

NON-CONFIDENTIAL



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AUDIT AND GOVERNANCE COMMITTEE

15 September 2011

Dear Councillor

A Meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 22nd September, 2011 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'ASST' followed by a flourish.

A G E N D A

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- 1 Apologies for Absence**
- 2 Minutes of the Previous Meeting (Pages 1 - 2)**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (personal and/or personal and prejudicial) in any matters which are to be considered at this meeting.

When Members are declaring a personal interest or personal and prejudicial interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a personal and prejudicial interest in respect of which they do not have a dispensation.

4 Draft Governance Report

(Update from the Audit Commission)

5 Local Government Ombudsman's Annual Review and Report 2010/11

(Pages 3 - 58)

(Report of the Solicitor to the Council and Monitoring Officer)

6 Internal Audit Customer Satisfaction Survey (Pages 59 - 70)

(Report of the Head of Internal Audit Services)

7 Internal Audit Quarterly Report 2011/12 (Pages 71 - 84)

(Report of the Head of Internal Audit Services)

8 Annual Governance Statement 2010/11 - Update (Pages 85 - 92)

(Report of the Head of Internal Audit Services)

9 CIPFA Audit Benchmarking Club 2010 Results (Pages 93 - 106)

(Report of the Head of Internal Audit Services)

10 ANNUAL STATEMENT OF ACCOUNTS & REPORT 2010/11 (Pages 107 - 116)

(Report of the Corporate Director Resources)

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors



MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 30th JUNE 2011

PRESENT: Councillor M Gant (Chair), Councillors S Doyle, P Seekings,
S Munn and R Cook

Officers John Wheatley (Deputy Chief Executive and Corporate Director (Resources)), Jane Hackett (Solicitor to the Council and Monitoring Officer), Stefan Garner (Deputy Director (Finance Exchequer and Revenues)) and Angela Struthers (Head of Internal Audit Services)

Visitors Audit Commission – James Cook

10 APOLOGIES FOR ABSENCE

None

11 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 26th May 2011 were approved and signed as a correct record.

(Moved by Councillor S Munn and Seconded by Councillor R Cook)

12 DECLARATIONS OF INTEREST

None

13 ANNUAL AUDIT FEE 2011/12 LETTER

The Report of the Audit Commission was considered.

Resolved: That the contents of the report be endorsed and documented.

14 ANNUAL GOVERNANCE STATEMENT & CODE OF CORPORATE GOVERNANCE

The Report of the Head of Internal Audit Services informing Members of the Committee of the process followed in producing a Corporate Annual Governance Statement and revised code of Corporate Governance in accordance with statutory requirements, and to approve the proposed draft Statement and Code of Corporate Governance was considered.

Resolved:

That:

- a) The process followed was endorsed and the document setting out the current position within the Authority on the various sources of assurance and evidence was approved, and;
- b) The proposed Annual Governance Statement be agreed by the Committee as appropriate for presentation to the external auditor and for inclusion in the Annual Statement of Accounts, and;
- c) The proposed Code of Corporate Governance was agreed, and;
- d) A report in September will be made to the Committee on the progress of the Governance Action Implementation Plan

15 DRAFT ACCOUNTING POLICIES 2010/11

The Report of The Deputy Director Corporate Finance, Exchequer & Revenues seeking to approve the draft accounting policies adopted for the production of the 2010/11 Statement of Accounts was Considered.

Resolved

That:

the draft Accounting Policies for the 2010/11 Statement of Accounts, detailed at Appendix 1 was endorsed.

16 REGULATION OF INVESTIGATORY POWERS ACT 2000

The report of the Solicitor to the Council and Monitoring Officer was considered.

Resolved

That:

the quarterly RIPA monitoring report was endorsed.

Chair

AUDIT & GOVERNANCE COMMITTEE

22 September 2011

Report of the Solicitor to the Council and Monitoring Officer

LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL REVIEW and REPORT 2010/11

Purpose

To advise the Committee of the views of the Local Government Ombudsman in relation to complaints against the Borough Council and provide an opportunity for members of the Committee to raise any issues they consider appropriate and consider the effectiveness of investigations relating to Tamworth Borough Council.

Recommendation

That the Committee endorse

- 1. the Annual Review Letter as attached at Appendix 1 and**
- 2. the Annual Report as attached at Appendix 2.**

Executive Summary

The Committee's Terms of Reference include an overview of the regulatory framework within which the authority works and includes a role of monitoring the effectiveness of Local Government Ombudsmen (LGO) investigations. As the operation of the LGO forms part of this regulatory framework the Committee is provided with the LGO annual review for consideration.

The LGO distribute annual review letters to all councils regarding their performance in dealing with complaints made about them to the Ombudsman. The aim is to provide councils with information to help them improve complaint handling, and improve services more generally, for the benefit of the public. The letters also include a summary of statistics relating to the complaints received by the LGO and dealt with against each council.

The LGO has the power to investigate:

complaints by members of the public who consider that they have been caused injustice by maladministration or service failure in connection with action taken by the Council and certain other bodies in the exercise of its administrative functions,

complaints by members of the public who consider they have sustained injustice during the course of privately arranged or funded adult social care, and

complaints from pupils (or their parents) of injustice in consequence of an act/omission of a head teacher or governing body of a maintained school.

On the whole most complaints about the Borough Council matters relate to housing, planning and council tax.

Whilst the Ombudsman can investigate complaints about how the Council has done something, it cannot question what a Council has done simply because someone does not agree with it.

A complainant must give the Council an opportunity to deal with a Complaint against it first. It is best to use the Council's own complaints procedure, in the first instance. Although in practice that is not always the route taken by a complainant. If a complainant is not satisfied with the action the Council takes he or she can send a written complaint to the Local Government Ombudsman, or ask a Councillor to do so on their behalf.

The objective of the Ombudsmen is to secure, where appropriate, satisfactory redress for complainants and better administration for the authorities. Since 1989, the Ombudsmen have had power to issue advice on good administrative practice in local government based on experience derived from their investigations.

The LGO provide each local authority with an annual review of the authority's performance in dealing with complaints against it which were referred to the relevant Ombudsman, so that the authority can learn from its own performance compared to other authorities.

This report advises the Committee of the Ombudsman's Annual Review and seeks the views of the Committee on any issues this may raise for further consideration.

Implications of this report

There are no direct financial/staffing implications or direct implications in relation to community/performance planning, sustainable development, community safety, equal opportunities or human rights arising from this report.

Report Author

Jane M Hackett - Solicitor to the Council and Monitoring Officer
jane-hackett@tamworth.gov.uk Tel; 01827 709259

List of Background papers

Local Government Act 1974 as amended

Appendices

Appendix 1 - Local Government Ombudsman Annual Review Letter 2011
Appendix 2 - Local Government Ombudsman Annual Report 2011

24 June 2011

Mr Anthony Goodwin
Chief Executive
Tamworth Borough Council

Dear Mr Goodwin

Annual Review Letter

I am writing with our annual summary of statistics on the complaints made to me about your authority for the year ending 31 March 2011. I hope the information set out in the enclosed tables will be useful to you.

The statistics include the number of enquiries and complaints received by our Advice Team, the number that the Advice Team forwarded to my office and decisions made on complaints about your council. Not all complaints are decided in the same year that they are received. This means that the number of complaints received and the number decided will be different.

The statistics also show the time taken by your authority to respond to written enquiries and the average response times by type of authority.

Communicating decisions

We want our work to be transparent and our decisions to be clear and comprehensible. During the past year we changed the way we communicate our decisions and reasons. We now provide a stand-alone statement of reasons for every decision we make to both the citizen who has complained and to the council. These statements replace our former practice of communicating decisions by letter to citizens that are copied to councils. We hope this change has been beneficial and welcome comments on this or any other aspect of our work.

In April 2011 we introduced a new IT system for case management and revised the brief descriptions of our decisions. My next annual letter will use the different decision descriptions that are intended to give a more precise representation of complaint outcomes and also add further transparency to our work.

Extended powers

During 2010/11 our powers were extended to deal with complaints in two significant areas.

In October 2010 all complaints about injustice connected to adult social care services came under our jurisdiction. The greater use of direct payments and personalised budgets mean that it is particularly important for us to be able to deal with such complaints irrespective of whether a council has arranged the care. The increasing number of people who arrange and pay for their own social care now have the right to an independent and impartial examination of any complaints and concerns they may have about their care provider.

In the six months to April 2011 we received 75 complaints under our new adult social care powers. Between 2009/10 and 2010/11 complaints about care arranged or funded by councils doubled from 657 to 1,351.

The Apprenticeships, Skills, Children & Learning Act 2009 introduced powers for us to deal with complaints about schools by pupils or their parents. This was to be introduced in phases and currently applies in 14 council areas. By the end of 2010/11 we had received 169 complaints about schools in those areas and 183 about schools in other areas where we had no power to investigate. The Education Bill currently before Parliament proposes to rescind our new jurisdiction from July 2012.

Our new powers coincided with the introduction of Treasury controls on expenditure by government departments and sponsored bodies designed to reduce the public spending deficit. This has constrained our ability to inform care service users, pupils and their parents of their new rights.

Assisting councils to improve

For many years we have made our experience and expertise available to councils by offering training in complaint handling. We regard supporting good complaint handling in councils as an important part of our work. During 2010/11 we surveyed a number of councils that had taken up the training and some that had not. Responses from councils where we had provided training were encouraging:

- 90% said it had helped them to improve their complaint handling
- 68% gave examples of how the knowledge and skills gained from the training had been applied in practice
- 55% said that complaints were resolved at an earlier stage than previously
- almost 50% said that citizens who complained were more satisfied.

These findings will inform how we develop and provide training in the future. For example, the survey identified that councils are interested in short complaint handling modules and e-learning.

Details of training opportunities are on our web site at www.lgo.org.uk/training-councils/

More details of our work over the year will be included in the 2010/11 Annual Report. This will be published on our website at the same time as the annual review letters for all councils (14 July).

If it would be helpful to your council I should be pleased to arrange for me or a senior manager to meet and explain our work in greater detail.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Martin', with a horizontal line underneath.

Dr Jane Martin
Local Government Ombudsman

For information on interpretation of statistics click on this link to go to www.lgo.org.uk/CouncilsPerformance

LGO Advice Team

Enquiries and complaints received	Benefits & Tax	Environmental Services & Public Protection & Regulation	Housing	Other	Planning & Development	Total
Formal/informal premature complaints	1	4	3	0	3	11
Advice given	0	1	4	1	0	6
Forwarded in investigative team resubmitted	1	3	4	0	1	9
Forwarded to investigative team (new)	0	1	0	1	1	3
Total	2	9	11	2	5	29

Investigative Team

Decisions	Reports: maladministration and injustice	Local settlements (no report)	Reports: Maladministration no injustice	Reports: no Maladministration	No Maladministration (no report)	Ombudsman's discretion (no report)	Outside jurisdiction	Total
2010 / 2011	0	2	0	0	9	1	0	12

No adult social care decisions were made in the period

Provisional comparative response times 01/04/2010 to 31/03/20 11

Response times	First enquiries	
	No of first Enquiries	Avg no of days to respond
01/04/2010 / 31/03/2011	5	17.4
2009 / 2010	2	41.0
2008 / 2009	7	24.4

Types of authority	<= 28 days %	29 - 35 days %	> = 36 days %
District councils	65	23	12
Unitary authorities	59	28	13
Metropolitan authorities	64	19	17
County councils	66	17	17
London boroughs	64	30	6
National parks authorities	75	25	0

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Local Government OMBUDSMAN

Commission for Local
Administration in England



Annual Report 1011

Delivering Public Value

www.lgo.org.uk



Commission for Local Administration in England

Annual Report 1011

Presented to Parliament pursuant to Section 23A(3A) of the Local Government Act 1974 as amended by Section 170(1)(5) of the Local Government and Public Involvement in Health Act 2007; and Section 34S(5) of the Local Government Act 1974 as amended by the Health Act 2009 Section 35, Schedule 5, Part 1, paragraphs 1 and 2; and Section 219(5) of the Apprenticeships, Skills, Children and Learning Act 2009.

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What we do

Our mission is to

Provide an independent means of redress to individuals for injustice caused by unfair treatment or service failure by local authorities, schools and care providers and use our learning to promote good public administration and service improvement.

The role of the Local Government Ombudsmen (LGO) and the Commission for Local Administration in England is set out in the Local Government Act 1974 (amended by the Health Act 2009) and the Apprenticeships, Skills, Children and Learning Act 2009.

The LGO's jurisdiction now extends to a wide range of public bodies providing local services, including local authorities (excluding town and parish councils); adult social care providers; national parks; police authorities; education appeal panels and some maintained schools¹.

The three Ombudsmen have the power to investigate:

- > complaints by members of the public who consider that they have been caused injustice by maladministration or service failure in connection with action taken by, or on behalf of, bodies within the LGO's jurisdiction in the exercise of their administrative functions
- > complaints by members of the public who consider they have sustained injustice during the course of privately arranged or funded adult social care, and
- > complaints from pupils (or their parents) of injustice in consequence of an act/omission of a head teacher or governing body of a maintained school.

The Commission for Local Administration in England is the statutory body which provides the resources to support the activities of the LGO; it also has powers to publish advice and guidance on good practice. It is funded by a grant from the Government. The members of the Commission are the three Local Government Ombudsmen and the Parliamentary Ombudsman.

¹ In relation to 14 local authorities only – see *Who we cover* for full list.

Who we are



Membership of the Commission

Sir Anthony Redmond Chairman (until 11 November 2010)

Dr Jane Martin Vice-chairman (and Acting Chairman from 12 November 2010)

Anne Seex Member

Ann Abraham Member

Sir Anthony (until his retirement), **Dr Jane Martin** and **Anne Seex** are **Commissioners for Local Administration** (Local Government Ombudsmen). **Ann Abraham** is the **Parliamentary Commissioner for Administration** (Parliamentary Ombudsman) and as such is a member *ex officio* of the Commission.



Senior staff

The senior staff of the Commission in 2010/11 were:

Nigel Ellis Deputy Ombudsman, London (from 7 June 2010)

Neville Jones Deputy Ombudsman, Coventry

Nigel Karney Deputy Chief Executive and Secretary

Michael King Deputy Ombudsman, York

Peter MacMahon Deputy Ombudsman, London (until 30 April 2010)



1 Sir Anthony Redmond

2 Dr Jane Martin

3 Anne Seex

4 Nigel Ellis

5 Neville Jones

6 Nigel Karney

7 Michael King



I am pleased to present this Annual Report for the year 2010/11 in my role as Acting Chairman of the Commission.

In November 2010 the Chairman and Chief Executive, Sir Anthony Redmond, retired after nine years in office. As Vice-chairman of the Commission I took over his responsibilities, pending the appointment of his successor. The role of Accounting Officer, which had been part of his role, has been assigned for the same period to the Deputy Chief Executive and Secretary of the Commission, Nigel Karney. Local authority areas under Sir Anthony's jurisdiction have been reallocated to myself and my colleague Ombudsman, Anne Seex, until his successor is in post.

Sir Anthony made a significant contribution during his time with the Commission and I would like to take this opportunity to pay tribute to him with our thanks and best wishes for what I know will be a full and rewarding retirement. During this interregnum period I have facilitated a team approach to managing the Commission's business, which has included convening fortnightly meetings of a corporate management team attended by Ombudsmen and deputies. I am extremely grateful to all concerned for their support for these

arrangements. We look forward to welcoming the new Chairman during the Autumn.

Eugene Sullivan resigned as Chairman of the Commission's Audit Committee in September 2010 due to work commitments. He is also Acting Chief Executive of the Audit Commission. He will remain on the Committee as an independent member. I am extremely grateful to him for his continued support and would also like to thank Lucinda Bolton who has stepped up from independent member to Acting Chairman of the Committee pending the appointment of Eugene's successor.

A year of change

Interregnum arrangements aside, 2010/11 has, of course, been a year of considerable change when we, like many other public bodies, have had to adapt to a new Government and respond to a full legislative programme going through Parliament. Working through our sponsor department, Communities and Local Government (CLG), we have been closely involved in advising on and informing the development of policy leading to draft legislation. This has included meeting with relevant ministers. We had discussions with Lord Young in preparation for his report for the

“ I wanted to thank you for your efficient investigation into our complaint. It was extremely stressful at some times during our long wait to get anything started and we are absolutely sure that without your involvement we would still be waiting.”

Ms B

LONDON

Prime Minister on health and safety regulation and in January put in place arrangements to fast-track complaints against local councils relating to urgent health and safety matters. We also met with the Secretary of State for Local Government, Eric Pickles, and the Local Government Minister, Grant Shapps, to discuss proposals in the Localism Bill, including the creation of a single Housing Ombudsman. We will continue to work with officials in CLG and with the Housing Ombudsman, Dr Mike Biles, and his colleagues to maintain a high quality cost-effective service to the public when new arrangements are introduced following legislation.

Constructive **dialogue**

We have also continued to have a constructive dialogue throughout the year with other government departments, regulators and national bodies. Following discussions with the new Government about the future of the new schools complaints service, we were disappointed that the Secretary of State for Education asked us to reduce the capacity of the pilot scheme during 2010 and decided to put proposals to Parliament in the Education Bill not to proceed with a national scheme. This meant that we have had to scale down this area of work during

2010/11 which necessitated some redundancies. In the meantime, pending the outcome of legislation, we will continue to offer the service to parents and pupils of schools in the pilot areas and work with the Department for Education to leave a positive legacy and ensure a smooth transition when the service ends.

The Department of Health provides funding for an extension to our service to take complaints from adults who arrange or fund their own social care which complements our established role in handling local authority complaints about adult social care. This means that since October 2010 we have had jurisdiction over all registered care providers, amounting to some 13,000 organisations. We appreciate the particular public concern about the need for robust accountability across this sector and have agreed a protocol with the Care Quality Commission to ensure that information is shared appropriately. We also undertake to signal any safeguarding issues to the local authority immediately.

We have combined our reporting on these new areas and our local authority complaints handling role into this one Annual Report to provide a comprehensive picture of our work.

Liaison with **stakeholders**

We do not underestimate the importance of being alert to the changing local government landscape and the value of listening to and learning from complaints from citizens. The LGO provides an increasingly significant mechanism for local public accountability and we have continued to develop our liaison with the Local Government Association, Citizens Advice, local councils and advocacy bodies to ensure that, as well as providing redress for individual citizens, lessons from complaints improve local public service delivery and benefit the wider community.

We recognise the unique challenges that members of the armed forces and veterans face in getting fair access to local services. We are committed to playing our part in rebuilding the armed forces covenant and in making sure that we are responsive to the needs of service families. We will take account of the distinctive nature of military service when we make judgements about individual cases, and also work with local authorities and care service providers to ensure that it is properly considered in service delivery and complaint resolution.

Land

Ms J asked the council to sell her a narrow strip of land alongside her home as she was building an extension and wanted to use it as a path. The council agreed to sell it for £2,950.

After a visit to the house, the council decided that her extension was being built onto a small, triangular part of the strip it had agreed to sell to her, rather than just using it for a path, so it had greater value to Ms J. It said it now wanted £7,000 for the land – effectively valuing the small triangle, 7 inches at its widest point, at £4,000.

The Ombudsman said Ms J justifiably felt a strong sense of outrage that the council had exploited her situation to obtain an ‘extortionate’ price. She added that it was inconceivable that the council could have obtained any value for the land from anyone else.

The Ombudsman found that the council:

- > did not consider the widely-acknowledged margin of error on drawn plans
- > did not consider Ms J’s means or the fact that the land had no value to anyone else, and so had not properly addressed what price could ‘reasonably be obtained’, and
- > fettered its discretion by rigidly applying its encroachment policy.

The Ombudsman recommended that the council should:

- > transfer the land to Ms J without cost, and
- > apologise and pay her £1,500 for her distress, plus costs arising from the delay in completing her extension.

Failure to properly address what price could ‘reasonably be obtained’ for a strip of land

Case reference 09 014 290

“ May I conclude with a generous and appreciative thank you personally for all you have patiently and diligently done in my interest.”

Ms W

HERTFORDSHIRE

Increased demand

Complaint numbers have increased over the year and we expect this upward trend to continue. Our Advice Team, the initial point of contact, dealt with a 21 per cent increase in complaints and enquiries, resulting in 7.5 per cent more complaints being forwarded to investigative teams. Despite this increased activity, the Commission underspent by £1.2m on the 2010/11 budget.

We anticipate that the pressures on public services in the current financial climate will lead to additional demand for our service. We will need to balance our response to this with the need to meet savings targets proposed by our sponsor department over the coming years. To prepare for this we have initiated an internal business review to consider where savings might be made whilst protecting the level and quality of service expected by the public, consistent with our statutory functions.

Commitment and support

I cannot close without mentioning the pending retirement of Ann Abraham as Parliamentary and Health Service Ombudsman towards the end of 2011. Throughout her period in office Ann has also been an

ex officio member of the Commission and an independent member of both the Audit Committee and Remuneration Committee. She has provided an invaluable wider perspective on our work. On behalf of all of us at the Commission I would like to wish her a long and happy retirement with our thanks for her unstinting support and encouragement.

Last, but certainly not least, may I thank all those who work at the Commission for their unfailing commitment during an uncertain and challenging time.



Dr Jane Martin
Acting Chairman

Planning

Mr and Mrs B complained about the way a council granted planning permission to their neighbours to replace an existing bungalow with a larger, two-storey property in an area of outstanding natural beauty.

The council considered the application twice because in the first instance it was only the action taken by the complainants and their legal team who identified errors in the process that prevented the council from issuing a decision notice thereby granting planning permission with maladministration.

The Ombudsman found that the council's failure to ensure appropriate plans were submitted in accordance with earlier planning conditions, together with other administrative errors, caused Mr and Mrs B to lose confidence in the council's decision-making process and believe that the building may not have been built had the council properly considered the matter in the first place. Mr and Mrs B suffered avoidable cost and inconvenience.

A largely new planning committee undertook a site visit and considered the application afresh. This committee granted permission with all the relevant information, including the benefit of expert comments and Mr and Mrs B's objections. The Ombudsman concluded that the final decision to grant permission was made properly.

In accordance with the Ombudsman's recommendations, the council:

- > apologised to Mr and Mrs B, paid them £5,000 as a contribution to the costs they reasonably incurred and £500 for their time and trouble in pursuing their complaint, and
- > reviewed its procedures to prevent such a situation occurring again.

Multiple errors in considering a planning application for a replacement building

Case references 08 015 461



PROFILE

Jane Martin

Local Government Ombudsman

Dr Jane Martin was appointed to the post of Local Government Ombudsman and Vice-chairman of the Commission for Local Administration in January 2010. She has extensive knowledge and experience of public service delivery. At the University of Birmingham and Warwick Business School she conducted research on public management and governance in the fields of education, health and local government. She has worked in local authorities across England as a consultant for the Improvement and Development Agency for Local Government (IDeA) and was the first Executive Director of the Centre for Public Scrutiny. Prior to joining LGO she was Deputy Chief Executive at the Local Better Regulation Office and a Non-executive Director of Coventry Primary Care Trust.

Ombudsmen's report Delivering public value

The year 2010/11 has been particularly eventful in both changes to the operation of our service and factors in the external environment that impact on our role and the citizens who can complain to us. During the year our powers to investigate complaints extended into two new areas giving more people access to a free and independent complaints service. The focus on localism and the financial pressures on council services will undoubtedly have an effect on the local government landscape. Our role in examining the experience of individual citizens and drawing on that knowledge and insight to identify issues of wider public benefit will take on greater significance.

Our role

Our new adult social care power came into force in October 2010. We can now investigate complaints about the actions of 13,000 or more care service organisations registered with the Care Quality Commission as providers of adult social care, as well as the 250 councils with adult social care responsibility already within our jurisdiction. It brings all complaints about adult social care services under our jurisdiction, 'plugging the gap' that had existed for the increasing number of people who arrange or fund their own care and had no route for redress. Many

of them are particularly vulnerable. The greater use of direct payments and personalised budgets mean that it is particularly important for us to be able to deal with such complaints.

We established specialist teams in each office to deal with the complexity of adult social care complaints across the full range of local authorities, private and voluntary sector care providers. In the six months from 1 October 2010 to 31 March 2011 we received 75 complaints under the new jurisdiction, concerning issues such as needs assessments, poor care quality, and fees and charges by care homes.

Legislation empowering us to consider complaints from pupils or their parents about schools also came into effect during 2010/11. The Apprenticeships, Skills, Children and Learning Act 2009 extended our jurisdiction in two pilot phases, and currently applies to schools in 14 council areas. Specialist teams in each office now deal with all complaints about children's services and education. The teams carried out a programme of awareness-raising activities in the 14 areas, covering local advice agencies and parent partnership organisations, and ran a series of workshops for schools and governing bodies on good practice in complaint handling. In the period 19 April 2010 to 31 March 2011

Adult social care

Mr C, a 43-year-old man with learning difficulties, died on a walk organised and supervised by the council. Mr C's family believed his death may have been precipitated by the strenuous nature of the walk, and considered that the way they were told of his death was insensitive.

A post mortem found Mr C had an undiagnosed heart condition and that he had suffered a heart attack some 24 hours before he died. The coroner decided Mr C had died of natural causes and declined to hold an inquest.

The Ombudsman said that in light of the coroner's conclusions there could be no suggestion that council fault caused Mr C's death. She considered that problems with the council's approach caused the family to suffer greater distress than they otherwise would.

The Ombudsman found that the council failed to identify some obvious risks that were on its own list of factors to be considered, such as the implications of any pre-existing medical conditions and the serious illness or incapacity of the group leader or group members on the walk. She also criticised the supervision arrangements for the walking group, including that the group leader was the only person who knew the route they were taking. She was concerned about the appropriateness of the route of the walk and found that communication with Mrs C was poor, including the way she was informed about Mr C's death.

The council improved its procedures to address the matters highlighted, and paid Mr C's family £2,000 in recognition of their additional distress.

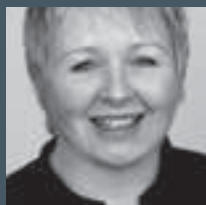
Flawed risk assessments and supervision arrangements for a council-organised walking group

Case reference 09 000 266

“ I would like to thank you for all your help. You made a difficult process less stressful by your friendly manner and by keeping us up to date with what was happening.”

Mr N

GREATER MANCHESTER



PROFILE

Anne Seex

Local Government Ombudsman

Anne Seex was appointed to the Commission as the Local Government Ombudsman based at York in October 2005. She previously had over 25 years' experience in local government, joining the Commission from Norwich City Council where she had served as Chief Executive for five years.

Anne's experience included 11 years in various roles in the Chief Executive's Department at Manchester City Council. She left Manchester to become Director of Community Services for Lancaster City Council where she was responsible for housing, leisure, environmental health, engineering and estates.

they had received 169 complaints about schools in the 14 areas mostly concerning bullying, teacher conduct and special educational needs. We also received 183 complaints about schools in other areas where we had no power to investigate. The Education Bill currently before Parliament proposes to rescind this power from July 2012.

Complaint numbers in both new areas of work have been lower than we anticipated. Our new powers coincided with the introduction of Treasury controls on expenditure, restricting our ability to inform care service users, pupils and parents about their new rights.

Changes in **complaints**

Looking across the whole range of our work, we can report achievement of targets over the year.

The LGO Advice Team, which deals with all initial contacts, has seen a rising trend in workload. Our advisers received 21 per cent more complaints and enquiries in 2010/11 compared to the previous year, and experienced their busiest month ever in March 2011. The percentage of calls answered within one minute has increased and, at 95.2 per cent, exceeds the target set for the year.

The trained team of advisers plays an important role in helping citizens to

understand our powers and to make their complaints. The law requires that we should not investigate a complaint if the organisation that is the subject of the complaint has not had a 'reasonable opportunity' to investigate and respond. We generally expect a complaints procedure to have been completed before we accept a complaint. In over a quarter of initial contacts, advisers decided that the organisation had not had a reasonable opportunity to deal with the complaint. In these cases the adviser refers the complaint to the organisation. More than 8,000 complaints and enquiries were referred as 'premature' complaints in 2010/11.

A total of 11,249 complaints were dealt with by investigative teams, an increase of 7.5 per cent from last year. Education and children's services now form the largest category of complaints, increasing by 15 per cent from last year. Complaints about special educational needs also rose. Adult social care complaints concerning councils have increased by nearly 50 per cent from 667 to 974. Work undertaken to publicise the new adult social care jurisdiction could have brought attention to our role in the sector overall. A reduction in complaints about planning may reflect a reduction in planning applications.

Public transport

A council's concessionary travel scheme allowed people over 70 years old and eligible disabled people to choose between a bus pass, a train pass or travel tokens. After the introduction of the National Bus Pass Scheme, it decided to stop issuing travel tokens.

Mr and Mrs W were directly affected by the change as they claimed travel tokens each year due to health and mobility problems. A local organisation representing the needs of older people also complained on behalf of local residents that the council's decision was made without proper consultation or a proper equality impact assessment.

The Ombudsman found that the council made its decision without adequate information about the impact on disabled people, and failed to consult voluntary groups. She said the council's statement that any alternative to the national bus pass was "purely discretionary" overlooked the need for it to properly consider its own duty towards disabled people when making changes to its arrangements. There was genuine uncertainty as to what the outcome might have been if the council had reached its decision properly.

The Ombudsman found maladministration causing injustice and the council:

- > ensured that, in future, it took account of its duties under the Disability Discrimination Act
- > apologised to the complainants, and
- > paid Mr and Mrs W £100.

A further recommendation, to revisit the decision about travel tokens, became inappropriate because responsibility passed to the county council.

Failure to consider duty to disabled people when deciding to stop issuing travel tokens

Case reference 08 020 845 & 09 000 561

“ [We] would like you to know that we deeply appreciate the courtesy and help which you have given us and we would like to offer our most sincere thanks to you and all those at the LGO service with whom we have had contact.”

Mr & Mrs L

GLOUCESTERSHIRE

We have key performance indicators for our investigative work covering the time taken to reach a decision. These cover the percentage of complaints determined within 13 weeks, 26 weeks and 52 weeks. All three indicators were met. Throughout the investigative process we apply our organisational values of being independent, fair and consistent.

When we complete an investigation on council complaints we generally issue a report that includes recommendations for a remedy for the complainant. In 2010/11 we issued reports on 28 council complaints finding maladministration causing injustice, and one finding no maladministration. More than a third of the reports concerned education matters, finding faults in areas such as school admission arrangements, the provision of school transport and special educational needs.



Seeking customer **feedback**

We value feedback from people who complain to us and from the organisations under our jurisdiction. Last year we reported on the research then in progress to gain further insight into the experiences and expectations of people who complain to us. This study has been completed. It showed that many respondents were positive about the complaints process and the Ombudsmen's staff they encountered. They appreciated that our service is available to them, especially at no financial cost, but those who receive a negative decision are unlikely to express satisfaction with other elements of the service.

We are responding to the issues raised in the research through our business plan for 2011/12, including ways of increasing transparency, such as improving the clarity of our written materials and publishing more accessible information about our decisions.

Shaping our **future service**

We expect the rising trend in complaints numbers to continue over the next year. This is linked to potential growth in demand for our service as a result of public spending reductions and an increase in complaints about privately funded or arranged adult social care. We also await the passage through Parliament of the Localism Bill and other legislation which will affect our work. Like other public sector bodies, we face budget reductions over the next three years.

We recognise the need to shape our service to reflect this changing environment. During the year we reassessed our mission and objectives so they are fit for the period ahead. We have agreed a new mission statement and four strategic objectives to guide our work from 2011 onwards. We are now working to deliver a business plan this year to achieve these objectives.

We are grateful for the commitment and achievements of our staff during this very challenging year. We will face more challenges and uncertainties in the year ahead but we are determined to ensure that our service is effective and continues to deliver public value.

Jane Martin
Anne Seex

In this section we present figures on our work during the year ended 31 March 2011, including how these compared to our business plan assumptions, and what progress we have made towards achieving our business goals in the year.

Analysis of complaints

Complaints and enquiries received

The LGO Advice Team is the single point of contact for all enquiries and new complaints. The Advice Team received a total of 21,840 complaints and enquiries in 2010/11, compared with 18,020 in 2009/10 – an increase of more than 21 per cent.

The figures include telephone enquiries that were not pursued any further at the time beyond giving the caller advice; complaints taken down over the telephone and forwarded to one of the investigative teams; and complaints received in writing – either via the complaint form on our website, or through the post. There was a 7.5 per cent increase in the number of complaints forwarded to the investigative teams.

The subjects of complaints and enquiries received during the year are shown in table 1 overleaf, along with the way they were handled.

Premature complaints and enquiries are where the citizen has not already complained to the organisation first. After they have done so, the citizen may resubmit their complaint to the Ombudsman if they remain unsatisfied after the organisation has considered it. These will be forwarded

to an investigative team as a 'resubmitted premature' complaint.

A total of 8,303 premature complaints and enquiries were received during 2010/11. The 11,249 complaints forwarded to the investigative teams, combining resubmitted premature complaints and new complaints, accounted for just over half of all complaints and enquiries received.

The number where advice was given indicates where people have telephoned the LGO Advice Team and have been told that it is unlikely the Ombudsman can deal with their complaint and that they should try another organisation, go to an advice agency, or that their complaint is outside the Ombudsman's jurisdiction. The figure also includes cases where the citizen has not given enough information for clear advice to be given, but they have, in any case, decided not to pursue the complaint.

“ I would like to thank you once again for your commitment to a fair and amicable outcome for the issue.”

Ms H

DORSET

Table 1: Subjects of complaints and enquiries received 2010/11 (with 2009/10 in *italics*)

	Adult social care	Education and children's services	Housing	Planning and development	Benefits and tax	Highways and transport	Environmental services, public protection and regulation	Corporate and other services	Other**	Total
Premature complaints and enquiries	370 <i>216</i>	600 <i>374</i>	1,540 <i>1,187</i>	887 <i>703</i>	1,163 <i>862</i>	566 <i>412</i>	857 –	257 –	– 799	6,240 4,553
Advice given (excluding premature advice)	401 <i>169</i>	899 <i>460</i>	805 <i>559</i>	490 <i>353</i>	493 <i>391</i>	445 <i>358</i>	383 –	435 –	– 712	4,351 3,002
Forwarded to investigative team (resubmitted premature)*	101 <i>81</i>	118 <i>116</i>	513 <i>422</i>	486 <i>467</i>	255 <i>230</i>	191 <i>172</i>	290 –	109 –	– 378	2,063 1,866
Forwarded to investigative team (new)	948 <i>586</i>	2,538 <i>2,187</i>	1,521 <i>1,526</i>	1,361 <i>1,484</i>	630 <i>640</i>	897 <i>825</i>	712 –	579 –	– 1,351	9,186 8,599
Total	1,820 <i>1,052</i>	4,155 <i>3,137</i>	4,379 <i>3,694</i>	3,224 <i>3,007</i>	2,541 <i>2,123</i>	2,099 <i>1,767</i>	2,242 –	1,380 –	– <i>3,240</i>	21,840 <i>18,020</i>

* 'Resubmitted premature' complaints will previously have been a 'premature complaint or enquiry' so these two figures would need to be added together to get the total number of premature complaints and enquiries made.

**In 2009/10, 'Other' covered subjects now shown in 'Environmental services, public protection and regulation' and in 'Corporate and other services'.



The number of complaints and enquiries in each subject category for 2010/11 is shown in chart 1 opposite.

This compares with the subject breakdown of complaints and enquiries received in 2009/10 shown in chart 2 opposite. Housing remains the largest category while education and children's services complaints and enquiries have gone up by

32 per cent overall from 2009/10, making it the second largest category in 2010/11. Adult social care complaints and enquiries have gone up by 73 per cent overall from 2009/10 to 2010/11.

“ After near enough two years of seeking help, only you managed to do something about our case. About a week ago, we moved into our OWN flat thanks to you and your help. Thanks to your involvement my daughter has an amazing room to herself. Just wanted to thank you for everything you have done for us and let you know how much we appreciate it.”

Ms S

LONDON

Chart 1: Complaints and enquiries received by category 2010/11

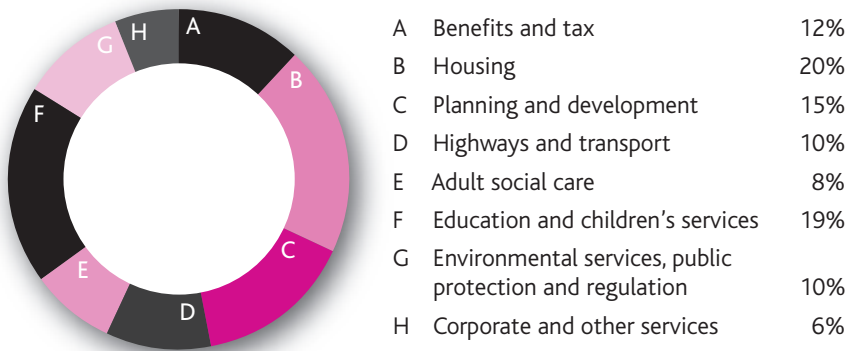


Chart 2: Complaints and enquiries received by category 2009/10

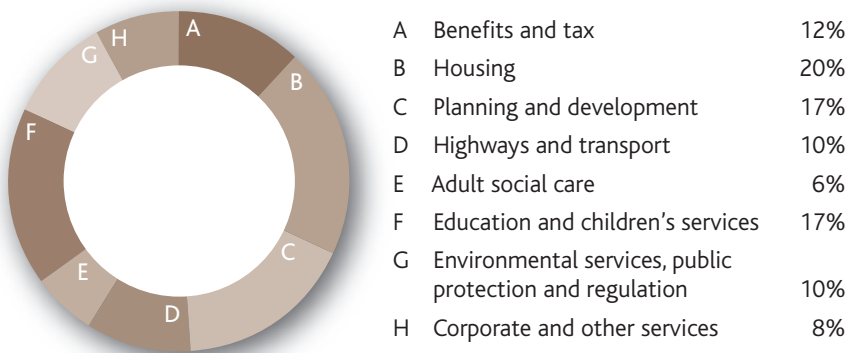


Chart 3 overleaf shows that the proportions of each subject change to a small degree for the complaints that get forwarded to the investigative teams.

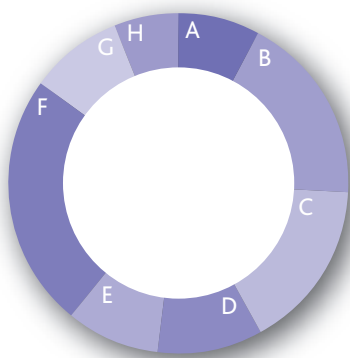
Complaints investigated

Just over half of the complaints and enquiries received by the Advice Team were forwarded to the investigative teams. Of the complaints forwarded, education and children's services now forms the largest category, with an increase of 15 per cent from the previous year. It is followed by housing and then planning and development.

Within the education category, school admission complaints forwarded to the investigative teams have reduced slightly, by around two per cent. There has been an increase of around a third in the number of complaints forwarded about special educational needs, however.

Looking specifically at the complaints from pupils or their parents about schools (included within the education and children's services category), by the end of 2010/11 we had received 169 complaints about schools in the pilot areas. Across the 14 pilot areas, the biggest complaint categories were bullying (34 per cent), teacher conduct (27 per cent) and special educational needs (21 per cent).

Chart 3: Complaints forwarded to investigative teams by category 2010/11



A	Benefits and tax	8%
B	Housing	18%
C	Planning and development	16%
D	Highways and transport	10%
E	Adult care services	9%
F	Education and children's services	24%
G	Environmental services, public protection and regulation	9%
H	Corporate and other services	6%

Adult social care complaints forwarded to the investigative teams increased by 57 per cent from 2009/10 to 2010/11. This is in part explained by the new area of jurisdiction coming in to force during the year, but is mostly due to a significant increase in complaints about care arranged or funded by councils.

On adult social care complaints covered by the new jurisdiction, a total of 141 complaints and enquiries were received, with 58 people receiving advice, and 75 complaints being forwarded to the investigative teams, since October 2010.

Complaints forwarded to the investigative teams about planning applications have fallen by around 10 per cent and follows the pattern of reduction in planning applications

made and the impact of permitted development. There has been a fall of around 5 per cent in the whole planning and development category.

A more detailed breakdown of the subjects of complaints and enquiries received is available on our website.

Outcome of complaints

We decided 10,792 complaints forwarded to the investigative teams during the year, compared to 10,309 in 2009/10, an increase of 4.7 per cent. A breakdown of the outcomes of these complaints is shown in the following three tables – we have split them in this way because of changes to our jurisdiction during the year, and the subsequent introduction of new decision reasons (see the *Glossary of terminology* for an explanation of these).

“ Please may I take this opportunity to thank you for the manner in which you have handled this complaint and for working in such a patient, respectful and professional manner. I have absolutely no doubt that as the investigating officer, you have been fair-minded and thorough.”

Ms B

NORTHAMPTONSHIRE

Table 2 summarises the decisions made on complaints forwarded to the investigative teams, excluding decisions on adult social care (ASC) complaints and complaints from pupils or their parents about schools. Table 3 summarises the decisions on schools complaints, and table 4 summarises decisions on all adult social care complaints. In addition, table 5 shows the decisions for adult social care complaints covered by the new jurisdiction (Part 3A).

The total number of complaints where redress was obtained or recommended for the complainant was 2,474 – 27.1 per cent of all complaints determined (excluding the complaints that were outside our jurisdiction). This is very similar to the previous year (when it was 27.7 per cent).

Decisions in the 14 school pilot areas can be summarised as follows:

- > In 47 per cent of cases we initiated an investigation.
- > In 48 per cent of cases the complaint was referred back to the school for it to consider using its own procedures as it had not had the opportunity to do so.
- > In 5 per cent of cases we were unable to consider the complaint as it was not within our jurisdiction.

Table 2: Analysis of outcome of complaints 2010/11 (excluding ASC and schools complaints)

Outcome	Number of complaints	Percentage of total (excluding those outside jurisdiction)
Local settlements	2,215	26.34
Maladministration causing injustice (issued report)	25	0.30
Maladministration, no injustice (issued report)	0	0.00
No maladministration (issued report)	1	0.01
No or insufficient evidence of maladministration (without report)	4,012	47.71
Ombudsman's discretion	2,156	25.64
Outside jurisdiction	1,574	
Total	9,983	

Note: See the *Glossary of terminology* for an explanation of terms used.

Table 3: Outcome of schools complaints 2010/11

Outcome	Number of complaints	Percentage of total (excluding those outside jurisdiction)
Investigation complete	0	0.0
Discontinued: injustice remedied	19	39.6
Discontinued: other	25	52.1
Investigation not initiated	4	8.3
Outside jurisdiction	11	
Total	59	

“ Thank you very much for providing me with an easy to read report and for making this complaint process as stress-free as possible.”

Ms J

WEST MIDLANDS

Table 4: Outcome of adult social care complaints 2010/11

Outcome	Number of complaints	Percentage of total (excluding those outside jurisdiction)
Discontinued: injustice remedied/ local settlements	212	30.8
Maladministration causing injustice (issued report)	3	0.4
Investigation complete: no service failure or injustice	1	0.1
No or insufficient evidence of maladministration (without report)	205	29.8
Discontinued: other/Ombudsman's discretion	196	28.4
Investigation not initiated	72	10.5
Outside jurisdiction	61	
Total	750	

The outcome of the 47 per cent of schools cases where we initiated an investigation was:

- > A satisfactory resolution was reached between the parties in 25 per cent of cases following the Ombudsman's involvement (and the investigation was discontinued).
- > We secured a remedy and/or agreement for action to prevent similar problems recurring in 13 per cent of the cases.
- > In 9 per cent we found that there was no fault in the actions of the school or there was no substance to the complaint.

Table 5: Outcome of Part 3A adult social care complaints (October 2010 – 31 March 2011)

Outcome	Number of complaints
Discontinued: injustice remedied	0
Discontinued: other	1
Investigation not initiated	6
Outside jurisdiction	1
Total	8

Putting things right

We seek to achieve redress for injustice caused by maladministration or service failure.

When we reach a decision on a complaint, the complainant and the body in jurisdiction are sent a statement of reasons covering all the substantive issues and the decision. This approach was introduced during the year for our local government jurisdiction and the new areas of work. Every statement of reasons is anonymised and the Ombudsman can also publish all or part of the statement if it is considered to be appropriate. There will be a publications policy setting out when and how we will publish statements in due course.

We will often discontinue enquiries into a complaint when we consider that a satisfactory response has been reached during the course of the investigation. We have previously called these 'local settlements' but from April 2011 the term is no longer being used. For 2010/11 local settlements were agreed in 2,418 cases – 26.8 per cent of all decisions (excluding outside jurisdiction complaints and adult social care complaints received since October 2010). This is a similar proportion to the previous year (26.9 per cent of all decisions, excluding outside jurisdiction complaints).

Table 6: Type of remedy obtained (excluding adult social care complaints received since October 2010)

Type of remedy	2008/09	2009/10	2010/11
Apology	640	585	631
Take action:			
New hearing/appeal	170	223	198
Offer of new accommodation	24	15	18
Revise publication/published information	24	38	29
Consider others in similar situation	15	5	9
Make inspection and take appropriate action	99	57	59
Other	1,507	1,224	1,217
Review policies and/or procedures	272	220	288
Make payment:			
'Before and after' valuation	17	18	6
Other payment	1,577	1,379	1,342
Total number of remedies recorded*	4,345	3,764	3,797
Total number of complaints where a remedy was recorded	2,857	2,435	2,414

* Some complaints have more than one remedy description recorded against them so the number of remedies recorded is greater than the number of complaints remedied.

When we complete a council investigation and find maladministration causing injustice, we issue a report that includes recommendations for a remedy for the complainant. In 2010/11 we issued reports on 29 complaints, compared with reports on 74 complaints in 2009/10. Education matters formed the largest

proportion of reports issued (38 per cent of all reports issued) finding fault in areas such as school admission arrangements, the provision of school transport and special educational needs. Housing formed the second largest (14 per cent) proportion on matters concerning homelessness, applications for disabled facilities

“ I would just like to take this opportunity to say a huge thank you to you for all your help and effort put in on my behalf, I do not believe I would have got anywhere near sorting this without your invaluable help.”

Mr M

WEST YORKSHIRE



grants and housing repairs. Planning and transport and highways formed the third biggest categories of reports issued (10 per cent)¹.

Table 6 (on page 23) sets out the number of remedies obtained in the year, showing the type of outcome reached. (It does not include any remedies on adult social care complaints received since October 2010².) Where the remedies resulted in a payment being made, the amounts obtained or recommended came to a total of over £1.2m compared with £1.3m in 2009/10. This figure represents the minimum we have achieved as there are currently cases where an authority has agreed to undertake a 'before and after' valuation,³ and to pay the difference in value to the complainant, but we do not yet know the amount. Many of the individual settlements are relatively small amounts but may be linked to other actions to provide fair redress.

1 A table giving a breakdown of the subjects of reports issued, and a full list of reports issued, is available on our website.

2 During the year, we introduced a new complaint management system. Adult social care complaints were recorded on the new system from October, while other complaints continued to be recorded on the old system. Some figures in this chapter could only be obtained from the old system, as reporting on the new system is not yet fully operational.

3 That is, the valuation of a property that has been adversely affected by neighbouring development before and after that development took place.

- 2 To provide customers with a service that meets their needs and reasonable expectations.
- 3 To promote awareness, understanding and use of our services.
- 4 To influence the improvement of local government through guidance and advice.
- 5 To increase our efficient use of resources.

The Business Plan for 2010/11 set out medium term objectives relating to these goals, and specified assumptions and targets for planned outputs to deliver these objectives in the year. The remainder of this chapter reports on our performance against meeting these objectives, which are grouped around three themes – 'dealing with complaints from the public', 'adding public value' and 'improving our organisation'.

Performance against business goals

Our Strategic Corporate Plan 2009-2012 set out five business goals reflecting the operational principles around which we base our development and assess our business performance. They were:

- 1 To make decisions that are sound and justified.

Dealing with complaints from the public

We make planning assumptions about the number of complaints and enquiries we will deal with during the year, and set targets on how quickly we will deal with them.

Our planning assumption for the LGO Advice Team was that we would deal with 50,000 telephone enquiries

School transport

Mrs B complained that a council acted unreasonably in not providing home-to-school transport for her six-year-old grandson who was on the school's special educational needs register. She argued that the council had not properly considered the medical and other evidence which showed he was unable to make the journey unaccompanied and the evidence that neither she nor her daughter were able to take him because of their health issues.

Initially the council failed to consider whether there was an exceptional need for school transport to be awarded. When the council did, it did not consider the evidence properly or keep proper records of the evidence it relied on in support of its decisions. It failed to explain the reasons for its decision and failed to properly consider its duties under the Disability Discrimination Act (DDA).

The Ombudsman said there appeared to be compelling evidence that the medical issues affecting Mrs B and her daughter were covered by the provisions of the DDA, and he would have expected to see explicit consideration of whether the provision of school transport was a reasonable adjustment to meet needs.

As a result of the council's fault and delay, the family was caused considerable distress and inconvenience.

"I do not believe the council has ever explained exactly how it expected [the boy] to get to school if transport was not provided," said the Ombudsman.

The Ombudsman welcomed the procedural improvements the council agreed to make as a result of the investigation. The council agreed to pay Mrs B £2,000 in recognition of the injustice caused and her significant unnecessary time and trouble.

Failure to consider disability issues properly when refusing to provide transport to school

Case reference 09 010 645

Table 7: Advice Team activity 2008/09 – 2010/11

	2008/09	2009/10	2010/11
Total telephone calls received	40,392	40,204	43,917
Total telephone calls answered	38,558	39,575	43,186
Average time to answer call (seconds)	33	23	18
Number of text messages received	88 [#]	137	194
All post, including written complaints	15,000 [*]	12,836	13,397
Complaints made via website form	774 ^{**}	3,607	3,715
Total emails received	19,471	30,443	38,229

[#] This is the figure for the second six months of the year.
^{*} This figure is an estimate based on collected data over six months.
^{**} This is the figure from 12 January, when the website was launched.

in 2010/11. The number of calls received fell slightly short of this figure, but the number of calls answered has gone up by 9 per cent over the previous year. The average time taken to answer calls has improved by five seconds and is two seconds quicker than our target of 20. We also met the target of answering 95 per cent of calls within one minute, with the actual figure of 95.2 per cent (compared with 89.1 per cent in 2009/10). The improvement is due in part to further refining of the workflow process, introduced during the previous year, which ensures an even distribution of calls to Advisers; and the recruitment of a further three Advisers.

Table 7 above summarises the LGO Advice Team’s performance during the last three years.

The total contacts in the table show an increase from 82,991 in 2009/10 to 95,006 in 2010/11 – an increase of 14.5 per cent. Over the last three years, the number of contacts by phone, email and text has increased while post has reduced. The number of calls received and answered differ as some calls are always lost because the caller hangs up before the call is answered.

We continue to seek customer feedback on the Advice Team’s service. A postal survey was conducted throughout the year in

2010/11. The results show continued high levels of customer satisfaction. A total of 97 per cent of respondents either strongly agreed or agreed that staff dealt with them in a polite, sensitive and helpful way. Ninety-five per cent strongly agreed or agreed that they knew how to proceed with their complaint by the end of the call.

On complaints, our planning for the year 2010/11 was based on the investigative teams taking decisions on 10,500 local government complaints, 500 decisions on school complaints and 450 decisions on adult social care complaints. They made decisions on 10,725 local government complaints. Fifty-nine decisions were taken on school complaints. We dealt with 750 adult social care complaints in all, with eight of these being on complaints in the new area of jurisdiction. The lower number of complaints dealt with in the new areas of jurisdiction was affected by the constraints in our ability to publicise the new areas as a result of the spending controls introduced by the Treasury for its public expenditure reduction programme. On the new schools complaints service we reduced the capacity of the pilot scheme during 2010 following the Government’s decision to repeal the service as announced in the Education Bill.

“ I am very impressed with your report, it is precise, well balanced, to the point and arrived very much quicker than I expected.”

Mr P

DEVON

Table 8: Cases decided within time bands

Key indicator	March 2009	March 2010	March 2011 ⁴	
	Actual	Actual	Target	Actual
Percentage of all complaints (excluding prematures) determined within 13 weeks	53.4	56.8	50.0	54.2
Percentage of all complaints (excluding prematures) determined within 26 weeks	82.3	85.2	80.0	83.4
Percentage of all complaints (excluding prematures) determined within 52 weeks	96.2	96.9	96.0	97.0
Number of cases more than 52 weeks old	122	122	–	133

Our performance is also affected by the response times from complainants and local authorities. We ask local authorities to respond to our enquiries within 28 days. Table 9 below shows the percentage of authorities that have responded within this timescale.

We monitor output levels of individual staff. The number of complaints decided per head of staff allocated to the investigative process (excluding premature complaint decisions) was 112.1 in 2010/11. This is against a target of 120 per year in local government and 100 in adult social care. This compares to 122.2 and 130.6 in 2008/09 and 2009/10 respectively, when there was a single target of 120 per year. As previously stated, the flow of complaints in the new areas of jurisdiction was not as high as we had anticipated.

Table 9: Average local authority response times 2010/11 (Figures for 2009/10 in brackets)

Authorities (number)	< 28 days (%)	29-35 days (%)	> 36 days (%)
District councils (198)	65 (60)	23 (22)	12 (18)
Unitary authorities (54)	59 (65)	28 (26)	13 (9)
Metropolitan authorities (36)	64 (53)	19 (39)	17 (8)
County councils (30)	66 (58)	17 (32)	17 (10)
London boroughs (33)	64 (52)	30 (36)	6 (12)

The time we spend handling cases is an important factor in customer satisfaction. We monitor our overall performance against three time bands as shown in table 8 above.

All our targets for time taken were met and exceeded.

We also monitor the overall number of older cases. A small minority of complaints take us more than 12 months to decide, either because of their complexity or because of external factors (such as the illness of the complainant).

⁴ During the year, we introduced a new complaint management system. Adult social care complaints were recorded on the new system from October, while other complaints continued to be recorded on the old system. Some figures in this chapter could only be obtained from the old system, as reporting on the new system is not yet fully operational.



We measure the level of complaints about us, dealt with in accordance with our complaints procedure. We categorise complaints as either review requests, when a complainant challenges the decision made, or service complaints, where the complainant is unhappy with our service. Table 10 shows a breakdown of the outcome of these complaints over the past three years. Totals are higher than the actual number of complaints made, as one complaint can have more than one review outcome.

⁵ During the year, we introduced a new complaint management system. Adult social care complaints were recorded on the new system from October, while other complaints continued to be recorded on the old system. Some figures in this chapter could only be obtained from the old system, as reporting on the new system is not yet fully operational.

Table 10: Customer complaints in 2008/09 – 2010/11 (excluding adult social care complaints received since October 2010)⁵

	2008/09	2009/10	2010/11
Review request: decision confirmed	1,108	977	1,015
Review request: decision correct, but wrongly justified	14	3	5
Review request: decision correct, but further explanation provided	47	30	22
Review request: investigation relaunched because of new information	50	27	34
Review request: investigation relaunched because of procedural error	23	20	23
Non-substantive response sent*	22	23	32
Service complaint: not upheld	24	37	27
Service complaint: upheld in part or in full	34	18	19
Total	1,322	1,135	1,177

* These are cases where the complaint did not go through the review process, usually this is because the review was not requested quickly enough (within three months of the decision on the case).

Cases questioning our decisions on complaints are reviewed by a senior member of staff not previously involved in the case to see if the concerns are justified. In 2010/11, we relaunched the investigation because of procedural error on 23 review requests. Our target is that less than three per cent of the complaints made about our decisions are found to be justified following a rigorous internal review. The figure for 2010/11 is two per cent.

We analyse all those service complaints that are upheld to learn lessons for improvement in our performance. The substantial decrease in the number of service complaints upheld in part or in full between 2008/09 and 2009/10 has been sustained in 2010/11.

“ Once again, I remain very grateful for the time and significant effort applied to this investigation as the knock-on effect will serve to help others in my position, hopefully providing greater protection than our terrible experience.”

Ms T

WARWICKSHIRE

We recognise that there could be errors that do not get picked up because the complainant does not request a review of our decision, so we also check a sample of files from each investigator as part of our quality control process. We pass on any learning points from the file examination back to our staff – both individually and, where there are general lessons, to use them in staff workshops and written guidance.

We monitor compliments as well as service complaints about our conduct. Examples of the compliments we have received are included throughout the main text of this report.

The only challenge to the Ombudsmen’s decisions is through the courts by way of judicial review. Our aim is that any judicial reviews will not find legal fault in our decisions. There are two stages in the judicial review process. The applicant has to apply for permission for judicial review of a decision and only if permission is granted is there a second stage hearing in the Administrative Court. The figures for applications and judicial review hearings for the last three years are given in table 11.

Table 11: Judicial review applications 2008/09 – 2010/11

	2008/09	2009/10	2010/11
Applications for permission for JR	9	13	7
Applications for permission refused	7	11	5
Applications for permission withdrawn	2	0	1
Applications for permission awaiting the court’s decision	0	0	1
Applications granted permission by the court	0	2	0
Awaiting JR hearing in the Administrative Court	0	1	0
JR proceedings withdrawn	0	1	0

Adding public value

An important part of the public value agenda is to promote the Local Government Ombudsman service and the impact of our work.

Ombudsmen and staff gave a wide range of presentations to local and national advice organisations during the year. These give their staff and volunteers a better understanding of the role of the Ombudsman and the complaints we can investigate, and encourage appropriate use of our service. Two seminars for advisers, organised with the Public Law Project, took place in November 2010 in Manchester and London.



“ Thank you for the work you have put into this investigation on our behalf. After dealing with the council and the police without any satisfactory results it was a relief to finally find someone who had a genuine concern about what had happened.”

Mr B

NORTHUMBERLAND

We sent annual reviews to every local authority summarising the complaints we had dealt with over the year, and visited a number of individual local authorities.

Anne Seex spoke at the Institute of Revenues, Ratings, and Valuations’ Collection and Enforcement Conference in May 2010 on the subject of revenues collection and the Ombudsman. Sir Anthony Redmond also spoke at their national conference in September.

We ran a spotlight session at the Chartered Institute of Housing’s annual conference in June, jointly with the Housing Ombudsman, on the theme of the two services working together following agreement on a protocol between our two offices.

We exhibited at the Local Government Association’s conference in July, and Sir Anthony Redmond also spoke at a fringe session. In September we exhibited at the Citizens Advice national annual conference.

To promote the new adult social care service, we exhibited at the International Carers Conference in July and at the National Children and Adult Services annual conference in November. We presented a workshop at the Action on Elder Abuse annual conference. We participated in a

workshop at the National Care Association annual seminar in October, and a number of regional speaking opportunities were organised through the National Care Association.

We ran six information sessions to inform providers of adult social care services about the changes to our jurisdiction. More than 200 people attended across the six sessions. Feedback was extremely positive and the providers who attended said the day was informative and engaging.

The new children and schools teams have carried out a range of visits to schools in the 14 school pilot areas and relevant youth/parent groups. These included awareness raising events and a series of training workshops for governing bodies, schools, parent partnerships and CABs, among others. We provided information for councils’ newsletters



for residents and websites in the pilot areas.

We continued to develop our website, launched in January 2009, including new sections on the two new areas of work – adult social care and schools.

Table 12: Website statistics 2009/10 – 2010/11

Period	Visits	Page views	Home page views	Complaints made via web
2009/10	226,143	970,797	167,313	3,607
2010/11	240,680	921,416	152,154	3,715

Notes:

'Visits' represent the number of individual sessions initiated by all the visitors to the site (it is designed to come as close as possible to defining the number of actual, distinct people who visited the site).

'Page views' – a view of a page on the site.

Internal management of schools

A mother complained that a school failed to put in place adequate health care support for her son who has asthma. She said he was left to sit in wet clothes and, on another occasion, was let out to play several times during the day without his inhaler.

The Ombudsman has the power under the Apprenticeships, Skills, Learning and Children Act 2009 to consider complaints of injustice made by a pupil or parent.

Usually the Ombudsman would not have investigated the complaint as the school's governing body had not had the opportunity to respond. However, as the health and safety of a child was involved the complaint was accepted.

After the Ombudsman contacted the head teacher, she readily agreed to:

- > meet the mother to discuss her complaint and try and resolve the issues
- > arrange an appointment with the school nurse and agree how the school needed to manage the child's condition
- > advise the mother of the school's complaints policy and her right to complain to the school governors and then the Ombudsman if she is still not satisfied, and
- > investigate the two incidents and let the mother know the outcome.

The Ombudsman discontinued her involvement and the mother was satisfied with the school's response.

“ Thank you so very much for listening to me and taking my complaint seriously. I’m sorry to be over dramatic but I have to say there really is justice in the world. I felt very let down by the council but am of course now very pleased with this outcome.”

Ms P

HAMPSHIRE

The range of subject-specific fact sheets has been further expanded, including topics in the new areas of work. These are made available on the website, as well as being sent out by our Advice Team in response to specific enquiries.

Media coverage, focused on investigation reports and the annual reviews that we send to every council, helps to increase understanding of the Ombudsman’s service by demonstrating the impact of our work. We issued 22 press releases on reports over the year and secured 158 items of press coverage as a result. We also had 288 items of press coverage arising from publication of the annual reviews to councils. The Ombudsmen were interviewed for several BBC and independent regional radio stations and one regional TV news programme. We also provided articles for a range of specialist press.

Our programme of training in complaints handling and investigation for all levels of local authority staff continued, and we delivered 103 courses in 2010/11 against a target of 120 for the year. This compares to 118 and 128 in 2009/10 and 2008/09 respectively. The courses continue to get excellent feedback – 96 per cent of delegates were satisfied with the training. The overall number included four open courses for groups of staff from smaller authorities held at our offices at Millbank Tower and at

venues in Manchester, Peterborough and Taunton. We aim to run more regional courses in 2011/12 in different locations.

We work with partner organisations across various areas of our work. During the year, memoranda of understanding were agreed with OFSTED and the Care Quality Commission covering work in the new areas of jurisdiction.

We played an active part in the work of a number of groups and forums set up to review the mechanisms for dealing with complaints about councils and bodies covered by the LGO’s extended jurisdiction. These included:

- > The Department for Community and Local Government’s Housing Transition Working Group and Steering Group.
- > Liaison meetings with the Department for Education (DfE) in relation to internal school complaint matters and the proposals in the Education Bill 2010/11.
- > The Ministry of Justice’s and Equality and Human Rights Commission’s joint Regulators, Inspectorates and Ombudsmen Forum on human rights.

- > A DfE consultation group on revising the School Admission and School Admission Appeal Codes.

We responded to a number of consultation exercises, sometimes jointly with other ombudsmen schemes. These included:

- > The Committee on Standards in Public Life’s survey of regulators to ascertain the impact of the Ethical Framework.
- > The Law Commission’s consultation on reform of Adult Social Care legislation (jointly with the Health Service Ombudsman).
- > The Department for Transport’s consultation on reforming the blue badge scheme.
- > Informing the Care Quality Commission’s *Assessments of Quality*.
- > The Department of Health’s *Equity and Excellence: Liberating the NHS*.
- > The Department of Health’s consultation *Increasing Democratic Legitimacy in Health*.
- > A joint response with other Public Sector Ombudsmen operating in England and Wales to the Law Commission’s review of the law in relation to Public Service Ombudsmen.

Improving our organisation

We are continuously improving our service drawing on feedback from complainants and the wider public. Ipsos MORI conducted qualitative customer satisfaction research for us in 2010, following on from the quantitative survey they conducted in 2007. Their report, published in October 2010, is available on our website.

Despite the introduction of subject-specific fact sheets to better explain our service, it is clear from the research that we need to do more to manage complainant expectations. So we are looking at ways of making it clearer to people from the outset how likely it is that their case will be successful, and what powers the Ombudsmen have. We are also looking at ways to make our investigations more transparent, including improving the clarity of our written materials.

The Advice Team received specific subject training to equip them with the knowledge they needed to handle enquiries on the new areas of jurisdiction. Some processes and procedures were also changed to better suit the requirements of these new areas.

A review of the first 18 months of operation of the Advice Team was

carried out. Some points arising from the review were:

- > To change the management structure from having one supervisor to two. This was implemented before the end of the year.
- > To make sure quality monitoring (QM) takes place: so a new QM framework was designed and implemented.
- > To get more feedback from investigators about the work of the Advice Team: an investigator feedback form was piloted in the second half of the year.
- > A workflow plan was implemented.

During 2010/11 we particularly focused on establishing consultation arrangements with bodies in jurisdiction and users of the new services to inform how best to meet their needs. We recognised the importance of opening a dialogue with a new sector of social care providers who were brought into our jurisdiction in October 2010, and held six regional events across the country. We hope to continue this engagement as the new service develops. Further examples of consultation with stakeholders during the schools pilot are also

noted above under 'Adding public value' on page 29.

Each of our office business plans for 2010/11 included programmes of targeted activity to raise awareness in areas where there are particular problems of service access and disadvantage. These programmes included meetings with a youth homelessness project, MIND, and local advice agencies such as Citizens Advice Bureaux.

We aim to ensure all our offices have a common and proactive approach to the identification of maladministration arising from failures by the bodies we investigate relating to their equality duties and responsibilities under the Human Rights Act. In 2010/11, staff in the Coventry office have been trained on the new Equality Act, and there are plans to roll out this training to staff in the other offices.



“ [We] are grateful for the thoroughness of your investigation and for the eventual findings in the report. Will you please pass our collective and sincere thanks to [the investigator] for her diligence in looking into every facet of our complaint.”

Mr W

CHESHIRE

We have continued to implement our knowledge management strategy in order to improve knowledge sharing, collaboration and the spread of good practice. The new staff intranet, developed during 2009/10, was launched fully in November 2010. It is being used to improve access to information and expertise and make it easier for staff to share knowledge. Subject-specific forums are being established to increase collaboration between the three offices.

Our quality and customer service standards are embodied in the competency framework we use to assess the performance of our investigators and managers. The revised investigator framework and performance-related pay arrangements are with our sponsor department (DCLG) for approval prior to implementation.

Improvements have been made to our use of energy – see 'Sustainable development' section in Chapter 5.

Financial accounts

for the year ended 31 March 2011

For the period of these accounts the arrangements agreed between our sponsor department, Department for Communities and Local Government, and the Commission, with the consent of the Treasury, for the use of grant are described in a Grant Memorandum, which was brought into effect on 1 September 1999. This can be viewed on the Commission's website, on the page www.lgo.org.uk/about-us/governance.

For the year ended 31 March 2011, operational expenditure totalled £15.882 million after capitalisation for the year.

The National Audit Office will audit the financial statements and issue their certificate in July 2011.

The tables which follow show the summarised financial statements for the year ended 31 March 2011. The figures have been extracted from the unaudited accounts. The audited accounts, prepared in the form agreed with the Department for Communities and Local Government, and the statement of accounting policies and the notes to the accounts will be published separately. They will be available from the Secretary of the Commission at 10th Floor, Millbank Tower, Millbank, London SW1P 4QP, telephone 020 7217 4683 and on our website at www.lgo.org.uk in August 2011.

“ May I thank you for the prompt and courteous way in which the Ombudsman’s office have dealt with our complaint.”

Mr H

NORTH YORKSHIRE

Table 13: Statement of financial position at 31 March 2011

Liabilities	Balances at 31.3.11 £'000	Balances at 31.03.10 £'000	Assets	Balances at 31.3.11 £'000	Balances at 31.3.10 £'000
			Non-current assets	1,275	1,633
Creditors	636	685	Cash and bank deposits	2,172	1,699
Pension Fund liability	14,966	32,753	Pension Fund reserve	14,966	32,753
Working balance	3,470	3,761	Debtors and prepayments	659	1,114
	19,072	37,199		19,072	37,199

Table 14: Income statement for year ended 31 March 2011

Expenditure	2010/11 £'000	2009/10 £'000	Income	2010/11 £'000	2009/10 £'000
Staffing	11,707	9,584	Grant in Aid	15,261	16,145
Accommodation	2,269	2,318	Rents and service charges	180	627
Office expenses	1,080	960	Training income	111	139
Professional costs	555	723	Interest on deposits	26	17
Travel and subsistence	271	208	Other receipts	12	17
Total expenditure	15,882	13,793	Total income	15,590	16,945
			Surplus (deficit) charged to working balance	292	-3,152
	15,882	13,793		15,882	13,793

Care in a private nursing home

Mr M stayed at a nursing home for respite care several times over the period of a year. When his health deteriorated he moved there permanently until his death several weeks later.

His family were told that Mr M had died in his sleep, but later learned that he had been found on the floor. They were told staff had initially tried to spare their feelings by not telling them he had been found on the floor. The family complained to the home but were not satisfied with the response.

His daughter complained to the Ombudsman about the care given to her father at the home and specifically that:

- > the family was not notified of a fall the day before his death
- > his body was moved after he had died and before a doctor was called
- > he suffered unexplained injuries around the time of his death, and
- > questions raised by the family had not been answered.

The Ombudsman investigated this complaint under powers introduced by Part 3A of the Local Government Act 1974 that came into force during October 2010.

The Ombudsman found that the home had:

- > made a prompt and thorough investigation of the family's complaint and had been open with them about its findings
- > been sensitive and courteous in all its written communications and answered the family's questions
- > fully accepted and apologised for the failure to notify the family of Mr M's fall and for his body having been moved before the doctor attended
- > instigated disciplinary action against two members of staff
- > begun to formulate a policy on staff and residents paying their respects in the event of a death, and
- > asked manufacturers to test why a pressure mat had failed to work and discovered that there had been a faulty component.

The Ombudsman said: "While I understand the daughter's ongoing distress, I do not believe that anything further could be achieved by pursuing this complaint. I am satisfied with the action that the home has taken and propose to discontinue my involvement in this case."

Case reference confidential

“ Thank you for your painstaking intervention, which has had such a satisfactory result ... It has been a pleasure to work with someone who reads what we actually write, not what he or she thinks at a quick glance what we might have written; and we wish you well in the future.”

Mrs K

LANCASHIRE

Staffing in 2010/11

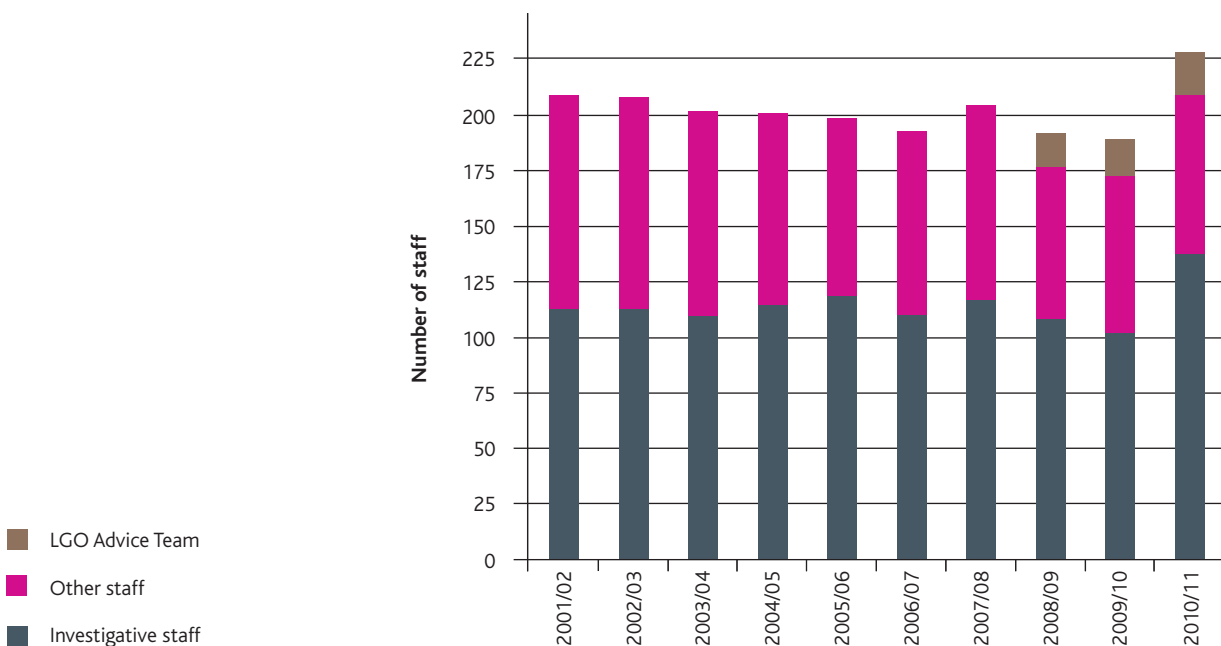
The total employee payroll bill for the year was £10.8 million. The number of Ombudsmen and their staff whose salary at 31 March exceeded £30,000 is shown in Table 15. The new teams created to deal with the two new areas of jurisdiction are reflected in the increased number of staff for 2010/11 in Graph 1.

(The salary of the Chairman and Chief Executive of the Commission was linked to that of a High Court Judge, and those of the other Local Government Ombudsmen were linked to the salaries of circuit judges; the salaries of staff are based on local and national government scales.)

Table 15: Salaries exceeding £30,000

	2010	2011
£30,001 – £40,000	46	73
£40,001 – £50,000	36	44
£50,001 – £60,000	12	14
£60,001 – £70,000	2	1
£70,001 – £80,000	0	1
£80,001 – £90,000	3	2
£90,001 – £100,000	1	1
£100,001 – £110,000	0	0
£110,001 – £120,000	0	1
£120,001 – £130,000	1	2
£130,001 – £140,000	0	0
£140,001 – £150,000	0	0
£150,001 – £160,000	0	0
over £160,001	1	0
Total	102	139

Graph 1: Commission staff 2000/01 to 2010/11



Monitoring equality and diversity

Ensuring that the complaints service that we deliver is open and accessible is integral to the mission of the Local Government Ombudsman and reflected in our Corporate Plan 2009–12 as well as our Business Plan for 2010/11.

Equality monitoring forms an essential activity in evidencing progress in terms of this objective in relation to accessibility. Our forms currently collect data on age, ethnicity, disability and sex, but from 2011/12 we will additionally ask questions about religion, belief and sexual orientation, in line with new equalities legislation (Equality Act 2010) and best practice.

In 2010/11 we received 2,409 returned forms, which was an increase of over a third from the previous year. The figures in table 16 overleaf show the broad 'equality profile', on a sample basis, of citizens who have a complaint registered with the Ombudsman. In interpreting the results, as mentioned last year, it is important to keep in mind that the 2001 census data is now a decade out of date, so judging how representative the profile of our users is by using this data can be misleading. In addition, the users of many public services provided by local authorities, such as social

housing or adult social care have a different 'equality profile' from the general population. The results in the last year show that, as in previous years, our complainants are most likely to be white, male and aged between 25 and 59 years of age.

Ethnicity

Table 16 overleaf shows that the ethnic composition of citizens who registered a complaint with the LGO has remained largely static over the last three years. Citizens from a black ethnic group constitute a larger proportion of complainants than their number in the population according to 2001 census data. However, black households are more likely to live in social housing at 43 per cent (J Hills: 2007¹), and housing constitutes one of the largest categories of LGO complaints overall.

Sex

The male to female ratio of complainants remains the same as the previous year. Men still seem to be more likely to register a complaint than women.

¹ J Hills, (2007) *Ends and Means: The Future Roles of Social Housing in England*, p3 <http://sticerd.lse.ac.uk/dps/case/cr/CASereport34.pdf>. (It should be noted that these figures relate to occupants of local authority social housing and registered provider social housing.)

“ I’d like to thank you for your co-operation and for dealing with my case in a very professional manner. I am extremely pleased with the way you have dealt with my complaint.”

Ms Z

WEST MIDLANDS

Table 16: Equality monitoring data of complainants 2008/09 – 2010/11				
Area monitored	2008/09 %	2009/10 %	2010/11 %	2001 census % of population
<i>Ethnic group</i>				
White	85	86	86	91
Black	6	6	7	2
Asian	5	5	5	5
Mixed race	2	1	1	1
Other ethnic group	2	2	1	1
Total number	4,562	1,757	2,409	49,138,831
<i>Sex</i>				
Male	56	55	55	49
Female	44	45	45	51
Total number	4,837	1,841	2,396	49,138,831
<i>Age</i>				
24 or under	3	3	3	31
25-59	65	57	58	48
60-64	–	–	13	–
65 and over**	32	40	27	21
Total number	4,448	1,734	2,415	49,138,831
<i>Disability</i>				
With disability	25	26	31	34*
Total number	4,384	1,698	2,370	20,451,427*
Note: This data excludes 'unspecified' responses.				
* This percentage and number relates to the number of households that include a person with a disability.				
**This category was 60 and over until 2010/11.				

Age

In 2010/11 we expanded our older age range categories which makes historical comparisons slightly more difficult. However, from table 16 it is possible to see that our age profile remains unchanged from last year. The shift towards more elderly complainants remains.

Disability

The major shift in the profile of complainants in 2010/11 is a 5 per cent increase to 31 per cent of people who regard themselves as being disabled.

Freedom of Information

Analysis of how we have dealt with freedom of information requests, under the provisions of the Freedom of Information Act 2000, are shown in table 17 below.

In 2010, there was an increase in requests over 2009 of nearly 7 per cent, but this was considerably smaller than the 16 per cent increase the previous year. There were increases in both the general requests and in requests from complainants about their individual complaint. A large number of general requests came from a small number of individuals.



Table 17: Analysis of requests in 2005 – 2010

Year	Number of requests	Number of requests met in full	Number of full refusals	Number of partial refusals	Complaints upheld (full or partial)	Complaints not upheld	Number referred to Information Commissioner	Number not meeting 20-day deadline
2005	241	52	146	43	11	31	8	9
2006	168	57	74	37	6	19	6	8
2007	185	77	62	45	4	11	6	12
2008	253	109	75	69	4	20	9	15
2009	294	124	100	65	8	25	6	32
2010	314	165	76	71	4	23	3	31

The majority of the refusals on individual complaints were because the information related to investigation files. Under section 44 of the Act, information is exempt if its disclosure is prohibited by another Act. The Local Government Act 1974, section 32(2) requires the Ombudsman to keep confidential any information obtained in the course of, or for the purposes of, an investigation, except in order to conduct the investigation.

The refusals that did not relate to complaint files were mostly because we did not hold the information requested.

Of the cases that the Information Commissioner's office considered during the year (some of which were requests we dealt with in the previous year) three files were closed without a decision notice being issued (although some procedural deficiencies were noted on one of them). Five decision notices were issued, with the complaints not being upheld, although in two decision notices the Ombudsman was criticised for failing to specify

the exemption applied in the initial responses to the FOI requests. In one of the cases resulting in a decision notice, the requester applied to the Information Tribunal for the case to go before them, and this case is still ongoing.

In the case that was before the Information Tribunal at the end of 2010, the requester eventually withdrew his application to the Tribunal.

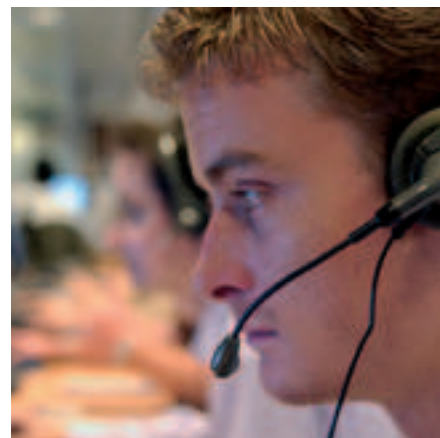
Our Publication Scheme² is available on the website, in the publications section. There is also a section on Access to Information from where the Guide to Information can be accessed.

Sustainable development

The focus for 2010/11 was to achieve local and national targets in two areas: the reduction in CO₂ production and the reduction in landfill volumes.

The main contributors for CO₂ are through energy consumption in the office and travel for business and commuting purposes.

The most recent Display Energy Certificates (October 2010) indicated that the London and Coventry offices have reduced CO₂ generation by some 20 per cent over the previous three years. York had



reduced by 5 per cent, hitting the local target. The DCLG target for CO₂ reduction is 10 per cent over the coming year, and each office will be looking at how energy is used in the buildings and how consumption can be further reduced.

With regard to travel, a new contract with our travel supplier will provide management information on how much CO₂ each office generates through travel for work purposes.

New cleaning and waste management contracts were negotiated in each office during the year, which take effect in 2011/12. By the late summer 2011, all offices will have available an increased range of materials that can be recycled, and management information on volumes diverted from landfill will be available in order to benchmark our performance against other organisations and national averages.

² Copies of the Publication Scheme are available from the Secretary of the Commission, 10th Floor, Millbank Tower, Millbank, London SW1P 4QP. Tel 020 7217 4683.

“ Thank you so much for your carefully balanced work on this case.”

Ms R

GREATER MANCHESTER

Good governance

For the period of this report the arrangements agreed between our sponsor department, the Department for Communities and Local Government, and the Commission, with the consent of the Treasury, for the use of grant are described in a Grant Memorandum.

The Commission is responsible for the provision of accommodation, staff and other support services for the Local Commissioners. It met seven times during 2010/11. Open papers and minutes of the meetings are available on our website at: www.lgo.org.uk/about-us/governance/.

The Commission has had a *Code of Conduct for Commission Members* since 1995. There is a *Register of the Interests of Commission Members* which is open to public inspection at the Commission's office in London. A copy of the information in the register can be supplied on request³. Both the Code and the Register are available on our website on the page noted above.

We have an Audit Committee that considers reports from our internal and external auditors, and oversees our risk management arrangements. It comprises an independent Chairman, the Parliamentary Ombudsman, another independent

member, and the Commission Chairman.

At the end of 2010/11, the Acting Chairman was Lucinda Bolton. She was recruited as an independent member during 2008, and took up her post as Acting Chairman in September 2010. Lucinda is a Governor of Thames Valley University and chairs its Audit Committee, a board member of the NHS Information Centre, a member of the NHS Pay Review Body and an Independent Assessor for public appointments for the Department for Culture, Media and Sport. She previously worked in investment banking.

The other non-Commissioner on the Committee is Eugene Sullivan. He is Acting Chief Executive of the Audit Commission. Previously he was employed as Partner and Head of Public Sector Services at RSM Robson Rhodes LLP.

We also have a Remuneration Committee, which met three times during 2010/11. The Committee is made up of three members appointed by the Commission. In the year in question they were:

Sir Anthony Redmond (until November 2010), Dr Jane Martin (from November 2010), Ann Abraham, Eugene Sullivan (until February 2011), Lucinda Bolton

(from February 2011). Sir Anthony Redmond was Chairman of the Committee until 11 November; his successor is Dr Jane Martin.

³ Copies of the *Code of Conduct for Commission Members* are available from the Secretary of the Commission, Millbank Tower, Millbank, London SW1P 4QP. Tel 020 7217 4683. Requests for information from the *Register of Interests* should also be addressed to the Secretary.

Glossary of terminology

Complaints and enquiries handled by the LGO Advice Team

Premature complaints and enquiries

The Ombudsman does not normally consider a complaint unless the organisation concerned has first had an opportunity to deal with the complaint itself. So if someone complains to the Ombudsman without having taken the matter up with the organisation concerned, the Ombudsman will either refer it back to the organisation as a 'premature complaint' to see if it can itself resolve the matter, or give advice to the enquirer that their complaint is premature.

Advice given

These are enquiries where the LGO Advice Team has given advice on why the Ombudsman would not be able to consider a complaint that is not premature. For example, the complaint may clearly be outside the Ombudsman's jurisdiction.

Forwarded to the investigative team (resubmitted prematures)

These are cases where a premature complaint has been resubmitted to the Ombudsman when the person complaining is not satisfied with the

response from the organisation they are complaining about.

Forwarded to the investigative team (new)

These are complaints that have been forwarded from the LGO Advice Team to the Investigative Team, for further consideration. They are from people who have not been in touch with us before (on the matter in hand) but who have already had their complaint considered by the organisation concerned.

Complaints handled by the Investigative Teams

Some terminology was changed towards the end of 2010/11. In future we will use the different decision descriptions that are intended to give a more precise representation of complaint outcomes and also add further transparency to our work.

Outside jurisdiction

The Ombudsmen can investigate most types of complaints against local authorities, private adult social care providers and schools in 14 local authority areas. But there are some things the law does not allow them to investigate, such as personnel matters, and matters which affect all or most of the people living in a council's area. Such complaints,

when they are decided, are described as being outside jurisdiction.

Local settlements

The term local settlement is used to describe the outcome of a complaint where, during the course of our consideration of the complaint, the organisation concerned takes, or agrees to take, some action that the Ombudsman considers is a satisfactory response to the complaint and the investigation is discontinued. This may occur, for example, in any of the following circumstances:

- > a council on its own initiative says that there was fault that caused injustice, and proposes a remedy which the Ombudsman accepts is satisfactory
- > an organisation accepts the suggestion by the Ombudsman that there was fault which caused injustice, and agrees a remedy which the Ombudsman accepts is satisfactory
- > an organisation and the person complaining themselves agree upon a course of action and the Ombudsman sees no reason to suggest any different outcome.

Local settlements will in future be described as 'Discontinued investigation: injustice remedied'.

“ Many thanks for the time and effort you have spent with me in considering our complaint. The professional manner in which your investigation was conducted was greatly appreciated.”

Mr M

CAMBRIDGESHIRE

Ombudsman’s discretion

Complaints described as closed by Ombudsman’s discretion are those that have been discontinued because, for example:

- > the complainant wishes to withdraw his or her complaint, or
- > the Ombudsman considers that there is insufficient injustice to warrant the public expense of further investigation.

Ombudsman’s discretion will in future be described as either ‘Discontinued investigation’ or ‘Not to initiate an investigation’ depending on at what stage the decision was taken not to pursue the complaint any further.

Remedy

When a report is issued finding injustice caused by a council, the Ombudsman will recommend what the council should do to put matters right (the remedy).

First report

When an Ombudsman issues a report after completing an investigation into a complaint about a council, this is referred to as the first report on the complaint.

Further report

If a council does not respond satisfactorily to the Ombudsman’s recommendations in a first report within a given time limit, the Ombudsman must issue a further report, which must be considered by the full council. This further report is sometimes referred to as a second report.

Who we cover

Bodies within jurisdiction

- > District, borough, city and county councils (but not town or parish councils)
- > School admission and exclusion appeal panels
- > Schools (the internal management of)*
- > School governing bodies (about admissions only)
- > Adult social care providers
- > Joint boards of local authorities
- > Internal drainage boards
- > National park authorities
- > Fire and rescue authorities
- > The London Fire and Emergency Planning Authority
- > Police authorities (but not about the investigation or prevention of crime)
- > The Greater London Authority
- > Transport for London
- > London TravelWatch
- > The London Development Agency
- > Urban development corporations
- > Homes and Communities Agency (town and country planning matters only)
- > The Norfolk and Suffolk Broads Authority
- > The Environment Agency (flood defence and land drainage matters only)

* Only where complaints relate to schools maintained by any one of the following authorities: the London Boroughs of Barking and Dagenham, Hammersmith and Fulham, Hillingdon, Kensington and Chelsea; Cambridgeshire County Council; Medway Council; Sefton Council; Bristol City Council; Dorset County Council; Kent County Council; Lincolnshire County Council; Portsmouth City Council; Sheffield City Council and Wolverhampton City Council.

Where to contact the Local Government Ombudsmen

website: www.lgo.org.uk

LGO Advice Team: 0300 061 0614
text 'call back' on 0762 480 4299

All new complaints should be sent to:
PO Box 4771, Coventry CV4 0EH

E: advice@lgo.org.uk

Jane Martin's office is at:

The Oaks, No 2
Westwood Way
Westwood Business Park
Coventry CV4 8JB

T: 024 7682 0000

F: 024 7682 0001

Anne Seex' office is at:

Beverley House
17 Shipton Road
York YO30 5FZ

T: 01904 380200

F: 01904 380269

The Chairman's office and the office
of the Secretary of the Commission
are at:

10th Floor
Millbank Tower
Millbank
London SW1P 4QP

T: 020 7217 4620

F: 020 7217 4621

All photos, other than those of the Ombudsmen and senior staff, do not depict real Ombudsman cases and are posed by models. Courtesy of www.third-avenue.co.uk

**Commission for Local
Administration in England**

10th Floor
Millbank Tower
Millbank
London
SW1P 4QP

T: 020 7217 4620

F: 020 7217 4621

E: advice@lgo.org.uk

W: www.lgo.org.uk

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AUDIT & GOVERNANCE COMMITTEE

22ND SEPTEMBER 2011

Report of the Head of Internal Audit Services

INTERNAL AUDIT CUSTOMER SATISFACTION SURVEY 2011/12

EXEMPT INFORMATION

None

PURPOSE

To report on the outcome of Internal Audit's Customer Satisfaction Survey - to provide members with assurance of the ongoing effective operation of an internal audit function.

RECOMMENDATIONS

That the Committee endorses the attached report and raises any issues it deems appropriate.

Executive Summary

As identified in the Review of the Audit & Governance Committee effectiveness, summaries of quality questionnaires from managers are not presented and reviewed by the Audit & Governance Committee. Quality questionnaires are issued to managers at the start and the end of each audit completed but these are rarely completed and returned to the Internal Audit section. In order to fill this gap, we have issued a standard questionnaire adapted from a recent CIPFA questionnaire. This questionnaire was issued to members of Corporate Management Team and a total of 6 questionnaires were returned. The attached report details the findings from the survey and Internal Audit's intended actions to improve the worst performing areas. A summary of the response received is detailed at **Appendix A** and **B** and the questionnaire issued is detailed at **Appendix C**.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix A Internal Audit Customer Satisfaction Survey 2011/12

Appendix B Summary of Text Questions and Answers from Internal Audit Survey

Appendix C Internal Audit – Customer Satisfaction Survey Questionnaire

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INTERNAL AUDIT CUSTOMER SATISFACTION SURVEY 2011/12

1. INTRODUCTION

This report provides members with the details from the recently completed customer satisfaction survey issued to Corporate Management Team. A total of 6 survey questionnaires were completed.

2. FINDINGS FROM THE SURVEY

The survey asked customers specific questions under the following areas:

- Services provided;
- Audit staff;
- Conduct of Audits;
- Audit Reporting;
- Customer Service.

A summary of the text questions and answers from the Internal Audit Survey is attached as Appendix B.

A copy of the survey is attached for reference as Appendix C.

Overall, the response to the survey was very positive and the performance of the Internal Audit Team was in the majority of cases Excellent/good.

Taken from the average response, the most important areas for the customer are:

- Investigation of Allegations;
- The timing of the audit is appropriate;
- Audits focus on significant risks;
- Reports are well written and easily understood;
- Reports are factually correct;
- Conclusions are appropriate and supported by adequate evidence;
- Recommendations are constructive, practical and cost effective;
- Responses to issues raised are appropriately reflected in the report.

From the responses received, the worst performing areas of Internal Audit are:

- Knowledge of IT systems;
- Audits focus on significant risks;
- Recommendations are constructive, practical and cost effective.

Internal Audit Services are continually working to improve the service they provide and respond to the customer needs as required.

As part of the service improvement, the worst performing areas highlighted in the survey have been examined and service improvements identified.

Knowledge of IT Systems

Knowledge of IT systems is limited as we do not have a specialist IT Auditor. Within Staffordshire, there is a Computer Audit Group which is facilitated by an IT Auditor. This provides an avenue to learn some areas of IT auditing and to share knowledge and audit programmes.

In order to improve our knowledge of IT systems, we will endeavour to share learning and keep up to date our IT awareness.

Audit focus on significant risks

Comments made within the questionnaire related to Internal Audit demonstrating a greater understanding of context, not just understanding the business ie around other implications. Other comments related to the assessment of the level of risk /priority being subjective and the difference in perspective between high priority internal audit recommendations and not necessarily being seen as high risk by External Audit.

Internal Audit have a set criteria for the identification of high priority actions which are discussed with the auditee at the pre audit stage. We also ensure that any high risk areas identified by the auditee are noted at the pre audit stage and included in the audit.

In order to improve the service provided, we will review the criteria set for high priority actions. The pre audit template will be updated to include any other implications that should be factored into the audit.

Recommendations are constructive, practical and cost effective

Comments made included that “audit support is appreciated and their advice is helpful. However the level of assurance they seek is not possible or appropriate to the resources available. In these situations, I would appreciate a more problem solving approach that seeks to make the best of what we have”.

Internal Audit are always available to be called upon in a consultative manner for new projects, ideas etc and their time is not limited to audits.

In order to improve we will ensure that time spent with the auditee is kept to a minimum and raise awareness with managers of the consultancy service we can offer.

From the issues identified the following improvement plan will be completed

3. INTERNAL AUDIT IMPROVEMENT PLAN

Area of Improvement	Completed by
IT skills – share learning and keep up to date IT awareness	On-going
Review the criteria set for high priority actions	Immediately
Update the pre audit template to include any other implications that should be factored into the audit	Immediately
Ensure that the time spent with the auditee is kept to a minimum	Immediate & on-going
Raise awareness with managers of the consultancy service we can offer	On-going

Summary of Text Questions and Answers from Internal Audit Survey.

How can Internal Audit better meet your needs?

Internal IT trained auditors.

Improve understanding of operational issues. Continue to meet to jointly plan Audit topics.

Assessment of the level of risk / priority is subjective – where lower level risks are identified these should be excluded from formal reporting (especially if actioned/resolved immediately and arose from a one-off mistake). There seems to be a difference between internal and external audit – high priority internal audit recommendations are not necessarily high risk (as could be perceived by External Audit).

By demonstrating a greater understanding of context, not just understanding the business i.e. financial, resource, staffing and capacity implications should be factored into audits and referred to in reports.

How can the quality of Internal Audit be measured?

This survey is a good start but a bit limited by methodology it could be supported by some qualitative measures.

Qualitative measures are difficult – either survey responses (like this one) or number of audit recommendations arising (which could be read both ways). Number of outstanding actions / those not implemented could also be considered.

Reductions in non-compliance, occurrences in fraud etc. Measure what matters i.e. the outputs of good audit.

Comments.

Very effective approach to investigations and the production of fact based summary reports connected with same.

Responses to questions include assessment of third parties commissioned by Internal Audit.

Audit support is appreciated and their advice is helpful. However at times the level of assurance they seek is not possible or appropriate for the resources available. In these situations I would appreciate a more problem solving approach that seeks to make the best of what we have.

For a small team I believe Internal Audit perform well.

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Internal Audit - Customer Satisfaction Survey

1 Audit Services

Internal audit undertakes work in a number of different areas. In respect of the following areas, where would you like to see them concentrate their efforts and how well do they currently perform?

	IMPORTANCE RATING	PERFORMANCE RATING
1.1 Advice and guidance on policies/procedures	Not Answered ▼	Not Answered ▼
1.2 Review of compliance with policies/procedures	Not Answered ▼	Not Answered ▼
1.3 Internal Control Reviews	Not Answered ▼	Not Answered ▼
1.4 Audit of IT systems and controls	Not Answered ▼	Not Answered ▼
1.5 Risk based audits	Not Answered ▼	Not Answered ▼
1.6 Investigation of Allegations	Not Answered ▼	Not Answered ▼

2 Audit Staff

Based on your contact with internal audit staff in the past year how well do you rate them in the following areas?

	IMPORTANCE RATING	PERFORMANCE RATING
2.1 Professionalism	Not Answered ▼	Not Answered ▼
2.2 Positive Attitude	Not Answered ▼	Not Answered ▼
2.3 Unbiased and Objective	Not Answered ▼	Not Answered ▼
2.4 Ability to establish positive rapport	Not Answered ▼	Not Answered ▼
2.5 Knowledge of key policies and procedure	Not Answered ▼	Not Answered ▼
2.6 Knowledge of the operation	Not Answered ▼	Not Answered ▼
2.7 Knowledge of the IT systems	Not Answered ▼	Not Answered ▼

3 Conduct of Audits

Based on your experience how well does Internal Audit plan and carry out individual audits?

	IMPORTANCE RATING	PERFORMANCE RATING
3.1 The timing of audits is appropriate	Not Answered ▼	Not Answered ▼
3.2 Audit objectives and procedures are discussed prior to commencement of the audit	Not Answered ▼	Not Answered ▼
3.3 Opportunity is given to change/comment on the audit brief	Not Answered ▼	Not Answered ▼
3.4 Audits focus on significant risks	Not Answered ▼	Not Answered ▼
3.5 Business concerns and perspectives are adequately considered during the review	Not Answered ▼	Not Answered ▼
3.6 Auditors take care to minimise disruption to operations	Not Answered ▼	Not Answered ▼

- 3.7 Auditors' requests for information are reasonable Not Answered ▼ Not Answered ▼
- 3.8 Auditors discuss issues with managers as they arise Not Answered ▼ Not Answered ▼

4 Audit Reporting

The final product of an audit is the report. How do you rate our reporting process?

	IMPORTANCE RATING	PERFORMANCE RATING
4.1 Reports are well written and easily understood	Not Answered ▼	Not Answered ▼
4.2 Reports are factually correct	Not Answered ▼	Not Answered ▼
4.3 There is no delay in issuing reports	Not Answered ▼	Not Answered ▼
4.4 Conclusions are appropriate and supported by adequate evidence	Not Answered ▼	Not Answered ▼
4.5 Recommendations are constructive, practical and cost effective	Not Answered ▼	Not Answered ▼
4.6 Responses to issues raised are appropriately reflected in the report	Not Answered ▼	Not Answered ▼

5 Customer Service

As customers of Internal Audit how do you rate us in the following areas?

	IMPORTANCE RATING	PERFORMANCE RATING
5.1 The degree of interaction with Internal Audit management	Not Answered ▼	Not Answered ▼
5.2 Fostering of service department participation	Not Answered ▼	Not Answered ▼
5.3 Response to special requests	Not Answered ▼	Not Answered ▼
5.4 The extent to which Internal Audit meet your needs	Not Answered ▼	Not Answered ▼

6 Overall rating of Internal audit

Not Answered ▼

7 Authority Specific Topics

	IMPORTANCE RATING	PERFORMANCE RATING
7.1 Usefulness of recommendations on the Covalent system	Not Answered ▼	Not Answered ▼
7.2 Further development of the Covalent system for the issue and response of the audit reports	Not Answered ▼	Not Answered ▼
7.3 Intentionally blank	Not Answered ▼	Not Answered ▼
7.4 Intentionally blank	Not Answered ▼	Not Answered ▼

7.5 Intentionally blank

Not Answered ▼

Not Answered ▼

8 Text Questions

How can Internal Audit better meet your needs?

How can the quality of Internal Audit be measured?

Comments

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AUDIT & GOVERNANCE COMMITTEE

22ND SEPTEMBER 2011

Report of the Head of Internal Audit Services

INTERNAL AUDIT QUARTERLY REPORT 2011/12

EXEMPT INFORMATION

None

PURPOSE

To report on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 1st quarter of 2011/12 - to provide members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention.

RECOMMENDATIONS

That the Committee considers the attached quarterly report and raises any issues it deems appropriate

Executive Summary

The Accounts and Audit Regulations 2011 (as amended) require each local authority to publish an Annual Governance Statement (AGS) with its Annual Statement of Accounts. The AGS is required to reflect the various arrangements within the Authority for providing assurance on the internal control, risk management and governance framework within the organisation, and their outcomes.

One of the sources of assurance featured in the AGS is the professional opinion of the Head of Internal Audit on the outcome of services' review of the governance framework. Professional good practice recommends that this opinion be given periodically throughout the year to inform the "annual opinion statement". This opinion is given on a quarterly basis to the Audit & Governance Committee.

The Head of Internal Audit Services quarterly opinion statement for April / June 2011 (Qtr1) is set out in the attached document, and the opinion is summarised below.

Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that "some assurance" can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies,

management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to be monitored. Internal Audit's opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

No specific issues have been highlighted through the work undertaken by Internal Audit during 2011/12 (to date).

For easy reference, performance against 2 key performance indicators for the service is set out in graphical form in Appendix 1 (% of draft reports issued within timeliness target) and Appendix 2 (% of audit recommendations agreed by management). The proportion of agreed management actions found to have been implemented is also shown graphically in Appendix 3.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Percentage of draft reports issued within 15 days

Appendix 2 Percentage of management actions agreed

Appendix 2a Management actions agreed by number

Appendix 3 Proportion of agreed management actions implemented 11/12

INTERNAL AUDIT ANNUAL REPORT/QUARTERLY REPORT – Q1 - 2011/12

1. INTRODUCTION

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Every local authority is statutorily required to provide for an adequate and effective internal audit function. The Internal Audit service provides this function at this Authority.

This brief report aims to ensure that Committee members are kept aware of the arrangements operated by the Internal Audit service to monitor the control environment within the services and functions of the authority, and the outcome of that monitoring. This is to contribute to corporate governance and assurance arrangements and ensure compliance with statutory and professional duties, as Internal Audit is required to provide periodic reports to "those charged with governance".

2. PERFORMANCE AND PROGRESSION AGAINST AUDIT PLAN

The Internal Audit service aims as one of its main Performance Indicators (PI's) to complete work on at least 90% of applicable planned audits by the end of the financial year, producing draft reports on these where possible/necessary. As in previous years it is expected that not all 66 planned areas of audit work will remain to be delivered for various reasons, eg due to changes within services, delays to projects, or reasonable requests to delay from managers due to unexpected demands or resource problems eg sickness. The service thus plans to complete 90% of those audits that are deliverable in the year.

The Internal Audit service has completed or has underway 13 audit areas of work. Of the 17 audits planned to be completed in this quarter, 3 of these have been postponed until a later date for agreed service reasons with 1 audit being commenced in July 2011. The Internal Audit Service has completed works in additional areas as requested by management. As previously described, the plan has been actively managed to seek to ensure delivery of good practice levels over the year. Areas of audit work include the planned audits of systems plus activities that contribute to the overall governance of the authority.

The service also reports quarterly on the percentage of draft reports issued within 15 working days of the completion of fieldwork. All (100%) of the 6 draft reports issued in this quarter of the year were issued within this deadline. The service has increased the performance indicator for the issue of draft reports to 100% for this financial year as this was achieved during each quarter of 2010/11. (see graph at Appendix 1).

The Head of Internal Audit Services is responsible for ensuring that the work of the service is of appropriate quality to meet professional standards, and has in place, on an ongoing basis, a number of processes to meet this aim. For instance, there is an Audit Manual in place to guide auditors in their work, the Head of Internal Audit Services carries out independent review of auditors work to ensure professional standards are met, the service benchmarks its performance against other such services in the region, quality control questionnaires are issued to managers for their view on the work of the service, and so on. The service is also subject to review by

the external auditor, who places reliance on the work of the service. It is considered that the service continues to ensure professional standards are in place, and indeed in its move to risk based auditing is ahead of most other similar audit services in the region in adopting emerging good practice.

3. AUDIT REVIEWS COMPLETED QUARTER 1 2011/12

Internal Audit carries out reviews in compliance with its approved annual Audit Plan and additional areas where necessary, and reports on these to management in accordance with its approved Reporting Protocol. The audits finalised since the previous quarterly report were as shown below and detail the number of recommendations made and their priority.

	H	M	Agreed
• Consultation	1	5	6
• Bank Reconciliation	-	3	3
• Main Accounting	-	7	7
• Commercial Property	43	19	57

As part of each audit review, recommendations are made where necessary to address areas where the Internal Audit service considers controls, or compliance with controls, could be improved to help to manage risks to service objectives and ensure service objectives are met.

Accordingly a total of 96 new audit recommendations were made in this quarter of which 88 (91.7%) were agreed by management (this is the third main service PI – see Appendix 2. Appendix 2.1 shows the number of recommendations made and agreed). Internal Audit is satisfied with the management responses received to the recommendations made in this period. Each audit will be reviewed within the specified time scale and the implementation status of the audit recommendations reported.

The service revisits areas it has audited around 6 months after agreeing a final report on the audit, to test and report to management on the extent to which agreed actions have been taken. Work in this quarter to review the level of implementation of recommendations previously agreed found that of 6 recommendations due to be implemented, 6 (100%) had been implemented or partially implemented in the agreed timescale (Appendix 3). Internal Audit is fairly satisfied with the progress made by management to reduce the levels of risk through the year. It is not considered that there are any areas of major concern that should be brought to the Committee’s attention in this respect at this time, and the service will continue to monitor the situation.

4. OVERALL CURRENT INTERNAL AUDIT OPINION

Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that “some assurance” can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to

be monitored. Internal Audit's opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

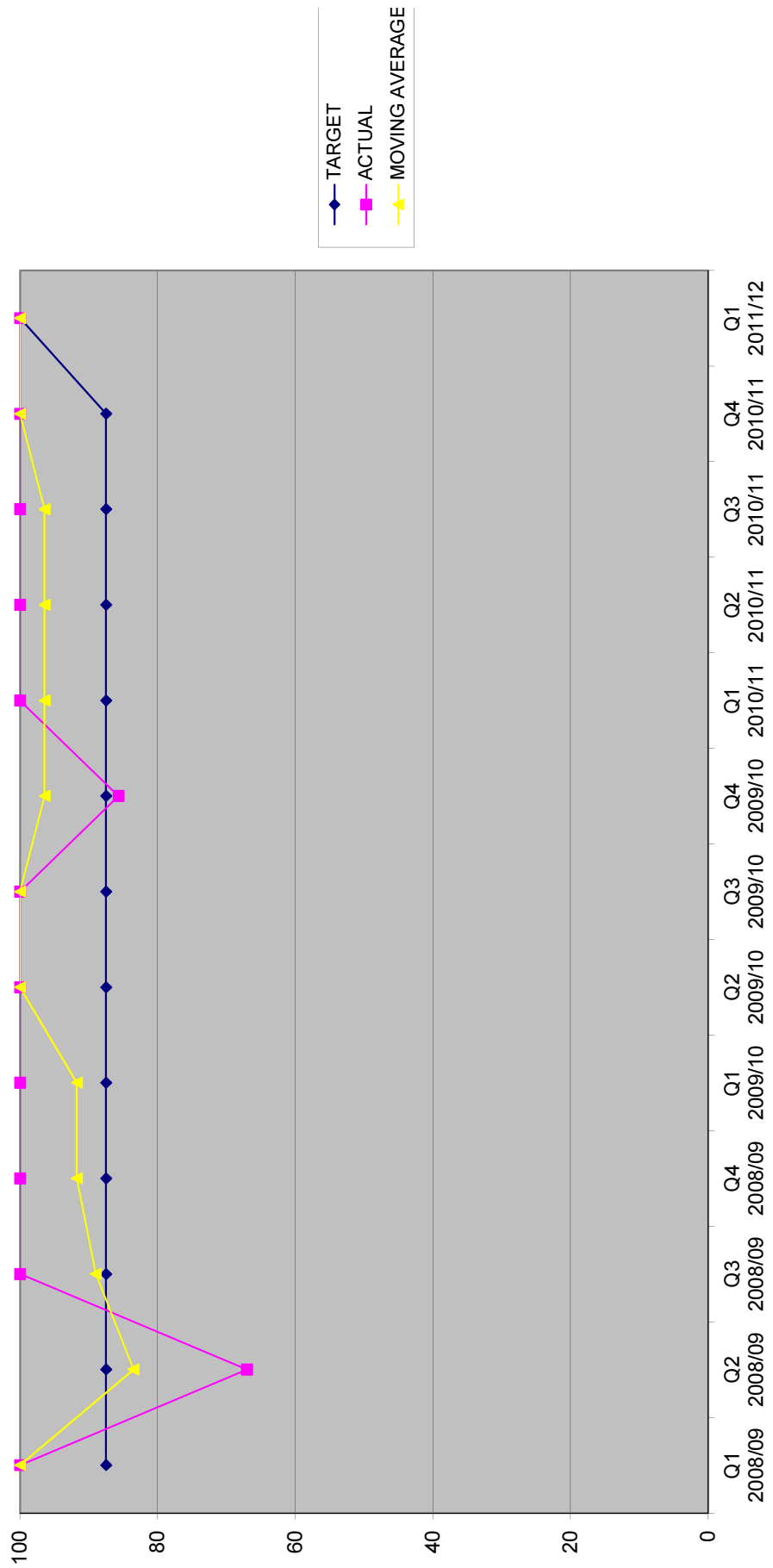
There were no specific issues highlighted through the work of Internal Audit in the first quarter of the 2011/12 financial year

Angela Struthers,
Head of Internal Audit Services

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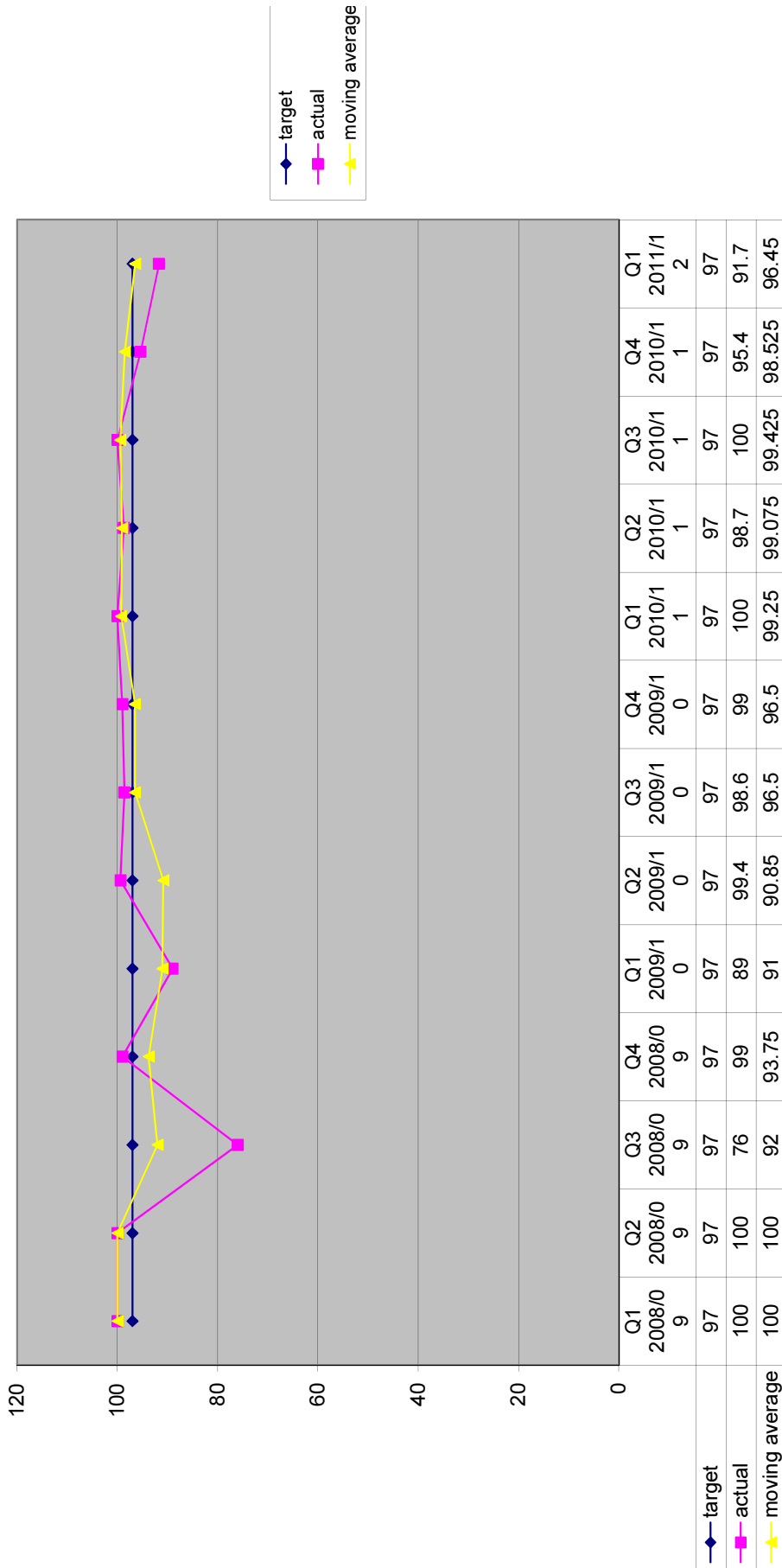
Appendix 1

Percentage of draft reports issued within 15 days



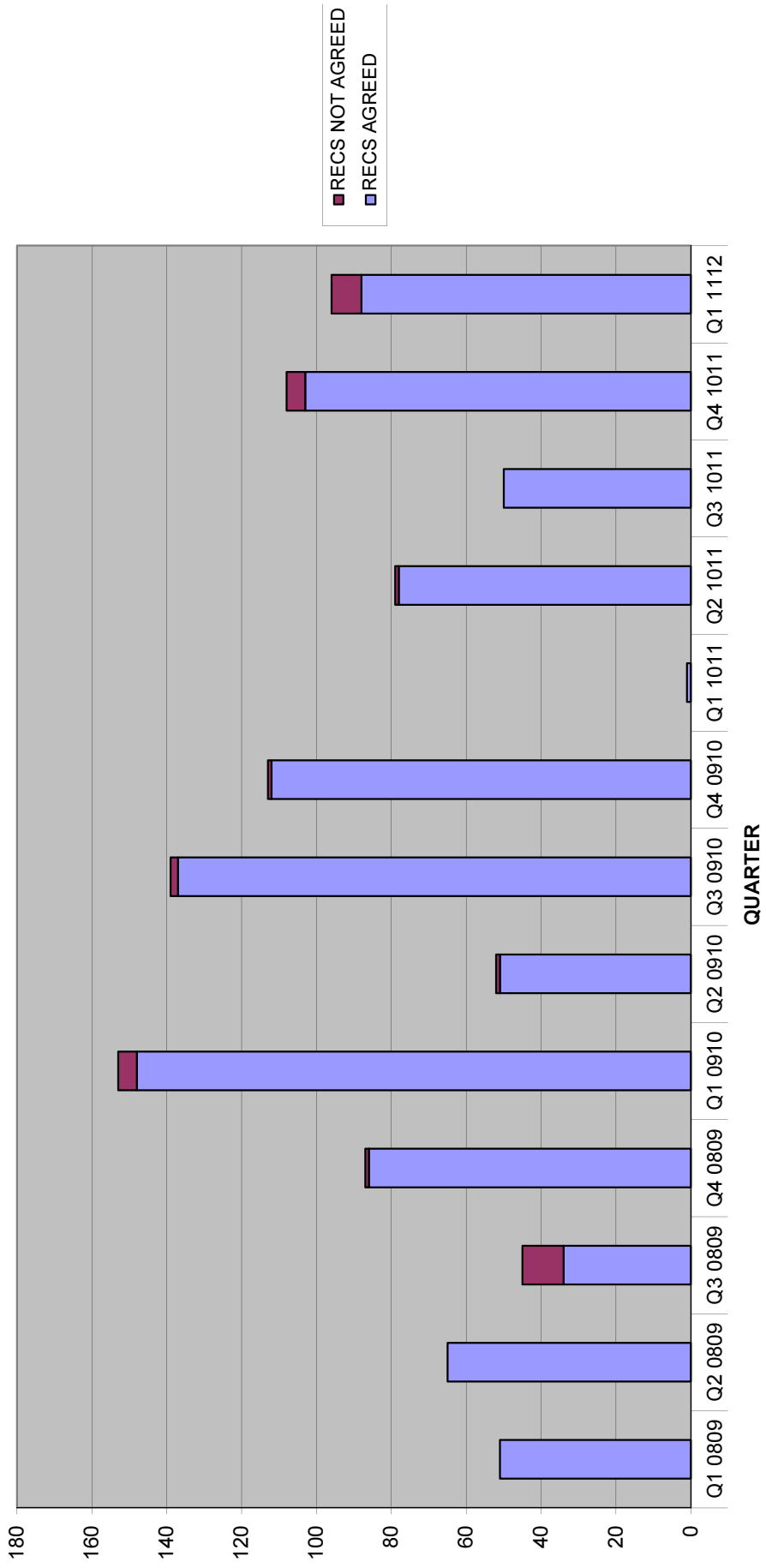
Appendix 2

Percentage of management actions agreed

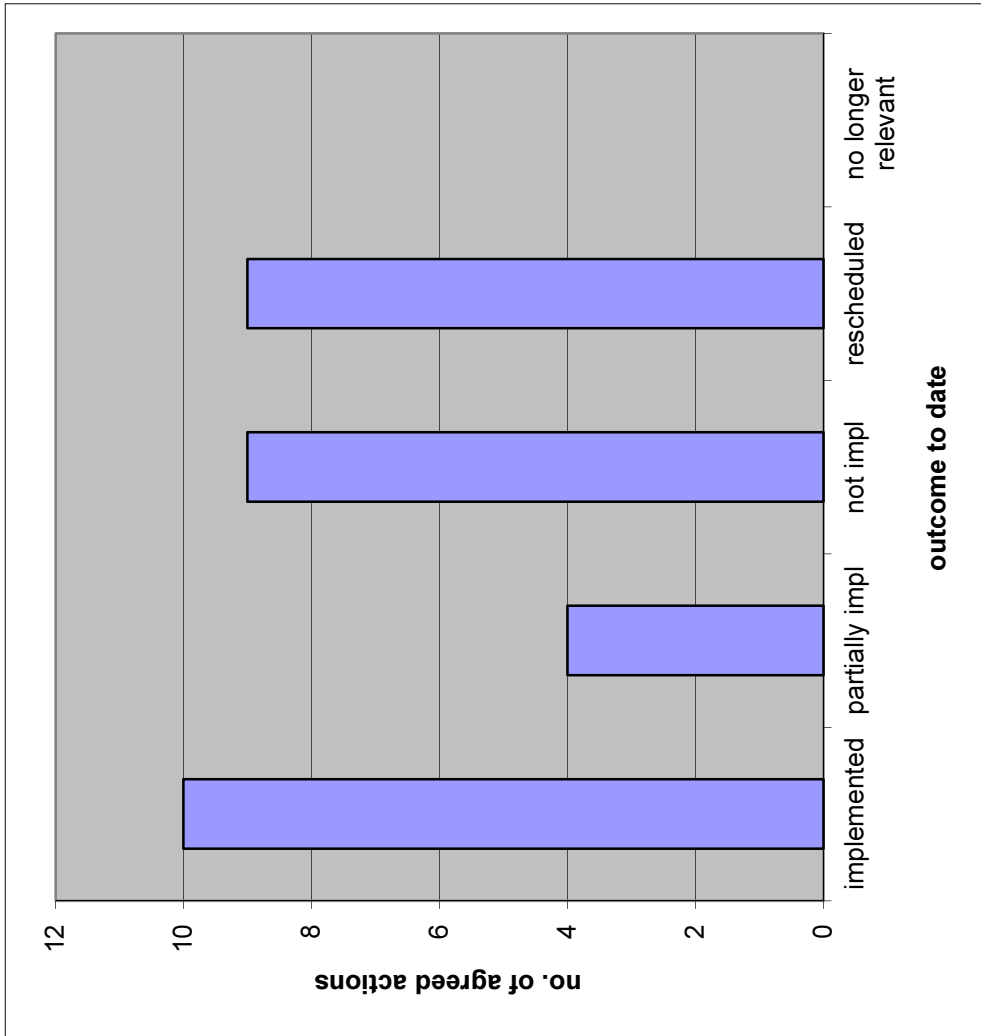


Appendix 2.1

MANAGEMENT ACTIONS AGREED BY NUMBER



Proportion of agreed management actions implemented 2011/12



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22 SEPTEMBER 2011

**REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES
ANNUAL GOVERNANCE STATEMENT 2010/11 - UPDATE**

EXEMPT INFORMATION

None

PURPOSE

To advise the Committee of the current position regarding “significant and other governance issues” raised in the Authority’s Annual Governance Statement (AGS) 2010/11 and provide an opportunity for members of the Committee to raise any issues they consider appropriate.

This update has been provided slightly earlier than usual at the request of the Committee.

RECOMMENDATIONS

That the Committee reviews the attached update on the “significant and other governance issues” from the 2010/11 Annual Governance Statement and raises any issues deemed appropriate for further consideration.

EXECUTIVE SUMMARY

The Authority is required to produce a public Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations 2009 (as amended). The AGS must be published with the Authority’s Annual Statement of Accounts. The AGS is a document which sets out the arrangements within the Authority for ensuring there is a sound and robust governance framework that the system is regularly reviewed. It is expected that any instances of significant shortfalls in such governance issues are referred to within the AGS. The Accounts and Audit Regulations also require that the AGS should be considered by a Committee of the Council for statutory purposes the Audit & Governance Committee is deemed the relevant Committee for this purpose

This report advises the Committee of the current position regarding the significant and other governance issues, to give the appropriate level of assurance on progress in dealing with these, and seeks the views of the Committee on any issues this may raise for further consideration in relation to the Council’s control environment and governance arrangements.

Progress on the significant governance issue (IAR AGS1 1011) has been made in line with expected progress. Appendix A details all the issues raised through the Annual Governance Statement process and the progress to date is noted against each action.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix A – AGS update September 2011

ags update sept11

Report Type: Actions Report
Report Author: Angela Struthers
Generated on: 15 September 2011





Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS1 1011	Medium Term Financial Strategy		<input type="text" value="30%"/>	29-Feb-2012		Stefan Garner
Description	Keep the medium term financial strategy under continuous review to ensure it addresses the changing economic circumstances					
All Notes	Stefan Garner 08-Sep-2011 Quarter 1 financial healthcheck reported to Cabinet 21 September 2011 / Updated high level MTFS considered by CMT/BRG 15 September 2011					


Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS10a 1011	Satisfaction Survey		<input type="text" value="0%"/>	31-Jan-2012		Mary Gallagher
Description	Satisfaction surveys are not issued to service users of Member Services and Legal Services					
All Notes						


Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS10b 1011	Satisfaction Survey		<input type="text" value="0%"/>	31-Jan-2012		Jane Eason
Description	Satisfaction surveys are not issued to service users of Public Relations.					
All Notes	Jane Eason 13-Sep-2011 The survey will be put back until January as since the departure of the P&CR Head of Service we have changed some of our processes and want to give these time to bed in before testing satisfaction of our users/					


Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS11a 1011	Business Continuity		<input type="text" value="0%"/>	31-Oct-2011		Mary Gallagher
Description	Business continuity plans are not tested on a regular basis within Democratic Services					
All Notes	Angela Struthers 13-Sep-2011 Work is progressing in this area - plans to be tested by 31/10/11					


Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS11b 1011	Business Continuity		<input type="text" value="0%"/>	31-Dec-2011		Jane Eason
Description	Business continuity plans are not tested on a regular basis within PR and Communications.					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS12 1011	Asset Inventory		<input type="text" value="100%"/>	31-Dec-2011	13-Sep-2011	Mary Gallagher
Description	An asset inventory is not maintained within Legal and Democratic Services.					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS13a 1011	PDR's		<input type="text" value="0%"/>	30-Nov-2011		Anica Goodwin
Description	PDR's are have not been completed for those with direct report to the Assistant Chief Executive.					
All Notes	Angela Struthers 12-Sep-2011 ACE PDR completed 4/8/11 - Heads of Service to be completed by 30/11/11					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS13b 1011	PDR's		<input type="text" value="20%"/>	30-Sep-2011		Stefan Garner
Description	PDR's have not been completed for all staff within Finance, Exchequer & Revenues					
All Notes	Stefan Garner 15-Sep-2011 Managers PDRs within Revenues have been completed - remaining to cascade during October. Corporate Finance & Exchequer Managers / Staff PDRs to be completed during October following Deputy Director's PDR scheduled for 27 September 2011.					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS14 1011	Performance Management		<input type="text" value="0%"/>	31-Dec-2011		John Day; Jane Eason
Description	Performance measure are not defined and implemented within the PR & Communication Service.					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS15 1011	Partnerships		<input type="text" value="0%"/>	31-Aug-2011		John Day; Jane Eason

All Notes Angela Struthers 12-Sep-2011 This is part of a continuous on-going process of delivering efficiencies and improving services. Projects underway include Transforming Tamworth, Service Reviews which should highlight any potential areas for working with others/good practice areas etc. Due date moved to reflect on-going process

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS20 1011	Procurement Manual Priorit 2 y		<div style="width: 30%; background-color: #4f81bd; height: 15px;"></div> 30%	31-Mar-2012		David Onion
Description	Procurement manual requires revision and to be available to staff.					
All Notes	Angela Struthers 06-Jul-2011 Some work has been completed as part of the review of Financial Guidance					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS21 1011	Councillor Training and Development Priorit 2 y		<div style="width: 50%; background-color: #4f81bd; height: 15px;"></div> 50%	31-Mar-2012		Zoe Blake
Description	There is no training and development programme for Councillors.					
All Notes	Angela Struthers 06-Jul-2011 Partially completed – meeting with Leader of the Council and agreed in principle initial training needs.					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS3 1011	Financial Statements Priorit 2 y		<div style="width: 100%; background-color: #4f81bd; height: 15px;"></div> 100%	06-Jul-2011	06-Jul-2011	Stefan Garner
Description	Include the matters arising from the 2009-10- audit in the quality assurance checks on the accounts in future years					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS4 1011	Human Resources Priorit 2 y		<div style="width: 100%; background-color: #4f81bd; height: 15px;"></div> 100%	06-Jul-2011	06-Jul-2011	Anica Goodwin
Description	Ensure that payroll details are properly checked to HR records on a regular basis and that evidence of the check is being properly maintained.					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS5 1011	Fixed Assets Priorit 2 y		<div style="width: 100%; background-color: #4f81bd; height: 15px;"></div> 100%	06-Jul-2011	06-Jul-2011	Stefan Garner
Description	Introduce a systems control to require service managers to confirm continued existence and responsibility for assets					
All Notes						


Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS6 1011	Depreciation of CCTV Cameras		<div style="width: 100%; height: 10px; background-color: #0070C0; border: 1px solid black;"></div> 100%	06-Jul-2011	06-Jul-2011	Stefan Garner
Description	Review the asset lives used to depreciate the CCTV cameras					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS7 1011	Amortisation of Government Grants Deferred		<div style="width: 100%; height: 10px; background-color: #0070C0; border: 1px solid black;"></div> 100%	06-Jul-2011	06-Jul-2011	Stefan Garner
Description	Ensure that the amortisation of the Government Grants deferred account is consistent with the asset lives being used to calculate depreciation.					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS8 1011	Value for Money		<div style="width: 50%; height: 10px; background-color: #0070C0; border: 1px solid black;"></div> 50%	31-Mar-2012		Corporate Management Team
Description	Consider whether any of the good practices from the recent developments in refuse collection and housing repairs arrangements can be applied to other areas of the Council.					
All Notes	Angela Struthers 12-Sep-2011 This is part of a continuous on-going process of delivering efficiencies and improving services. Projects underway include Transforming Tamworth, Service Reviews which should highlight any potential areas for working with others/good practice areas etc. Due date moved to reflect on-going process					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS9 1011	Value for Money		<div style="width: 50%; height: 10px; background-color: #0070C0; border: 1px solid black;"></div> 50%	31-Mar-2012		Corporate Management Team
Description	Assess whether there are further opportunities to share staff costs and expertise with neighbouring Councils to achieve further efficiencies					
All Notes	Angela Struthers 12-Sep-2011 This is part of a continuous on-going process of delivering efficiencies and improving services. Projects underway include Transforming Tamworth, Service Reviews which should highlight any potential areas for working with others/good practice areas etc. Due date moved to reflect on-going process					

Action Status	
	Cancelled
	Overdue; No longer assigned
	Unassigned; Not Started; Check Progress

	Resuming; In Progress; Assigned
	Completed

22ND SEPTEMBER 2011

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

CIPFA AUDIT BENCHMARKING CLUB 2010/11 RESULTS

PURPOSE

To report on the results of the CIPFA Audit Benchmarking exercise completed detailing the actual figures for the financial year 2010/11 and the estimated figures for the financial year 2011/12.

RECOMMENDATION

That the Committee considers the attached benchmarking information and raises any issues it deems appropriate

EXECUTIVE SUMMARY

CIPFA provide benchmarking facilities for local authorities to take part on an annual basis. One such area covered is Internal Audit.

The benchmarking exercise compares performance with other shire districts that have taken part in the exercise. **Appendix 1** details relevant extracts from the benchmarking exercise showing Tamworth's performance compared to all of the districts councils that have taken part in the exercise.

Benchmarks	Tamworth	Comparator average
Audit days per £'m gross turnover	9.1	8.3
Cost per £'m gross turnover	£2,575	£2,380
Days per in-house auditor	190	180
Cost per auditor (in-house)	£52.87k	£53.21k
Staff costs per auditor (in-house)	£40.87k	£39.45k
Overheads cost per auditor (in-house)	£12.00k	£13.76k

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

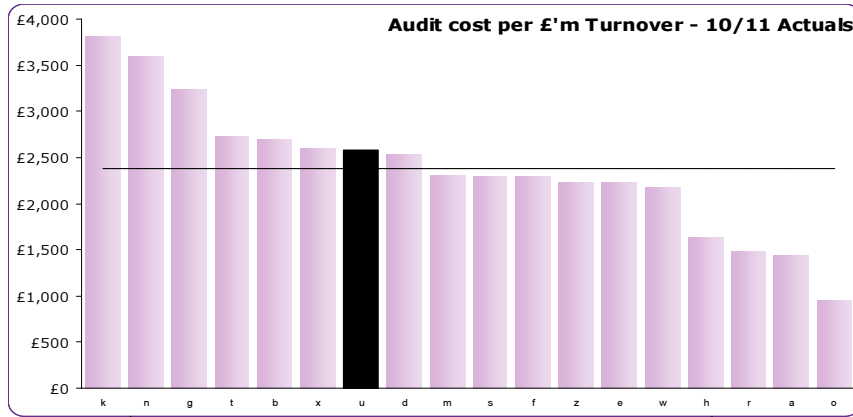
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APPENDICES

Appendix 1 – CIPFA Audit Benchmarking Results 2010

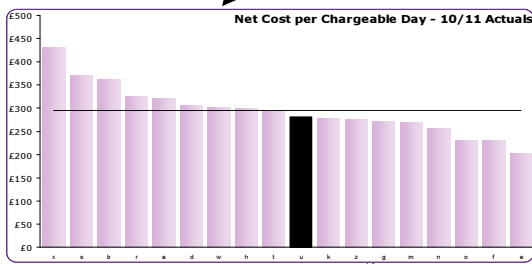
CIPFA Benchmarking Club Results 2010

COST ANALYSIS

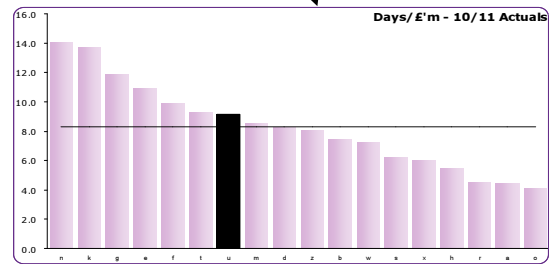


TBC £2575

Average £2380

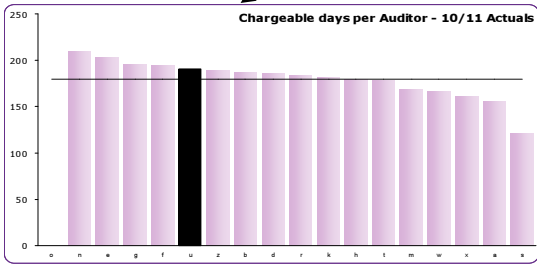


TBC £282 Average £295



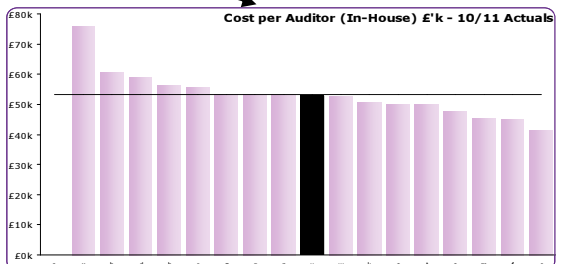
TBC 9.1

Average 8.3



TBC 190

Average 180



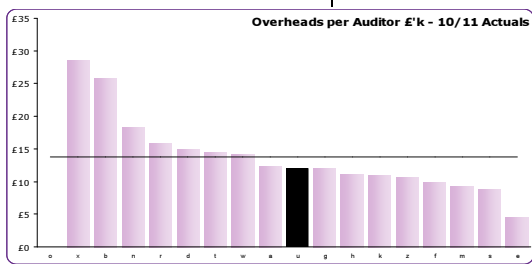
TBC 52.87k

Average 53.21



TBC £40.87

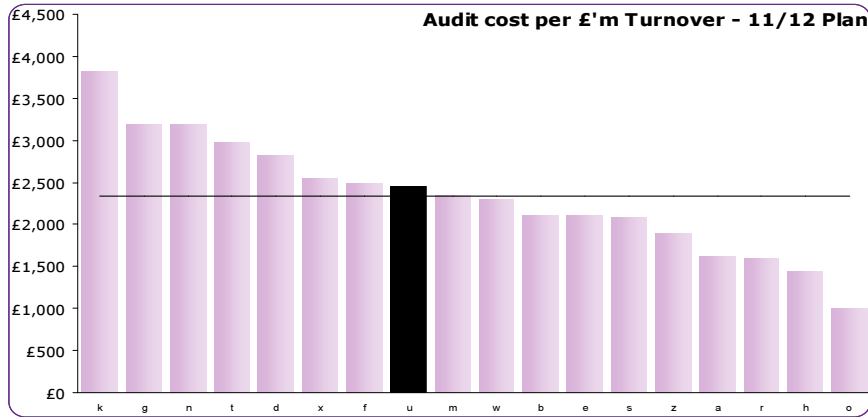
Average £39.45k



TBC £12.00 k

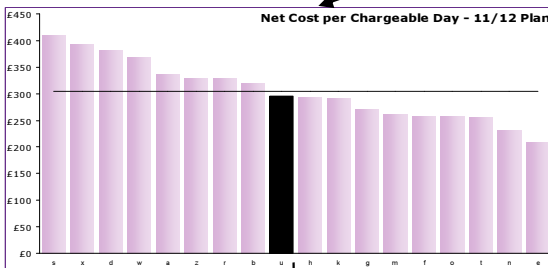
Average £13.76k

2011/12 PLAN - COST ANALYSIS

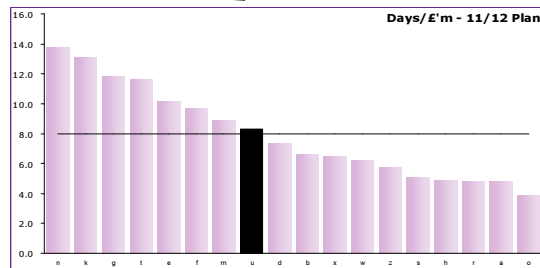


TBC £2455

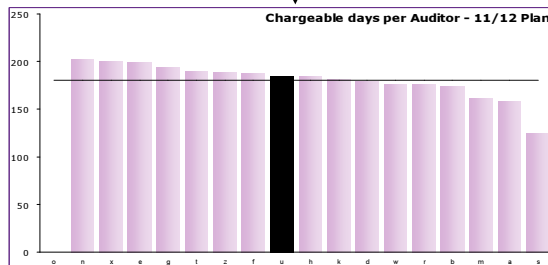
Average £2336



TBC £296 Average £305

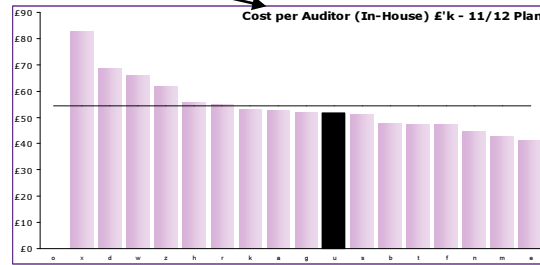


TBC 8.29 Average 7.97



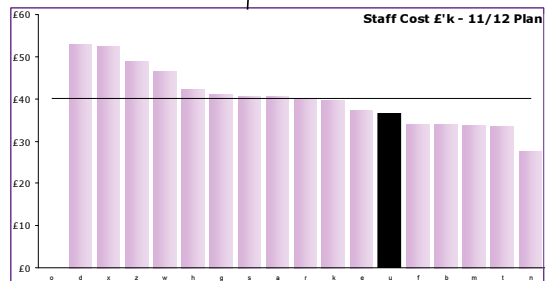
TBC 185

Average 180



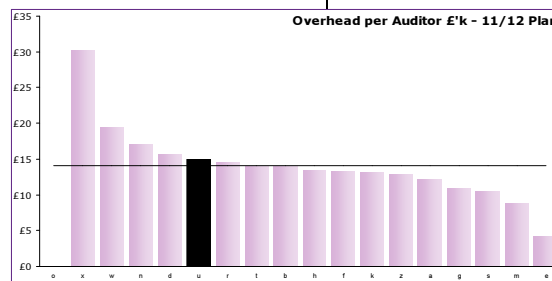
TBC £51.67k

Average £54.25K



TBC £36.67k

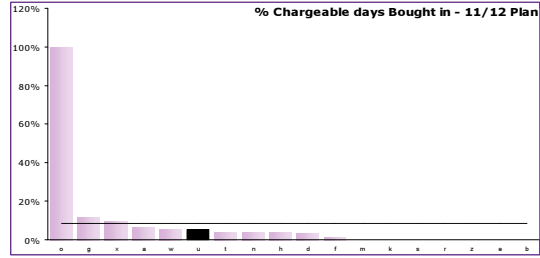
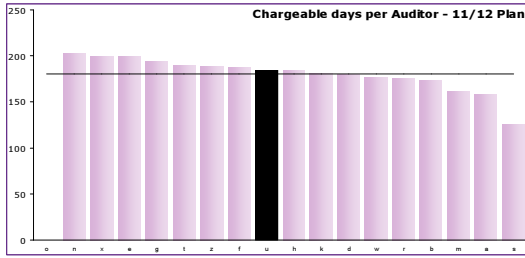
Average £40.15k



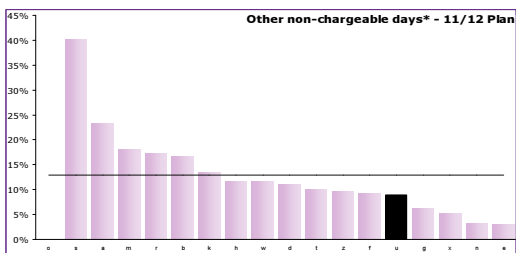
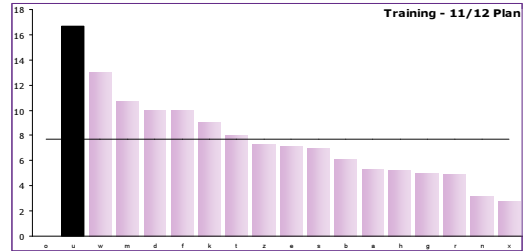
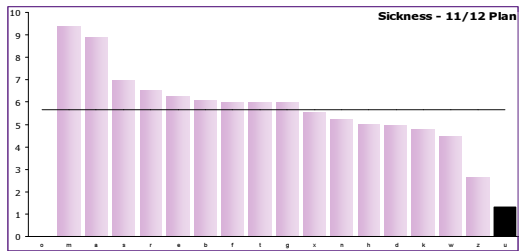
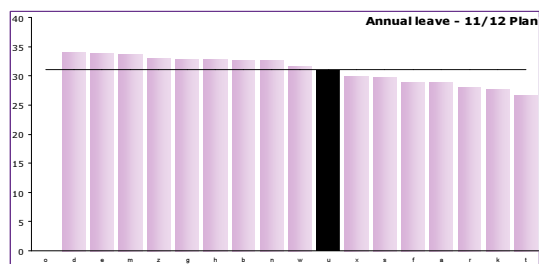
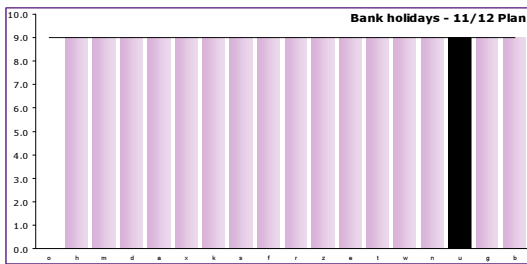
TBC £15.00K

Average £14.09K

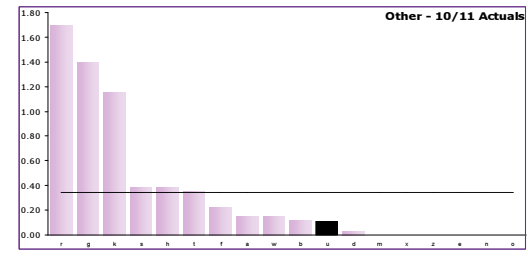
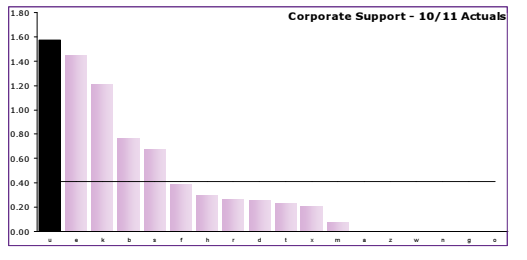
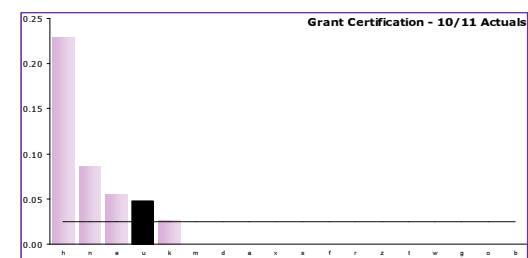
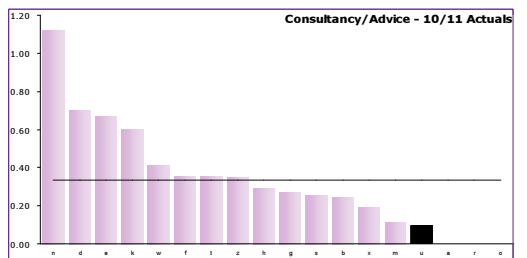
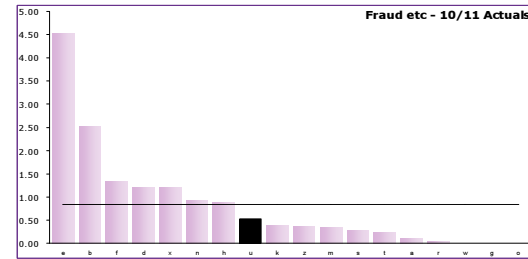
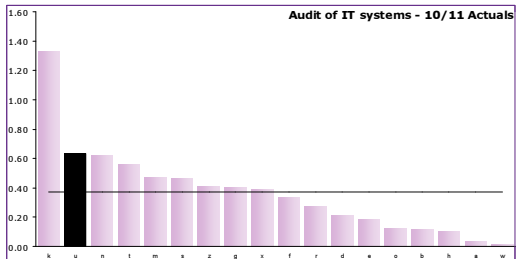
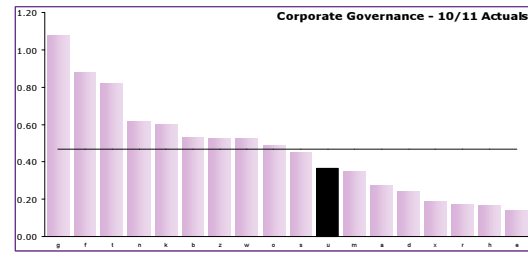
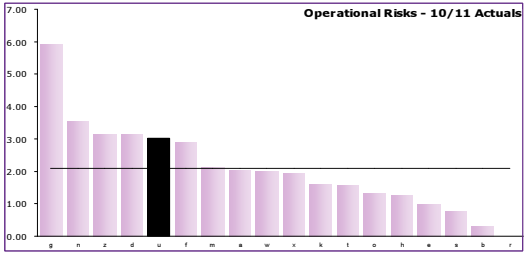
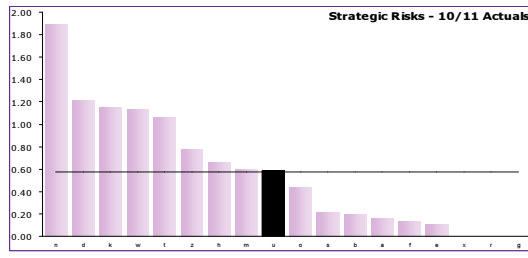
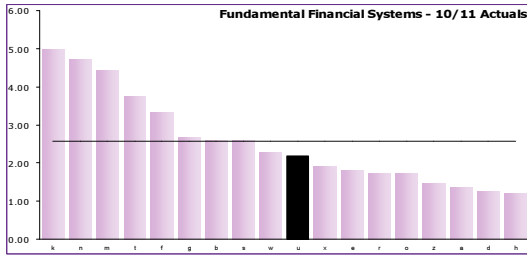
CHARGEABLE DAYS PER AUDITOR



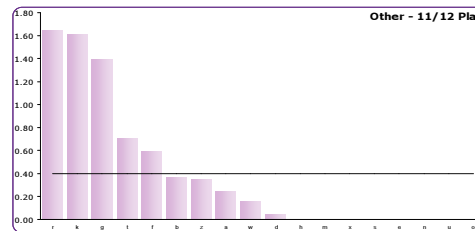
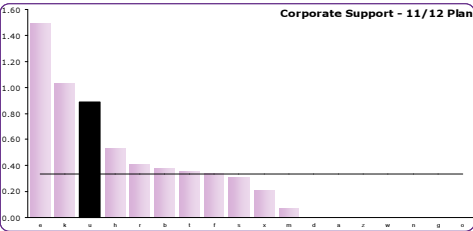
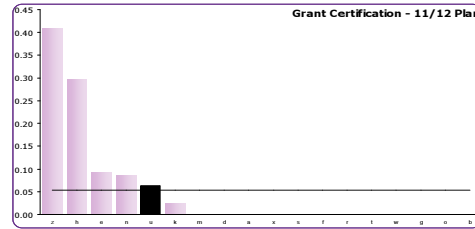
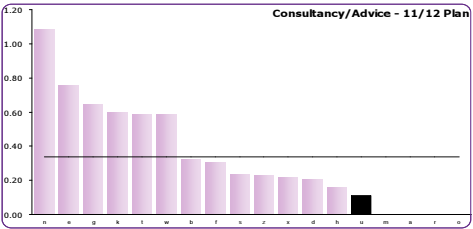
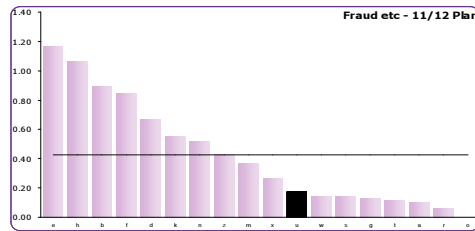
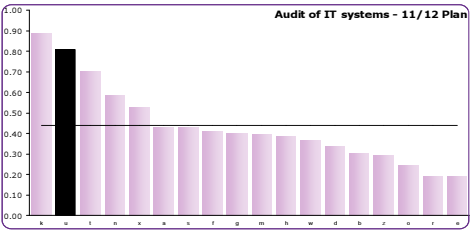
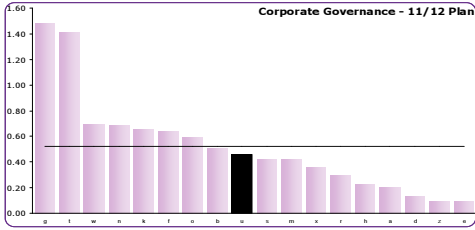
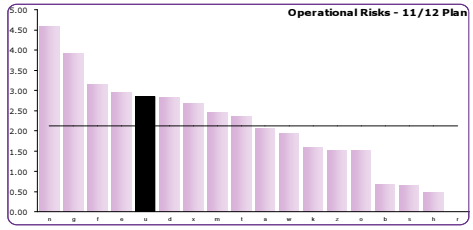
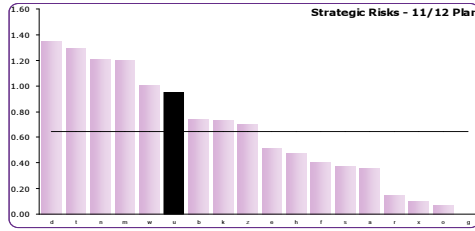
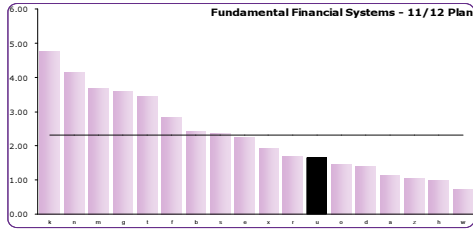
NON-CHARGEABLE DAYS PER AUDITOR



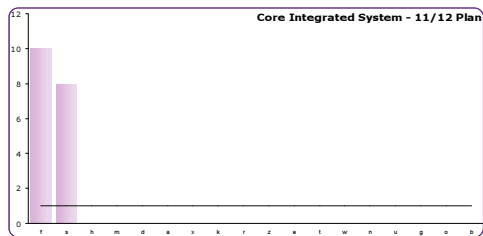
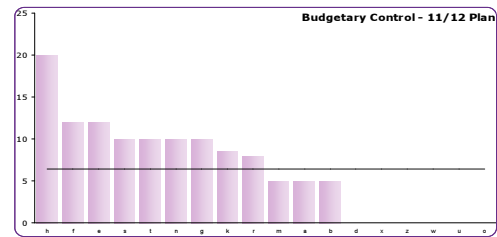
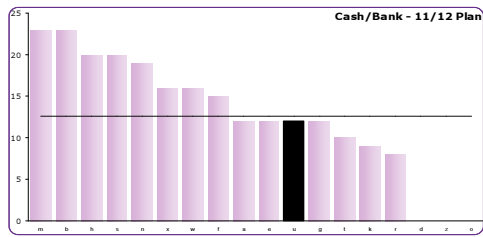
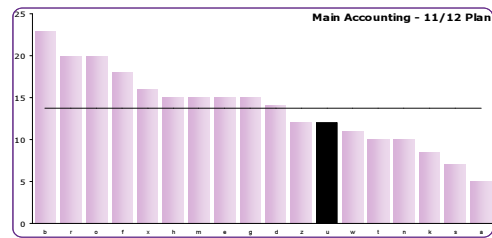
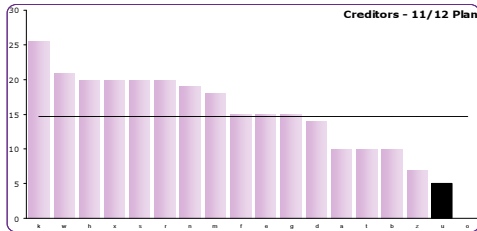
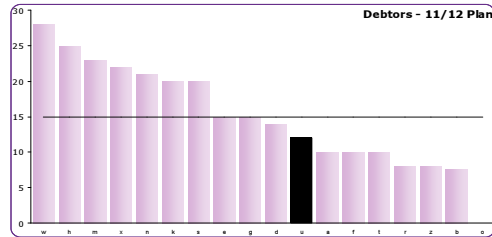
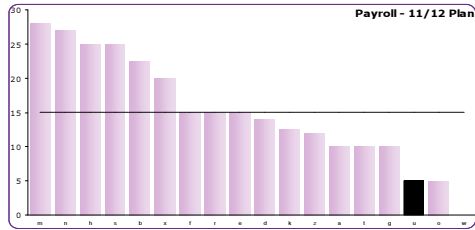
AUDIT COVERAGE - 2010/11



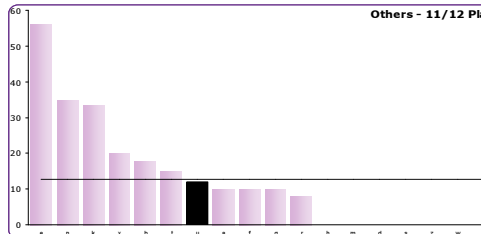
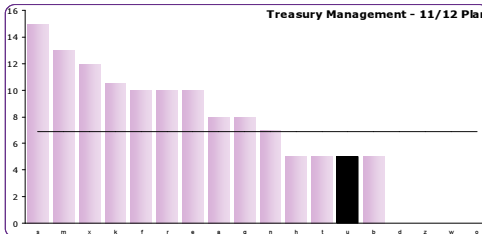
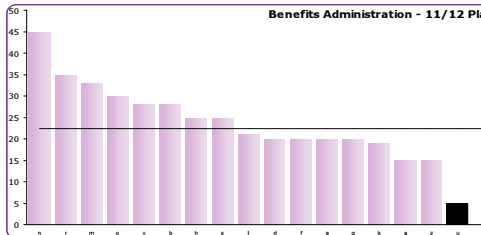
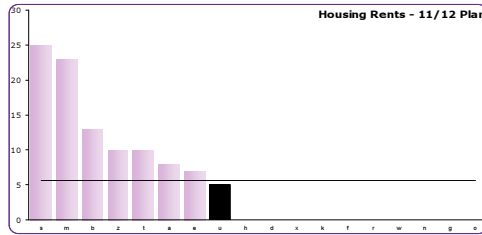
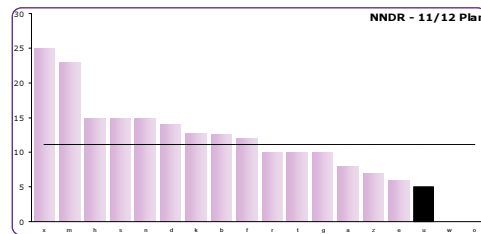
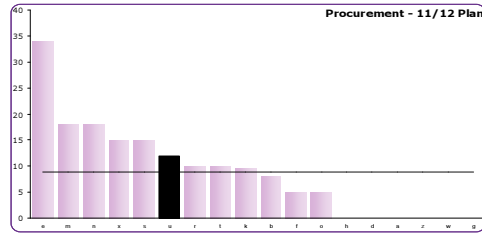
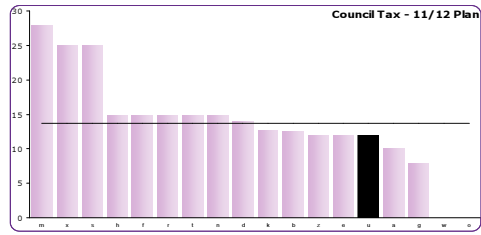
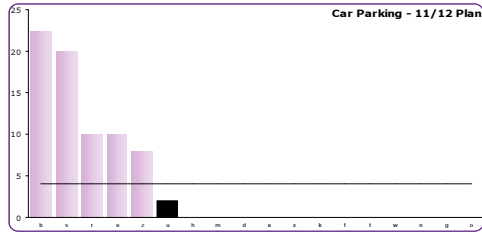
AUDIT DAYS PER £'m 2011/12 PLAN



FUNDEMENTAL FINANCIAL SYSTEMS 2011/12 PLAN

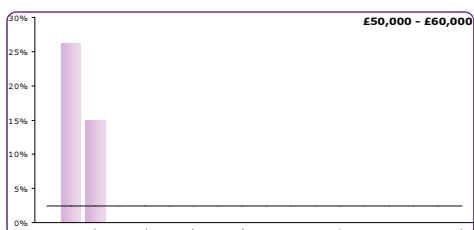
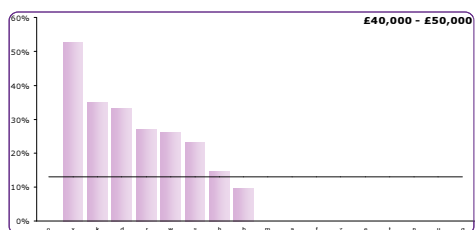
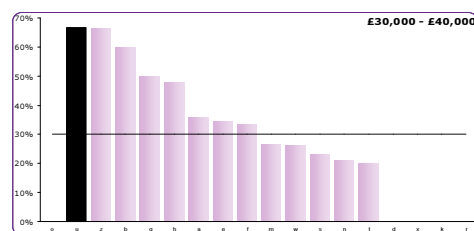
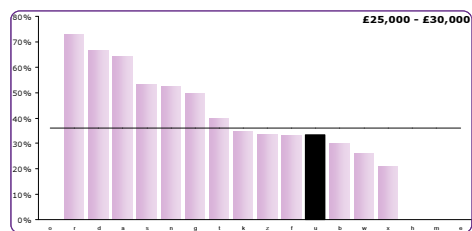
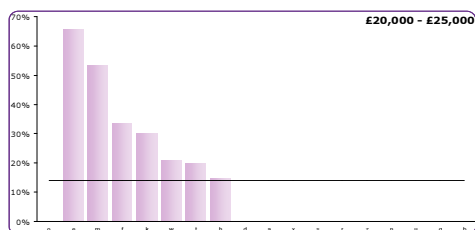
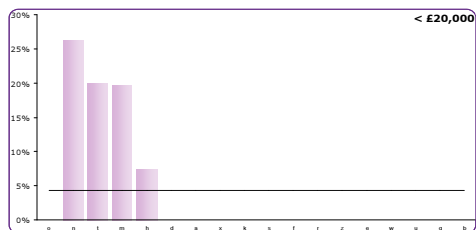


FUNDEMENTAL FINANCIAL SYSTEMS 2011/12 PLAN

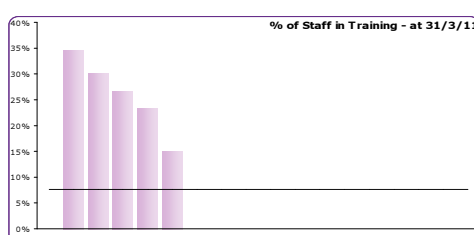
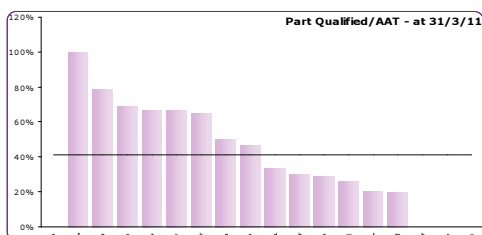
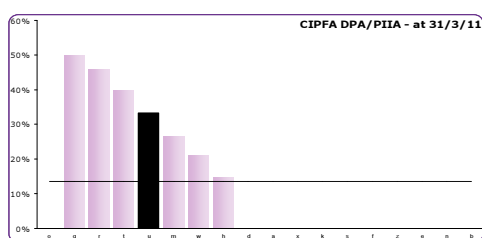
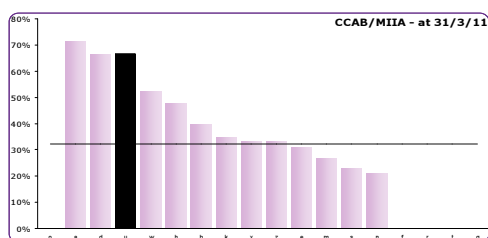


STAFFING

Staff salary banding at 31 March 2011



Qualifications as at 31 March 2011



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AUDIT AND GOVERNANCE COMMITTEE

22nd September 2011

REPORT OF THE CORPORATE DIRECTOR RESOURCES

ANNUAL STATEMENT OF ACCOUNTS AND REPORT 2010/11

EXEMPT INFORMATION

None

PURPOSE

To approve the Statement of Accounts (the Statement) for the financial year ended 31st March 2011 following completion of the external audit.

RECOMMENDATION

That Members approve the Annual Statement of Accounts 2010/11.

EXECUTIVE SUMMARY

As part of the annual audit process for 2010/11, the Audit Commission have prepared a report (to be considered separately on this agenda) summarising their findings for consideration prior to issue of their opinion, conclusion and certificate.

Following identification as part of the audit, a number of amendments have been discussed and agreed with the Audit Commission. These have been actioned within the Final Statement of Accounts for 2010/11 as attached at **Appendix 1 (to follow)**. It is important to note that these adjustments do not have any impact on the net balances of the General Fund, Housing Revenue Account or Collection Fund.

Current legislation, detailed in Accounts and Audit (England) Regulations 2011, requires a Committee of the Council to approve the Statement by 30th September 2011 and for the Council to publish the Statement together with the Auditors opinion by 30th September 2011.

The guidance requires the Chair of the Cabinet meeting to sign and date the Statement of Accounts with the intention that the Chair's signature formally represents the completion of the Council's approval process of the accounts.

Key issues affecting the 2010/11 accounts / accounting process are detailed within the report.

RESOURCE IMPLICATIONS

For 2010/11, Revenue Budget underspends for the General Fund of £0.759m with a reduction in General Fund closing balances of £370k. The Housing Revenue Account identifies an overspend of £157k with an increase in Housing Revenue Account closing balances of £0.374m.

It should be noted that the Medium Term Financial Strategy identified required balances of £3.890m (at 1st April 2011) compared to the draft actual closing balances of £4.511m - additional balances of £0.621m. For the HRA balances of £4.947m were forecast at 1st April 2011 compared to the actual balances of £5.087m - additional balances of £0.140m. Balances above the minimum will be required to provide additional funds for uncertainties regarding future Government funding arrangements.

The actual outturn for capital spending in 2010/11 was £5.624m. This represented an underspend of £1.961m against the approved budget of £7.585m. However, it has been approved that £1.020m of scheme spend be re-profiled into 2011/12. This results in an overall underspend of £0.941m for the 2010/11 capital programme (including £50k unused contingencies).

LEGAL / RISK IMPLICATIONS

Current legislation, detailed in Accounts and Audit (England) Regulations 2011, requires a Committee of the Council to approve the Statement by 30th September 2011 and for the Council to publish the Statement together with the Auditors opinion by 30th September 2011.

SUSTAINABILITY IMPLICATIONS

None

CONCLUSIONS

Following consideration of the External Auditors Annual Governance Report and the approval of the Annual Statement of Accounts for 2010, the Chair's signature formally represents the successful completion of the Council's approval process of the accounts for 2010/11.

BACKGROUND INFORMATION

Prior to 2010/11 Local Authorities were required to prepare their accounts using accounting policies based on UK Generally Accepted Accounting Practice (UK GAAP) and in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice* (the SORP) prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA). It was announced in the 2007 Budget (as amended) that International Financial Reporting Standards (IFRS) would be used for the production of accounts from 2010/11 onwards following a transition period.

The SORP was based on UK Generally Accepted Accounting Principles (GAAP) but modified for local government where legislative requirements demand different treatments to UK GAAP. This was to ensure that there were arrangements in place to mitigate the potential effect upon Council Tax of certain transactions and to recognise the unusual nature of local authority funding.

From 2010/11 there will no longer be a Local Authority SORP produced by CIPFA. Instead, there will be a Code of Practice on Local Authority Accounting prepared by CIPFA under the guidance of the Financial Resources Advisory Board (FRAB),

which is the independent body responsible for overseeing the development of financial reporting within the UK public sector.

The introduction of IFRS has significantly changed the way that Local Authority accounts are prepared and a large number of areas are subject to different accounting treatments to that under the SORP. There is also a requirement to restate and present the opening and closing balance sheets for 2009/10 together with comparative figures.

The introduction of IFRS is the latest in a series of changes to the Statement of Accounts over the past few years which are intended to make them more robust and comparable with other local authorities and the wider public sector. Not all IFRS will be relevant to local authorities, however it is expected that there will be very few areas of the SORP that will remain completely unaffected by the requirement to comply with International Accounting Standards (IAS).

The key accounting policy changes impacting on the Council are outlined below:

1. Property, Plant and Equipment

a) Component accounting

IFRS places a greater emphasis on recognising components of assets such as roofs, windows etc. Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives, they should be recognised separately. For example, major assets such as the Marmion House Offices are made up of separate elements that have different useful lives.

There is no requirement to apply these changes retrospectively and instead components should be recognised separately as and when they are replaced. Component accounting will have a very limited effect for the 2010/11 accounts.

b) Investment Property

IFRS introduces a definition of investment property that the old SORP did not have. An investment property is defined as a property which is held exclusively for revenue generation or for the capital gains that the asset is expected to generate. In this respect, the asset is not used directly to deliver the Council's services.

Investment properties are initially measured at cost and thereafter at market value.

c) Impairment of Property, Plant and Equipment

All impairments are charged to the revaluation reserve (where there is a balance relating to the specific asset). If there is an insufficient balance in the revaluation reserve the remainder is charged to the surplus or deficit on the provision of services.

d) Non-Current Assets Held For Sale

IFRS introduces a new classification of non-current assets called assets held for sale. Assets meeting this classification are those where the value of the asset will be recovered mainly by selling the asset rather than through usage.

To be classed as held for sale the asset must meet the following criteria:-

- i. Be available for immediate sale in its present condition.
- ii. Its sale must be highly probable.
- iii. Management expect the sale to take place within twelve months.

Assets held for sale are to be valued at the lower of their existing balance sheet value or their estimated sale price less costs to sell.

2. Cash and Cash Equivalents

This is an expanded definition of cash to include Cash (bank balances and on demand deposits) with Cash Equivalents. These are defined as short-term, highly liquid investments where the date of maturity is three months or less from the date of acquisition that are readily convertible to cash and which are subject to an insignificant risk of change in value. Previously, cash equivalents and on demand deposits were treated as Temporary Investments.

3. Government Grants and Other Capital Contributions

Under the current SORP arrangements, grants received by the Council towards capital expenditure are held in a Government/ Capital Contributions account and written off to Revenue over the life of the asset the grant was used to purchase.

Under IFRS, all such grants are to be treated as revenue income as soon as any conditions relating to the grant have been met. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

4. Leases and Lease Type Arrangements

Leases can be classified as either finance or operating leases. If a lease transfers substantially all the risks and rewards incidental to ownership it will be classified as a finance lease regardless of its legal form.

International Accounting Standard (IAS) 17 specifies key criteria to ascertain whether a lease is to be treated as a finance lease or an operating lease. A comprehensive review of all of the Council's leases (lessee or lessor) has been required in order to identify the accounting treatment under IFRS.

For assets leased under a finance lease, the asset value should be recognised as either an asset or a liability in the Balance Sheet as appropriate and the annual payments consist of an amount of interest plus an amount to clear the relevant debtor or creditor.

Leases that do not meet the definition of finance leases are accounted for as operating leases and the income or expenditure is either credited, or charged to, service revenue accounts on a straight-line basis over the term of the lease.

Under IFRS, the land and buildings elements of a lease of land and buildings require separate identification for both lease classification and subsequent valuation. In most cases, the land element of a lease will be an operating lease. There were no finance leases included in the Council's 2009/10 accounts. The expectation of the changes under IFRS was that more assets would be classified as finance leases.

It should be noted that regulations have been put in place which mitigate the effect of lease re-classifications on the council taxpayer. However, these do not apply to leases let after 1st April 2010 which could mean treatment of the income of a lease as a capital receipt where considered a finance lease.

5. Employee Benefits - Short-term accumulating compensated absences

The Council implemented this requirement early (in 2008/09) and has therefore calculated and accounted for untaken annual leave and lieu time as at 31st March 2009, 2010 and 2011 in line with the requirements of IAS19 (Employee Benefits).

6. Prior Period Adjustments

Arising from the requirement to implement International Financial Reporting Standards (IFRS) for the 2010/11 year, the 2009/10 financial statements have been restated on an IFRS compliant basis so that comparisons can easily be made.

Previously only the correction of fundamental errors was required to be corrected as a prior period adjustment. Under international standards material errors are corrected as prior period adjustments. Disclosure of the effect of new standards not yet adopted is also required.

7. Operating Segments

Under IFRS, the Council is required to identify and disclose information in its financial statements in respect of operating segments. These are components of the Council about which separate financial information is available that is evaluated regularly by the Council's 'Chief Operating Decision Maker' (Cabinet / Council) in deciding how to allocate resources and in assessing performance. This will therefore require the Council to include additional financial information on its activities - analysed by Deputy or Assistant Director.

8. Borrowing Costs

The Council may choose to amend its accounting policy as, under IFRS, borrowing costs in respect of capital expenditure may be capitalised as long as the Council has a policy that allows it do so. As the Council currently has no plans to borrow to finance capital expenditure there is no need to amend the existing policy but this will need to be kept under review in the future.

9. The Impact of the Recession

a) Impairment of Investments

The accounting requirements for impairing investments (such as investments placed with Icelandic Banks) have been made in line with CIPFA guidance (with the exception of Glitnir Bank) with the change in impairment included in the surplus or deficit on the Income and Expenditure Account in line with advice and information from the administrators.

Following a capitalisation direction of up to £4m approved by the Government which allowed the Council to capitalise £3.386m in 2009/10 relating to the impact of the impairment of investments on the General Fund – an improvement in the recovery rates for 2 banks is anticipated which has led to a fall in impairment levels. With regard to the investment with Glitnir, CIPFA guidance recommends that 100% repayment in December 2011 is used as the best estimate assuming that the current priority status is maintained (following legal proceedings in Iceland). However, this is subject to appeal and as a prudent approach, a recovery rate of 29% (29% in 2009/10) for 2010/11 has been assumed based on information contained within the banks latest published accounts.

b) Asset Valuation

The Code requires tangible and intangible assets carried in the Balance Sheet at current value to be revalued at intervals of not more than five years. This is to ensure that the amounts carried in the Balance Sheet are materially correct; there is a presumption in the Code that the values of assets will not change materially in a five year period.

However, the present economic climate has resulted in more volatile asset values, and the Council has therefore considered whether circumstances are such that where an impairment is indicated, some or all asset values should be revised.

As such, the valuation approach for 2010/11 has been reviewed and the revised approach is set out below (rather than the usual rolling programme of revaluing 20% of assets each year).

i. Housing Stock

Following the usual rolling programme of revaluing 20% of assets carried out in 2010/11 it has not been necessary to carry out a desktop revaluation exercise (given the relatively small change / potential impact on the whole housing stock valuation).

ii. Other Properties

A revaluation review for all of those properties which are valued to open market value has been carried out i.e. Operational Properties - Direct Services, Indirect Services, Office and Admin (open market value for existing use); Non Operational

Properties – Commercial, Investment (Open market value); Non operational Properties-Surplus (Open market value for existing use); and Open Space.

Those properties which are valued on depreciated replacement cost have not been included as in most cases the land value element will only be a small part of the valuation and, in the opinion of the valuer, building costs will not have significantly altered.

Whenever changes to accounting principles are made it is necessary to produce comparable figures for the previous year on the new basis – therefore changes to the 2010/11 accounts have been mirrored in re-stated accounts for 2009/10 to allow for like for like comparisons.

The changes have had a material impact on individual figures within the Income and Expenditure Account, Balance Sheet, Cashflow Statement and HRA Income and Expenditure and the associated disclosure notes. However, the changes mean that the level of opening balances as at 1st April 2010 increased by £214k (GF £165k / HRA £49k).

The Council's accounts for 2010/11 consist of the following:

▪ **Core Financial Statements:**

- **Movement in Reserves Statement:** shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.
- **Comprehensive Income and Expenditure Account:** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **Balance Sheet:** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.
- **Cash Flow Statement:** shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

▪ **Supplementary Statements:**

▪ **Housing Revenue Account:** reflects the statutory requirement to maintain a separate account for Council Housing.

▪ **The Collection Fund:** shows the non-domestic rates and council tax income collected on behalf of Staffordshire County Council, the Police Authority, the Fire and Rescue Authority and this Council's General Fund.

These accounting statements are supported by appropriate notes to the accounts including the Statement of Accounting Policies - this provides details of the framework within which the Council's accounts are prepared and published and was approved by the Committee on 30th June 2011.

GENERAL FUND, HOUSING REVENUE ACCOUNT AND CAPITAL OUTTURN

Below are details of the outturn fund balances for the General Fund and the Housing Revenue Account together with a summary of the outturn position on Capital Expenditure for the year.

GENERAL FUND

When compared to the final approved budget (which reflects decisions made by members during the financial year) an under-spend of £0.759m is reported, £138k less than reported in the provisional outturn report.

Closing General Fund balances as at 31st March 2011 were £4.881m:

General Fund Balances Movement 2010/11	Final Outturn £'000	Projected Outturn £'000
Balances B/fwd.	4,881	4,715
Approved Budget transfer To / (From) balances	(1,129)	(1,129)
Approved Budget Changes during year	0	0
Outturn variance – Surplus	759	592
Balance C/fwd.	4,511	4,178

The change since the provisional outturn was prepared is due to:

- An increase in balances brought forward due to the reversal of the accrual of outstanding Annual Leave / lieu time – arising from the requirement to implement IFRS, £166k;
- Write back of reserves as approved by Cabinet on 6th April, £29k;
- Lower than anticipated costs from the waste management arrangements, £160k;

The favourable outturn variance of £0759m is mainly attributable to savings made in the following areas:

- Non Domestic Rates Refund – Peaks (net of fees), £548k;
- VAT refund of £96k following submission of claims;
- Targeted Earmarked Savings from contingency budgets of £220k;
- Lower Treasury Management Debt Charges to Housing, £204k.
- Lower Outside Car Parks – Parking Fees, £160k.

It should be noted that the Medium Term Financial Strategy identified required balances of £3.890m (at 1st April 2011) compared to the draft actual closing balances of £4.511m, the additional balances of £0.621m above this minimum will be required to provide additional funds for uncertainties regarding future Government funding arrangements.

Members should be aware that any unplanned call on the above balance could adversely affect the Authority's ability to resource activity within the Medium Term Financial Strategy period.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) is overspent against the approved budget for the year by £0.157m, £9k more than reported in the provisional outturn report. The Housing Revenue Account balances as at 31st March 2011 were £5.087m.

HRA Balances Movement 2009/10	Final Outturn £'000	Projected Outturn £'000
Balances B/fwd.	4,713	4,664
Approved Budget	531	531
Approved Budget Changes during year	0	0
Outturn variance – Surplus	(157)	(148)
Balance C/fwd.	5,087	5,047

The change since the provisional outturn was prepared is mainly due to an increase in balances brought forward due to the reversal of the accrual of outstanding Annual Leave / lieu time – arising from the requirement to implement IFRS, £49k.

The outturn variance surplus of £0.157m shown above is mainly attributable to the following areas:

- Higher payments Under Subsidy System, £404k; offset by
- Lower Debt / Capital Charges from the General Fund, £204k

It should be noted that the Medium Term Financial Strategy identified required balances of £4.947m (at 1st April 2011) compared to the draft actual closing balances of £5.087m, the additional balances of £0.140m above this minimum will be required to provide additional funds for uncertainties regarding future funding arrangements.

CAPITAL OUTTURN

The actual outturn for capital spending in 2010/11 was £5.624m.

This represented an underspend of £1.961m against the approved budget of £7.585m. However, it has been approved that £1.020m of scheme spend be re-profiled into 2011/12. This results in an overall underspend of £0.941m for the 2010/11 capital programme (including £50k unused contingencies).

Full details are contained within the Capital Outturn Report reported to Cabinet on 29th June 2011.

REPORT AUTHOR

Stefan Garner, Deputy Director Corporate Finance, Exchequer and Revenues

LIST OF BACKGROUND PAPERS

Capital Outturn Report 2010/11 - Cabinet, 29^h June 2011

Provisional Outturn Report 2010/11 - Cabinet, 29th June 2011

Annual Governance Statement 2010/11 - Audit and Governance Committee, 30th June 2011

Draft Accounting Policies 2010/11 - Audit and Governance Committee, 30th June 2011

Draft Annual Statement of Accounts 2010/11 – distributed to Audit and Governance Committee Members, 30th June 2011