

AUDIT AND STANDARDS COMMITTEE AGENDA

Monday, 30 January 2017 at 10.00 am in the Blaydon Room - Civic Centre

From the Acting Chief Executive, Mike Barker

Item	Business
1	Apologies for Absence
2	Minutes (Pages 3 - 8) The Committee is asked to approve, as a correct record, the minutes of the meeting held on 3 October 2016.
3	Declarations of Interest Members of the Committee are invited to declare interests in any agenda items.
4	External Auditor Appointments Beyond 1 April 2018 (Pages 9 - 12) Report of the Strategic Director Corporate Resources.
5	External Auditor: Annual Audit Letter 2015/16 (Pages 13 - 30) Report of the Strategic Director Corporate Resources.
6	Corporate Risk Management 2016/17 Quarterly Report to 31 December 2016 (Pages 31 - 44) Report of the Strategic Director Corporate Resources.
7	Exclusion of the Press and Public The Committee may wish to exclude the press and public from the meeting during consideration of the exempt items in accordance with Schedule 12A to the Local Government Act 1972. <p style="text-align: center;"><u>EXEMPT AGENDA</u></p>
8	Internal Audit Plan 2016/17 Quarterly Monitoring Report to 31 December 2016 (Pages 45 - 54) Report of the Strategic Director Corporate Resources.

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GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 3 October 2016

PRESENT: Councillor H Hughes (Chair)
Councillor(s): J Green, L Green, J McClurey, J McElroy,
J Adams, G Clark, J Common and B Jones

INDEPENDENT MEMBERS: G Clark, J Common and B Jones

APOLOGIES: Councillor(s): P Dillon

ASC MINUTES
23

RESOLVED: The minutes were approved as a correct record subject to it being highlighted that the Audit Completion report considered by the Committee on 25 July was a draft and that the audit opinion by Mazars was subject to the receipt of satisfactory assurance from the auditors of Tyne & Wear Pension Fund.

ASC DECLARATIONS OF INTEREST
24

RESOLVED: There were no declarations of interest.

ASC COMMITTEE ON STANDARDS IN PUBLIC LIFE
25

The Committee received a report informing it of the activities undertaken by the Committee on Standards and Public Life (CSPL) during 2015-16.

The CSPL monitors, reports and makes recommendations on all issues relating to standards in public life. This includes not only the standards of conduct of holders of public office, but all those involved in the delivery of public services.

The CSPL is an independent advisory non-departmental public body (NDPB) it is not founded in statute and has no legal powers to compel witnesses to provide evidence or to enforce its recommendations.

The report also identified the topics for consideration by the CSPL during 2016-17, including Local Government Standards.

It was noted that the CSPL has received correspondence from members of the public, Councils and Councillors on the issue of Local Government Standards. The correspondence includes calls for a national code of conduct, strengthened

guidelines or sanctions or a power of recall. The CSPL intends to liaise with the relevant stakeholders on the way in which ethical standards can be effectively embedded in all parts of local government.

RESOLVED: i) That the information be noted.
 ii) That the Committee agreed to track the work of the CSPL in respect of Local Government Standards and contribute where possible.

ASC 26 RESULTS OF 2015/16 CIPFA AUDIT BENCHMARKING

The Committee received a report informing it of the annual Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Benchmarking results for 2015/16.

The Internal Audit Service is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of the Council's resources.

Appended to the report was a summary of the 2015/16 benchmarking results. Overall this shows that the Council's Internal Audit Service is low cost with high productivity, in comparison with other local authorities.

It was queried how Gateshead continues to be low cost and high performing and it was commented that this is in part due to lower staffing costs and using a greater number of qualified technicians.

RESOLVED: That the information be noted.

ASC 27 CORPORATE RISK MANAGEMENT QUARTERLY REPORT TO 30 SEPTEMBER 2016

The Committee received an update report on developments in Corporate Risk Management during the period 1 July to 30 September 2016 in compliance with the requirements of good corporate governance.

The report covered progress against the Corporate Risk Management Development Objectives for 2016/17 as cited in the Corporate Risk Management Annual Report 2015/16 and other risk management issues emerging within the quarter.

It was noted that the Council's critical IT system template was discussed at the first meeting of the Risk and Resilience Group along with how the group can support services to complete the template. This work will enable ICT to implement the recommendations identified by the Council's External Auditors.

The Committee was also informed of the significant ICT issue encountered by a neighbouring authority, whose systems will not be fully restored for up to 1 year. It was queried whether the costs to that authority could be identified to enhance the

Council's understanding of the risks around ICT security.

It was noted that subsequently employees within this Council have been reminded of the potential impact of opening attachments from unknown sources.

RESOLVED: That the information be noted.

**ASC
28** **REVIEW OF INTERNAL AUDIT CHARTER**

The Committee received a report on the review of the Internal Audit Charter by the Chief Internal Auditor.

The purpose, authority and responsibility of Internal Audit must be formally defined in an Internal Audit Charter, consistent with the definition of Internal Auditing outlined in Public Sector Internal Audit Standards (PSIAS). The Chief Internal Auditor must periodically review the internal audit charter and present it for approval.

This year's review adds the Mission for Internal Audit and Core Principles for the Professional Practice of Internal Auditing into the Charter to reflect their incorporation in the revised PSIAS.

RESOLVED: That the Committee approved the revised Internal Audit Charter.

**ASC
29** **ANNUAL GOVERNANCE STATEMENT 2015/16 - INTERNAL AUDIT REVIEW OF MANAGERS' ASSURANCES**

The Committee received a report informing it of the Internal Audit Service review of assurances provided by Service Directors, to inform the 2015/16 Annual Governance Statement.

The Accounts and Audit Regulations 2015 require Authorities to produce an Annual Governance Statement setting out its governance arrangements and reviewing their effectiveness.

Assurances from managers on the effectiveness of controls they have in place are a fundamental part of the assurance framework agreed by the Committee on 1 February 2016.

The 2015/16 Annual Governance Statement Audit was carried out using a theme based approach across the Council. All Service Directors were required to provide evidence to support their declarations made on the Governance Statement in response to questions on Data Quality and Performance and Business Continuity.

The audit concluded that systems are operating well and that a good level of assurance is provided for the 2015/16 Annual Governance Statement.

RESOLVED: That the information be noted.

ASC 30 TREASURY MANAGEMENT - PERFORMANCE TO 30 SEPTEMBER 2016

In accordance with CIPFA's Code of Practice on Treasury Management and the Council's Treasury Policy Statement and Treasury Strategy, the Committee received the mid-year performance report in respect of the Treasury Management Service, covering investments and borrowing.

The Council operates a balance budget, broadly meaning that cash raised during the year will meet its cash expenditure. The role of treasury management was defined as, "The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

The report set out performance in respect of Investments, Rate of Return and Borrowing and an update was provided in respect of the deposit the Council had made to Heritable Bank.

The summary of the mid-year performance highlighted that the projected net impact of investments and borrowing activity on the revenue budget in 2016/17 is an underspend of £1.117m, comprising £0.620m General Fund and £0.497m HRA.

It was also reported that as interest rates are expected to be below long term borrowing rates value for money considerations indicate that best value can be obtained by delaying new external borrowing and by using internal cash balances to finance new capital expenditure in the short term (this is referred to as internal borrowing).

It was reported that potential borrowing options are being discussed with the Council's treasury management advisers, CAPITA.

It was requested that details of covenants limits be reported back to the Committee.

RESOLVED: That the Treasury Management Performance to 30 September 2016 be noted.

ASC 31 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That the press and the public be excluded from the meeting during consideration of the remaining business in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972.

ASC 32 INTERNAL AUDIT PLAN 2016/17 QUARTERLY MONITORING REPORT TO 30 SEPTEMBER 2016

A report was presented outlining the progress made by the Internal Audit and Risk Service against the audit plan for the financial year 2016/17. The report also summarised the main findings arising from audit activity throughout the period 1 July 2016 to 30 September 2016.

RESOLVED: That the information be noted.

Chair.....

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TITLE OF REPORT: External Auditor Appointments Beyond 1 April 2018

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

- 1 This report informs Committee of the optional arrangements for the appointment of external auditors for the financial year beginning on 1 April 2018.

Background

- 2 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State for Communities and Local Government determined that the transitional arrangements for local government bodies would be extended by one year and would also include the audit of the Accounts for 2017/18.
- 3 The Council's contract with its existing external auditor, Mazars is currently managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the Local Government Association (LGA).
- 4 When the current transitional arrangements come to an end on 31 March 2018 the Council will be able to move to a local appointment of an external auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share across NHS and Local Government bodies.
- 5 The scope of the audit will still be specified nationally by the National Audit Office which all firms appointed to carry out the Council's external audit must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience to be registered with a Registered Supervising Body approved by the Financial Reporting Council. The registration process has not yet commenced and so the number of firms is not known but it is reasonable to expect that the list of eligible firms may include the top 10 or 12 firms in the Country, including our current auditor. It is unlikely that small independent firms will meet the eligibility criteria.

Options

- 6 The broad options for the local appointment of external auditors are:
- Make a stand alone appointment by setting up an Independent Auditor Appointment Panel;
 - Joining with other councils to set up a Joint Independent Auditor Appointment Panel / local joint procurement arrangements; or
 - Opting-in to a sector led body that will negotiate contracts and make the appointment on behalf of councils, removing the need to set up an Independent Auditor Panel.

Option 1 Make a Stand Alone Appointment

- 7 In order to make a stand alone appointment the Council will need to set up an Auditor Panel. This could be a sub-committee of the current Audit and Standards Committee. The members of the Panel must be wholly or a majority independent members as defined by the Local Audit and Accountability Act 2014. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close family and friends. This means that elected members will not have a majority input to assessing bids and choosing which audit firm to award a contract for the Council's external audit.
- 8 The advantages / benefits of setting up an Auditor Panel are that it would allow the Council to take advantage of the new local appointment regime and have local input into that decision.
- 9 The disadvantages / risks of setting up an Auditor Panel are:
- The Council will not benefit from reduced fees that are available through increased purchasing power and economies of scale provided by joint or national procurement contracts;
 - The Council will have to bear the complexity, administrative costs and risks associated with establishing and servicing the Audit Panel; and
 - May experience difficulties in appointing majority independent panel members and independent panel chair as per the Regulations.

Option 2 – Joining with other councils to set up a Joint Independent Auditor Appointment Panel / local joint procurement arrangements

- 10 The Act enables the Council to join with other authorities to establish a joint Auditor Panel. As with Option 1, this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

11 The advantages / benefits of a joint arrangement with other local authorities are:

- The costs of setting up the Panel and running the procurement exercise will be shared across a number of authorities; and
- There is greater purchasing power providing potential for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

12 The disadvantages / risks of a joint arrangement are:

- The decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent Auditor Panel is used, depending on the constitution agreed with the other bodies involved. It should be noted that the procurement process is largely however a technical exercise; and
- The choice of auditor could be complicated where individual Councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for a Council. Where this is the case, some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel chose a firm that is conflicted for this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies of scale possible through joint procurement.
- Initial discussions have indicated that there is not an appetite across the Region or Sub Region for a joint arrangement.

Option 3 - Opting-in to a sector led body that will negotiate contracts and make the appointment on behalf of councils, removing the need to set up an Independent Auditor Panel

13 The DCLG has recently named PSAA as the body authorised to make future audit appointments on behalf of principal local authorities in England. The sector led body will have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector. It is reported that nearly 270 councils have already expressed an interest in joining the national scheme.

14 If the Council is to become an opted-in authority then the closing date to give our formal acceptance of the invitation to PSAA is 5pm on Thursday 9 March 2017.

15 The benefits / advantages of opting-in according to PSAA are as follows:

- PSAA will ensure the appointment of a suitably qualified and registered auditor and expects to be able to manage the appointments to allow for appropriate groupings and clusters of audits where bodies work together;

- PSAA will monitor contract delivery and ensure compliance with contractual, audit quality and independence requirements;
- Any auditor conflicts at individual authorities would be managed by PSAA who would have a number of contracted firms to call upon;
- It is reasonable to expect that large-scale contracts procured through PSAA will bring economies of scale and attract keener prices from the market than a smaller scale competition;
- The overall procurement costs would be lower than individual smaller scale procurement;
- The overhead costs for managing the contracts will be minimised through a smaller number of large contracts across the Sector;
- There will be no need for the Council to establish alternative appointment processes locally, including the requirement to set up and manage an independent Auditor Panel;
- It will satisfy the requirement for an independent auditor appointment through a collective approach; and
- It will ensure a sustainable market for all future audit provision in the Sector.

16 The disadvantages / risks of opting-in according to PSAA are:

- Individual elected members will have less opportunity for direct involvement in the appointment process other than through LGA and / or stakeholder representative groups, although this is no different to historic arrangements and as set out earlier in the report even with other options this opportunity is limited; and
- In order for PSAA to be viable and placed in the strongest possible negotiating position Councils will need to indicate their intention to opt-in before final contract prices are known.

Proposal

17 The Committee is asked to review the Options set out in the report to ensure that the Council can make the necessary arrangements for the appointment of external auditors for the financial year beginning on 1 April 2018. The preferred option is Option 3 on the basis of deliverability and cost.

Recommendation

18 The Committee is asked to review the Options set out in the report and submit any comments to Cabinet.

Contact name: Craig Oakes Ext - 3711

TITLE OF REPORT: External Auditor: Annual Audit Letter 2015-16

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

- 1 This report requests that the Committee note the external auditor's Annual Audit Letter 2015-16.

Background

- 2 The letter provides a summary of the external auditor's work and findings for 2015-16 in respect of: -
 - Statement of Accounts
 - Value for Money conclusion
 - Future challenges
 - Fees
- 3 The external auditor's report is attached at Appendix A.

Recommendation

- 4 The Committee is requested to note the contents of the external auditor's Annual Audit Letter.

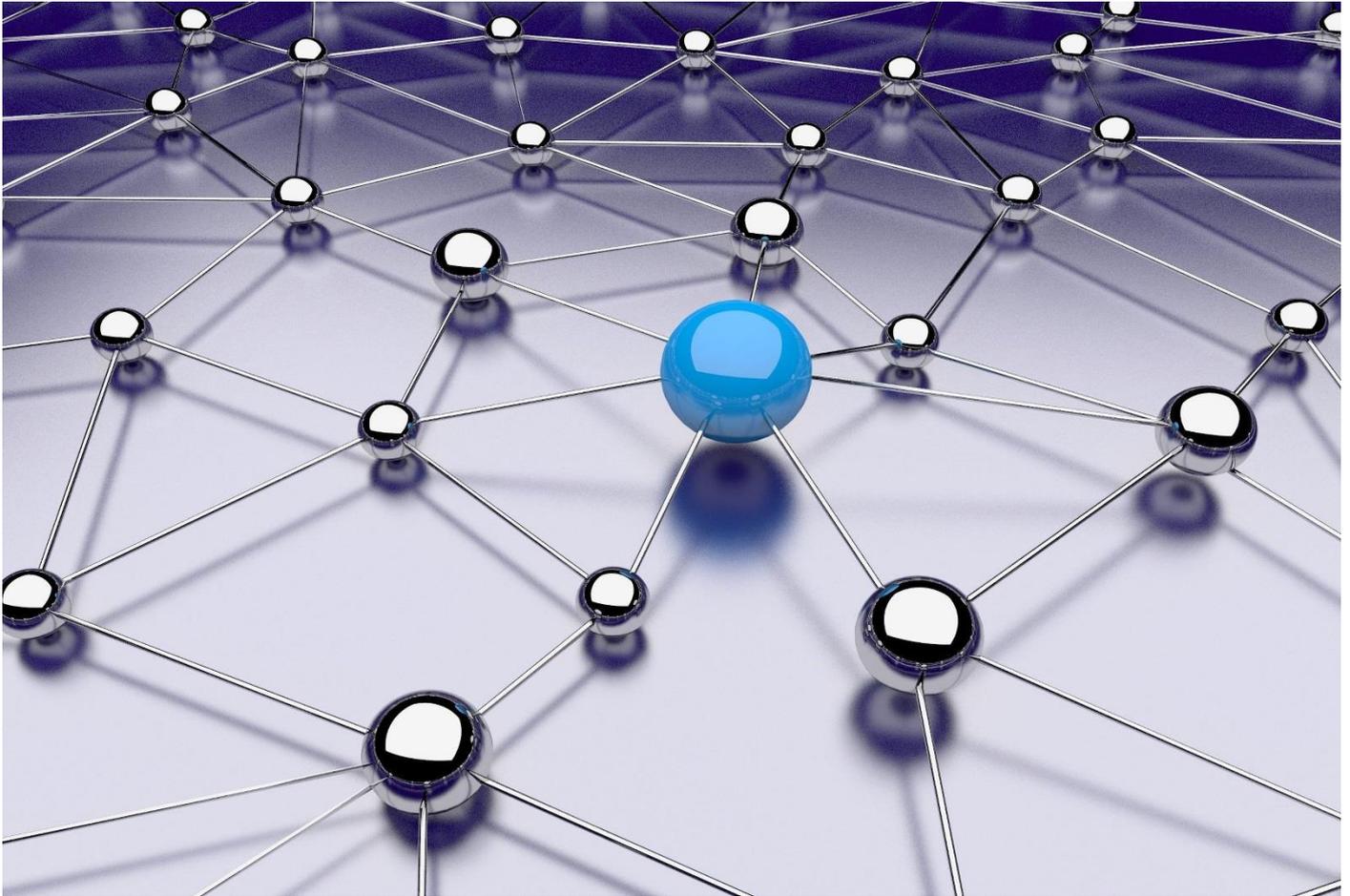
Contact name: Craig Oakes Ext - 3711

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Gateshead Council

Annual Audit Letter 2015/16

October 2016



Mazars LLP
Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

October 2016

Members
Gateshead Council
Civic Centre
Regent Street
Gateshead
NE8 1HH

Dear Members

Annual Audit Letter 2015/16

I am pleased to present our Annual Audit Letter for the 2015/16 audit year. The purpose of this document is to summarise the outcome of the external audit of Gateshead Council's 2015/16 financial statements and our review of your arrangements for securing economy, efficiency and effectiveness (value for money).

We carried out our audit in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Local Audit and Accountability Act 2014.

I would like to express my thanks for the assistance of the finance team, as well as senior officers and the Audit and Standards Committee, during the audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07979 164467 or gareth.davies@mazars.co.uk

Yours faithfully

Gareth Davies
Partner
Mazars LLP

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01 Key messages

Our 2015/16 audit of Gateshead Council (the Council) was made up of two elements:

- auditing your financial statements, including a review of the Governance Statement; and
- assessing your arrangements for achieving value for money (VfM) in your use of resources.

We set out the detailed findings from our audit work in our Audit Completion Report which we presented to the Accounts Committee (those charged with governance) and to the Audit and Standards Committee.

We also completed our work on your Whole of Government Accounts return. The key conclusions for each element are summarised below.

Audit of the financial statements

We issued an audit report including an unqualified opinion on the Council's financial statements on 22 September 2016.

The Council's draft statements were available for audit by the end of May 2016 as agreed and were of a good quality, as were the supporting working papers.

We did not encounter any significant difficulties during our audit, and received the full support and cooperation of the finance team.

All errors identified were corrected by management, with the exception of a non-material balancing figure which was included in the draft Cash Flow Statement. Further details are set out in section 02.

Value for money

We carried out our work in line with updated National Audit Office guidance and concluded that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. We therefore issued an unqualified value for money conclusion on 22 September 2016.

Assurance to the National Audit Office

We issued our certificate, closing this year's audit, on 20 October 2016 on completion of our work on your Whole of Government Accounts return. There were no matters to report.

02 Financial statements

Audit of the financial statements

We audited the Council's financial statements in line with auditing standards and we reported the detailed findings of the audit to the 25 July 2016 Audit and Standards Committee in our Audit Completion Report. In addition, we presented our Audit Completion report, update letter and audit report including an unqualified opinion on the Council's financial statements to the Accounts Committee on 22 September 2016.

As in previous years, the audit progressed smoothly. The Council presented us with draft financial statements at the end of May 2016, well ahead of the national deadline. Our audit was substantially complete by 25 July but the opinion was delayed until we received assurance from the pension fund auditor which was not available until September.

Our audit work identified that a balancing figure of £4.035m was included in the draft Cash Flow Statement. Officers carried out additional work in this area and were able to reduce the balancing figure to £875k. This remains an unadjusted non-material error in the 2015/16 Accounts. Officers amended the draft accounts for all of the other amendments identified during our audit.

Our work on the Council's accounts is designed to provide reasonable assurance that they are free from material misstatement. In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. Appendix A provides more detail on how we assessed materiality in relation to the Council's 2015/16 financial statements.

Having considered the risks of material misstatement, we identified four areas of significant risk, the first two of which are present in most audits. Our findings in this area are summarised below:

Management override of controls

Description of the risk

In all entities, management at various levels is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

Our testing strategy included:

- reviewing material accounting estimates, which may be subject to management bias, included in the financial statements;
- consideration and reviewing of unusual or significant transactions outside the normal course of business; and
- testing of journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

Revenue recognition

Description of the risk

There is a risk of fraud in the financial reporting relating to revenue recognition due to the potential to inappropriately record revenue in the wrong period. We consider revenue recognition to be a significant risk.

How we addressed this risk

We addressed this risk by performing the following audit work:

- testing cash receipts in the months of March, April and May 2016 to ensure they have been recognised in the right year;
- testing adjustment journals; and
- obtaining counterparty confirmation for major grant income.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

Pension Estimates (IAS 19)

Description of the risk

The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and uses estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.

How we addressed this risk

We discussed with management the significant changes to the pension estimates prior to the preparation of the financial statements. In addition to our standard programme of work in this area, we:

- evaluated the management controls you have in place to assess the reasonableness of the figures provided by the Actuary; and
- considered the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally which is commissioned by the National Audit Office.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

Property, plant and equipment

Description of the area of management judgement

Valuations of these assets, in particular of land and buildings, require work from an expert valuer. Valuations of buildings must reflect both the condition of the building but also the valuation basis for that class of building as required by the CIPFA 'code'.

How we addressed this area of management judgement

We:

- examined the professional qualifications of your valuer;
- challenged and substantiated the assumptions and the appropriateness of the date of the valuation used by your valuer in completing the valuations;
- ensured that valuations and impairments had been completed on the correct basis for each item and that movements were in line with expectation; and
- assessed whether the report produced by the valuer had been correctly reflected in the accounts.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

Annual Governance Statement

The aim of the Annual Governance Statement is to give an overview of the governance arrangements in place during the year as well as any potential significant governance issues arising.

We reviewed the Annual Governance Statement to see whether it complied with relevant guidance and whether it was misleading or inconsistent with what we know about the Council. We found no areas of concern to report in this context.

Weaknesses in internal control

We have not identified any significant deficiencies as a result of our work this year. A small number of minor control issues have been reported to Management.

IT audit review

As part of the audit for the year ended 31 March 2016 the objective of our IT audit work was to provide an assessment on the design, implementation and operating effectiveness of the key IT general controls over applications supporting the Council's financial statements.

The IT general controls work covered security, change management, and IT operations for the key systems materially relevant to the financial statements.

We concluded that reliance can be placed on the IT general controls operating over the systems reviewed. No significant issues were identified that could have an impact on the financial statements.

We did, however, raise three recommendations which have been agreed with officers and action plans are being produced in order to address the identified control issues.

Assurance to the National Audit Office

We issued our certificate, closing this year's audit, on 20 October 2016 on completion of our work on your Whole of Government Accounts return. There were no matters to report.

03 Economy, efficiency and effectiveness

We are required to conclude whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources by considering one overall criterion which is made up of three sub-criteria.

The overall criterion set out by the National Audit Office is:

‘In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.’

The three sub-criteria are set out below.

Sub-criteria
Informed decision making
Sustainable resource deployment
Working with partners and other third parties

As part of our work, we also:

- reviewed the annual governance statement;
- reviewed the work of other relevant regulatory bodies or inspectorates to the extent the results of the work have an impact on our responsibilities; and
- carried out risk-based work we determined appropriate.

In the Audit Strategy Memorandum we identified a significant risk relevant to the VFM conclusion:

VFM significant risk
<p>Description of the risk</p> <p>The Council continues to face financial pressures from reduced funding, increased demand and changing responsibilities. The Council is responding to the challenges by a programme of efficiencies, service reviews and developing new ways to manage demand and deliver services. The risk is that the measures taken by the Council are not effective, leading to a lack of financial resilience</p>
<p>How we addressed this risk</p> <p>We reviewed:</p> <ul style="list-style-type: none">• monitoring and action plans for a sample of savings included in the 2015/16 budget;• the Medium-Term Financial Strategy (MTFS);• budget monitoring reports and other finance updates;• the progress made in identifying further savings required in 2016/17 and 2017/18; and• the progress of the Council’s Change (formerly Transformation) Programme.

Specific work on VFM significant risk

Achievement of 2015/16 savings

As highlighted above, the Council identified required savings of £19.1 million as part of the 2015/16 budget setting process.

The amounts identified in the 2015/16 savings plans were deducted from the base budget allocations. If any service identified that it could not meet any of the savings identified then it was required to make alternative savings from other budgets within the service.

The Council monitored the savings plans using a risk assessment methodology and separate general ledger codes which allowed officers to keep track of delivery as part of the Council's monthly budget monitoring process. The latest position and any residual actions are escalated through the Strategy Group.

Overall at the end of 2015/16, the savings achieved were £16.8m which is a shortfall of £2.3m, meaning that 88% of the planned savings were achieved. Services made other savings to result in overall delivery of a £771,000 underspend.

We selected a sample of the 2015/16 savings plans and assessed delivery against the target level of savings. In the majority of cases the plans achieved the savings required however in one case we identified a scheme that did not deliver the saving required due to a delay in the implementation of new arrangements. In this case, the delay was reported to the Strategy Group and alternative arrangements were made in-year to ensure that the service met its overall budget target.

Arrangements for achievement of 2016/17 savings target

The 2016/17 budget was presented to Council on 25 February 2016. The base budget was £198.9m and included a savings requirement of £18.8m. The budget was balanced without recourse to the General Reserve thus preserving reserve levels for subsequent years. However a total of £4.4m from reserves was earmarked to assist in service transformation and ensure Council priorities can be delivered whilst bringing down the cost of service delivery.

A summary of the budgeted 2016/17 savings is outlined below, split between each of the Council themes:

Budget Saving Proposals Theme Summary	Budget Saving 2016/17 £'000
Environment	(1,620)
Economic Growth	(832)
Communities & Volunteers	(643)
Adult Services	(9,192)
Governance & Resources	(2,382)
Public Health	(1,445)
Children and Young People	(2,682)
TOTAL	(18,796)

Each of the above theme summaries are made up of a number of detailed savings plans and we selected a sample to test in detail. We challenged management as to whether the savings were realisable in 2016/17.

The same detailed monitoring arrangements for the savings plans remain in place for 2016/17. Based on our review of the arrangements in place and management's responses to our challenge on the deliverability of a sample of savings plans, we have no recommendations to make in this area.

2017/18 savings target

The process of working with Directorates to identify savings for the 2017/18 savings, currently identified in the MTFS, as £22.146m, has begun. This process will be managed through the Change Programme Board which meets weekly.

When a list of savings has been identified, due by Autumn 2016, it will then be challenged by both officers and members before being subject to a public consultation exercise which is due to begin in November 2016. A detailed savings plan will be produced and challenged as part of the 2017/18 budget process.

Review of the 2017-2022 Medium Term Financial Strategy (MTFS)

We reviewed the Council's latest MTFS, which was presented to Cabinet on 12 July 2016, and considered the robustness of budget estimates and significant assumptions made.

The MTFS is based on a financial forecast over a rolling 5 year timeframe from 2017/18 to 2021/22 and is designed to help ensure resources are aligned to the outcomes in the Council Plan 2015-2020. The MTFS sets the financial context for the Council's resource allocation process and budget setting.

Over the 5 year period the Council faces a funding gap that is currently estimated at £92.3m. The size of this shortfall represents a significant challenge to the Council's effective financial planning and medium term financial sustainability.

The total savings required over a 5 year period is split as follows

- 2017-18 - £22.1m
- 2018-19 - £35.8m
- 2019-20 - £13.9m
- 2020-21 - £8.3m, and
- 2021-22 - £12.1m.

The Council has considered the assumptions relating to government funding over this period where possible and calculated its funding gap on this basis. There is a high level of uncertainty in some of the assumptions made. In particular, the Council will need to keep under review any impact of the recent EU referendum result and change of Prime Minister, Chancellor and other ministers on national policy on local government funding and devolution.

Progress of the Council's Change Programme

On 9 February 2016, the Cabinet agreed to a major programme of change to guide budget decisions and the shape of the Council in the future.

The Change Programme (formerly Transformation Programme) is intended to deliver the fundamental changes required in the way the Council provides its services and works with partners in order to meet its aspirations with reduced funding. It is therefore of critical importance to both the Council's financial sustainability and its ability to achieve the desired outcomes set out in the Council Plan.

The Council has introduced 4 key workstreams to deliver the Change Programme. These are –

- People
- Place
- Trading
- Ways of working.

The workstreams, which are led by senior council officers, cover 30 projects designed to look at all aspects of the Council's business.

The Change Programme Board oversees delivery of the programme and comprises members of the Senior Leadership Team. In addition, Cabinet receive Quarterly Progress reports, the latest report being presented on 11 October 2016. The latest progress reports show that the Programme is at an early stage and will require sustained management focus to meet its objectives.

Conclusion

Having completed our assessment, we concluded that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources and issued an unqualified value for money conclusion on 22 September 2016.

04 Future challenges

The main financial challenge for the Council, along with other local authorities, is the expected continued reduction in central government funding and increased reliance on locally-raised revenue.

The Council's recent track record has demonstrated its ability to maintain focus on its priorities for the local community whilst managing significant reductions in spending. Successive years of spending reductions have reduced the scope for further efficiency savings, and the Council has recognised in its Change Programme that this requires it to fundamentally rethink its role and ways of working.

Further challenge to the Council's strategy and business model comes from the planned full localisation of business rates, the current position on devolution in the North East, and any local impact from the UK vote to leave the EU. We will take these future challenges into account when planning our audit work in 2016/17 and beyond.

05 Fees and closing remarks

Our Audit Strategy Memorandum presented to the Audit and Standards Committee on 7 March 2016 set out our proposed fees for the 2015/16.

The fees applicable to our work in 2015/16 are summarised below and are in line with the scale fees set by Public Sector Audit Appointments Ltd (PSAA).

Element of work	2014/15 Final Fee	2015/16 As previously reported	2015/16 Final Fee
Code audit work	£173,730	£130,298	£130,298
Certification work	£16,540	£10,615	£10,615*
Total	£190,270	£140,913	£140,913

* The fee outlined above in relation to certification work is an estimate as we are yet to complete our work on certifying the Council's Housing Benefit claim. We will confirm the final fee charged for certification work when we issue our Certification Report.

In addition to the above, we have been requested by officers to carry out audit procedures on other non PSAA grant claims and returns. The non- audit work agreed to date is:

- certification of a Teacher's Pensions return; and
- certification of the Pooling of Housing Capital Receipts return.

We have discussed and agreed this letter with officers and will present it to the Audit and Standards Committee on 30 January 2017. It will also be communicated to the Accounts Committee (those charged with governance).

During the audit year we have continued to support the Council in other ways, including attendance at Audit and Standards Committees where we inform the Committee about progress on the audit, report our key findings and update it about developments in the sector and the wider environment.

Further detailed findings, conclusions and recommendations in the areas covered by the audit are included in the reports issued to the Council during the year, which are summarised below.

Report	Date issued
2015/16 Audit Fee Letter	April 2015
Audit Strategy Memorandum	February 2016
Progress reports to Audit Committee	To each Audit Committee meeting
Audit Completion report	July 2016
Auditor's Report (opinion, VfM conclusion and certificate)	September 2016
Annual Audit Letter	October 2016

The Council has continued to take a positive and constructive approach to our audit and I wish to thank the Audit and Standards Committee for their continued support and co-operation throughout the year. We would also like to record our appreciation for the assistance and co-operation provided to us during our audit by finance staff.

We are committed to supporting the Council to move forward with clarity of purpose and strong governance and accountability arrangements. We will meet with the officers to identify learning from the 2015/16 audit and will continue to share our insights from other client and relevant knowledge from the wider public and private sector.

Gareth Davies
Partner
October 2016

Appendix A – Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assumed that users:

- have a reasonable knowledge of business, economic activities and accounts
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We considered materiality whilst planning and performing our audit.

Whilst planning, we made judgements about the size of misstatements which we considered to be material and which provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

In 2015/16 we set materiality at the planning stage at £11.478 million (2 per cent of gross revenue expenditure) with a clearly trivial threshold of £344k below which identified errors will not usually be reported. We set lower materiality levels for the accounting entries we consider to be more sensitive, for example, senior officer's remuneration, as we considered these items to be of specific interest to users of the accounts sufficient to warrant audit procedures which would not otherwise be applied based on the materiality level for the audit as a whole. The materiality determined at the planning stage did not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, would be considered as immaterial.

We revised materiality for the financial statements as our audit progressed. Our closing assessment of materiality in 2015/16, based upon the final version of the financial statements, was £11.556 million with a clearly trivial threshold of £346k below which identified errors were not reported.

We discussed with management any significant misstatements or anomalies that we identified during the course of the audit and we reported in our Audit Completion Report all unadjusted misstatements we identified other than those which were clearly trivial, and obtained written representation that explained why these remain unadjusted.

Should you require any further information, please do not hesitate to contact:

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This Annual Audit Letter is prepared in the context of the ‘Statement of responsibilities of auditors and audited bodies 2015-16’ issued by Public Sector Audit Appointments Ltd. It is addressed to the Audit and Standards Committee on behalf of those charged with governance of Gateshead Council. We, as appointed auditor, take no responsibility to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy organisation, and is a limited liability partnership registered in England with registered number OC308299. A list of partners’ names is available for inspection at the firm’s registered office, Tower Bridge House, St Katharine’s Way, London E1W 1DD.

We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.

TITLE OF REPORT: Corporate Risk Management 2016/17
Quarterly Report to 31 December 2016

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. This report updates the Committee of developments in Corporate Risk Management during the period 1 October 2016 to 31 December 2016 in compliance with the requirements of good corporate governance.

Background

2. Quarterly reporting to those with the responsibility for the oversight of risk management issues complies with the principles of good corporate governance. It is also embodied in the Corporate Risk Management Policy approved by Council on 6 June 2013.
3. The report covers progress against the Corporate Risk Management Developmental Objectives for 2016/17 as cited in the Corporate Risk Management Annual Report 2015/16 and any other risk management issues emerging within the quarter under consideration.

Delivery Objectives

4. The Action Plan for the delivery of the Developmental Objectives for 2016/17 incorporating progress to date is shown at Appendix 1.
5. The second meeting of the refreshed Risk and Resilience Group has taken place. The meeting focused on the work that has been carried out across the Council to refresh the Critical IT systems records. This work will be used to support ICT Services in ensuring robust disaster recovery systems are in place.
6. The Council has taken part in a regional pandemic flu resilience planning event, the outcomes of which will be reviewed and used to inform and update business continuity plans.
7. For information, the Council's current Strategic Risk Register is attached at Appendix 2.

Recommendation

8. It is recommended that the Committee note the report.

CONTACT: Jane Wright extension: 3801

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Corporate Risk Management: Developmental Objectives 2016/17

Ref:	Objective	Target Implementation Date	Progress to date
1	Business Continuity Plans will be updated, enhanced and subject to testing.	July 2016 – partial implemented March 2017 – for outstanding elements of this objective	The Business Continuity Plans have been updated to reflect the revised Council structure. Further work will be carried out during the year to enhance and test the Business Continuity Plans.
2	The Strategic Risk Register will be refreshed which will include a review of the template and supporting documentation.	April 2017	Review of the template has been carried out. Work is continuing to update the revised template and will be completed after the 2017/18 budget has been agreed.
3	The Operational Risk Register will be refreshed, this will include a review of the template and supporting documentation.	April 2017	A review of operational risks has taken place. Supporting documents and templates are currently being reviewed.
4	The Council's Risk Management and Business Continuity Policies will be reviewed to ensure they comply with best practice and are responsive to the challenges facing the Council	June 2017	The policies will be updated to reflect and areas identified as part of the review of the Strategic Risk Register

APPENDIX 1

Ref:	Objective	Target Implementation Date	Progress to date
5	The provision of further Risk Management training to Councillors and officers appropriate to their responsibilities.	Date to be agreed based on requirement	The training will be delivered as required.
6	Assess the risk management performance indicators obtained through the participation in the ALARM/CIPFA benchmarking club to identify any areas of best practice that can be incorporated into the Council's Risk Management arrangements.	July 2016	Complete

GATESHEAD COUNCIL STRATEGIC RISK REGISTER

Strategic risks are events that could impact upon the Council's ability to achieve the objectives of the corporate plan and the longer term objectives of Vision 2030. They include significant events that could impact upon on the infrastructure and efficient operation of the Council.

The Council Plan 2015-2020 will focus on the following priorities:

- 1 Meeting the needs of Gateshead residents and reducing inequality.
- 2 Delivering our long term strategy, Vision 2030.
- 3 Delivering our ambition of sustainable economic growth and well being.
- 4 Focusing on our 'have to do', statutory functions (strategic, democratic, safety).

Risk no	Description of risk [See comment box for details]	Comment	Risk Owner	Likelihood	Impact	Gross Risk Before Controls	Current controls	Responsibility for current controls	Likelihood	Impact	Net Risk After Controls	Proposed / Further controls	Responsibility for proposed controls
1	Reduction in local government finance	Government formula is partly influenced by factors such as size of population and areas of deprivation. Static or falling population within Gateshead and rural/urban mix may lead to unfavourable settlements. The March 2014 budget identified that resources to the local government budget were to be reduced from £16.6bn in 2013/14 to £13.8bn in 2014/15 and £12.1bn in 2015/16. The Chancellor also indicated that further cuts to public services of around £25bn were to be expected and these were likely to include additional cuts to councils. Central Government commitments to eliminating the budget deficit and to reducing the overall levels of public debt would indicate at least four more years of significant reductions in government grant. The Council will need to take into account local economic growth assumptions, potential future business growth and demand for council tax support when assessing future funding levels.	Strategic Director, Corporate Resources	4	4	RED 16	<p>1) Implementation of Medium Term Financial Strategy.</p> <p>2) Effective financial and business planning process in place.</p> <p>3) Lobbying of central government through various bodies e.g. ANEC, SIGOMA, LGA etc</p> <p>4) Actions to achieve Vision 2030 targets on population growth.</p> <p>5) Exit strategies for priority initiatives and significant partnerships contained within service plans.</p> <p>6) Transformation programme to transform the way we deliver services to ensure council services are efficient and effective.</p>	<p>Strategic Director, Corporate Resources</p> <p>Service Directors</p> <p>Asst Chief Executive</p> <p>Asst Chief Executive</p> <p>Strategic Director, Corporate Resources</p> <p>Asst Chief Executive</p>	4	2	RED 8	<p>1) Explore implications of Localism Agenda.</p> <p>2) Tighter monitoring of business rate collection and increased forecasting/modelling to manage risk and plan ahead for worst case scenarios.</p>	<p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources.</p>
2	Uncertainty over availability of capital finance to support key priorities.	Several major capital and regeneration projects require external funding to support the plans.	Strategic Director, Corporate Resources	4 External funding falling off due to economic recession and change in regional policy. Also own funding pressure has increased.	3	RED 12	<p>1) Explore new funding mechanisms</p> <p>2) Ability of Gateshead to demonstrate success with previous projects helps to secure external partners and external funding (building on reputation).</p> <p>3) Proactive engagement with potential public and private sector partners.</p> <p>4) Engagement of specialist consultants to advise and assist with projects.</p> <p>5) Scale down expectations of external funding.</p> <p>6) Make propositions more attractive to funders, which may include considering alternative models of project delivery and the level of match funding.</p> <p>7) MTFS includes target external funding levels and confirmed external funding levels to assist with the development of the Capital Programme.</p> <p>8) Do not commit to projects until firm commitment to funding.</p>	<p>Relevant Strategic Director</p> <p>Strategic Director, Corporate Resources</p> <p>Relevant Strategic Director</p>	3 May influence likelihood through more effective / appropriate bidding, lobbying, etc.	3 Unable to reduce impact	RED 9	<p>1) Add external funding regime update as standard agenda item for capital monitoring meetings.</p> <p>2) Explore implications of Localism Agenda.</p> <p>3) Strategic Investment Plan including Capital Programme</p>	<p>Relevant Strategic Director</p> <p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources</p>
3	Clawback of grant funding for previous projects due to failure to meet grant conditions / targets.	Gateshead Council is the accountable body for a number of prestige projects e.g. The Baltic. If grant conditions not met the Council could be liable to repay the funding body.	Strategic Director, Corporate Resources	4	4 Potential for clawback in excess of £10 million if grant conditions not met.	RED 16	<p>1) Financial control measures for projects are in place and implemented (including the requirement for Finance to consider and approve any accountable body requests).</p> <p>2) Project Management, data retention and monitoring processes are in place and implemented.</p> <p>3) An earmarked reserve is set aside within the Med. Term Financial Strategy for grant clawback and is reviewed on an annual basis.</p> <p>4) Internal Audit activity.</p>	<p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources</p> <p>Relevant Strategic Director</p>	2	3	AMBER 6	<p>1) Asset Management Plan</p> <p>2) Issue External Funding Protocol to clarify External Funding processes</p> <p>3) Central register of external funding</p> <p>4) Agresso asset register module to record details of external funding for each asset</p>	<p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources</p>

Risk no	Description of risk [See comment box for details]	Comment	Risk Owner	Likelihood	Impact	Gross Risk Before Controls	Current controls	Responsibility for current controls	Likelihood	Impact	Net Risk After Controls	Proposed / Further controls	Responsibility for proposed controls
4	Reduced financial resource due to higher than anticipated costs from implementation of the Council's workforce transformation strategy and residual equal pay claims.	As part of the workforce transformation strategy a voluntary redundancy exercise has been implemented the eventual cost of which has yet to be determined. The Workforce Transformation strategy has been successfully implemented, through phases of voluntary and compulsory redundancy and other operational changes to save employment costs. Further redundancies are likely to be required in future years. Residual costs of Equal pay are being managed.	Strategic Director, Corporate Services and Governance	4	2	RED 8	1) Reserves set aside within Medium Term Financial Strategy. 2) Proactive HR strategy to issues. 3) Capitalisation, use of reserves for management of workforce to produce savings.	Strategic Director, Corporate Resources. Strategic Director, Corporate Services and Governance. Strategic Director, Corporate Resources	2	2	AMBER 4		
5	Failure or delay in the transformation programme impacting on ability to deliver necessary scale of budget savings & long term planning.	•The Programme fails to have clear strategic buy in, commitment and drive from the top, through to all levels of management	Strategy Group	3	4	RED 12	• Strategy Group is utilised as a programme board. Regular update and progress reports to allow timely decision making	Strategy Group	2	3	AMBER 6		
		<ul style="list-style-type: none"> • The governance structure does not facilitate timely decision making at the appropriate level of the organisation using sound evidence / information, which impacts on the ownership, accountability, pace and deliverability of the overall programme • The programme structure does not manage the aggregation of risks and issues from within individual projects (which may result in a greater cumulative impact on the council) • The programme structure does not effectively manage links and interdependencies across the 5 transformation projects and other related work, resulting in sub-optimal benefits, double counting of savings and duplication of effort • Failure to correctly assess ability to adhere to statutory duties and legislative requirements • Failure to correctly assess the governance of any new delivery models and potential legal action and service failure • Delays leading to non achievement of key milestones, leading to short term decision making and an unsustainable budget position • Poor resource planning and scheduling of activities • Ineffectives stakeholder engagement – focusing on residents, partners and suppliers as well as employees, councillors and trade unions leading to service failure, reputational damage, breach of legislation 	Strategy Group	3	4	RED 12	<ul style="list-style-type: none"> • Risk log to be managed by each board and consideration as a whole by transformation team on a regular basis • Weekly team meeting to discuss activities within each area .Contact established across a network of key service areas to ensure areas of activity are acknowledged and fed into boards to ensure alignment • Each board has a mixture of expertise including legal, HR, policy, ICT and finance as well as Service specific which will ensure the ability to meet current stautory and legislative requirements in any new arrangements will continue • Specific professional advice will be sought at the appropriate point to assess any new arrangements that may be set up • The programme is managed through Strategy Group and the Chief Executive allowing the drive and pace to be set from the most senior officers • Key Milestones and project planning managed effectively by designated project managers • Implement effective Communication and Engagement Plan for the transformation programme in a timely manner. 	Margaret Whellans	2	3	AMBER 6		
6	Failure to maintain or improve positive direction of travel in new environment of less centralised regulation.	Gateshead has a reputation as a Council that performs well. Failure to demonstrate continuous improvement could seriously damage the reputation and good standing of the Council.	Asst Chief Executive	4	3	RED 12	1) Policy planning and redesigned performance management framework. 2) Improvement plans including actions from assessment and inspection recommendations. 3) GSP protocol performance management framework and improvement plan. 4) Peer reviews and self assessment approaches.	Service Director, Communications, Policy and Improvement Service Director, Communications, Policy and Improvement Service Director, Communications, Policy and Improvement Service Director, Communications, Policy and Improvement	2 All targets may be achieved but direction of travel subjective to performance of other Councils.	2 Has potential to attract adverse local media coverage.	AMBER 4	1) Regional approach to Sector Led Improvement 2) Refocussed Fit for Future programme	Service Director, Policy, Transformations and Communications Asst Chief Executive

Risk no	Description of risk [See comment box for details]	Comment	Risk Owner	Likelihood	Impact	Gross Risk Before Controls	Current controls	Responsibility for current controls	Likelihood	Impact	Net Risk After Controls	Proposed / Further controls	Responsibility for proposed controls
7	Reduction in scope to recruit and retain sufficient numbers of skilled staff in key areas.	The Council currently has a recruitment freeze in force which means that only posts which are required in order for the Council to meet a statutory duty or are frontline and critical to service delivery can be appointed to. In light of the budget savings required, the Council is also managing a large scale voluntary redundancy exercise. In considering applications for VR managers need to balance budgets savings targets and future service delivery. A new Workforce Strategy and Workforce Plan will be developed as part of the HR Business Plan. This will include analysis of the workforce demography and identify any skills gaps. A Learning & Development Plan has been drafted in consultation with GMTs and delivery is being prioritised to match identified needs.	Strategic Director, Corporate Services and Governance	3	4	RED 12	1) Reputation as a Council performing well attracts quality staff. 2) Reputation of the Council for financial stability helps to attract and retain staff. 3) Workforce Development Plan 4) Enhanced learning and development strategy plan. 5) Improved employment terms and conditions. 6) Improved profile of Gateshead as an area where people wish to live and work (Vision 2030).	Asst Chief Executive Strategic Director, Corporate Resources Strategic Director, Corporate Services and Governance Strategic Director, Corporate Services and Governance Asst Chief Executive.	2	2	AMBER 4		Service Director, Human Resources and Organisational Development
8	Continued sickness absence levels significantly in excess of national average.	Gateshead Council consistently records sickness absence levels in the bottom quartile of public sector bodies. Occupational Stress being the most frequent cause. A range of measures have been put in place with some progress made, outcomes are in need of improvement. Continued absence at this level could significantly impact on core priorities and CSR efficiency targets. The Council's latest sickness figures are increasing, over 9 days on average. Stress action plans are in place, and the Council is performing well against the HSE Work Related Stress Management Standards.	Strategic Director, Corporate Services and Governance	4 In lowest quartile	3	RED 12	1) Improvement plan developed following overview and scrutiny review. 2) Improvement plan following Audit Commission review. 3) Sickness levels monitored 6 monthly within Council Plan (as a strategic indicator). 4) HR Initiatives aimed at reducing sickness level, by reprioritising their work to pick up on long-term cases. 5) ICT reporting tool 6) Regular sickness reports to SMG (Performance and Services).	Strategic Director, Legal & Corporate Services Strategic Director, Legal & Corporate Services Service Directors Service Directors Service Directors	3	2	AMBER 6	1) Have a Workforce and Organisational Change workstream under Fit for Future that will ensure alignment of the Council's human resources with its future business direction and will include the development of a new workforce plan	Service Director, Human Resources and Organisational Development
9	New approach to commission and deliver services through neighbourhood working fails to provide improved services.	Neighbourhood and area working has been developed in some Council services, in support of area partnership working arrangements with partners. Some partners may not be able to commit to this model of working in future years due to budget pressures.	Strategic Director, Corporate Resources (Chair of Area Chief Executives Rep Group)	4	3 Has potential to attract adverse comment / criticism from external bodies	RED 12	1) Commissioning Plan, 2) Responsibilities for Area Portfolios assigned within cabinet. 3) Responsibilities for area working clearly assigned throughout senior management structure. 4) Area Conferences in place to develop effective partner engagement at area level. 5) Neighbourhood priorities developed. 6) Neighbourhood training and development programme. 7) Planned reviews of effective neighbourhood working. 8) Provision of intelligence through the analysis of data at appropriate spatial levels	Asst Chief Executive Asst Chief Executive Strategic Director, Communities and Environment Strategic Director with responsibility for area. Strategic Director with responsibility for area. Strategic Director, Communities and Environment Strategic Director, Communities and Environment Service Director, Policy, Transformation and Communications	2	2 Would result in some reputational issues	AMBER 4	1) Application and delivery of the Commissioning Plan. 2) Developing capacity of communities and the voluntary sector 3) Review of neighbourhood services	Asst Chief Executive Service Director, Culture, Communities & Volunteering Strategic Director Communities and Environment

Risk no	Description of risk [See comment box for details]	Comment	Risk Owner	Likelihood	Impact	Gross Risk Before Controls	Current controls	Responsibility for current controls	Likelihood	Impact	Net Risk After Controls	Proposed / Further controls	Responsibility for proposed controls
10	Failure of Gateshead Council and neighbouring authorities to respond to changing national policy agenda.	Effective working relationships with other authorities in the North East is essential to address common and shared issues.	Chief Executive	3	3 Non-collaboration can cause problems in some policy areas	RED 9	1) Gateshead / Newcastle partnership GNP. 2) Significant Gateshead/ Newcastle joint initiatives 3) Work of the North East LEP and Combined Authority (governance). 4) Active senior level engagement in several regional and national forums. 5) General proactive approach to engagement in joint projects with neighbouring authorities. 6) North East Strategic Economic Plan March 2014 including North East Growth Deal 7) Regional City Deal	Asst Chief Executive Asst Chief Executive Asst Chief Executive Asst Chief Executive Asst Chief Executive	2	2	AMBER 4		Asst Chief Executive
11	Greater/ less than anticipated demand on key services resulting from demographic changes within Gateshead.	<p>Demographic intelligence currently indicate that the number of the very elderly and elderly within the Borough will continue to increase at a much greater rate than the working age population (which is only increasing due to the incremental changes in the retirement age). The number of births has stabilised and started to decrease again after a few years of growth. Policies and strategies are in place to promote economic and (working age) population growth. Efficient service delivery will need to take account of demographic changes and the ability to accurately forecast changes and future economic conditions. Increase in unemployment arising from the slow recovery from economic recession is an additional factor, together with the impact of welfare reform.</p> <p>The number of school age children has generally been on a declining trend, though an increase in the birth rate has halted this trend in recent years and small increases have been recorded and are expected to continue in the medium term. The number of births has stabilised and started to decrease again with the longer term trend for school age children declining again in the future. Efficient service delivery will rely on the accuracy of projections and also the success of several of the core priorities in meeting these needs and reversing trends. Increase in unemployment and worklessness arising from the economic recession is an additional factor, as is the impact of welfare reform.</p> <p>There has been a steady increase in the number of Looked After Children in the Borough since 2009/10, which reflects the national trend. We currently have 378 LAC in November 2012 compared to 316 at the end of March 2010, putting significant pressure on resources. There has been a significant rise in the number of more expensive Out of Borough and Independent Fostering Agency placements being used due to in-house placements being at capacity. Overall numbers of children being referred into the system have also significantly increased, leading to operational and financial pressure on assessments, care planning and safeguarding teams.</p>	Asst Chief Executive	4	3	RED 12	<p>1) Self assessment and external validation.</p> <p>2) Development of intelligence through the JSNA and Strategic Needs Assessment</p> <p>3) Business Plans and PACE review process.</p> <p>4) Medium Term Financial Strategy.</p> <p>5) Initiatives working toward attainment of key 2030 targets.</p> <p>6) Primary and Secondary School reviews.</p> <p>7) Asset Management Plan.</p> <p>8) Intelligent commissioning and needs assessment.</p> <p>9) Fostering training - CBS/Learning and Children action plans</p> <p>10) Monthly case by case review of Out of Borough placements</p> <p>11) Payments for skills to focus resources on recruitment and training of in-house carers to increase capacity</p>	<p>Relevant Strategic Director</p> <p>Service Director, Policy, Transformation and Communications</p> <p>Service Directors</p> <p>Strategic Director, Corporate Resources.</p> <p>Asst Chief Executive</p> <p>Strategic Director, Care, Wellbeing and Learning</p> <p>Strategic Director, Communities and Environment</p> <p>Service Directors</p> <p>Strategic Directors, Care, Wellbeing and Learning</p> <p>Strategic Directors, Care, Wellbeing and Learning</p> <p>Service Directors, Care, Wellbeing and Learning</p>	2	3	AMBER 6		

Risk no	Description of risk [See comment box for details]	Comment	Risk Owner	Likelihood	Impact	Gross Risk Before Controls	Current controls	Responsibility for current controls	Likelihood	Impact	Net Risk After Controls	Proposed / Further controls	Responsibility for proposed controls
12	Major incident (accident, natural hazard or act of terrorism) affecting the safety, health, welfare, security or prosperity of the people of Gateshead.	A large number of external events could impact on the people of Gateshead ranging from flood, winter storms to pandemic flu. The Community Risk Register will identify in more detail the most significant risks.	Strategic Director, Communities and Environment	2	4 Potential for total disruption to key functions.	RED 8	<p>1) Single and Multi Agency Emergency plans and response arrangements in place and regularly exercised and tested to ensure preparedness to respond and recover</p> <p>2) Geographical approach to the Response arrangements to ensure an effective response in specific geographical areas</p> <p>3) Membership and active involvement with the Gateshead and Multi Agency Resilience and Emergency Planning Group.</p> <p>4) Membership and active involvement with Northumbria Local Resilience Forum, Executive Board, Business Management Group and Theme Groups.</p> <p>5) Involvement in CONTEST (Counter Terrorism) Agenda through the Strategic CONTEST Board and the Prevent Protect and Prepare Group (PPP)</p>	<p>Strategic Director, Communities and Environment</p>	2	3	AMBER 6	<p>1) Implementation on Resilience Strategy and key priorities</p> <p>2) Further testing of the Council's emergency response and recovery arrangements in "Norland" multi-agency exercise in 2014.</p> <p>3) Further testing of the Council's emergency response and recover arrangements in strategic exercises 2014/15</p> <p>4) Continued involvement with the Gateshead Severe Weather Resilience Planning Group.</p>	<p>Strategic Director, Communities and Environment and relevant Service Directors</p> <p>Strategic Director, Communities and Environment and relevant Service Directors</p> <p>Strategic Director, Communities and Environment and relevant Service Directors</p> <p>Strategic Director, Communities and Environment and relevant Service Directors</p>
13	Major incident/ business interruption affecting availability of the Council's resources and impacting on ability to deliver critical services (as a result of the need to respond to major incident and/or loss/damage to Council Infrastructure).	As with all organisations the Council faces exposure to a number of external and internal events that could impact on the availability of the resources needed to perform its critical functions. Such events range from pandemic flu affecting availability of staff to the loss of the civic centre due to fire or explosion, to major IT failure.	Strategic Director, Corporate Resources	2	4 Potential for total disruption to key functions.	RED 8	<p>1) Business Continuity plans in place and regularly tested.</p> <p>2) Testing of plans to ensure no conflict between BCPs and the Emergency Response Plans and arrangements</p> <p>3) Training of key personnel in business continuity management.</p> <p>4) Awareness raising of BCPs to all staff.</p>	<p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources and Strategic Director, Communities and Environment and all Service Directors</p> <p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources and all Service Directors</p>	2	3	AMBER 6	<p>1) Further testing of the Council's emergency response and recovery arrangements via strategic exercises in 2014/15</p>	<p>Strategic Director, Corporate Resources and Strategic Director, Communities and Environment and all Service Directors</p>
14	Failure to understand and plan to mitigate the impact of the climate change on the Borough.	More frequent severe weather events will impact on the people of Gateshead ranging from flood, winter storms, heatwaves etc. Changing seasons and weather patterns may affect many services in their design and delivery which may have a serious effect on residents and businesses in their activities. The Community Risk Register will identify in more detail the most significant risks.	Strategic Director, Communities and Environment	4	3	RED 12	<p>1) Single and Multi Agency Emergency plans and response arrangements in place and regularly exercised and tested to ensure preparedness to respond and recover</p> <p>2) Membership and active involvement with Gateshead Multi Agency Resilience and Emergency Planning Group</p> <p>3) Membership and active involvement with Northumbria Local Resilience Forum, Executive Board, Business Management Group and Theme Groups</p>	<p>Strategic Director, Communities and Environment</p> <p>Strategic Director, Communities and Environment</p> <p>Strategic Director, Care, Communities and Environment</p>	4	2	RED 8		

Risk no	Description of risk [See comment box for details]	Comment	Risk Owner	Likelihood	Impact	Gross Risk {Before Controls}	Current controls	Responsibility for current controls	Likelihood	Impact	Net Risk {After Controls}	Proposed / Further controls	Responsibility for proposed controls
15	Catastrophic failure in directly provided and commissioned service delivery.	Failure to protect children, young people and vulnerable adults could place individuals at risk of significant harm. It could also result in compensation claims against the Council, judicial review processes, poor inspection outcomes and reputational risk. Protecting vulnerable adults and securing the welfare of children and young people are key priorities of the Council Plan.	Strategic Director Care, Wellbeing and Learning and Asst Chief Executive.	4	4	RED 16	1) Local Safeguarding Children Board 2) OSC monitoring of CQC and Ofsted inspections (announced and unannounced) 3) Corporate Health and Safety Framework – Health and Safety Management System in place which includes a revised H & S Policy. The H & S Strategy is under review and will go to the Corporate H & S Committee as part of the consultation process. Reporting on H & S issues is embedded in the Council with SMG receiving an annual then quarterly updates and OSC receiving an annual report. 4) Legionella action plan. Legionella documentation sits under the Corporate H & S pages on the intranet but are managed within D & E 5) Asbestos register. Asbestos documentation sits under the Corporate H & S pages on the intranet but are managed within D & E. 6) Pandemic Influenza Plan sits within resilience planning. 7) Safeguarding Adults Partnership Board 8) Quality monitoring framework including reviews, analysis of complaints, contract compliance and decommissioning procedures in place for adult social care services	Relevant Strategic Director Relevant Strategic Director	2	4	RED 8	1) Sector Led Improvement 2) Resilience Planning 3) Development of Communications Strategy	Relevant Strategic Director Relevant Strategic Director Service Director, Policy, Transformation and Communications
16	Failure to understand and plan to mitigate the impact of the economic recession on the availability and sustainability of adequate financial resources to deliver objectives.	The recent worldwide recession presents a major risk to the sustainability of adequate financial resources to fund the Council's objectives. The prevailing economic climate brings with it uncertainty and risk, which can impact on financial resources in a number of ways, including:- Shortfall in forecast capital receipts from disposal of surplus assets, due to reduced demand and suppression of land values; • Potential that private sector partners in capital projects fail to raise loan finance or suffer from market failure; • Reduced returns on monies invested due to interest rate reductions arising from the lowest ever base rate;	Strategic Director, Corporate Resources	4	4	RED 16	1) Medium Term Financial Strategy. 2) Capital Receipts monitoring as part of the Capital Programme 3) Treasury Management processes and system. 4) The Treasury Management Investment Strategy, which balances the relationship between minimising risk and optimising returns on investments, is reviewed annually to ensure funds are placed in the most secure investments. 5) Corporate Asset Management Group	Strategic Director, Corporate Resources Strategic Director, Corporate Resources Strategic Director, Corporate Resources Strategic Director, Corporate Resources Strategic Director, Corporate Resources	2	3	AMBER 6		
17	An increased number of schools either deciding to become academies or are forced to by the DfE.	Two broad areas of risk: 1) an increased number of academies would result in the funding for central services being reduced and if schools did not decide to buy back then there would be a greater likelihood of redundancy; 2) a lack of central services, especially in school improvement, would reduce the Council's capacity to intervene and support maintained schools that are experiencing difficulties. The DfE may become more aggressive in its approach to schools leaving Local Authority control, reducing the potential impact of any control measures.	Strategic Director Care, Wellbeing and Learning	2	3	AMBER 6	1) Continued offer of high quality central services that delivery value of money. 2) Maintain high quality school improvement officers that have credibility with school leaders. 3) Maintain strong networks with schools that reinforce the links within, and the benefits of being in the Gateshead Family. 4) Ensure that relationships are strong with Gateshead Academies and aim to be the provider of choice for "buy back" services. 5) Ofsted Inspections	All Service Directors delivering services to schools Service Director Learning and Schools Service Director Learning and Schools All Service Directors delivering services to schools All Service Directors delivering services to schools	2 (although lower than previously)	3	AMBER 6	1) Devise a "Gateshead Academy Trust" that redefines the council's relationship with schools	Strategic Director, Care, Wellbeing and Learning

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18	The impact of increased demand on Council services as a result of the socioeconomic impact of the Government's Welfare Reform programme.	<p>The aims of the Welfare Reform programme are to encourage people back into work and to reduce the costs of benefit administration. These reductions will in turn be used to reduce the Government's Budget deficit.</p> <p>However the cumulative impact of the reforms on residents with low incomes could have far reaching consequences for the Council in terms of increased demand for services e.g. Adult and Children's Services, Debt Advice and Housing services.</p> <p>The two main changes in relation to housing are the following;</p> <p>Housing benefit will be paid (from the Department of Work and Pensions) directly to the tenant (as part of the new Universal Credit payment) and not to the Council as is currently the case. Universal Credit is a key feature of Welfare Reform and is a single payment for people looking for work on a low income. All payments of rents will be made by the tenant to the Council and any recovery of rent arrears in relation to tenants on housing benefit will be the responsibility of the Council. The scheme goes live nationally from October 2013 for all new claimants and is expected to be fully implemented by 2017. A Universal Credit 'Pathfinder' programme will take place in Tameside, Oldham, Wigan and Warrington from 1 April 2013 and the findings will be used to make changes (where necessary) to the new scheme. For information, currently 13,763 (69%) of Gateshead Council tenants claim Housing Benefit.</p> <p>Housing benefits claimants living in the social rented sector (which includes local authority tenants) will receive less housing benefit from the Department of Work and Pensions from 1 April 2013 if they are under occupying a Council house (i.e. deemed to have more bedrooms than they need). The changes from 1 April 2013 are for tenants of working age only (those over state pension credit age are not affected). The cut will be a fixed percentage of the housing benefit eligible rent and will be set at a reduction of 14% for one extra bedroom or 25% for two or more extra bedrooms.</p>	Asst Chief Executive Strategic Director, Corporate Resources and Strategic Director, Care, Wellbeing and Learning	4	4	RED 16	<p>1) Given the complexities and cross cutting nature of the reforms, a Welfare Reform Officer Group has been set up to co-ordinate the Gateshead response.</p> <p>2) The cumulative impact of the loss of benefit reduced household income and spending power on the economy is being modelled in order to understand the increased pressure on individuals to manage their finances. This includes a focus on the risk of financial exclusion and debt issues as well as the pressure on businesses.</p> <p>3) 30 year HRA business plan</p>	<p>Service Director, Customer and Financial Services</p> <p>Service Director, Customer and Financial Services & Service Director Economic and Housing Growth</p> <p>Strategic Director, Corporate Resources</p>	3	3	RED 9	<p>1) Welfare Officer Reform Group to oversee and bring together activities, policy and strategy, recognising that many services will be involved in taking action in Gateshead.</p> <p>2) Financial Services/Corporate Finance monthly monitoring of collection fund</p> <p>3) Additional controls to be developed</p> <p>4) Digital Inclusion included as priority theme under the Gateshead Volunteering Plan. Volunteering programme will be developed to support the capacity building of publics skills and knowledge around IT.</p>	<p>Service Director, Customer and Financial Services</p> <p>Strategic Director, Corporate Resources</p> <p>Strategic Director, Corporate Resources</p> <p>Service Director, Culture, Communities and Volunteering</p>
19	Risk that the quality of care to Older People in residential and nursing care homes is compromised.	The Council has undertaken a fair cost of care process and alongside this introduced a revised Quality Excellence Framework. Cabinet approved this in June 2013. The Gateshead Independent Care Home Association Members have not signed up to the revised fees or quality framework. They have issued a pre-action protocol to Judicial Review over the decision making process. No formal proceedings have subsequently been issued to date. Those members continued to be paid a lower fee and have not been assessed as to the quality of care against the new framework.	Strategic Directors, Care, Wellbeing and Learning, Corporate Resources, and Corporate Services and Governance	2	4	RED 8	As a consequence of choice directions the Council has not taken a decision to cease making placements in the homes who have not signed up to the revised framework and fees. These homes are subject to CQC registration and part of the Council's Commissioning Inspection regime, which includes unannounced visits. There are also complaints and safeguarding processes which enable concerns about the quality of care to be raised with the Council.	Strategic Directors, Care, Wellbeing and Learning, Corporate Resources, and Governance	2	3	AMBER 6	No Judicial Review proceedings issued, implementation of framework and new fees is in progress.	Strategic Directors, Care, Wellbeing and Learning, Corporate Resources, and Governance

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20	Risk of data breaches by staff, in relation to unauthorised disclosures of electronic, and paper based data and , unencrypted file transfers. this causes a risk to the Council's reputation and as well as a potential fine of up to £500,000 per data breach can lead to claims for damages from those affected.	The Council has an information security policy which clearly sets out responsibilities of staff in relation to data.	Strategic Director, Corporate Services and Governance	4	2	RED 8	The Council has a number of security measures in place to ensure that the 7th data protection principle can be met, however all data breaches so far have been down to staff not following our own policies and procedures.	Strategic Director, Corporate Services and Governance and Service Directors	2	2	AMBER 4	1) It is recommended that the SIRO and service directors reiterate with staff the need to adhere to the security policy and procedures and that firm action is taken against those who do not.	Strategic Director, Corporate Services and Governance and Service Directors
21	Risk of legal challenge arising from the Council's decision making processes examples of which are: Challenges to procurement processes; Allegations of ultra vires decisions; Allegations of inadequate consultations; Allegations that the Council has had insufficient regard to it's legal duties e.g. under equalities legislation; and Claims brought in employment tribunals.	The Council makes a myriad of decisions which can be challenged by those who are not happy with the impacts of such decisions. This takes on increasing prominence during difficult financial times when the Council may have to make decisions about reduction or cessation of services, reductions in staff and difficult or complicated procurement decisions. Getting decisions wrong can be costly in both financial and reputational terms.	Strategic Director, Corporate Services and Governance	3	3	RED 9	There are a range of controls in place including; Maintaining a properly resourced, experienced and trained legal and procurement workforce; Comprehensive quality assurance processes within legal for identifying risk; Cabinet and Council reports checked by legal officers; Training for officers and councillors on powers and probity in decision making; Access to expert advice from barristers and external solicitors if required.	Strategic Director, Corporate Services and Governance.	3	2	AMBER 6	Training for officers to be continued and developed where possible/appropriate.	Strategic Director, Corporate Services and Governance.
22	Risk of Implementation of the Gateshead Volunteers Plan, and achievement of the 4 main aims including : 1 Enable Everyone to make a recognised contribution to their community and become the volunteering capital of England, 2 Deliver economic growth and wellbeing, 3 volunteering activity adds value to local service provision, enabling neighbourhoods to have services that would not be otherwise provided and enhancing core public services, 4 increase formal volunteering from 18% to 25% by 2015, increased informal volunteering from 34% to 40% by 2017 overall 20,000 new volunteers.	The plan sets out the outcomes, deliverables, principles, functions, resources and structures, and priorities and next steps. The Council is centralising all volunteering opportunities to enable a "one door" approach to all Gateshead Volunteers, which currently does not exist. Through the implementation of the plan monitoring techniques will also enable a realistic overview of volunteer statistics within Gateshead. The implementation of the plan will improve and increase volunteering opportunities, improve publicity and marketing of opportunities, measure and evaluate and co-ordinate and support volunteering.	Service Director, Culture, Communities and Volunteering	3	3	RED 9	1) Establishment of central team dedicated to implementation of the plan. 2) Volunteering Steering Group, and Volunteering Action group established within partners to support the implementation throughout all organisations. 3) Detailed consultation of the plan throughout the Council and relevant partners. 4) Dedicated Communications and marketing plan specifically around volunteering within Gateshead. 5) Development of the Volunteers Month throughout June to promote volunteering opportunities and raise awareness. . 6) A centralised point of contact and team to co-ordinate all registered volunteers, with service area leads sitting behind the structure 7) Joined up partnership working with a range of organisations, including private, and voluntary and community sector.	Service Director, Culture, Communities and Volunteering	1	3	GREEN 3	1) Development and Implementation of the Gateshead Offer to support Capacity Building within VCS sector. Will develop standardised training packages and awareness raising information sessions 2) Development of Database to register all volunteers and provide them with tailored opportunities.	Service Director, Culture, Communities and Volunteering
23	HRA - Self Financing	Self financing for the HRA was introduced April 2012. Councils no longer receive a centrally distributed subsidy but are expected to manage housing stock within their own income streams. Part of the introduction of self-financing was the redistribution of <u>Key risks include:</u> • Increasing R&M expenditure • Social rent policy not being able to raise rents to be in line with RSLs • Increase in number of Right To Buys resulting in lower stock base • Management of debt against income streams. High interest rates • General Fund pressures impacting on HRA • Future Capital Requirements arising from stock condition survey & others such as estate regeneration • low Demand - Increase in Voids • Welfare reform/universal credit and the impact on rent arrears • Impact of componentisation in capital depreciation and downward revaluations which are charged to the	Strategic Director, Corporate Resources	3	3	RED (9)	1) 30 year Business Plan to capture key decisions and highlight risks to senior managers 2) Financial Model to assess sensitivities and cashflows 3) Treasury Management strategy & policies in place 4) Compliance with CIPFA voluntary code & Code of Practice 5) HRA minimum balance of £3m agreed by Cabinet	Strategic Director, Corporate Resources	3	3	RED (9)	More frequent monitoring of the HRA throughout the year Refresh model assumptions regularly	Strategic Director, Corporate Resources Working in partnership with; TGHC Strategic Director Communities and Environment

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24	Risk of procuring and implementing a new HR and Payroll system	The current contract ends March 2016. Timescales for procuring and implementing a new corporate system are tight. If the system is not implemented in time there are a number of risks associated with payroll and HR activity.	Strategic Directors, Corporate Resources and Corporate Services and Governance	3	3	RED 9	A project team has been established to procure and implement a new HR and Payroll system	Strategic Directors, Corporate Resources and Corporate Services and Governance	1	3	GREEN 3	Regular update reports to Strategy Group	Strategic Directors, Corporate Resources and Corporate Services and Governance
25	Risk of not implementing the required changes resulting from the Care Act 2014	The Care Act 2014 introduces a number of changes for local authorities in the way that care and support services will be delivered. Key new features of the legislation are; <ul style="list-style-type: none"> • a duty to promote people's wellbeing and to prevent needs for care and support • a duty to provide an information and advice service about care and support • a requirement to carry out an assessment of both individuals and carers wherever they have needs, including people who will be "self-funders", meeting their own care costs • a duty to facilitate a vibrant, diverse and sustainable market of care and support provision and to meet people's needs if a provider of care fails. • a national minimum eligibility threshold for support – a minimum level of need which will always be met in every council area • a requirement to offer a universal "deferred payment" scheme, where people can defer the costs of care and support set against the value of a home they own • a duty in some cases to arrange "independent advocacy" to facilitate the involvement of an adult or carer in assessing needs and planning for care. 	Strategic Director, Care Wellbeing and Learning	4	3	RED 12	A steering group has been established to monitor what requirements the new legislation will place on the Council, what the resource required will be and how the Council's services will need to be changed as a result. DH grant to contribute towards implementation costs of the Care Act	Strategic Director, Care Wellbeing and Learning	4	2	RED 8	Steering group to continue to work through the impact of the legislation Regular updates to Strategy Group Use of implementation grant to resource the implementation of the legislation	Strategic Director, Care Wellbeing and Learning
26	Failure to maintain effective partnership working between the Council and its partners (ie two or more independent bodies working collectively to achieve an objective)	All councils are required to monitor how well they are governed. The council has adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. As part of an internal audit review of partnership working, 2 recommendations were made to ensure the council's arrangements for partnership working continue to be effective	Strategic Directors, Policy, Economic Growth & Transformation and Corporate Services & Governance	2	2	AMBER 4	1) Partnership Risk Register - Service Directors have responsibility for ensuring this register is kept up to date. The register is kept within Policy, Transformation and Communications. 2) Guide to Partnership Working - this guide has been reviewed and agreed by Strategy Group on 28 January 2015. It is available via the Gateshead Strategic Partnership website 3) Protocol on Partnership Working - updated February 2015 and available on the Council's intranet site. 4) Service Directors should ensure they complete their operational risk register as appropriate for each partnership they are responsible for.	Strategic Director, Policy, Economic Growth & Transformation Strategic Director, Corporate Services & Governance	2	2	AMBER 4	Annual Internal Audit Review. In addition, annual review of the guide and partnership risk register will be undertaken by officers in Policy, Transformation and Communications Service, with colleagues in Legal, Democratic & Property Services	Strategic Director, Policy, Economic Growth & Transformation Strategic Director, Corporate Services & Governance

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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