implemented.</li> <li>• Positive employee communication and engagement.</li> <li>• Wellbeing initiatives and support for managers and employees.</li> <li>• Introduced a new scheme of delegation for heads of service.</li> <li>• Existing change/programme management support already committed and risk of slowing down this delivery if divert to other major change opportunities including LD. P2I programme has highlighted the need for extra capacity and skill to drive and direct large scale programmes and for the</li> </ul>	16	<ul style="list-style-type: none"> <li>• Interim structures to reflect the base budget review options are being developed and implemented.</li> <li>• Independent challenge</li> <li>• See specific actions in relation to other risk entries i.e. Ofsted inspection</li> <li>• Use of transformation reserves to fund temporary staffing</li> <li>• Implementation of recruitment and retention strategies</li> <li>• Defining new service models across the organisation</li> <li>• Children's service transformation – pilot programme in Fylde &amp; Wyre - ongoing</li> <li>• Extensive information is made available through the councils website which is also used by the customer service centre as a core council information resource</li> <li>• Promoting recognition and benefits of working at the council</li> <li>• Capitalise on the support and expertise that is currently available via Newton Europe to start the identification and skill development of key personnel to a transformation type team and look to use apprenticeship levy to fund training and</li> </ul>	12	MT	Level

			the risk of poor resilience. Failure to deliver sizeable saving programmes	organisational need to build that skill and expertise and augment with external recruitment.		support			
CR5	Failure to adequately protect and safeguard children	Social	Children are put at risk of harm.	<ul style="list-style-type: none"> <li>• MASH (Multi-Agency Safeguarding Hub) to ensure appropriate multi-agency response where there are safeguarding concerns about a child.</li> <li>• Serious incident reporting to ensure appropriate management oversight.</li> <li>• Quarterly Safeguarding Report, including LSCB.</li> <li>• Serious Case Review learning shared to improve safeguarding practice.</li> <li>• Case file audits to promote learning.</li> <li>• Multi-agency inspections. Sector led Peer Review. Challenge undertaken.</li> <li>• Supervision with HOS.</li> <li>• Performance monitoring - action taken to address areas of underperformance.</li> </ul>	25	<ul style="list-style-type: none"> <li>• Caseloads are reducing in line with the targets in the improvement Dashboard.</li> <li>• MASH redesign has progressed - 3 virtual locality teams now in place and North are piloting new way of working.</li> <li>• DCS "line of sight" to frontline practice to ensure adequate protection and safeguarding of children in place - QA measure now developed and to be rolled out across all management grades.</li> <li>• Social Work agency team recruited into Lancaster to support the allocation of work, commencing week of 1 August 2017.</li> <li>• Agency social worker numbers are reducing across county as permanent recruitment progresses.</li> <li>• There is now evidence that the new arrangements are beginning to support improvements in practice as well as compliance.</li> <li>• For the vast majority of children looked after, statutory requirements are completed in a timely way.</li> <li>• Visits to children are taking place regularly, and children are seen alone by their social workers.</li> <li>• Most social workers know the children on their caseload well and have taken time to discover their wishes and feelings.</li> <li>• Social work caseloads are mostly manageable, and staff feel well supported by their managers. Supervision files and case records evidence that most staff receive regular supervision.</li> <li>• Although the quality of assessments remains too variable, several good pieces of work were seen by inspectors and no assessments were deemed to be inadequate.</li> <li>• All children looked after have a written care plan, and some staff have received training in the importance of purposeful planning for children.</li> </ul>	16	Director of Children's Services	The risk is being managed and continues to reduce.
CR6	Failure to comply with statutory requirements and duties relating to children looked after, children in need and children leaving care.	Legal/ Political	LA is legally and possibly financially liable, judicial review. Further OFSTED intervention.	<ul style="list-style-type: none"> <li>• Corporate legal oversight.</li> <li>• Quarterly Safeguarding Report.</li> <li>• Serious incident reporting to ensure appropriate management oversight.</li> <li>• Serious Case Review learning shared.</li> <li>• Peer Review and Challenge.</li> <li>• Stronger management oversight in Districts.</li> <li>• Advanced Practitioners in post.</li> <li>• Case file audits check compliance and quality of practice.</li> <li>• Multi-agency inspections. Sector led Peer Review.</li> </ul>	25	<ul style="list-style-type: none"> <li>• Residential Strategy agreed and is progressing.</li> <li>• Improvement Plan in place to ensure sustained progress in improving the quality of practice and improved outcomes for children.</li> </ul>	16	Director of Children's Services	Level

				<ul style="list-style-type: none"> <li>Performance monitoring - action taken to address areas of underperformance.</li> </ul>					
CR7	<p>Failure to recruit and retain experienced Social Work staff</p> <p>Failure to recruit and retain Independent Reviewing Officers.</p> <p>Failure to recruit and retain experienced BSO staff.</p>	Organisatio nal	<p>Inability to deliver effective services. High caseloads. Lack of management oversight. Increased staff turnover. Increased agency spend.</p>	<ul style="list-style-type: none"> <li>Vacancy monitoring.</li> <li>Children's Services Workforce Development Strategy and scorecard developed to improve recruitment &amp; retention of staff.</li> <li>Quarterly Safeguarding Report.</li> </ul>	25	<ul style="list-style-type: none"> <li>Reducing numbers of Assessed and Supported Year in Employments (ASYE) (June 39.2%, April 50.1%); increasing numbers of social workers with 1-3 years' experience (June 30.1%, April 22%)</li> <li>Increasing numbers of social workers with 3 years plus experience (June 30.7%, April 15.2%).</li> <li>The risk is being managed and the position is improving overall, although there are still parts of the county where recruitment &amp; retention remains a significant challenge.</li> </ul>	16	Director of Childre n's Services	Downwards
CR8	<p>Reputational damage and risk of Direct Intervention by DFE.</p> <p>Negative media exposure.</p>	Reputation al	<p>DFE manages services directly and removes them from the LA. Commission arrangements brought in.</p> <p>Loss of reputation. Impact on partner agencies.</p>	<ul style="list-style-type: none"> <li>Safeguarding and Audit arrangements. Direct management oversight of services.</li> <li>Media planning around key issues and Serious Case Reviews. Scrutiny of key reports and information. Communication with Comms Team.</li> </ul>	25	<ul style="list-style-type: none"> <li>Implement actions of Post Improvement Inspection Board.</li> <li>12 Week Improvement Plan developed with a clear focus on the consistent delivery of good basic practice.</li> <li>Peer Challenge. LGA Peer Review scheduled for October 2017.</li> <li>External consultant audit exercise.</li> </ul>	16	Director of Childre n's Services	Level
CR12	<p>Failure to implement/maintain systems that produce effective management information</p> <p>Failure to improve quality of data in Liquid Logic's systems (LCS/LAS)</p> <p>Operational failure in the main IT Computer Suite (T101)</p>	Organisatio nal	<p>Ineffective collection, collation and input of data Ineffective use of business intelligence, resulting in the inability to identify and respond to changing trends and inform strategic decisions. Impact on strategic planning, understanding and management demand e.g. around demographics and ageing population profile Ineffective reporting arrangements.</p> <p>Statutory returns will be compromised, so incorrect performance will be reported nationally. OFSTED/CQC/LGA and</p>	<ul style="list-style-type: none"> <li>Information management strategy. Data Quality processes. Oracle. Local Information Systems. Corporate performance information. JSNA and other needs assessments</li> <li>Weekly provision of information to operational managers. Monthly Performance Books or dashboards provided to Start Well Management Team and Adults Leadership Team. Use of exception reports to flag up data quality issues.</li> <li>Over £200k has been invested to improve the back-up services for T101 to improve reliability. However, there are still potential risks regarding A/C cooling, maintenance of UPS units and insurance requirements regarding</li> </ul>	15	<ul style="list-style-type: none"> <li>Confidence in data quality is much improved, including by Ofsted.</li> <li>Review of Accuracy Working Group remit agreed to ensure the group continues to add value. The group will merge with the Ofsted Preparation Group to avoid duplication.</li> <li>LCS Systems Working Group established, chaired by the DCS from June 2017.</li> <li>Collation and analysis of Child Sexual Exploitation data is showing improvements.</li> <li>Accuracy Working Group and performance management framework ensuring continued use of management reports within children's social care were established in November 2016. Roll out of a 'Project Accuracy style approach to YOT,</li> </ul>	12	MT /Head of Corpora te Services /Head of Busines s Intellige nce	Level

			<p>other external organisations will be using inaccurate information to judge performance. Service planning and management will be severely compromised.</p> <p>Reliance on uninterrupted operation of T101 cannot be over emphasised. Power up following an uncontrolled failure takes 5 times longer than after a controlled shutdown. Impact on service delivery</p>	<p>fire alarm links</p> <ul style="list-style-type: none"> <li>External support to focus on Children's Services data issues. Introduction of new governance arrangements for children's services. Introduce a new performance management framework that is aligned to draft corporate strategy.</li> <li>Accuracy Working Group and performance management framework ensuring continued use of management reports within children's social care were established</li> <li>Multimillion pound refurbishment programme including upgrading the electrical infrastructure of county hall complex - to improve the reliability of the IT Suite.</li> </ul>		<p>SEND, FARY now underway.</p> <ul style="list-style-type: none"> <li>'Passport to Independence' reporting work stream incorporating exception reporting.</li> <li>'Project Accuracy' for Adults Services focussing on procedures and data quality is now underway.</li> </ul>			
CR16	Management of the County Councils Assets	Organisational	<p>Failure to maintain council owned assets and buildings.</p> <p>Inability to deliver in the timescale required and impact on organisational ability to achieve savings</p> <p>Failure to timely deliver a smaller more affordable property portfolio and associated savings. Inability to deliver service plans and savings effectively within required timescales, risks to service delivery across a number of services. Due to the high profile of Property Strategy (Neighbourhood Centres) delayed delivery could have reputational effect. Legal or public challenges.</p>	<ul style="list-style-type: none"> <li>Effective planning and programming method of delivery. Management of organisational transition and effective engagement with operational services</li> <li>Manage health and safety risks of customers and staff and ensure budgets are managed effectively to maintain assets to a satisfactory standard.</li> <li>Consider and manage risks associated with redundant properties. Planned maintenance approach. Risk assessments and regular H&amp;S inspections. Presently undertaken by various operational service areas.</li> <li>Delivery of Property Portfolio Rationalisation Programme (PPRP) is being managed by the programme board. Asset Management Service are working to specific timescales for the public consultation and delivery of recommendations to Cabinet. Office rationalisation is ongoing and is being managed by the PPRP team as a whole. Risks for each part of the project are registered and reviewed by the PPRP team and Board on a regular basis, reporting to Management Team separately.</li> </ul>	16	<ul style="list-style-type: none"> <li>Asset Management Strategy and accommodation review and planned programme of conditions based work</li> <li>Short-medium term facilities management strategy defined to deliver the spike in resource demand during the organisational transition period</li> <li>Communicating with stakeholders to ensure an understanding of the councils financial position and need for change</li> <li>Communicating specific proposals and service developments in the context of the financial scenario</li> <li>One independent community library (Clayton –le-Moors) established with approval at July Cabinet for another 4 to progress</li> <li>The risk and opportunity register will be reviewed and updated at the services extended leadership team meetings on a quarterly basis.</li> <li>A reply to the DCMS has been issued by the Leader and meetings have been held with the DCMS and Senior Officers of the County Council. The DCMS will report back in due course.</li> <li>Cabinet at its meetings in July and August 2017 agreed to the re-opening of several closed libraries and the delivery of a full library service. Cabinet further agreed to a phased re-opening and delivery of a full library service at a further number of sites. Cabinet also decided to rescind the decision to declare the library premises</li> </ul>	12	Head of Asset Management/H Head of facilities Management	<p>Level – In relation to assets the trend is downwards as the Premises Compliance Team improve strategic premises management activity</p> <p>Property strategy – risks are significant but currently managed</p>

				<ul style="list-style-type: none"> <li>Communications strategy for property strategy</li> <li>A further letter has been received by the Department for Culture, Media and Sport (DCMS) on behalf of the secretary of state explaining that the minister is minded to order an enquiry into the changes to library service provision but that the opportunity will be provided for all interested parties to make further representations before a decision is made. Information must be sent in by the 9 June 2017.</li> </ul>		<p>surplus to requirements.</p> <ul style="list-style-type: none"> <li>Re-opening of closed libraries: The majority of the book stock from the closed libraries is in central storage and will be made available again when libraries re-open. Self-service equipment has been stored and some furniture has been retained. The service has a central management and resources infrastructure which will support the reopening of libraries across Lancashire. The resources team, has, however been reduced in size at the previous restructuring to reflect the need to make savings and fewer number of libraries which are currently open. The service will shortly begin a recruitment exercise to prepare for reopening at the sites agreed by cabinet.</li> </ul>			
CR20	Transforming Care (Winterbourne)- the accelerated discharge of the population of adults with a Learning Disability from secure hospital in-patient beds into community houses	Economic/ Political/Social	Increased pressure on the adult social care budget. Resettlement from hospital to community health and social care packages shifts the funding responsibility from solely NHS to a shared responsibility between CCG's and LA's to fund these high cost intensive health and social care packages. LCC may not be able to afford these new packages of care in the current financial climate. There is a National Plan to facilitate discharge therefore there is a reputational and political risk in not achieving as Lancashire is identified as a National Fast Track programme for this work due to the high number of Lancashire residents currently in in-patients LD hospitals. The closure of Calderstones hospital is part of this national plan. Failure to agree locally a reasonable figure for a dowry that is planned to follow a person from hospital (NHS) to LA's is a further financial risk.	<ul style="list-style-type: none"> <li>There is a governance structure for the Fast Track programme through the Fast Track Steering Group with representation from LCC Director Adult Social Care and HoS Commissioning working alongside SRO's from NHS and CCG's in order to achieve agreement on financial issues including the dowry and any future agreement for a pooled budget. There are identified work streams each with a defined action plan with leads identified from commissioners across Lancs. Work streams are monitored by the Steering group in addition to oversight by NHS England. The trajectory for possible discharge Sept 15- Mar 19 is to be carefully monitored so appropriate development and procurement of suitable housing and care can be planned for.</li> <li>Development of a pooled budget between health and social care currently being developed. Still an interim agreement in place that funding for discharges comes 100% from health until the development of the pooled budget. Management Team have taken a position that all discharges will be funded by CCGs not by the Local Authority for the immediate future. Management Team have also committed to the development of a Pooled Budget with the NHS.</li> </ul>	16	<ul style="list-style-type: none"> <li>Improved engagement with procurement colleagues to ensure due process is followed operationally in meeting the needs of this population.</li> <li>Lancashire's Fast track plan identifies the implementation of a revised model of care for people with LD improving crisis support through multi-disciplinary teams.</li> <li>This approach is aimed at reducing admissions and supporting providers to maintain a person's tenure in their chosen house rather than re-enter hospital.</li> <li>The plan commits to securing improved and alternate care and housing solutions for this population with the aim of creating shared tenancies with back ground support, rather than the current single tenancy model currently used, which will be more cost effective. There are plans to stimulate the provider market to inform innovative solutions to providing for these peoples care</li> <li>STP budget considerations</li> <li>The financial risk had been negotiated with the CCG and immediate pressures remain offset whilst negotiations around the pooled budget take place.</li> </ul>	12	Director of Adult Services	↑the direction of travel is increased as these are new service users entering the social care system from the NHS, the risk is constant from a financial perspective as the cost will be high and require providing for life. (although there are plans to mitigate costs through a dowry system.

CR21	Service user/Customer risk associated with the inability to influence demand whilst expectations continue to rise	Reputation al/social/economic/political	Demand and expectations continue to rise against a backdrop of reduced resources, thus leading to service failure and an increase in complaints. Failure to integrate health and social care to reduce pressures on demand and expectations as a result of ageing population. Unacceptable waiting times for assessment and reviews including occupational therapy, safeguarding and social care reviews.	<ul style="list-style-type: none"> <li>Consultation and engagement with service users and customers. Co-ordination of communications. Changes and impacts communicated to stakeholders. Impact assessments. Alternative delivery options being explored as part of base budget review option development. Learning from complaints and oversight at CCPI.</li> </ul>	16	<ul style="list-style-type: none"> <li>Alternative delivery options being explored as part of base budget review option development</li> <li>In relation to adult and children's social care Newton Europe have been partly engaged in this area of work</li> <li>See opportunities entry on Healthy Lancashire</li> <li>Early help and prevention investment in integrated wellbeing services</li> <li>Children's demand management strategy</li> <li>Additional capacity is being secured in key areas such as social work and occupational therapy</li> <li>Realignment of management capacity in adult social care to provide improved focus on operational priorities</li> <li>Clear triaging/prioritisation schemes at Customer Access Centre</li> <li>Work with Newton Europe is underway to improve productivity</li> <li>Working with health partners to improve arrangements around discharges from hospital</li> <li>Communicating with stakeholders to ensure an understanding of the councils financial position and need for change</li> <li>Communicating specific proposals and service developments in the context of the financial scenario</li> <li>Financial management board monitoring budget pressures</li> <li>0-25 Board work ongoing</li> <li>Adults demand assumptions – independent scrutiny and challenge by LGA</li> <li>Partnership event focussing on risk and demand within children's services</li> </ul>	12	MT	↓ Downwards.
CR24	<p>Failure to achieve targets agreed with National Troubled Families Unit team due to the specific requirements of the programme.</p> <p>Failure to provide robust data to evidence the impact on outcomes for those families engaged with the programme</p>	Economic Political	<p>Failure to accrue maximum income from the programme for the authority</p> <p>Possible reputational risk as a result of failing to meet the national target.</p> <p>Risk of additional scrutiny of Lancashire's response to the programme</p>	<ul style="list-style-type: none"> <li>Robust tracking processes in development with view to maximising payment by result claim opportunities.</li> <li>Improvement plan implementation to ensure that 'attached' cases meet national TFU principles with operational staff.</li> <li>Ongoing data matching to identify new eligible families</li> <li>Business case to recruit to staffing vacancies approved.</li> </ul>	20	<ul style="list-style-type: none"> <li>Development of reporting processes to ensure monthly progress checks against targets</li> <li>Business case to request additional resources to support tracking and claiming processes</li> <li>Redesigning of outcomes plan to set more achievable/realistic targets</li> <li>Exploration of systems that can be used to undertake the necessary analysis for Lancashire's response to the programme.</li> <li>Establishment of multi-agency "engine room" to drive multi-agency partnership working.</li> <li>Workforce development ongoing for CAF and LP working.</li> <li>Revised CAF documentation, Quality Assurance and processes to assist in meeting requirements.</li> </ul>	16	Head of Wellbeing, Prevention and Early Help	Upwards

CR25	Failure to implement and meet the statutory requirement to children and young people with special educational needs and/or disabilities.	Organisational	Not providing adequate service to SEND leading to inspection failure. Lack of appropriate IT platform. Failure to recruit and retain staff. Commissioning arrangements with health not consistent.	<ul style="list-style-type: none"> <li>Self-assessment completed against new framework</li> <li>N/W regional peer support group established</li> </ul>	16	<ul style="list-style-type: none"> <li>Implementation of the early help (IT) module.</li> <li>Recruitment of qualified staff funded by the SEND reform grant.</li> <li>Commissioning arrangements with Health being reviewed.</li> </ul>	12	Head of Special Education Needs and Disability	Level
CR26	Proposed museum closures	Organisational/political/reputational/financial/legal	<p>The proposal to close five museums has attracted negative publicity nationally, regionally and locally due to the national importance of the sites and collections</p> <p>Impact on staff leading to sickness absence</p> <p>Financial risk associated with not being able to close buildings because of the statutory responsibility to provide the service</p>	<ul style="list-style-type: none"> <li>Regular contact is being maintained with colleagues in the commissioning team, asset management, equality and diversity, communications and business intelligence as and when required.</li> <li>Decisions on process continue to be cleared through legal services and cabinet member where appropriate.</li> <li>Expressions of interest have been invited for interested parties who can show that they have the resources and expertise to continue operating the museums and ensuring their collections continue to be made accessible to the public.</li> <li>English Heritage have indicated that they will not submit an offer following discussions aimed at the transfer of ownership of Helmshore and Queen Street Mills. There are, however, ongoing discussions with Historic England regarding these two sites.</li> <li>Fleetwood Museum will reopened on Good Friday, 14 April 2017 and the county council will manage the museum until the formal transfer to Fleetwood Museum Trust as the new operator is completed, expected to be no later than the start of June 2017.</li> <li>Negotiations are continuing with regard to the future operation of The Judges Lodgings and Museum of Lancashire.</li> </ul>	16	<ul style="list-style-type: none"> <li>The County Council has committed to re-open and manage Fleetwood Museum from the 1 April 2017 until the formal transfer to Fleetwood Museum Trust as the new operator is completed.</li> <li>Options Appraisal for Queen Street Mill Textile Museum and Helmshore Mills Textile Museum</li> </ul>	12	Head of Libraries, museums, culture & registrars	Level



CR27	The mobilisation of the home care framework and subsequent service transfer process	Organisational/political/reputational/financial/legal	<p>Risk of legal challenge to the tender process</p> <p>Risk of significant increased costs to the Council</p> <p>Risk of challenges in the mobilisation and transition</p> <p>Capacity issues within teams to support the mobilisation and transition to the home care framework and ensuring that the Council's systems are able to support the requirements of the home care framework structure.</p> <p>Challenges relating to providers</p> <p>Potential disruption caused to service users.</p>	<ul style="list-style-type: none"> <li>Staff and County Councillor briefing notes have been shared.</li> <li>Steering group established.</li> <li>Mobilisation workshop with services who will be required to support the project.</li> <li>Evaluation of the implications for services have been identified through a self-evaluation form completed by each service who will be impacted.</li> <li>Work has already been undertaken around systems.</li> <li>Council services who have been engaged have a good understanding of the implications and what needs to be done.</li> </ul>	16	<ul style="list-style-type: none"> <li>Transforming Social Care in Lancashire Board to oversee the mobilisation of the home care framework and subsequent service transfer process and that the Home Care Mobilisation Steering Group should report to this Board for decision making.</li> <li>Project directly linked to the Passport to Independence Programme and involve Newton Europe in the development of the mobilisation plan.</li> <li>Management Team have agreed additional resources to support the implementation of the home care framework</li> </ul>	12	Director of Commissioning	level
CR28	Risk of not fulfilling our duty in relation to Court of Protection (COP) applications		<p>The financial risk to the LA of failing to make a COP application and having to pay damages &amp; costs depends on the type of breach. A substantive breach can attract a damage claim in the tens of thousands.</p> <p>It is estimated that 3150 people in Lancashire now need a COP Deprivation of Liberty application on an annual basis to meet the Cheshire West Acid Test. This does not take into account service users waiting for a social care review, nor any increase in demand.</p>	<ul style="list-style-type: none"> <li>Newton's have taken current activity on COP work into account, but not the potential 'backlog', so current resources (social work, legal and admin) are insufficient to meet the extra demands of COP work.</li> <li>One-off Government Grant to address the back log created by 'Cheshire West' is insufficient to deal with the pressure of additional work. A legal challenge lead by 3 LAs has failed</li> </ul>	16	<ul style="list-style-type: none"> <li>Report to August Cabinet established interim policy position and approved the implementation of a COP Prioritisation Tool Kit.</li> </ul>	12	Director of Adult Services	Level
CR29	Delayed Transfer of Care (DTOC)	organisational	Service users staying longer in an acute hospital setting leads to deconditioning of service user (older people often lose skills and the physical ability to undertake activity), which	<ul style="list-style-type: none"> <li>Regular data set produced and analysed by business information.</li> <li>Cluster boards for P2I for reablement and acute joined to ensure good coms.</li> <li>Focus at Better Care Fund (BCF) meetings</li> </ul>	20	<ul style="list-style-type: none"> <li>Commissioning of a home care framework.</li> <li>Increasing capacity of reablement service.</li> <li>Implementation of eight high impact changes using BCF monies to facilitate.</li> <li>Roll out of passport to independence in an acute setting</li> <li>iBCF spending plan, which is intended to have</li> </ul>	16	Dir of Commissioning	Upwards

			increases reliance on social care post discharge and as a result an increased cost. Increased pressure on adult social care. Cost to the health economy, as prolonged hospital stay, will increase tariff. Effect on relationships with health economy and wider political impact.			<p>positive impact on DTOC, agreed by HWBB in August 2017.</p> <ul style="list-style-type: none"> <li>Development of dashboard to provide better Management Information within LCC. Proposed discussions to ensure that activity related to DTOC Dashboards is joined up across the Sustainability and Transformation Partnership. Review - November 2017.</li> <li>Proposed Health Scrutiny review - January 2018.</li> </ul>			
CR30	Failure to Prevent people being drawn into terrorist activity	Social	People suffer harm as a result of a terrorist incident.	<ul style="list-style-type: none"> <li>Burnley district has been identified as a level 2 priority area.</li> <li>Multi -agency Contest Board in place and key risks identified to Lancashire Chief Executives Group.</li> <li>Multi-agency Prevent delivery plan in place.</li> <li>Local Risk Assessment Process in place. Channel process in place for referrals and intervention.</li> <li>Robust reporting structures in place to respond to concerns/problems. Training Programme in place.</li> <li>Safeguarding policy and procedures reflects Prevent Duty.</li> <li>Other relevant policies and procedures including ICT reflect Prevent Duty.</li> <li>Engaged with a range of civil society groups.</li> <li>Established reporting structures in place.</li> </ul>	20 (following Manchester and London terrorist attack May/June 2017 national JTAC threat level is "severe" an attack is highly likely.)	<ul style="list-style-type: none"> <li>LCC Prevent Duty Strategy and Development Plan 2016/18.</li> <li>Prevent Duty E-learning mandatory for key frontline and safeguarding staff (available on intranet for all staff, however, those staff without access to ICT the Prevent training is delivered through other mediums e.g. team briefing, newsletters, leaflets).</li> <li>LCC attend Contest Board.</li> <li>LCC Vice Chair of Lancashire Prevent Delivery Partnership (LPDP), other key services reps attend. LCC reps also attend Lancashire Hate Crime and Cohesion Group, Lancashire Adults and Children's Safeguarding Boards and Lancashire Schools Equality Group. LCC Vice Chair of Lancashire Channel Panel.</li> <li>LCC Single Point of Contact (SPOC) links in with Emergency Planning and Lancashire Resilience Forum through HoS Health, Safety and Resilience. How to report concerns guide on LCC intranet.</li> <li>LCC SPOC appointed as Home Office Prevent Peer which enables learning good practice from across England &amp; Wales.</li> <li>Prevent Duty built in to policies and procedures. LPDP currently developing Lancashire Prevent Communications plan with the pan Lancashire Communications group – LCC Communications rep part of process, expected November 2017.</li> <li>LPDP Communications plan will include:- Lancashire wide messages responding to incidents, safety messages, busting myths, promoting good news stories, sharing information through social media etc.</li> <li>Following the recent elections the arrangements for Political Governance and Information Sharing have changed. Issues will be reported to cabinet as appropriate.</li> </ul>	20	Dir of Commissioning	Although mitigation actions are in place and the County Council has demonstrated that we are meeting requirements of the Prevent Duty the residual risk score remains high to reflect nation threat level "severe"

Opportunity Identification Number	Opportunity Description	Opportunity Type	Possible Benefits	Progress to date	Opportunity Score	Maximising Actions	Residual Opportunity Score	Opportunity Owner	Direction of Travel
C01	Establishing a new model for public service delivery in Lancashire	Political	The establishment of a Lancashire Combined Authority and securing a devolution deal with central government. A Combined Authority is an accountable body in its own right – this means it is a single point of decision making on agreed functions (quicker and simpler decisions); has powers delegated to it from Government and the individual local authorities (subject to local discussion and determination); can hold substantial amounts of Government and European funding. In relation to transport, greater co-operation will allow improvements to the region's public transport network.	<ul style="list-style-type: none"> <li>Shadow Combined Authority established and meeting monthly, having received endorsement from all participating authorities. Lead Members identified for work streams and regular update reports to the Shadow CA indicate good progress.</li> <li>Discussions around the establishment of a Public Services Board are well developed, to be finalised in Jan / Feb 2017, to enhance engagement with other public sector partners. Initial discussions on a possible devolution deal for Lancashire underway. Successful bid for One Public Estate funding, and Property Board being established.</li> </ul>	12	<ul style="list-style-type: none"> <li>PWC presented an overview of their proposals for a new public service delivery model to the Combined Authority.</li> <li>At the meeting of the Shadow Combined Authority it was agreed by all local authority leaders present that it was unlikely that all of the constituent members would be able to secure approval to the proposals such that a draft Order could be laid before Parliament. It was therefore agreed that there remained significant benefit in continuing to meet on a pan-Lancashire basis and the constituent members would therefore continue to meet on a regular but informal basis</li> <li>Continue to engage with councillors within individual member authorities to ensure understanding and support for the proposals, identifying benefits already gained (eg OPE, better relationships, links to LEP and growth Deal outcomes).</li> <li>Leader's workshop and separate Chief Execs workshop took place in January 2017 to take stock and consider the necessary next steps.</li> </ul>	16	Chief Executive	↑ Upwards
C02	Delivering economic growth	Economic	Continued successful delivery of the LEP's current strategic economic growth programmes.  Successfully secured new resources for Lancashire to support job and business creation, housing growth and the delivery of strategic transport infrastructure linking to drive economic growth and regeneration, linking residents and businesses with economic opportunities.	<ul style="list-style-type: none"> <li>Lancashire Enterprise Partnership has secured almost £1 billion of national resources to deliver a transformational programme of economic growth which see the delivery of new jobs, business and housing growth and strategic transport infrastructure. Key programmes/projects secured include the Preston, South Ribble and Lancashire City Deal, Growth Deal, three Enterprise Zones, Growing Places Funding, Boost Business Lancashire and Superfast Broadband.</li> </ul>	12	<ul style="list-style-type: none"> <li>Work with local authority partners to ensure national resources to support economic growth and regeneration are secured.</li> <li>Maximise the support from key local and national public and private sector stakeholders outside of the County Council.</li> <li>EDRF project 'Boost' has secured grant funding agreement until end of 2018</li> <li>Recent Growth Deal settlement of circa £70m will provide resource for six key projects to advance over the next three years. We are now looking to the consultation on the Industrial Strategy Green Paper, including the NPIF, to identify how the resource which lies behind this programme might effectively be targeted within Lancashire.</li> </ul>	16	Director of Economic Development	↑ Upwards

CO4	Health and Social Care Integration	Organisational	The principle of the separate organisations working together to align plans, strategies and budgets will involve the development of new delivery models and ways of working, to avoid duplication and focus activity where it is needed, recognising that current models of service delivery are unsustainable. Integration would provide the best opportunity to minimise the impact of funding reductions as well as providing a better offer for service users	Participation in the Healthier Lancashire programme building upon the "Alignment of the Plans" work undertaken  Sustainability and Transformation Plan (STP). <ul style="list-style-type: none"><li>Influencing and shaping the process to take account of Combined Authority objectives if and where appropriate.</li><li>Aligning, where appropriate with existing work at a pan Lancashire level, and within individual health economies.</li><li>Consideration of new models of delivery and potential new funding arrangements, such as pooled budgets where appropriate.</li></ul>	12	<ul style="list-style-type: none"><li>Recognise the need for: an ambitious vision, robust partnerships, clear and credible delivery plans, and strong leadership and governance arrangements at a pan-Lancashire level.</li><li>Lead the integration agenda, recognising the need for an ambitious vision, robust partnerships, clear and credible delivery plans. Strong leadership and governance arrangements at a pan-Lancashire level.</li></ul>	16	MT	Level
CO5	Apprenticeship Levy and Apprentice % in Public Sector	Political Economic Social Reputational Organisational	Increase in Apprentices in the workforce and use the Apprenticeship levy to its maximum benefit to support critical development needs in the County Council	The Apprenticeship Levy is live from April 2017 and the first payment from the digital account was in May 2017. Work is being undertaken across LCC with Heads of service or their representatives to discuss their overall workforce development and what part the Levy could play in this.	12	<ul style="list-style-type: none"><li>Maximise the benefits of the Apprenticeship Levy within LCC by working in conjunction with Management Team, Finance and HR to embed this into structures across the organisation.</li><li>Working with services to identify the quick wins where these suit their business need and to thus eliminate training expenditure where we can, and link to Levy fund.</li><li>L&amp;D are speaking to Heads of Service to see how their training needs can be creatively addressed to link with the Levy, where possible.</li><li>Heads of Service have been asked to report to L&amp;D any current areas of training expenditure commitment that they have entered into. Heads of Services have been asked not to enter into any further financial commitments without speaking to L&amp;D</li></ul>	15	HoS Learning & Development	Upwards

Key to Scores

	CATASTROPHIC (for risk) OUTSTANDING (for opportunity)	5	10	15	20	25
	MAJOR	4	8	12	16	20
	MODERATE	3	6	9	12	15
IMPACT	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
		RARE	UNLIKELY	POSSIBLE	LIKELY	CERTAIN
			LIKELIHOOD			

## **Audit and Governance Committee**

Meeting to be held on Monday, 25 September 2017

Electoral Division affected: (All Divisions);
--

### **Update on Overpayment of Salaries**

Contact for further information:

Neil Kissock, Tel: (01772) 534286, Director of Financial Resources

neil.kissock@lancashire.gov.uk

#### **Executive Summary**

Internal Audit have previously reported to the Committee an issue, identified as part of a payroll audit, with regard to overpayment of salaries to some individuals who have left the council. The Committee requested an update as to the current position.

#### **Recommendation**

The Audit and Governance Committee is asked to note the report.

### **Background and Advice**

An internal audit payroll report finalised in May 2017 found, via sample testing, that from a sample of 20 leavers processed by payroll services in 2 cases the workflow termination had been received for processing exceptionally late after the employee leaving date. This had resulted in continuation of salary payments for each employee after leaving and the overpayments then requiring recovery action to be undertaken.

Subsequent conversations with debt recovery team then identified total outstanding debt relating to payroll overpayments totalling £0.4k with about a third of that debt being over two years old. Between April 2016 to January 2017 329 invoices, with a total value of £0.337m, were raised for recovery of salary overpayment. Of these, the majority were due to late submission of data from an establishment or the submission of inaccurate data.

Invoices for the overpayment of salaries are raised when the overpayment is identified by payroll. Unless an invoice is queried or paid further action is taken with either referral to a debt collection agency (if the debt is under (£1,500) or to legal services (if the debt is over £1,500). In some cases the debtor asks to repay the overpayment over an extended period and they are asked to complete an income and expenditure form to enable the calculation of a reasonable repayment period (usually no more than 12 months unless the value of the debt is particularly significant or there are particular circumstances relating to the individual).

## Current Position

Analysis and reporting has been developed following the review and Table 1 below provides activity information covering a 2 year period running up to the end of quarter 1 of the current financial year.

Table 1

	<b>Jul 15 - Mar 16</b>	<b>Apr 16 - Mar 17</b>	<b>Apr 17 - Jun 17</b>
	9 month period	12 month period	3 month period
No. of Leavers	1,992	2,362	451
No. of Overpayments relating to leavers	162	172	29
Percentage*	8%	7%	6%
Value of Overpayments	£176,141	£166,600	£14,188
Average Overpayment	£1,087	£969	£489

The table above identifies that in the vast majority of cases (over 90%) overpayments are not made to employees who have left the Council, and that the percentage of cases where overpayments are made is reducing, from 8% in the period July 2015 to March 2016 to 6% in the period April 2017 to June 2017. The average value of overpayments is also reducing from £1,087, in the period July 2015 to March 2016, to £489 in the period April 2017 to June 2017.

The current position does represent an improving position and the issue remains an area of ongoing heightened focus. The analysis and reporting has enabled the more effective identification of particular areas of concern and focused proactive activity to support the reduction of occurrences. The current level of outstanding debt, at the end of August 2017 is £0.312m compared to £0.417m at the end of January 2017 reflecting both progress in ongoing recovery activity and the reduction over recent months in the volume and scale of salary overpayments. Work will continue to further support the reduction of occurrences whilst also ensuring the recovery process continues to be applied effectively.

## Consultations

N/A

## Implications:

This item has the following implications, as indicated:

## Risk management

The principal risk is a financial one in terms of recovery of any overpayments made.

**Local Government (Access to Information) Act 1985**  
**List of Background Papers**

Paper	Date	Contact/Tel
-------	------	-------------

N/A		
-----	--	--

Reason for inclusion in Part II, if appropriate		
---	--	--

N/A		
-----	--	--

