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Meeting: Audit and Governance Committee  
Time: 10.00 am  
Date: 19 January 2018  
Venue: Committee Room 1, County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ

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David Harris (Chairman)  
Cherry Brooks  
Colin Jamieson  
William Trite

Clare Sutton (Vice-Chairman)  
Ray Bryan  
Steven Lugg

Richard Biggs  
Andrew Cattaway  
Andrew Parry

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## Notes:

- The reports with this agenda are available at [www.dorsetforyou.com/countycommittees](http://www.dorsetforyou.com/countycommittees) then click on the link "minutes, agendas and reports". Reports are normally available on this website within two working days of the agenda being sent out.
- We can provide this agenda and the reports as audio tape, CD, large print, Braille, or alternative languages on request.

- **Public Participation**

Guidance on public participation at County Council meetings is available on request or at <http://www.dorsetforyou.com/374629>.

### Public Speaking

Members of the public can ask questions and make statements at the meeting. The closing date for us to receive questions is 10.00am on 16 January 2018, and statements by midday the day before the meeting.

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**Debbie Ward**  
Chief Executive

Contact: Denise Hunt, Senior Democratic Services Officer  
County Hall, Dorchester, DT1 1XJ  
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Date of Publication:  
Thursday, 11 January 2018

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## 1. **Apologies for Absence**

To receive any apologies for absence.

## 2. **Code of Conduct**

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests.

- Check if there is an item of business on this agenda in which the member or other relevant person has a disclosable pecuniary interest.
- Check that the interest has been notified to the Monitoring Officer (in writing) and entered in the Register (if not this must be done on the form available from the clerk within 28 days).
- Disclose the interest at the meeting (in accordance with the County Council's Code of Conduct) and in the absence of a dispensation to speak and/or vote, withdraw from any consideration of the item.

The Register of Interests is available on Dorsetforyou.com and the list of disclosable pecuniary interests is set out on the reverse of the form.

## 3. **Minutes**

5 - 10

To confirm and sign the minutes of the meeting held on 20 September 2017.

## 4. **Public Participation**

(a) Public Speaking

(b) Petitions

## 5. **Update from the Chairman**

A verbal update on a meeting held with the Chief Executive on 10 January 2018 and plans for the forthcoming year.

## 6. **Progress on Matters Raised at Previous Meetings**

11 - 16

To consider a report outlining any outstanding actions identified at the last meeting.

## 7. **External Audit Plan 2017/18 and Technical Update**

17 - 52

To consider a report by KPMG, the Council's External Auditor (attached).

## 8. **Report of Internal Audit Activity - Plan Progress 2017/18**

53 - 66

To consider a report by the South West Audit Partnership (SWAP) (attached).

## 9. **Financial Management Report**

67 - 78

To consider a report by the Chief Financial Officer (attached).

## 10. **Property Asset Management Report**

79 - 88

To consider a report by the Chief Financial Officer (attached).

11. **Treasury Management Mid Year Update 2017/18** 89 - 104  
To consider a report by the Chief Financial Officer (attached).
12. **Corporate Plan: Outcomes Focussed Monitoring Report** 105 - 174  
To consider a report by the Chief Executive (attached).
13. **Constitutional Changes** 175 - 182  
To consider a report by the Monitoring Officer (attached).
14. **Work Programme** 183 - 186  
To consider the Committee's current work programme.
15. **Questions from County Councillors**  
To answer any questions received in writing by the Chief Executive by not later than 10.00am on 16 January 2018.
16. **Exempt Business**  
To consider passing the following resolution:  
  
To agree that in accordance with Section 100 A (4) of the Local Government Act 1972 to exclude the public from the meeting in relation to the business specified below it is likely that if members of the public were present, there would be disclosure to them of exempt information as defined in the paragraphs detailed below of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.
17. **Senior Management Roles and Responsibilities - Interim Arrangements (Paragraph 1, 2)** 187 - 208  
To consider a report by the Chief Executive (attached).

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## Audit and Governance Committee

Minutes of the meeting held at County Hall, Colliton Park, Dorchester,  
Dorset, DT1 1XJ on Wednesday, 20 September 2017

### Present:

David Harris (Chairman)

Clare Sutton, Richard Biggs, Cherry Brooks, Ray Bryan, Andrew Parry and William Trite.

Other Members Attending: Daryl Turner attended as the Cabinet Member for the Natural and Build Environment.

Officers Attending: Rupert Bamberger (Audit Manager - South West Audit Partnership), Richard Bates (Chief Financial Officer), Patrick Myers (Assistant Director - Design and Development), Matthew Piles (Service Director - Economy), Peter Scarlett (Estate and Assets Manager), Mark Taylor (Group Manager - Governance and Assurance), David Wilkes (Finance Manager - Treasury and Investments) and Denise Hunt (Senior Democratic Services Officer).

(Notes: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Committee to be held on **Friday, 19 January 2018.**)

### Apologies for Absence

52 Apologies for absence were received from Steven Lugg and Colin Jamieson.

### Code of Conduct

53 Councillor Richard Biggs declared a disclosable pecuniary interest in minute 60 - Quarterly Asset Management Report, as the report identified assets owned by the MOD where he was employed as a Civil Servant. He withdrew from the meeting during consideration of this item.

### Minutes

54 The minutes of the meeting held on 24 July were confirmed and signed.

### Public Participation

#### 55 Public speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public statements received at the meeting in accordance with Standing Order 21(2).

#### Petitions

There were no petitions received in accordance with the County Council's petition scheme at this meeting.

### Progress on Matters Raised at Previous Meetings

56 The Committee considered a report containing the actions identified at the meeting held on 24 July 2017.

Councillor Richard Biggs drew attention to the need for greater focus with regard to the scoping document for a scrutiny review of Looked After Children (LAC), saying that this should concentrate on the budget overspend from an Audit and Governance Committee perspective. The methodology should also be clear and include people

and partners who were independent of the DCC internal management structure and consider the inclusion of a staff survey as a means of gathering impartial evidence.

The Chairman stated that the recent Overview & Scrutiny training had looked at the way in which the role of the member, scoping and methodology played a vital part in scrutiny, however, the reviews also needed to be carefully co-ordinated to avoid duplication of work across the committees. In order to facilitate this, the Overview & Scrutiny Management Board (OSMB) would meet on a monthly basis in future to look at areas of scrutiny with a view to a lead member and officer taking responsibility to help set up the reviews. Any member could participate in a review and this should not be restricted to members of a particular committee. It was anticipated that this would result in more member engagement with reviews that were shaped more thoroughly.

### **Resolved**

1. That Councillor Richard Biggs and the Assistant Director - Design and Development make further refinements to the scoping document; and,
2. That, once the refined scoping document is available, the review is discussed at a meeting of the OSMB in order to take this forward.

### **Report of Internal Audit Activity - Plan Progress 2017/18**

57 The Committee considered the Internal Audit Plan Progress report from the South West Audit Partnership (SWAP).

Members questioned the use of position statements and were informed that these related to pieces of audit work where issues were fast moving, advice and guidance had been sought or where an independent view had been requested at various stages of the development process. Although it was noted that this represented 11% of audit work, further details could be provided if necessary and assurance was provided by SWAP that any significant concerns arising from this work would be included in the progress reports.

The Chairman clarified that officers had been advised to only report on key areas of concern in order to reduce the amount of paperwork required at committee meetings.

Members asked about budget management given that there would be an imminent change in Director for Children's Services, Adult & Community Services.

The Committee was informed that SWAP met with new senior managers to inform them of key issues and action plans to ensure that these were taken forward.

### **Noted**

### **Budget Monitoring Report**

58 The Committee considered a report on the anticipated outturn for 2017/18 of a £6.2M overspend based on the August 2017 projections.

The Chief Financial Officer reported that a lot of work was taking place across the Directorates to drive forward savings including compensating savings to be used in areas where a corporate approach was required to bring the budget into balance. One such area was Children's Services where it was known that the overspend would not be resolved during the current financial year.

There were significant budget variances in Children's Services due to the number of high cost placements remaining higher than expected and insufficient in-house provision for fostering. Additional investment was proposed to improve the package for in-house carers that would be closely monitored in terms of the results.

The Dedicated Schools Grant (DSG) was a high risk area that was overspent in

2016/17 and again in 2017/18 which reflected the national picture. A government announcement the previous week regarding the new funding formula for schools was likely to result in an additional £0.5M in the high needs block, although this would be insufficient in addressing the projected overspend of £3.4M in 2017/18.

It was anticipated that the Adult and Community Services budget would be balanced at the end of the current financial year and a half way stage had already been reached in delivering the necessary savings to achieve this.

The Chairman asked about the increase in the budget overspend in Children's Services from £4M to £7M between April and May 2017. The Chief Financial Officer responded that an assumption had been made about the way in which the number of Looked after Children (LAC) would reduce during the year that did not reflect the reality of more children leaving the lower rather than higher cost placements. The projections were therefore revised to ensure that the data was robust going forward.

Members expressed concern about the budgets beyond 2017/18 and the one off costs of Local Government Reform (LGR). It was reported that the direct cost of LGR was fairly small since the use of Price Waterhouse Coopers had been at zero cost to the Council. A sum of £0.5M had been set aside to pay for additional LGR costs including the salary of the Programme Director and other associated costs, which had hardly been used. The figures in relation to staff time were not fully known, but were likely to be significant.

Last year the Directors were given a 2 year budget target covering 2018/19 and ways of dealing with the areas of significant overspend alongside the Forward Together programme in 2018/19 would be set out in a report to Cabinet in October 2017. Neither the 100% business rate retention, nor the new needs based formula would be in place in 2018/19.

The 2019/20 financial year would become more difficult as the Revenue Support Grant would be a negative sum and transitional support funding would disappear, leaving a gap of over £16M. Informal discussions were taking place with the Corporate Leadership Team and Cabinet as an area of highest priority.

A member drew attention to the glossy "Future Dorset" brochure that had been produced which gave the public the incorrect impression that there was surplus money available and it was confirmed that the costs of the brochure would be circulated.

The Chairman drew attention to the savings achieved with regard to transport which had resulted in difficult publicity due to its impact. The Cabinet Member for Built and Natural Environment stated that it was unusual to change so many contracts in a single year, the vast majority of which had gone well with some outstanding issues to be resolved.

A member drew attention to the underspend in respect of the repairs and maintenance budget as an area of concern due to the impact of deteriorating assets which could result in a false saving as it was likely to result in greater cost in the longer term.

Members were informed that both the repairs and maintenance programme and tendering process had been challenged leading to the reprioritisation of maintenance, however, this did not mean that areas of high priority would be ignored.

The need to build increases in public sector pay into future budgets was highlighted and the point was made that it was difficult to explain the recent pay increase to Heads of Service when services used by vulnerable people were being cut and that

such increases might have been viewed as a saving within a private sector organisation.

The Chief Financial Officer responded that the overall cost of the increase in salaries relating to Heads of Service was £85k and had been in conjunction with additional responsibilities as a result of a reduction in the number of senior staff. He reported that reasonable provision had been made for public sector pay increases and that the impact of the national minimum wage could result in the loss of some of the pay bands.

### **Noted**

#### **Treasury Management and Prudential Code Review 2016-17**

59 The Committee considered a report by the Chief Financial Officer that included responses to some Key Lines of Enquiry (KLOEs) from the Chairman of the Committee.

Members were informed that since the report had been published the Monetary Policy Committee had met and determined a higher chance of an imminent rise in interest rates depending on next set of inflation figures.

The Chairman asked how much the Council paid Capita for its advice which had been incorrect in the report. He was informed that the cost of advice by Capita was £25k per year and that it would cost more to provide this level of expertise in-house. It was confirmed that Capita's advice was in line with the thinking at the time the report was written.

The Vice-Chairman questioned the level of detail in the report and commented that the benchmarking information had been valuable.

It was confirmed that the report was set out in line with the terms of the adopted Prudential Code, however, it would be possible to include the key messages at the front of the report in future to ensure greater focus and clarity of key messages of assurance.

The Chairman asked about a training session on the Treasury Management Strategy that could be open to all members to attend and was informed that arrangements were in progress for a session following a Full Council meeting that would hopefully take place in November 2017.

### **Noted**

#### **Quarterly Asset Management Report**

60 The Committee received the quarterly report that had been considered by Cabinet on 6 September 2017.

In addition to his previous declaration under minute 53 – Code of Conduct, Councillor Richard Biggs declared a general interest as a trustee of Dorchester Youth Centre and did not take part in the debate. He withdrew from the meeting and did not take part in the debate.

The Estates & Assets Service Manager introduced the report and drew attention to progress against the KPIs set out in the report. He stated that although 24.6% of the non-schools estate had been delivered since 2010, 2 ½ years later than expected, he was now confident about achieving the revised target of 50% by March 2020 due to the strategies that had been put in place. He reported that all other targets were generally on track. The 3 year plan would clearly allow the disposal of properties, however, identifying alternative uses for the assets that were released could be



considered in future and would be a smarter way of working.

The Chairman asked the Estates and Assets Manager to bring a further report in January 2018 to provide a further update on progress against the KPIs and also the approaches which would lead to improvements in the utilisation of assets. The report should explain some of the work in reviewing the policy of asset management to provide the Committee with some insight and concepts into the decision making processes which could provide an assurance that buildings would not be sold that could have suitable alternative uses for the council, including commercial opportunities.

In response to a question, the Committee was informed that there were no costs to the Council when buildings were transferred to a community body, however, there were costs in terms of empty property rates and security if buildings were mothballed on a short term basis.

A member suggested that some properties could be converted to low cost housing in order to help solve the problem of affordable housing for care workers. He further commented that although there was huge potential for the Dorset Innovation Park, this was not reflected in its appearance and there was an urgent need for investment to improve its image. This view was endorsed by the Estates and Assets Manager who advised that funding would be released in order to improve the access to the site.

Members asked about specific sites in Dorset and as a result of a question concerning Bovington School, the Head of Design & Development said that he would make further enquiries regarding due diligence work in relation to the Delta Academy.

### **Resolved**

That a further report is considered on 19 January 2018 that provides an update on:-

- progress against the KPIs
- the approach to the smarter utilisation of assets
- use of assets to provide low cost housing
- improvements to the image of the Dorset Innovation Park

**Note:** The Chairman left the meeting at this juncture and the Vice-Chairman chaired the rest of the meeting.

### **SEN Transport**

61 The Committee considered a report concerning the work being undertaken to address the costs associated with getting children with Special Educational Needs & Disabilities (SEND) to school and care.

The report was introduced by the Head of Design & Development who drew attention to an overspend of £2.3M in relation to SEN transport. This pressure was reflected nationally as SEN transport now included a wider cohort of children and young people and an increased age range up to 25 years when in education. He reported that the number of transport requests would plateau in next few months due to reduced eligibility. The emphasis was now on personal travel budgets as a financial imperative, the average cost per traveller being £3,337 when compared with a single traveller cost of £26,339. An important consideration was that the majority of SEN children were awarded transport on distance rather than SEN need.

The Service Manager – Economy provided an overview of ideas being considered as part of a holistic review of transport that would deliver financial savings and ensure the sustainability of transport in future. Out of County provision was a key issue with some pupils travelling to Exeter, Bath and the London area, therefore establishment of specialist provision within County borders would be hugely beneficial. Officers were also liaising with the Department for Work and Pensions regarding the mobility

allowance as a majority of parents owned mobility vehicles for their child's use that could also be used for school journeys.

The Vice-Chairman thanked officers for the overview and focussed attention on the SEN transport projected financial overspend element which was the fundamental purpose of the Committee in considering the report.

The Head of Design & Development indicated that the report was premature as the SEN transport cost analysis would be available in the next 2 weeks. This would show whether the costs had reduced as a result of the retendered routes and provide an in-year saving and forecast.

In response to a question about the time management of contracts, it was confirmed that putting additional resources into contract management and a "One Council" approach would be beneficial. There was also a need to improve communication with SEN parents and carers and to ask them about their experiences 2 weeks after the start of the new contracts.

**Resolved**

That progress on the SEN travel budget is reported as part of the regular Progress on "Matters Raised at Previous Meetings" report in January 2018.

**Work Programme**

62 The Committee noted its workplan and the following additional items to be considered on 19 January 2018:-

- Progress update on SEN travel budget – to be included within the "Progress on Matters Raised at Previous Meetings" report; and
- Asset Management Report - 19 January 2018.

It was confirmed that the reserve meeting scheduled on 25 July 2017 would be required due to the volume of business.

**Resolved**

That the Committee's work programme be updated accordingly.

**Questions from County Councillors**

63 No questions were asked by members under Standing Order 20(2).

Meeting Duration: 10.00 am - 12.30 pm

# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	19 January 2018
Officers	<u>Lead Cabinet Member</u> Rebecca Knox – Leader <u>Local Members</u> All Members <u>Lead Director</u> Debbie Ward, Chief Executive
<b>Subject of Report</b>	<b>Progress on Matters Raised at Previous Meetings</b>
Executive Summary	This report records:-  (a) Cabinet decisions arising from recommendations from Audit and Governance Committee meetings; and (b) Outstanding actions identified at the meeting held on 20 September 2017. (c) Updates in relation to items discussed at previous meetings.
Impact Assessment:	Equalities Impact Assessment: N/A
	Use of Evidence: Information used to compile this report is drawn together from the Committee’s recommendations made to the Cabinet, and arising from matters raised at previous meetings. Evidence of other decisions made by the Cabinet which have differed from recommendations will also be included in the report.
	Budget: No VAT or other cost implications have been identified arising directly from this programme.

Progress on Matters Raised at Previous Meetings

	<p>Risk Assessment: Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: LOW Residual Risk: LOW</p>
	<p>Other Implications: None</p>
Recommendation	<p>That Members consider the matters set out in this report.</p>
Reason for Recommendation	<p>To support the Council's corporate aim to provide innovative and value for money services.</p>
Appendices	<p>Appendix 1 – Outstanding Actions Appendix 2 – Progress Updates</p>
Background Papers	<p>None</p>
Report Originator and Contact	<p>Name: Denise Hunt, Senior Democratic Services Officer Tel: (01305) 224878 Email: <a href="mailto:d.hunt@dorsetcc.gov.uk">d.hunt@dorsetcc.gov.uk</a></p>

Date of Meeting	Note Number and subject reference	Action Required	Responsible Officer	Completed (incl comments)
20 September 17	56 - Scoping Document – Scrutiny Review of the costs of care of Looked After Children in foster or residential placements)	Further refinements to the scoping document required in liaison with Cllr Richard Biggs.	Patrick Myers Assistant Director – Design and Development	Meeting to be arranged now that several associated factors have been settled, primarily the Modernising Fostering Programme and the Sufficiency Strategy for Placements which all have a bearing on the scope.
	59 - Treasury Management and Prudential Code Review 2016-17	A session on the Treasury Management Strategy to be convened with an invitation to all members to attend.	David Wilkes Senior Finance Manager - Treasury & Investments	Arrangements made for Capita to attend on Friday 19 January 2018 1.30 – 3.00pm and an invitation extended to all Councillors to attend.
	61 - SEN Transport	That an update is provided on progress with the SEN travel budget.	Patrick Myers Assistant Director – Design & Development	High Impact Report Card provided and circulated that gives an overview of the demand and costs of service. The report card is below for further reference.

## Progress on Matters Raised at Previous Meetings

### Description/Context

The LA has a statutory duty to provide travel assistance or free transport to children with SEND if eligible between home and school due to their need or the distance involved. Currently the SEN Travel Team within Children's determines eligibility and individual requirements while the Dorset Travel Team coordinates the contracting and operation of the majority of the transport.

The amount spent on SEN travel has increased on the 2015/16 figures and expenditure was over budget in 2016/17 by £2.3m. The number of children being transported at the start of the year was recorded as 755\*. By the end of the year this has increased to 941, a 25% increase. However, during this period, costs have only increased by £340k (4%). The growth in children being transported is linked to the increase in the number of children with an EHCP (12%) and this is fuelling the transport demand. Although the control actions taken are likely to contain growth, reduction of expenditure to meet budget will require further radical action.

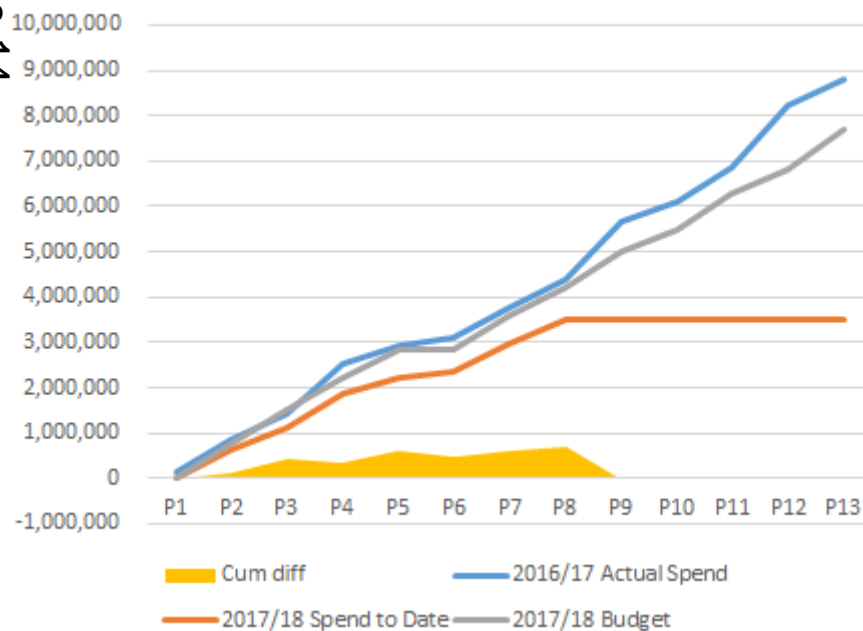
### Causes and Forces affecting this issue

- Increasing number of children and young people with EHCPs
- Distance of children from home to SEND provision
- Need for a Passenger Assistant
- Lack of suitable mainstream transport
- Availability and sufficiency of suitable SEND provision locally
- Unit cost of transport commissioned by Dorset Travel
- Willingness of parents/young person to accept Personal Travel Budgets
- Robustness of the annual review of the EHCP

### What do we know about this issue?

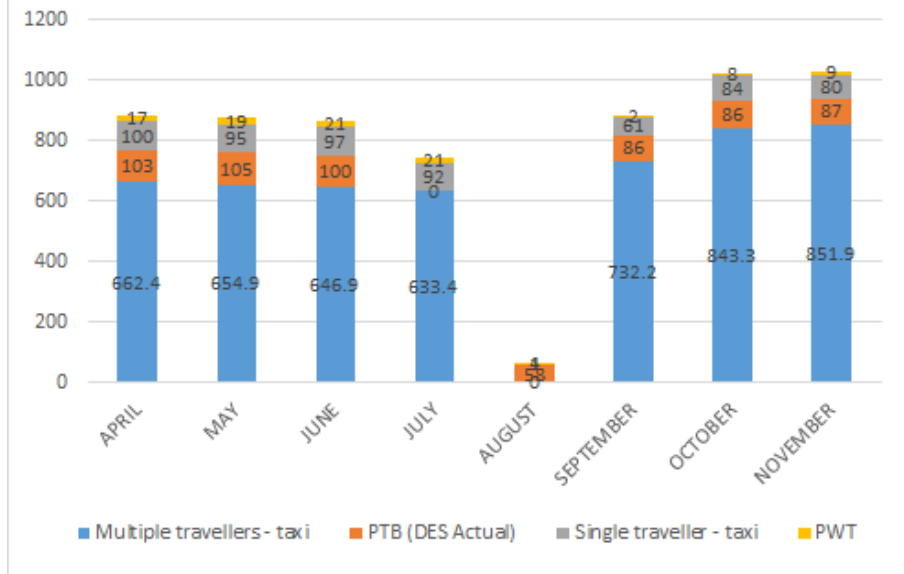
Page 14

All transport actual spend vs profile 2017-18



Pre 16 SEN Travellers 2017-18

Source: Trapeze and DES



## Progress on Matters Raised at Previous Meetings

### **Commentary on the graphs:**

**In November, approximately 1035 with SEND were transported (excluding AP and Post 16). Some have needs that require them for safety reasons to be accompanied by a Passenger Assistant. Whilst the number of children receiving travel assistance has increased, overall costs are increasing slower than the increase in demand, demonstrating a lower average cost per child. The actuals to date are lower than the profiled budget to date, suggesting that the forecast overspend may not be as high as initially predicted. However, no Passenger Assistant recharge has happened this financial year (estimated £438k per quarter), plus there is an historic transmission delay within this area, due to the delay between undertaking the work, and the operator submitting their invoice. A PA recharge is expected in December. Travellers reduced in July as expected as it is the end of the school term, although they have increased again now the school year has started.**

### Progress Update - Ironman Event

There were only 3 written complaints following the 2017 Weymouth Ironman event that included not wanting the event to be held in Dorset, not wanting the race course to traverse the Piddle Valley and traffic management signage slightly off the race course being left up for too long.

An event de-brief meeting was held on 9 October 2017. Overall it was agreed that the 2017 event had been a big leap forward in terms of success from the previous year. Items that were discussed to make further improvements to the event included slight amendments to traffic management (mainly having a sweep vehicle to pick up signs that were not on the route), more engagement with parish councils, farmers, businesses and other event organisers to work together as positively as possible. The use of the Dorset Highways operatives as traffic marshals at strategic junctions on the cycle route was seen as major game changer during the 2017 event that would be utilised further for future events.

Piddle Valley Parish Council (Piddle Valley) wanted the cycle route to be changed each year, however, as there were not many workable alternative routes and a lot of merit in refining any issues on the established course as opposed to engaging with a completely different set of stakeholders on a different course, it was discussed with the Highways Portfolio Holder that officers would work with Ironman in 2018 using the 2017 cycle route. Officers had talked to the Parish Council about how access could be improved as well as other issues of concern. Officers were therefore confident of building on the success of the 2017 event in order to ensure further improvement for this prestigious international sporting event to become an established part of Dorset's annual calendar of events.

The Memorandum of Understanding for the 2018 event would be signed by the end of January 2018.





# External Audit Plan 2017/2018

**Dorset County Council**

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January 2018

# Summary for Audit and Governance Committee

## Financial statements

There are no significant changes to the Code of Practice on Local Authority Accounting ("the Code") in 2017/18, which provides stability in terms of the accounting standards the Authority need to comply with. Despite this, the deadline for the production and signing of the financial statements has been significantly advanced in comparison to year ended 31 March 2017. We recognise that the Authority has successfully advanced its own accounts production timetable in prior years so as to align with the new deadlines. As a result, we do not feel that this represents a significant risk, although it is still important that the authority manages its closedown process to meet the earlier deadline.

In order to meet the revised deadlines it will be essential that the draft financial statements and all prepared by client documentation is available in line with agreed timetables. Where this is not achieved there is a significant likelihood that the audit report will not be issued by 31 July 2018.

## Materiality

Materiality for planning purposes has been set at **£10 million** for the Authority and **£30 million** for the Pension Fund.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at **£0.5 million** for the Authority and **£1.5 million** for the Pension Fund.

## Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Valuation of PPE** – Whilst the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the way in which the Authority ensures that assets not subject to in-year revaluation are not materially misstated as well as reviewing the basis of valuation for those assets that have been revalued;
- **Pension Liabilities** – The valuation of the Authority's pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes in place to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation.

# Summary for Audit and Governance Committee (cont.)

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## Financial Statements (cont.)

### Pension Fund risks

In relation to the Pension Fund audit, those risks requiring specific audit attention and procedures have been identified as:

- **Valuation of hard to price investments** – The Pension Fund invests in a range of assets and funds, some of which are inherently harder to value due to there being no publicly available quoted prices. We will verify a selection of investments to third party information and confirmations

**See pages 3 to 8 for more details**

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## Value for Money Arrangements work

We have not yet carried out our risk assessment regarding your arrangements to secure value for money, however our initial planning meeting has identified the following VFM significant risk to date:

- **Delivery of Budgets** – As a result of reductions in central government funding, and other pressures, the Authority is having to make additional savings beyond those from prior years. We will consider the way in which the Authority identifies, approves, and monitors both savings plans and how budgets are monitored throughout the year.

We will perform our full risk assessment as part of our interim audit and therefore this is not the final list of VFM risks.

**See pages 11 to 15 for more details**

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## Logistics

Our team is:

- Darren Gilbert – Director
- John Oldroyd – Senior Manager
- Alex Nash – Manager

More details are in **Appendix 2**.

Our work will be completed in four phases from December to July and our key deliverables are this Audit Plan and a Report to Those Charged With Governance as outlined on **page 18**.

Our fee for the 2017/18 audit is £74,022 (£74,022 in 2016/2017) for the Authority and £25,146 (£25,146 in 2016/17) for the Pension Fund see **page 17**. These fees are in line with the scale fees published by PSAA.

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## Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

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# Introduction

## Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2017/18 presented to you in April 2017, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.

## Our audit has two key objectives, requiring us to audit/review and report on your:

**01 | Authority and Pension Fund Financial statements :**  
Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and

**02 | Use of resources:**  
Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reporting to the Audit and Governance Committee.

## Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



## Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Page 11 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for 2017/18.



# Financial statements audit planning

## Financial Statements Audit Planning

Our planning work takes place during December 2017 and January 2018. This involves the following key aspects:

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of management's use of experts; and
- Issuing this audit plan to communicate our audit strategy.

## Risk assessment

Auditing standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

01

### Management override of controls

Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

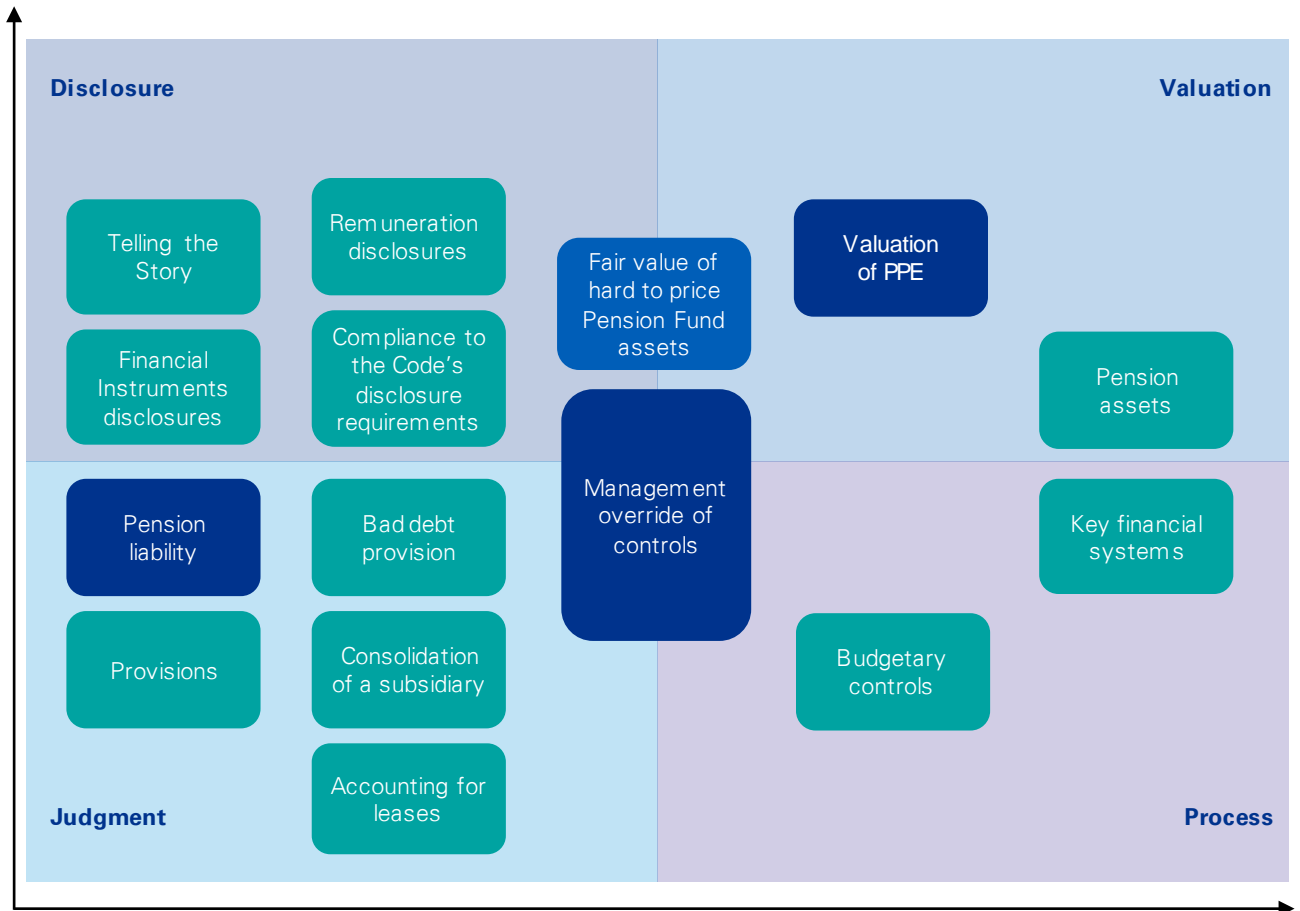
02

### Fraudulent revenue recognition

We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

# Financial statements audit planning (cont.)

The diagram below identifies significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



- Keys:**
- Significant risk
  - Significant risks – Pension Fund only
  - Other area of audit focus
  - Example other areas considered by our approach

# Financial statements audit planning (cont.)

## Significant Audit Risks – Authority

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

<b>Risk:</b>	<b>Valuation of PPE</b> <p>The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, however, individual assets may not be revalued for four years.</p> <p>This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value. In addition, as the valuation is undertaken as at 1 April, there is a risk that the fair value is different at the year end.</p>
<b>Approach:</b>	<p>We will review the approach that the Authority has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. We will also assess the risk of the valuation changing materially during the year.</p> <p>In addition, we will consider movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.</p> <p>In relation to those assets which have been revalued during the year we will assess the valuer's qualifications, objectivity and independence to carry out such valuations and review the methodology used (including testing the underlying data and assumptions).</p>

# Financial statements audit planning (cont.)

## Significant Audit Risks – Authority (cont.)

<b>Risk:</b>	<p><b>Pension Liabilities</b></p> <p>The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of Dorset County Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.</p>
<b>Approach:</b>	<p>As part of our work we will review the controls that the Authority has in place over the information sent to Barnett Waddingham, the Scheme Actuary, including the Authority's process and controls with respect to the assumptions used in the valuation. We will also evaluate the competency, objectivity and independence of Barnett Waddingham.</p> <p>We will review the appropriateness of the key assumptions included within the valuation, compare them to expected ranges, and consider the need to make use of a KPMG Actuary. We will review the methodology applied in the valuation by Barnett Waddingham.</p> <p>In addition, we will review the overall Actuarial valuation and consider the disclosure implications in the financial statements.</p>



# Financial statements audit planning (cont.)

## Significant Audit Risks – Pension Fund

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Pension Fund.

<b>Risk:</b>	<b>Valuation of hard to price investments</b> The Pension Fund invests in a wide range of assets and investment funds, some of which are inherently harder to value or do not have publicly available quoted prices, requiring professional judgement or assumptions to be made at year end. The pricing of complex investment assets may also be susceptible to pricing variances given the number of assumptions underlying the valuation.
<b>Approach:</b>	As part of our audit of the Pension Fund, we will independently verify a selection of investment asset prices to third party information and obtain independent confirmation on asset existence. We will also test to what extent the Pension Fund has challenged the valuations reported by investment managers for harder to price investments and obtained independent assessment of the figures.

In addition to the risk set out above, if we receive specific requests from the auditors of other admitted bodies, we are required to support their audits under the protocols put in place by the PSAA for this purpose. If the work they request is over and above that already planned, there will be additional costs arising from this. The Pension Fund can consider recharging these costs to the relevant admitted bodies

# Financial statements audit planning (cont.)

## Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £10 million for the Authority's standalone accounts, and at £10 million for the group accounts, which in both cases equates to 1.8 percent of budgeted gross expenditure.

For the Pension Fund, materiality for planning purposes has been set at £30 million which equates to 1 percent of total assets.

We design our procedures to detect errors in specific accounts at a lower level of precision.

### Authority Budgeted Gross Expenditure: £565m (2016/17: £575m)

#### Materiality

£10m

1.8% of Expenditure

(2016/17: £10m, 1.7%)



£0.5m

Misstatements reported to the Audit and Governance Committee (2016/17: £0.5m)

£7.5m

Procedures designed to detect individual errors (2016/17: £7.5m)

£10m

Materiality for the financial statements as a whole (2016/17: £10m)

### Group Budgeted Gross Expenditure: £565m (2016/17: £575m)

#### Materiality

£10m

1.8% of Expenditure

(2016/17: £10m, 1.9%)



£0.5m

Misstatements reported to the Audit and Governance Committee (2016/17: £0.5m)

£7.5m

Procedures designed to detect individual errors (2016/17: £7.5m)

£10m

Materiality for the financial statements as a whole (2016/17: £10m)

### Pension Fund Prior Year Gross Assets : £2,752m

#### Materiality

£30m

1% of Prior Year Gross Assets

£1.5m

Misstatements reported to the Audit and Governance committee (2016/17: £1.5m)

£22.5m

Procedures designed to detect individual errors (2016/17: £22.5m)

£30m

Materiality for the financial statements as a whole (2016/17: £30m)

# Financial statements audit planning (cont.)

## Reporting to the Audit and Governance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.5 million.

In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.5 million.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.

### We will report:



Non-Trivial corrected audit misstatements



Non-trivial uncorrected audit misstatements



Errors and omissions in disclosure  
(Corrected and uncorrected)

# Value for money arrangements work

## VFM audit approach

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

## Overall criterion

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

The VFM approach is fundamentally unchanged from that adopted in 2016/17 and the process is shown in the diagram below. The diagram overleaf shows the details of the sub-criteria for our VFM work.



# Value for money arrangements work (cont.)

## Value for Money sub-criterion

### Informed decision making

Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

### Sustainable resource deployment

Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

### Working with partners and third parties

Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

# Value for money arrangements work (cont.)

## VFM audit stage



### VFM audit risk assessment

#### Audit approach

We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

- The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;
- Information from the Public Sector Auditor Appointments Limited VFM profile tool;
- Evidence gained from previous audit work, including the response to that work; and
- The work of other inspectorates and review agencies.



### Linkages with financial statements and other audit work

#### Audit approach

There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.



### Identification of significant risks

#### Audit approach

The Code identifies a matter as significant '*if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.*'

If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:

- Considering the results of work by the Authority, inspectorates and other review agencies; and
- Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

# Value for money arrangements work (cont.)

## VFM audit stage



### Assessment of work by other review agencies, and Delivery of local risk based work

#### Audit approach

Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.

We will also consider the evidence obtained by way of our financial statements audit work and other work already undertaken.

If evidence from other inspectorates, agencies and bodies is not available and our other audit work is not sufficient, we will need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:

- Additional meetings with senior managers across the Authority;
- Review of specific related minutes and internal reports;
- Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.



### Concluding on VFM arrangements

#### Audit approach

At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.



### Reporting

#### Audit approach

On the following page, we report the results of our initial risk assessment.

We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.

# Value for money arrangements work (cont.)

## Significant VFM Risks

These are those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money. We have not yet completed our risk assessment and will complete this during our interim audit, however we have initially identified the following significant risk;

### Risk:

#### Delivery of budgets

The Authority identified the need to make savings of £18.3 million in 2017/18. The current forecast shows that the Authority will deliver an overspend of approximately £4.1 million.

The Authority's budget for 2018/19 recognised a need for £18.4 million in savings. The approved budget includes individual proposals to support the delivery of the overall savings requirement. The need for savings will continue to have a significant impact on the Authority's financial resilience.

### Approach:

As part of our additional risk based work, we will review the controls the Authority has in place to ensure financial resilience, specifically that the Medium Term Financial Plan has duly taken into consideration factors such as funding reductions, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors.

### VFM Sub-criterion:

This risk is related to the following Value For Money sub-criterion

- Informed decision making;
- Sustainable resource deployment; and
- Working with partners and third parties

The authority is working to secure a decision on the future structure and form of local government in the county through LG reorganisation, and whilst this is unlikely to have a significant impact on our VFM audit work this year, we will maintain a watching brief on this as it develops.



# Other matters

## Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2017/18 have not yet been confirmed.

## Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.



# Other matters

## Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit and Governance Committee. Our communication outputs are included in Appendix 1.

## Independence and Objectivity

Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

## Audit fee

Our Audit Fee Letter 2017/2018 presented to you in April 2017 first set out our fees for the 2017/2018 audit. This letter also set out our assumptions. We have not considered it necessary to seek approval for any changes to the agreed fees at this stage.

Should there be a need to charge additional audit fees then this will be agreed with the s.151 Officer and PSAA. If such a variation is agreed, we will report that to you in due course.

The planned audit fee for 2017/18 is £74,022 for the Authority, which is the same as in 2016/2017. The planned audit fee for 2017/18 is £25,146 for the Pension Fund (2016/17 £25,146).

## Appendix 1:

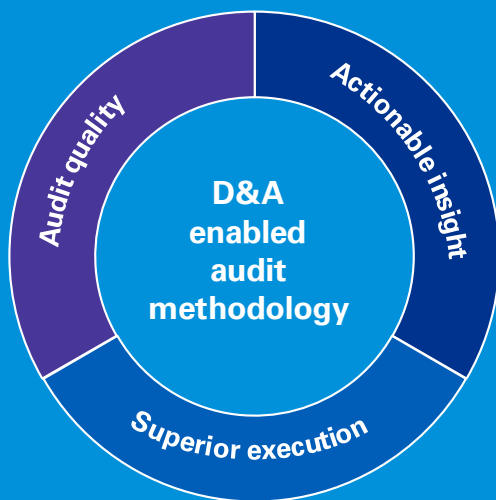
# Key elements of our financial statements audit approach

### Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. Data and Analytics allows us to:

- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as journals.



### Communication

Continuous communication involving regular meetings between Audit and Governance Committee, Senior Management and audit team.



## Appendix 1:

# Key elements of our financial statements audit approach (cont.)

### Audit workflow

#### Planning

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of managements use or experts; and
- Issuing this audit plan to communicate our audit strategy.

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#### Control evaluation

- Understand accounting and reporting activities
- Evaluate design and implementation of selected controls
- Test operating effectiveness of selected controls
- Assess control risk and risk of the accounts being misstated

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#### Substantive testing

- Plan substantive procedures
- Perform substantive procedures
- Consider if audit evidence is sufficient and appropriate

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#### Completion

- Perform completion procedures
  - Perform overall evaluation
  - Form an audit opinion
  - Audit and Governance Committee reporting
- 



## Appendix 2:

# Audit team

Your audit team has been drawn from our specialist public sector assurance department. Our audit team were all part of the Dorset County Council audit last year.



**Darren Gilbert**  
Director

T: +44 (0) 29 2046 8205  
E: Darren.gilbert@kpmg.co.uk

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'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion. I will be the main point of contact for the Audit and Governance Committee and Chief Executive.'



**John Oldroyd**  
Senior Manager

T: +44 (0) 23 8020 2055  
E: john.oldroyd@kpmg.co.uk

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'I provide quality assurance for the audit work and specifically any technical accounting and risk areas. I will work closely with Darren to ensure we add value. I will liaise with the Chief Financial Officer and other Executive Directors.'



**Alex Nash**  
Manager

T: +44 (0) 7342 080204  
E: alex.nash@kpmg.co.uk

---

'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'



**Duncan Laird**  
Senior Manager – Pension Fund

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E: Duncan.laird@kpmg.co.uk

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'I provide quality assurance for the Pension Fund audit work and specifically any pension-related technical accounting and risk areas.'

## Appendix 3:

# Independence and objectivity requirements

## ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF DORSET COUNTY COUNCIL

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

### General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management

We are satisfied that our general procedures support our independence and objectivity.

### Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Darren Gilbert – Director, KPMG LLP



**kpmg.com/uk**



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

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

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

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# Technical update

Dorset County Council

January 2018



# KPMG Resources

# How to build a business case

A sound business case is a foundation to effective investment decisions. It is crucial for making the right investment decisions. As the pressure on local authority finances continues the role of major investment and transformation decisions will become more critical to delivering a sustainable future. Robust business cases are vital to ensuring that investment choices have the best chance of delivering success.

Through KPMG's work with over 100 public sector bodies we have produced a practical guide to preparing robust and proportionate business cases to support both routine and strategic investment decisions.

The report covers:

- The role of the business case
- How to achieve consistent quality
- Getting the balance right in the content of the business case
- Achieving objectivity
- The business case framework

A guide to local government business cases, including the requirements for good business cases, split into 11 elements.

The full report can be accessed here: <https://home.kpmg.com/uk/en/home/insights/2017/12/local-government-how-to-build-a-business-case.html?hootPostID=ad392ed3a21657cc96c79dbd6eb73134>

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# Technical developments

# Auditor Guidance Note 1 (AGN 01) – General Guidance

Level of impact: ● (for action)	KPMG Perspective
<p>The Comptroller and Auditor General (C&amp;AG) has issued a revised version of Auditor Guidance Note 1 (AGN 01).</p> <p>AGN 01 provides general guidance to auditors of local bodies, and sets out the overall framework for issuing guidance and for providing other support to local auditors. It includes relevant ethical requirements which those charged with governance may wish to be aware of.</p> <p>A copy of AGN 01 can be accessed from the NAO website, guidance and information for auditors page, at the following link: <a href="https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Auditor-Guidance-Note-01-General-Guidance-Supporting-Local-Audit.pdf">https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Auditor-Guidance-Note-01-General-Guidance-Supporting-Local-Audit.pdf</a></p>	<p>Those charged with governance will wish to be aware of the requirements of the FRC’s ethical standard and the supplementary and explanatory guidance set out in AGN 01.</p>

# Auditor Guidance Note 7 (AGN 07) – Auditor Reporting

Level of impact: ● (for action)	KPMG Perspective
<p>The Comptroller and Auditor General (C&amp;AG) has issued an update version of Auditor Guidance Note 7 (AGN 07).</p> <p>AGN 07 is relevant to all bodies covered by the Local Audit and Accountability Act 2014 (the Act) and the Code of Audit Practice (the Code).</p> <p>The changes include revisions to clarify the guidance relating to:</p> <p>Reporting to those charged with governance, which needs to cover the range of audit responsibilities under the Code including auditor judgements on significant risks in respect of arrangement to secure value for money</p> <p>In specified circumstances, enhanced reporting requirements under ISA (UK) 700, including the reporting of key audit matters under ISA (UK) 701</p> <ul style="list-style-type: none"> <li>• Reporting considerations in relation to material uncertainty in respect of going concern</li> <li>• Considering when to issue the annual audit letter, including in situations where work remains outstanding, for example, on Whole of Government Accounts returns; and</li> <li>• Part-year reporting requirements.</li> </ul> <p>A copy of AGN 07 can be accessed from the NAO website, guidance and information for auditors page, at the following link: <a href="https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Auditor-Guidance-Note-07-Auditor-Reporting-1.pdf">https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Auditor-Guidance-Note-07-Auditor-Reporting-1.pdf</a></p>	<p>Those charged with governance will wish to be aware of the reporting requirements of the Local Audit and Accountability Act 2014.</p>

# DCLG FAQ on MRP and Investment Code guidance

Level of impact: ● (For Action)	KPMG Perspective
<p>The Department for Communities and Local Government (DCLG) has issued its FAW on the Minimum Revenue Provision (MRP) and Investment Code guidance consultations. The consultation on the proposed changes closed on 22<sup>nd</sup> December 2017, and changes will be made after the analysis of consultation responses.</p> <p>The FAQ includes common queries from local authorities, and covers the following:</p> <ul style="list-style-type: none"><li>• Clarification what the section on borrowing in advance of need means</li><li>• Whether the proposals on MRP mean that local authorities no longer have the flexibility to decide what is prudent provision for debt</li><li>• Whether local authorities should apply the current or the proposed Codes whilst making decisions during the consultation period</li></ul> <p>If the changes to the MRP guidance will be applied prospectively or retrospectively.</p> <p>The full FAQ can be found at the following link: <a href="https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance/prudential-framework-of-capital-finance-ga">https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance/prudential-framework-of-capital-finance-ga</a></p>	<p>Members may wish to discuss with officers what, if any, is the potential impact of the consultations.</p>

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## Technical developments

# CIPFA/LASAAC statement on the adoption of IFRS 9 Financial Instruments

### Level of impact: ● (For Information)

Members may wish to be aware that the Chartered Institute of Public Finance and Accountancy Local Authority Code Board (CIPFA LASAAC) has published a statement on the adoption of IFRS 9 Financial Instruments.

IFRS 9 will be adopted in the 2018/19 local government accounting code.

Members may wish to consider the effect of the adoption of IFRS 9 on the financial statements for 2018/19.

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# PSAA's consultation on 2018-19 scale of fees for opted-in bodies

Level of impact: ● (For Information)

Public Sector Audit Appointments (PSAA) has published its consultation on the 2018-19 scale of fees for principal local government bodies that have opted into the appointing person arrangements.

The consultation is available on the PSAA website at: <https://www.psa.co.uk/audit-fees/201819-work-programme-and-scales-of-fees/>

The consultation proposes that scale audit fees for 2018-19 should reduce by 23 per cent, compared to the fees applicable for 2017-18. More details on the proposals are set out in the consultation document.

Proposed 2018-19 scale fees for individual opted-in bodies, based on the 23 per cent reduction, are listed on the website and are accessible through the following links:

- Local government: <https://www.psa.co.uk/audit-fees/201819-work-programme-and-scales-of-fees/proposed-individual-scale-fees-for-local-government-bodies/>
- Pension fund audits: <https://www.psa.co.uk/audit-fees/201819-work-programme-and-scales-of-fees/proposed-individual-scale-fees-for-pension-funds/>

## Technical developments

# Investigation into the governance of Greater Cambridge Greater Peterborough Local Enterprise Partnership

### Level of impact: ● (For Information)

The NAO has conducted an investigation into the governance of Greater Cambridge Greater Peterborough Local Enterprise Partnership. The investigation was prompted by concerns raised about the Partnership.

The role of Local Enterprise Partnerships (LEPs) continues to grow, and it may be noted that government has given LEPs a key role in the recently published Industrial Strategy to lead the development of Local Industrial Strategies.

Information on the UK's Industrial Strategy can be found at the following link: <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

The Department for Communities and Local Government (DCLG) carried out a national review of LEP governance and transparency. The review made a number of recommendations for improvement.

The review, published on 26 October 2017, with the aim of providing sufficient assurance to the Accounting Officer's and ministers that LEPs fully implement existing requirements for appropriate governance and transparency.

A full copy of the report can be found at the following link: <https://www.gov.uk/government/publications/review-of-local-enterprise-partnership-governance-and-transparency>

# PSAA's report on the results of auditors' work 2016-17

**Level of impact:** ● (For Information)

Public Sector Audit Appointments Ltd (PSAA) published its Report on the results of auditors' work 2016/17: Local government bodies on Tuesday 19<sup>th</sup> December.

This is the third report on the results of auditors' work at local government bodies published by PSAA. It summarises the results of auditors' work at 497 principal bodies and 9,752 small bodies for 2016-17. The report covers the timeliness and quality of financial reporting, auditors' local value for money arrangements work, and the extent to which auditors used their statutory reporting powers.

The timeliness and quality of financial reporting for 2016-17, as reported by auditors, remained broadly consistent with the previous year for both principal and small bodies.

Compared with 2015-16, the number of principal bodies receiving an unqualified audit opinion by 31 July showed an encouraging increase. 83 principal bodies (17 per cent) received an unqualified opinion on the accounts by the end of July compared with 49 (10 per cent) for 2015-16. These bodies appear to be well positioned to meet the earlier statutory accounts publication timetable that will apply for 2017-18 accounts.

Less positively, the proportion of principal bodies where the auditor was unable to issue the opinion by 30 September increased compared to 2015-16. Auditors at 92 per cent of councils (331 out of 357) were able to issue the opinion on the accounts by 30 September 2017, compared to 96 per cent for the previous year. This is a disappointing development in the context of the challenging new timetable. All police bodies, 29 out of 30 fire and rescue authorities and all other local government bodies received their audit opinions by 30 September 2017.

For the fourth year in a row there have been no qualified opinions on the accounts issued to date to principal bodies. The number of qualified conclusions on value for money arrangements has remained relatively constant at 7 per cent (30 councils, 2 fire and rescue authorities and 1 other local government body) compared to 8 per cent for 2015-16.

The complete report is available publically on the PSAA website: <https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>



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# Dorset County Council

## Report of Internal Audit Activity

### Plan Progress 2017/18 – January 2018

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Agenda Item 8

## Executive Summary

The Assistant Director is required to provide an annual opinion to support the Annual Governance Statement.

As part of our plan progress reports, we will provide an ongoing opinion to support the end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks by audit.



### Audit Opinion and Summary of Significant Risks

#### Audit Opinion:

Audit reviews completed to date, highlight that in the majority of areas, risks are reasonably well managed with the systems of internal control working effectively.

#### Significant Risks:

In the 2017/18 final audit reports issued to date, there have been four Significant Risks identified in our work.

In regard to **Resilience of ICT infrastructure – Service Continuity Planning**, there is a risk that the authority is unable to recover key systems and data when an incident occurs which would result in a loss or corruption to data and systems with the associated financial loss due to business disruption and/or loss of service continuity. The service have agreed to implement all recommendations made in our report and these should all be in place by 31 March 2018. A follow up audit will take place during Quarter 1 of 2018/19 to assess progress on implementation.

An audit of the **Governance Framework for Tricuro** found that it does not allow the council, as owners of the company, sufficient control and scrutiny to fully measure the effectiveness of:

- Governance arrangements
- Reporting of both finance and performance
- Oversight of future business strategy

Failure to maintain sufficient control and scrutiny could lead to potential financial and reputational damage to the council. Again, the service has agreed to implement our recommendations and time has been allocated within Quarter 4 of this financial year to undertake a follow up audit to assess implementation of our recommendations.

A review of the authority's readiness for the new **EU General Data Protection Regulations (GDPR)** which comes into effect on 25<sup>th</sup> May 2018 was requested by the Authority. The review identified that currently the organisation is not able to fully implement the requirements of the GDPR within the required timescales resulting in non-compliance with the consequence of financial penalties. The response from the authority has been extremely positive in terms of implementing our recommendations and we plan to undertake some further advisory and follow up work before the end of the financial year to assist with progress towards GDPR compliance.

The final audit where significant risks have been identified is **Budget Management within Children's Services**. It was found that not all budgets have been based on realistic assumptions and achievable savings targets, resulting in the inability to deliver expenditure within available budget. It was also identified that failure to adjust budgets and savings targets in year, as a result of demand led or external changes, results in future overspends within the service. The report has been at discussion document stage for a number of months, however this timescale has been impacted by the change of Director. We have now reached a point where it has been possible to move the report to draft stage with management responses. We hope to be able to issue the final report shortly and will undertake some follow up work to review progress in the new financial year.

### Follow Up Work

Follow up work undertaken so far this year, has proved challenging to complete with some difficulties in obtaining timely responses from management on progress of implementing our recommendations. In some instances actions appear to be prompted by our follow up process, however in the majority of cases recommendations are complete or at least in progress. In the case of two follow ups this year, we feel that insufficient progress has been made and therefore we have scheduled a further review either towards the end of Quarter 4 or Quarter 1 of next year (Better Care Fund and Safer Recruitment).

Progress of mitigating previously identified significant risks, has been included in Appendix B.

## SWAP Performance - Summary of Audit Opinions

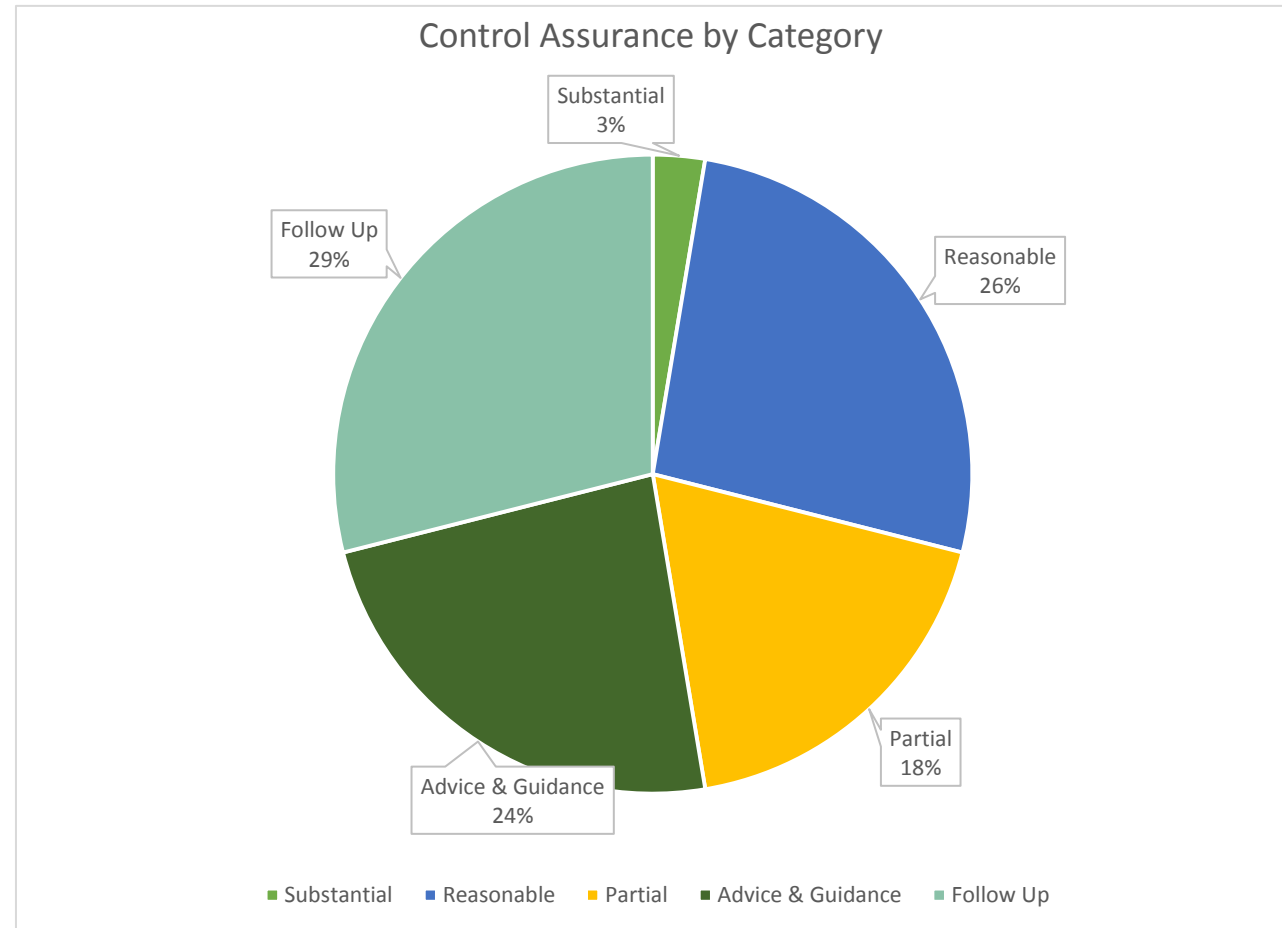
At the conclusion of audit assignment work each review is awarded a "Control Assurance", a summary of the assurance levels is as follows:

- **Substantial – Well controlled and risks well managed.**
- **Reasonable – Adequately controlled and risks reasonably well managed.**
- **Partial – Systems require control improvements and some key risks are not well managed.**
- **None – Inadequately controlled and risks are not well managed.**



## Summary of Control Assurance

As well as our standard audit opinions, we have also included our Follow Up work along with any Advice & Guidance. It should be noted that there were no 'None' Audit Opinions in our work to date.





## Internal Audit Plan Progress 2017/18

### Approved Changes:

**We keep our plans under regular review so as to ensure that we are auditing the right things at the right time.**



### Changes to the Audit Plan

Since the approval of the annual internal audit plan there have been certain changes. This had been due to emerging risks that have been deemed higher priority, or where the service has stated that an audit would not add sufficient value at this time due to arrangements being in their infancy. The changes have been summarised below:

#### Audits removed from the original 2017/18 audit plan

- Pooled budgets
- Readiness for Highways infrastructure Asset change
- Free school meals data matching exercise
- Follow up of Ofsted action plan
- Recruitment and retention of safeguarding staff
- Dedicated Schools Grant

#### Audits substituted to replace the reviews above and new audits added to plan

- Accounts payable – procedures for changes to supplier bank account details
- Covert surveillance procedures
- Strategic Alliance for children and young people
- Statutory timescales for Children's assessment
- High Cost Placements
- GDPR advisory work
- Safer recruitment further follow up
- Better Care Fund further follow up

#### Audits deferred to 2018/19

- Scheme of Delegation
- Use of SharePoint
- Compliance with IR35
- Sustainability and Transformation Plan (Adults and Community Directorate)

### Added Value:

**Primarily Internal Audit is an assurance function and will remain as such. However, Members requested that we provide them with examples of where we have “added value” to a particular service or function under review.**



### Added Value

- We have compiled a best practice document on flexible working which has been shared with senior officers in HR.
- We receive fraud notifications from our partners and we regularly share this information to help increase awareness of current fraud activity.
- We have compiled a best practice document on Commercial Contract Management which has been shared with senior procurement officers.
- We have used IDEA software to check the validity of all VAT registration numbers as an additional part of the VAT audit. From this we were able to verify that all VAT numbers used by DCC suppliers were genuine numbers.
- We have used IDEA software to generate reports for DCC on potential duplicate payments for investigation and follow up.
- A survey exercise has been conducted across all SWAP partners to establish the extent to which Ethics and Culture have been developed, communicated and embedded. As a result, a best practice guidance document has been prepared outlining the key findings and areas for consideration. This document has been shared across the authority.
- On 25<sup>th</sup> May 2018 Dorset County Council will be required to be compliant with the EU General Data Protection Regulations. Concern was expressed that the Council would not be compliant by this date and SWAP was engaged to undertake a gap analysis to identify the work required to become compliant. This work has been extremely well received and should assist the Council to be in a position to either be compliant or working towards compliance on that date.
- We have prepared best practice documents and shared these with DCC maintained schools on the following areas: Minutes of the Governing Body; Fraud in schools; IT controls in schools.

# Internal Audit Plan Progress 2017/18

The Assistant Director of for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



## SWAP Performance

SWAP now provides the Internal Audit service for 24 Councils and public-sector Authorities. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for Dorset County Council for the 2017/18 year (as at 31 December 2017) are as follows;

Performance Target	Performance
<p><b><u>Audit Plan – Percentage Progress</u></b>                      Final, Draft and Discussion Document                      In progress                      Yet to complete</p>	<p>44%                      43%                      13%</p>
<p><b><u>Draft Reports</u></b>                      Issued within 5 working days                      Issued within 10 working days</p>	<p>74%                      90%                      (Average Days of 3)</p>
<p><b><u>Final Reports</u></b>                      Issued within 10 working days of                      discussion of draft report</p>	<p>68%                      (Average Days of 9)</p>
<p><b><u>Quality of Audit Work</u></b>                      Customer Satisfaction Questionnaire</p>	<p>85%</p>

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major Recommendation ← → 1 = Minor				
						5	4	3	2	1
						<b>2016/17 Work</b>				
Governance	Tricuro Governance Arrangements	4	Final	Partial	8	-	5	3	-	-
<b>2017/18 Work at Report Stage</b>										
Follow up	Children in Care	1	Final	N/A		-	-	-	-	-
Operational	Trading Standards	1	Final	Reasonable	6	-	-	6	-	-
Operational	Animal Health & Welfare	1	Final	Reasonable	2	-	-	2	-	-
Operational	Schools IT Controls	1	Final	Reasonable	4	-	2	2	-	-
Follow up	Ethical Governance	1	Final	N/A		-	-	-	-	-
Operational	Mosaic - Data Migration Readiness	1	Final	Advice & Guidance		-	-	-	-	-
Operational	Agency Staff - DWP	1	Final	Reasonable	10	-	1	9	-	-
Grant Certification	Careers and Enterprise Grant	1	Final	Advice & Guidance		-	-	-	-	-
Grant Certification	Dorset Growth Hub	1	Final	Advice & Guidance		-	-	-	-	-
Operational	Planned Use of School Balances	1	Final	Reasonable	4	-	-	3	-	-
IT Audit	Resilience of ICT Infrastructure – Service Continuity Plan Arrangements	1	Final	Partial	16	-	3	13	-	-
Follow Up	Debt Management	1	Final	N/A	-	-	-	-	-	-


Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major Recommendation ← → 1 = Minor				
						5	4	3	2	1
						Follow Up	Safer Recruitment <i>(one priority 3 recommendation is new resulting from the follow up work and three are recommendations not implemented from the original audit)</i>	1	Final	N/A
IT Audit	ICT Contract Management	1	Final	Partial	10	-	-	10	-	-
Operational	Education of Looked after Children	2	Final	Partial	6	-	4	2	-	-
Follow up	Direct Payments – Children’s	2	Final	N/A						
Follow up	SEN Decision Making	2	Final	N/A						
Follow up	Towards Adulthood project	2	Final	N/A						
Operational	Pimperne School	2	Final	Reasonable	15	-	3	8	4	-
Operational	Deprivation of Assets – Adults and Community Services	2	Final	Partial	5	-	1	4	-	-
Operational	Control of Credit Notes	2	Final	Reasonable	3	-	2	1	-	-
Follow up	Use of Consultants	2	Final	N/A						
Operational	Covert Surveillance of Social Networking Sites	2	Final	Advice & Guidance						
Operational	Business Continuity	2	Final	Reasonable	9	-	-	9	-	-
Follow up	Agency staff	2	Final	N/A						
Governance	Accounts Payable Fraud Investigation	3	Final	Advice & Guidance						
Follow up	Better Care Fund	3	Final	N/A	-	-	-	-	-	-

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ← → 1 = Minor				
						Recommendation				
						5	4	3	2	1
Operational	Financial Reconciliations	3	Final	Substantial	1	-	-	1	-	-
Follow up	Intermediaries Legislation/IR35	3	Final	N/A						
Operational	VAT	3	Final	Reasonable	6	-	-	6	-	-
Operational	General Data Protection Regulations	3	Final	Partial	34	7	26	1	-	-
Operational	Contract Compliance	3	Final	Advice & Guidance						
Operational	Outcomes Based Accountability	3	Final	Reasonable	13	-	-	13	-	-
Governance	Ethics and Culture SWAP Survey	3	Final	Advice & Guidance						
Operational	Commercial Contract Management	3	Final	Advice & Guidance						
Operational	Management & Control of Flexible working	3	Final	Advice and Guidance						
Operational	Budget Management - Children's	1	Draft	Partial	16	4	11	1	-	-
Follow up	Budget Management	3	Draft	N/A						
Operational	Learning Disabilities	3	Discussion							
Operational	Budget Management Adult and Community	3	Discussion							
Governance	Adult and Communities Change Programme	3	Discussion							
Follow up	Section 17 Payments	2	In progress							
Operational	High Cost Placements	3	In progress							

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ← → 1 = Minor				
						Recommendation				
						5	4	3	2	1
Governance	Local Enterprise Partnership	3	In progress							
Follow up	Oversight of Schools	3	In progress							
Operational	Alignment of Forward Together and Budget Gap	3	In progress							
Operational	Budget Management Environment and Economy	3	In progress							
Operational	Capital Budget Management	3	In progress							
Operational	Payroll – External Customers	3	In progress							
Operational	Review of Corporate Working Groups	3	In progress							
Operational	Technology Strategy (Cloud Computing)	3	In progress							
Operational	Contract Management – Construction and Transport	3	In progress							
Operational	Children’s Services Contract Monitoring Arrangements	3	In progress							
Operational	Early Years Funding	3	In progress							
Operational	Family Partnership Zones	4	In progress							
Operational	Multi-Agency Safeguarding Hub	4	In progress							
Operational	Review of SEND Travel Project Governance	4	In progress							
Operational	New Youth Service Arrangements	4	In progress							
Operational	Review of New Committee Structure	4	In progress							

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major  1 = Minor				
						Recommendation				
						5	4	3	2	1
Operational	DWP – Vehicle Maintenance	4	In progress							
Operational	Sickness Management	4	In progress							
Operational	Implementation of Our People Plan	4	In progress							
Operational	ICT Key Controls	4	In progress							
Follow up	Safer Recruitment	4	In progress							

A copy of the full audit plan, including details of upcoming planned audit reviews, is available to view [here](#).



Summary of progress in mitigating previously reported Significant Risks

Audit Tittle	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
Safer Recruitment	<p>There is no effective control to ensure that a DBS check is undertaken in every appropriate instance prior to employment commencing.</p> <p>Without a signed contract being in place prior to service delivery the Authority will not be able to enforce the DBS requirement contained within the contract.</p> <p>Without maintaining a central record of volunteers, the Authority is unable to ensure that a DBS check is undertaken in every appropriate instance prior to volunteer work commencing.</p>	All actions were planned to be completed by the end of April 2017.	<p><b>A follow up review has been completed which identified that only partial progress was found to have been made in completing and embedding the recommendations. A further follow up review will be undertaken before the end of this financial year.</b></p>
Debt Management	<p>There are inadequate debt recovery procedures for Children’s Services Debts.</p> <p>Debt recovery actions within directorates are not recorded on DES/SAP</p> <p>Environment directorate using a “work around” to put a customer’s service provision on stop.</p> <p>At the time of the audit the value of aged credit that had been outstanding for over 365 days stood at £404,037.00.</p>	All actions were planned to be completed by the end of March 2017.	<p><b>The follow up review has now been completed and good progress was found to have been made in completing and embedding the recommendations. There are no residual significant concerns.</b></p>

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Audit Title	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
<p>Budget Management (Corporate Overview)</p>	<p>Budgets are not always assigned to an appropriate budget holder according to Schemes of Delegation, resulting in the possibility that there is no accountability for monitoring expenditure against the budget allocated.</p> <p>There was previously a lack of clarity around the roles and responsibilities of Committees for scrutinising budgets (since the audit fieldwork roles and responsibilities have now been clarified).</p> <p>Senior Management are not always providing evidence that budgets are being effectively scrutinised, with actions taken and officers held to account.</p>	<p>All actions were planned to be completed by the end of April 2017.</p>	<p><b>A current follow up review is at draft report stage and our work has shown that there are no residual significant concerns.</b></p> <p><b>We have undertaken individual budget management audits within each of the Directorates in 2017/18. Each is progressing to report stage and we will be able to provide more detail within our next update report.</b></p>
<p>Use of External Advisors</p>	<p>There is limited strategic oversight of the use of external advisors at a corporate level.</p> <p>Inaccurate coding of external advisor spend, resulting in the figures reported to Members containing potential inaccuracies and/ or overstatements.</p> <p>Officers in some areas are unaware of key guidance and best practice principles in relation to the use of external advisors.</p> <p>Consideration of using alternatives to external advisors at the outset of work is not always being undertaken (or at least evidenced).</p>	<p>All actions were planned to be completed by end of January 2017.</p>	<p><b>Our follow up review has found that reasonable progress has been made to complete and embed the recommendations made. There were two priority 4 recommendations that were still in progress at the time of our review and a revised target implementation date has been set for these recommendations to be completed.</b></p>

# Audit & Governance Committee

**Dorset County Council**



Date of Meeting	19 January 2018
<u>Lead Officer</u> Richard Bates – Chief Financial Officer	
<b>Subject of Report</b>	<b>Financial management report</b>
Executive Summary	<p>This report provides members of the Audit &amp; Governance Committee with an update on the anticipated outturn for 2017/18.</p> <p>The information contained in the report is based on the December projections (produced early in January 2018). This is the tenth forecasting exercise of the year, so there is also brief analysis of the movements in the forecast during the year.</p> <p>This report also includes debt management information.</p>
Impact Assessment:	<p><b>Equalities Impact Assessment:</b> This high-level update does not involve a change in strategy, however, the information produced as a result of the forecasting process may trigger a review of policy and/or strategy for managing within the available budget. If this happens, the impact of specific proposals on equality groups will be considered.</p> <p><b>Use of Evidence:</b> This report draws on information from the Authority’s accounting systems and other financial records. It also relies on datasets maintained within the County Council’s services which are used to predict possible future demand for and costs of services.</p> <p><b>Budget:</b> The report provides an update on the County Council’s financial performance and projections for 2017/18. It also considers how this is impacting on the budget for 2018/19 and the following years of the MTFP.</p>

	<p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current Risk: HIGH</p> <p>Residual Risk HIGH</p>
	<p>Other Implications:</p>
<p>Recommendation</p>	<p>The Committee is asked to consider the contents of this report and:</p> <ul style="list-style-type: none"> <li>(i) note the Directors' latest estimates included in the forecast of outturn and the reasons causing us to forecast an overall overspend;</li> <li>(ii) note the latest projections for savings from the Forward Together programme;</li> <li>(iii) comment on the strategies, policies and tactics set out in this report that are intended to tackle the in-year overspend and establish a firm planning position from which to develop the base budget strategy for 2018/19 and beyond;</li> <li>(iv) put forward any other plans it wishes to be taken into account in addressing the current year's performance;</li> <li>(v) understand the risks and impact of the current forecast on the County Council's general fund and on the development of the MTFP; and</li> <li>(vi) note the continuing challenges - and progress - on the debt position since the last report.</li> </ul>
<p>Reason for Recommendation</p>	<p>It is important for Members to understand the causes underpinning the forecast overspend and consider the adequacy of the responses. Delivery of Forward Together savings is critical to the financial position of the County Council but there are pressures in the current year's forecast which mean additional measures on top of the original programme are being explored.</p> <p>Dealing with the current year's forecast overspend is critical to the understanding of the base position upon which we will be developing the budget strategy for 2018/19 and the MTFP for ensuing years.</p>
<p>Appendices</p>	<ol style="list-style-type: none"> <li>1. CPMI summary December 2017/18</li> <li>2. Forward Together programme savings 2017/18</li> </ol>
<p>Background Papers</p>	<p>MFTP reports to Cabinet during 2017/18</p>

Officer Contact	Name: Jim McManus, Chief Accountant Tel: 01305 221235 Email: j.mcmanus@dorsetcc.gov.uk
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## Background

- 1.1 Audit & Governance Committee is the County Council's principal body for overview and scrutiny of financial arrangements. This paper is coming to the Committee so that Members can review the County Council's performance for the year to date and understand the forecast position and the impact this might have on the budget process for 2018/19 and beyond.
- 1.2 Work is well in hand on financial planning for 2018/19 and beyond and a briefing note was sent to Members on 8<sup>th</sup> January, following the provisional local government finance settlement. While it is pleasing to be close to a balanced budget for 2018/19, there are still significant financial risks associated with the financial savings from the Forward Together programme and continuing pressures on services. Early monitoring of the 2018/19 budget will therefore be critical and the Finance Team is well advanced in its plans to deliver this early view. Members will be kept informed of our work.

## 2. Forecast of outturn for 2017/18

- 2.1 The latest forecast of outturn for the Authority, (December, AP9), indicates an overspend of £4.1m. An analysis is shown in the table below.

Directorate	Net Budget	Forecast Outturn	Forecast (Overspend)/ Underspend	Of which	
				Forward Together	Base budget
	£k	£k	£k	£k	£k
Adult & Community Services	133,169	134,319	(1,150)	(2,003)	853
Children's Services	62,486	69,290	(6,804)	(700)	(6,104)
Environment & Economy	35,934	35,881	52	(312)	364
Partnerships	20,002	19,048	954	0	954
Chief Executive's Dept	10,757	10,771	(14)	(164)	150
Total Service Budgets	262,348	269,309	(6,961)	(3,179)	(3,783)
Central/Corporate Budgets	(260,978)	(263,822)	2,844	0	2,844
Whole Authority	1,370	5,487	(4,117)	(3,179)	(938)

- 2.2 December's is the tenth forecasting exercise of the year. A brief history of this year's forecasting exercises is set out in the table, below. It is pleasing to see that action being taken is bringing the budget back towards balance.

	AP0	April	May	June	July	August	September	October	November	December
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
Children's Services	(4,000)	(5,750)	(7,080)	(7,356)	(7,850)	(6,393)	(6,407)	(6,139)	(6,745)	(6,804)
Adult & Community	(2,100)	(2,100)	(2,500)	(2,187)	(1,722)	(1,694)	(1,813)	(1,163)	(1,624)	(1,150)
Environment & Economy	(1,370)	(720)	(486)	(134)	(112)	(200)	(368)	172	169	52
Dorset Waste partnership	23	170	165	435	616	729	866	992	882	954
Public Health	0	0	0	0	0	0	0	0	0	0
Chief Executive's	0	0	0	(185)	(150)	(89)	(67)	(32)	(89)	(14)
Other/corporate	0	0	400	247	1,400	1,400	1,728	2,043	2,744	2,844
	(7,447)	(8,400)	(9,501)	(9,179)	(7,817)	(6,247)	(6,061)	(4,127)	(4,664)	(4,117)

- 2.3 The principal cost pressures continue to be in relation to looked-after children, SEN transport and user-driven adult social care costs. Further information can be also found in the CPMI area of SharePoint which is updated with refreshed forecast

information in the first week of every month, following the conclusion of the forecasting process.

- 2.4 The following paragraphs set out the main reasons for variances from budget being predicted along with action being taken in Directorates to manage the financial performance.

#### Children's Services

##### Children in Care

- 2.5 The budget for Children's Services was based on a plan to reduce the number of children in care to around 400 by the end of 2017. At the time of the plan, the number of children in care had stabilised at 500 and was expected to steadily decrease due to slowed growth in children entering care and favourable demographics. As at the end of December there were 444 children in care including children with a disability.
- 2.6 Although Looked after Children numbers continue to reduce on a monthly basis the pace of reduction has slowed. Analysis shows that lower cost placements have been replaced by higher cost placements (in Independent Sector Fostering Agencies and Independent Sector Residential Care Providers), meaning that whilst absolute numbers have reduced, average and total costs have increased. At the end of December there were 199 children in these placements (against a budgeted level of 53) and it is estimated that the cost of this cohort of children will overspend the budget by £7.8m in 2017/18.

Work is ongoing on the new fostering strategy with the aim of recruiting, retaining and training foster carers to increase capacity of the in-house service and reduce the need to purchase high cost placements from the Independent Sector.

##### Agency Social Work

- 2.7 The use of agency staff continues to put pressure on the Care & Protection budget with an overspend of £0.7m currently being forecast. During December there were 26 agency workers employed, 16 covering vacancies, 7 covering maternity/sickness and 3 dealing with demand pressures within the 0-12 and fostering teams. Recruitment of new social workers is on-going. These agency numbers are following the planned reduction in agency outlined earlier in the year.

##### SEN Transport

- 2.8 SEN Transport is forecast to overspend by £0.7m, a reduction of £0.3m since the last report in August. The results of work to transfer management of transport to special schools, a review of routes and the major retendering exercise look positive, reducing costs and increasing vehicle occupancy. Work on gatekeeping is in place to manage year on year increased demand. The challenge will be to maintain spending at current levels with more children each year eligible for free travel.

##### Dedicated Schools Grant

- 2.9 The pressure continues on the DSG budget which is currently projecting a £4.4m overspend. The HNB overspent by £5.8m in 2016-17, carrying a net £4m deficit into 2017-18. If current predictions remain then a deficit of £8.4m will be carried forward into 2018-19.
- 2.10 The number of children identified by schools with statements or EHCP's continues to increase, growth of just over 40% has been since March 2014. The increase in EHCP's is having a direct impact on the demand and consequently spending in top up, independent school places and post-16 budget areas.

2.11 Changes to the SEN code of practise in 2014 meant that the local authority became responsible for the education of young people with SEN up to the age of 25 rather than 19, and is having a significant impact on post 16 budgets as the cohort of children continues to increase each year.

2.12 Work is currently ongoing to build a five-year budget. This will include a deficit recovery plan.

### Adult & Community Services

2.13 £1.15m forecast overspend, a welcome improvement since the last report. The reduction in the overspend is due to vacant posts and in-year delays in recruiting to additional posts arising from the application of £1m for additional Social Care staff from the improved Better Care Fund. There are £5.6m of savings attributable to the Adult Care Service User budgets. £4.2m relates to reviews of packages of care, the letting of the Dorset Care contract and improving brokerage function, £1m additional income and £400k relating to improved use of technology.

2.14 There is slippage in the programme savings of £2m due to the complexity of some of the cases being reviewed. There is also further risk around the assumed savings from Dorset Care contract, that came into force in December 2017 and how much impact that can have on the cost of care for the remainder of this year. It is for these reasons that it is still prudent to assume a high level of risk associated with savings going forward.

### Environment & Economy

2.15 The Directorate as a whole is forecasting an underspend of £52k. None of the individual service line variances are particularly material but it is worth highlighting the headline change in the forecast since the last report, which is mainly due to the Estates and Assets Service moving to the Chief Executives Directorate (£199k).

2.16 The main budget risk for the Directorate is increased contractual costs for transport than was originally anticipated (£100k). Staff vacancy savings have helped to reduce an under-recovery in planning fees and overall the Directorate has increased income recovery to move into a forecasted underspend position.

2.17 Forward Together programme savings have fallen short by just over £300k due to the part-year effect of the savings plans being delivered across the Directorate. These savings will be achieved in full in 18/19.

### Partnerships

2.18 Dorset Waste Partnership is forecasting an underspend of nearly £1.5m; DCC's share (64.32%) of this being £954k. The main causes of the predicted underspend are lower waste arising volumes and significant diversion from landfill (£532k), better than expected recycle results (£343k – though considerable risk remains around the revenue/costs from recycle), significant savings on haulage costs (£186k) and better than expected revenues from commercial waste and garden waste (£237k).

2.19 Public Health – The Public Health grant was reduced by 2.5% for 2017/18 and currently stands at £34.288m across Dorset. The service is predicted to spend to budget in 2017/18.

### Chief Executive's

2.20 There are minor variances across a number of services which total a forecast overspend of £14k. The most significant underspend is in HR where positive income (especially from Academies) is coming through along with proactive vacancy management. There is a shortfall against the WWW property savings target due mainly to the decision not to sell Monkton Park and an overspend against the county buildings cost centre which has been addressed as part of the 18/19 budget round.

Central/Corporate budgets

2.21 Central budgets continue to show an underspend due to net savings on capital financing costs and anticipation of capitalisation of some of our restructuring costs in line with Govt capitalisation flexibilities for 2016 to 2019.

**3 Forward Together**

3.1 The FT programme continues to be monitored by the FT Board and the financial implications of the programme are also reported through CPMI. CPMI includes overspends (and underspends) against the agreed base budget as well as the impact of Forward Together shortfalls and this is analysed in the graphs, below, and in the CPMI summary at Appendix 1.

3.2 Of the current overspend being forecast, around £3.2m of this is due to shortfall against Forward Together savings; the remainder is attributable to other, core budget pressures which Directors are dealing with. The total savings target from the Forward Together programme for 2017/18 is £18.3m. The charts in Appendix 2 set out the latest forecasts around these savings.

3.3 Delivering the Forward Together savings is critical to the financial performance for the year and to our future viability. The 2016/17 overspend left the balance on the general fund at £12.3m – above the lower end of our operating range (£10m) but without capacity to absorb an overspend of the magnitude currently being forecast.

**4 Actions to dealing with the overspend**

4.1 Since the September report to Committee, efforts have continued on turnaround strategies and other plans to reduce in-year spend and tackle base budget issues. It is pleasing to see the forecast having reduced by nearly £2m since that time. However, it has also become clear that additional funding was needed for Children’s Services in particular and this was reflected in additional funding allocation in the Resource Allocation Model for 2018/19 as well as through additional funding of £1m agreed by Cabinet to support additional social workers to reduce caseloads and deliver savings elsewhere through more effective, earlier interventions.

4.2 As well as these specific measures, officers continue to review other financial policies, principles and procedures. The organisation has retained much of the tighter discipline it adopted in 2016/17 around areas such as vacancy management.

**5 Debt information**

5.1 The overall debt position as at 31<sup>st</sup> December was £6.955m, which represents an increase of £0.1m since the last report. The table, below, shows the age profile of the debt, with comparator figures.

Financial year	< 30 Days	30 – 180 Days	181 – 365 days	> 1 Year	Total
2016-17	9,565	1,876	626	1,595	<b>13,662</b>
	70%	14%	4%	12%	
2017-18 (as at 31/08)	2,405	2,288	817	1,336	<b>6,846</b>
	35%	33.5%	12%	19.5%	
2017-18 (as at 31/12)	2,042	3,008	861	1,044	<b>6,955</b>
	29%	43.5%	12.5%	15%	



5.2 The next table shows the debt position by directorate. A detailed version is generated each month and published on SharePoint for inclusion in the CPMI process. Group Finance Managers and their teams are routinely supporting Budget Holders to manage debt and to encourage and support prepayment whenever possible.

Directorate	< 30 Days £ 000	30 – 180 Days £ 000	181 – 365 Days £ 000	> 1 Year £ 000	Total (31/12/17) £ 000	Previous Total (31/08/17)	Variance (-ve is adverse)	Bad Debt Provision £ 000
Adult & Community Services	460	1,625	680	892	<b>3,657</b>	4,425	768	1,572
Children's Services	116	167	86	18	<b>387</b>	911	524	104
Economy & Environment	238	361	16	43	<b>658</b>	652	-6	59
Chief Executives	95	64	3	2	<b>164</b>	200	36	5
Partnerships	51	13	2	5	<b>71</b>	143	72	7
Other	1,082	778	74	84	<b>2,018</b>	515	-1,503	158
<b>Total</b>	<b>2,042</b>	<b>3,008</b>	<b>861</b>	<b>1,044</b>	<b>6,955</b>	<b>6,846</b>	<b>-109</b>	<b>1,905</b>

5.3 After an initial period of transition from the old method, the bad debt provision is now calculated fully in line with our policy. This means service budgets are charged with a 100% provision for all debts that are over six months old. The balance of the provision at 31 December 2017 was therefore £1.9m.

5.4 In the nine months to 31 December 2017, £270k was written-off as follows:

Directorate	2016/17 Write Off £ 000	2017/18 Write Off (to 31/12/2017) £ 000
Adult & Community Services	310	195
Children's Services	50	22
DWP	26	47
Environment and the Economy	28	4
Chief Executive's Department	57	2
<b>Total</b>	<b>471</b>	<b>270</b>

5.5 A fuller analysis of debt written-off in the year will be provided in the outturn report. Monthly, formal reviews of debt continue and we have resource dedicated to debt with the ambition of full recovery whenever possible. Since the last report, 11 debtors have been pursued through money claims online and have paid. We are currently pursuing a further 22 debts through this route.

**6 Summary**

- 6.1 It is pleasing to see the forecast overspend for the year continue to reduce. However, there is still risk around some of the savings for this year and pressure on some of our services is especially intense at this time of year.
- 6.2 Officers continue to control costs wherever possible and we have attempted to deal with as many pressures as we can during the 2018/19 budget round. A further update on this will come to the next Committee meeting, after the budget and council tax have been approved. Our savings plan for 2018/19 is ambitious but is essential if we are to move into 2019/20 in a sustainable position. The Medium Term Financial Plan shows £15.7m of savings are currently needed to balance the 19-20 budget.
- 6.3 The County Council will be responding to the consultation on the review of fair funding – and there will also be a very welcome opportunity to contribute to the debate around negative Revenue Support Grant (RSG) which will be launched in the Spring.

**Richard Bates**  
**Chief Financial Officer**  
January 2018

**Appendix 1 – CPMI December 2017/18**

		Year	2017-18		October	November	December	Forward Together	Other
Cost Centre Management Budget Monitoring Summary	Responsible Officer	'Above Line' Net Budget Only £000's	Forecast £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	
<b>Children's Services Directorate</b>									
<b>Childrens Service Budget</b>									
Care & Protection	Vanessa Glenn	33,013	41,618	(7,988)	(8,522)	(8,605)	0	(8,605)	
Design & Development	Patrick Myers	11,671	11,367	259	323	304	(400)	704	
Director's Services	Nick Jarman	2,359	2,469	(102)	(104)	(110)	(150)	40	
Prevention & Partnerships (DCC)	Jay Mercer	13,045	13,836	(706)	(841)	(792)	(150)	(642)	
Application of Contingency/Control Node	Richard Bates	2,399	0	2,399	2,399	2,399	0	2,399	
<b>Total Children's Services Budgets (DCC)</b>		<b>62,486</b>	<b>69,290</b>	<b>(6,139)</b>	<b>(6,745)</b>	<b>(6,804)</b>	<b>(700)</b>	<b>(6,104)</b>	
Prevention & Partnerships (DSG)	Jay Mercer	44,854	49,258	(3,773)	(4,325)	(4,404)	0	(4,404)	
P&P DSG Funding	Jay Mercer	(44,867)	(44,867)	0	0	0	0	0	
Directors Services (DSG)	Nick Jarman	400	400	0	0	0	0	0	
Directors Services DSG Services	Nick Jarman	(400)	(400)	0	0	0	0	0	
DSG Services	Jay Mercer	(1,357)	(1,357)	0	0	0	0	0	
<b>Total Children's Services Budgets (DSG)</b>		<b>(1,370)</b>	<b>3,034</b>	<b>(3,773)</b>	<b>(4,325)</b>	<b>(4,404)</b>	<b>0</b>	<b>(4,404)</b>	
DSG Adjustment		0	0	0	0	0	0	0	
<b>Children's Services (DCC + DSG) Total</b>		<b>61,116</b>	<b>72,324</b>	<b>(9,912)</b>	<b>(11,070)</b>	<b>(11,208)</b>	<b>(700)</b>	<b>(10,508)</b>	
<b>Adult &amp; Community Services Directorate</b>									
Adult Care Service User Related	Harry Capron	73,960	76,670	(2,284)	(2,905)	(2,710)	(1,903)	(807)	
Adult Care	Harry Capron	12,304	11,569	455	474	735	0	735	
Commissioning and Safeguarding	Diana Balsom/Sally Wernick	34,252	33,798	496	436	455	0	455	
Early Help & Communities	Paul Leivers	9,270	9,075	37	232	194	(100)	294	
Director's Office	Helen Coombes	3,383	3,207	134	138	176	0	176	
<b>Adult &amp; Community Services total</b>		<b>133,169</b>	<b>134,319</b>	<b>(1,163)</b>	<b>(1,624)</b>	<b>(1,150)</b>	<b>(2,003)</b>	<b>853</b>	
<b>Environment and the Economy Directorate</b>									
Economy, Planning & Transport	Maxine Bodell	2,312	2,203	93	71	108	0	108	
Dorset Travel	Chris Hook	14,329	14,423	110	98	(95)	(190)	95	
Business support Unit	Matthew Piles	359	407	(58)	(60)	(48)	(48)	0	
Coast & Countryside	Phil Sterling	2,504	2,563	(59)	(50)	(59)	(36)	(23)	
Buildings & Construction	David Roe	138	167	23	15	(29)	0	(29)	
Pooled R&M	David Roe	137	137	0	0	0	0	0	
Network Management	Simon Gledhill	1,128	962	127	166	165	0	165	
Network Development	Tim Norman	1,040	1,008	5	4	32	0	32	
Network Operations	Martin Hill	4,075	4,067	5	8	8	0	8	
Fleet Services	Sean Adams	(163)	(180)	27	1	17	0	17	
Emergency Planning	Simon Parker	214	212	7	7	2	0	2	
Director's Office	Mike Harries	828	823	6	5	5	0	5	
Streetlighting PFI	Tim Norman	3,862	3,862	0	0	0	0	0	
ICT	Richard Pascoe	5,171	5,225	(115)	(95)	(54)	(38)	(16)	
<b>Environment and the Economy Directorate Total</b>		<b>35,934</b>	<b>35,881</b>	<b>172</b>	<b>169</b>	<b>52</b>	<b>(312)</b>	<b>364</b>	

# Financial Management Report

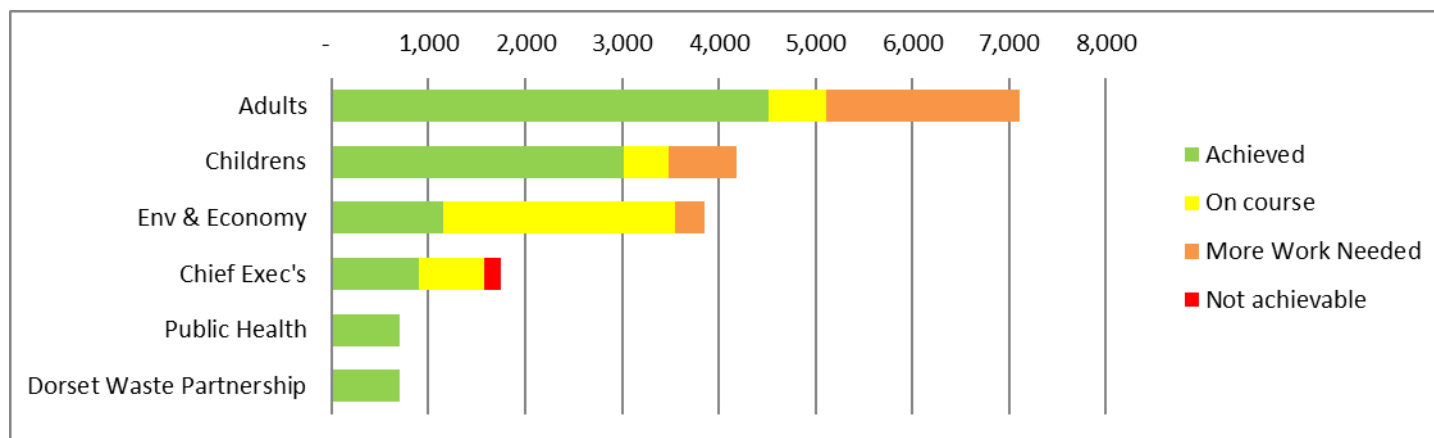
		Year	2017-18		October	November	December	Forward Together	Other
Cost Centre Management Budget Monitoring Summary	Responsible Officer	'Above Line' Net Budget		Projected	Projected	Projected	Projected	Projected	
		Only £000's	Forecast £000's	Under/(Over) Spend £000's	Under/(Over) Spend £000's	Under/(Over) Spend £000's	Under/(Over) Spend £000's	Under/(Over) Spend £000's	
<b>Chief Executives</b>									
Chief Executives Office	Debbie Ward	275	278	(4)	(4)	(4)	0	(4)	
Partnerships	Karen Andrews	189	157	27	32	32	0	32	
Communications	Karen Andrews	247	247	(0)	0	0	0	0	
Policy and Research	Karen Andrews	440	438	0	1	1	0	1	
Commercial Services	Karen Andrews	431	431	(1)	(1)	0	0	0	
Governance and Assurance	Mark Taylor	657	657	(2)	0	0	0	0	
Legal & Democratic Services	Jonathan Mair	2,876	2,872	8	8	4	0	4	
Financial Services	Richard Bates	2,891	2,837	73	30	54	0	54	
County Buildings	Peter Scarlett	(1,469)	(1,370)	(103)	(95)	(100)	0	(100)	
WWW Property Savings	Peter Scarlett	(441)	(278)	(164)	(164)	(163)	(164)	1	
Human Resources	Sheralyn Towner	1,335	1,182	104	104	153	0	153	
Cabinet	Richard Bates	3,325	3,318	30	(1)	7	0	7	
<b>Chief Executives Total</b>		<b>10,757</b>	<b>10,771</b>	<b>(32)</b>	<b>(89)</b>	<b>(14)</b>	<b>(164)</b>	<b>150</b>	
<b>Partnerships</b>									
Dorset Waste Partnership	Karyn Punchard	19,702	18,748	992	882	954	0	954	
Public Health	David Phillips	300	300	0	0	0	0	0	
<b>Partnerships Total</b>		<b>20,002</b>	<b>19,048</b>	<b>992</b>	<b>882</b>	<b>954</b>	<b>0</b>	<b>954</b>	
<b>Central Finance</b>									
General Funding	Richard Bates	(24,009)	(24,009)	0	0	0	0	0	
Capital Financing	Richard Bates	24,594	22,999	793	1,494	1,594	0	1,594	
R&M	Richard Bates	1,287	1,287	0	0	0	0	0	
Contingency	Richard Bates	606	(644)	1,250	1,250	1,250	0	1,250	
Precepts/Levy	Richard Bates	677	677	0	0	0	0	0	
Central Finance	Richard Bates	(264,132)	(264,132)	0	0	0	0	0	
<b>Central Finance Total</b>		<b>(260,978)</b>	<b>(263,822)</b>	<b>2,043</b>	<b>2,744</b>	<b>2,844</b>	<b>0</b>	<b>2,844</b>	
<b>Total Above Line Budgets</b>		<b>0</b>	<b>8,521</b>	<b>(7,900)</b>	<b>(8,989)</b>	<b>(8,521)</b>	<b>(3,179)</b>	<b>(5,342)</b>	
<b>Excluding DSG Budgets</b>		<b>1,370</b>	<b>5,487</b>	<b>(4,127)</b>	<b>(4,664)</b>	<b>(4,117)</b>	<b>(3,179)</b>	<b>(938)</b>	

**Appendix 2 – Forward Together Programme savings 2017/18**

**Summary - All FT Savings and 2017/18 BAU pressures**

Savings measure	2017/18 £000's	Assessment of Savings achievement			
		Achieved £000's	On course £000's	More Work Needed £000's	Not achievable £000's
Adults	7,110	4,513	594	2,003	-
Childrens	4,179	3,018	461	700	-
Env & Economy	3,858	1,156	2,390	312	-
Chief Exec's	1,747	897	686	-	164
Public Health	700	700	-	-	-
Dorset Waste Partnership	700	700	-	-	-
<b>Summary - All Savings 2017/18</b>	<b>18,294</b>	<b>10,984</b>	<b>4,131</b>	<b>3,015</b>	<b>164</b>

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# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	19 January 2018
<u>Lead Officer(s)</u> Richard Bates - Chief Financial Officer	
<b>Subject of Report</b>	<b>Property Asset Management Report</b>
Executive Summary	<p>This report provides an update on the performance of the County Council's property assets, which are reported through 10 key performance indicators detailed in the Asset Management Plan. 8 of the KPIs are on target and 2 may potentially fall short. The report also specifies the approach being taken to engage with service directorates, local members and other third party groups on the operation and future use of the County Council's assets, including the roll out of a new procedure for the disposal of surplus properties. It highlights some of the initiatives that are being taken to improve the utilisation of property assets, including sharing accommodation with Dorset HealthCare; the community offer for Living and Learning; and initiatives from service directorates to reduce revenue expenditure on high cost placements.</p>
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>The most recent equalities impact assessment was undertaken on the Asset Management Plan and identified the need to ensure that the interests and needs of the six equality groups are addressed at service level as part of the service asset management planning process, including consultation with users.</p> <p>Use of Evidence:</p> <p>The Asset Management Plan makes use of the following sources of evidence:</p> <ul style="list-style-type: none"> <li>• The Corporate Plan and Community Strategy</li> <li>• Medium Term Financial Strategy</li> <li>• Outcomes from a Members Seminar on 25 September 2014</li> </ul>

	<ul style="list-style-type: none"> <li>• Periodic public consultation</li> <li>• Local and National property performance data</li> <li>• Service (property) asset management plans</li> </ul>				
	<p>Budget: The Way We Work Programme has a target to generate revenue savings of £1.7m per annum by 2020. To date savings in running costs of £783,000 per annum have been generated. Savings of £205,000 are anticipated to be made in 2017/18 and savings of £367,000 in 2018/19.</p>				
	<p>Risk Assessment: Specific project risk registers are in place to monitor progress and to put forward mitigating measures.</p> <p>Having considered the risks associated with the recommendations below using the County Council's approved risk management methodology, the level of risk has been identified as:                  Current Risk: LOW                  Residual Risk: LOW</p>				
Recommendations	It is recommended that the Audit and Governance Committee:				
	<table border="1"> <tr> <td>(i)</td> <td><b>Notes</b> the contents of this report and recommends any further property strategies that it considers that the County Council should adopt;</td> </tr> <tr> <td>(ii)</td> <td><b>Ratifies</b> the principle of refreshing the current Property Asset Management Plan in 2018, pending the likely creation of a new combined authority in 2019.</td> </tr> </table>	(i)	<b>Notes</b> the contents of this report and recommends any further property strategies that it considers that the County Council should adopt;	(ii)	<b>Ratifies</b> the principle of refreshing the current Property Asset Management Plan in 2018, pending the likely creation of a new combined authority in 2019.
(i)	<b>Notes</b> the contents of this report and recommends any further property strategies that it considers that the County Council should adopt;				
(ii)	<b>Ratifies</b> the principle of refreshing the current Property Asset Management Plan in 2018, pending the likely creation of a new combined authority in 2019.				
Reason for Recommendation	A well-managed Council ensures that the best use is made of its assets in terms of optimising service benefit, minimising environmental impact and maximising financial return.				
Appendices	Appendix 1 - Progress against Asset Management Plan KPIs Appendix 2 - Land and Property Disposal Procedure				
Background Papers	The Property Asset Management Plan 2015-18				
Officer Contact	Name: Peter Scarlett, Estate & Assets Service Manager Tel: (01305) 221940 Email: <a href="mailto:p.scarlett@dorsetcc.gov.uk">p.scarlett@dorsetcc.gov.uk</a>				

## 1. Introduction

- 1.1 Following this Committee's consideration of the Quarterly Asset Management Report in September, it requested a further report providing an update on the key performance indicators which are set out in the Asset Management Plan, and an explanation on the approach to improved utilisation of the County Council's property assets. This report outlines that information, it also gives an update on how engagement is undertaken on asset management issues and provides a couple of other updates, as requested by the Committee.



## 2. Performance Update

- 2.1 The Asset Management Plan (AMP) sets out the key property priorities and strategies of the County Council over a three year period. There are 10 performance indicators detailed within the AMP which give a snapshot on the progress that the County Council is making in delivering those priorities. Progress against the KPIs is reported in the schedule at Appendix 1. To summarise some of the key issues:
- 2.2 The programme to dispose of surplus assets is continuing at pace and has enabled the County Council to generate capital receipts of £11.44m since April 2015. The authority is forecast to generate total receipts of £15.17m by the end of March 2018, and a further £12m of capital receipts are projected in the next financial year. The programme has also enabled the authority to target many of its poorer conditioned buildings which has reduced the maintenance backlog from £103sqm to £91sqm and has improved the energy consumption and CO2 emissions per net floor area too. In each of the past two years the County Council has been able to defer a significant sum of R & M revenue to offset overspends elsewhere.
- 2.3 Although the original target to dispose of 25% net floor space of the estate by 2015 was not achieved within the timeframe set down, the County Council has now reached that target and has a clear strategy for the ongoing rationalisation of its estate. This is commonly known as 'The Way We Work Property Programme', which has two elements to it.
- 2.4 The first element is the rationalisation of the County Council's office estate, which entails reducing the number of office buildings that it occupies from 28 to 8. Those 8 offices (situated across the county) are being refurbished and adapted to standard layouts, so that all the workforce work flexibly in a hot desking environment. This work is nearing completion, with the adaptations of the Weymouth local office, the Hanham Centre, Wimborne and Cedar House, Ferndown now complete and work to the North Dorset local office and the Ferndown local office very close to completion. All but three wings of County Hall have been upgraded and the adaptations of the rotunda areas in County Hall have transformed the way that staff are able to work and have enabled more staff to be accommodated within the building. The office rationalisation programme has entailed the County Council to vacate 30.8% of its office estate, reducing the area of office space per FTE worker from 15.25sqm to 10.17sqm and will enable it to generate savings in property running costs of £850,000 pa from the disposal of surplus office space. Capital receipts of more than double the expenditure will also be realised from this programme. A further benefit from this programme is the positive way that staff have embraced the changes, and whilst there was initial resistance to change, when staff have been surveyed after moving into the refurbished accommodation they have been overwhelmingly positive about the new workspaces.
- 2.5 The second element of the programme is the rationalisation of the operational estate. The focus of this work has been to bring service outlets together to offer services that local stakeholders have identified are important to them, under the label 'the community offer for Living and Learning'. To date this programme has concentrated on 6 pilot areas - Blandford, Beaminster, Weymouth, Portland, Wareham and Ferndown. Community engagement has been undertaken and roll out of the schemes in these areas is scheduled to take place during 2018.
- 2.6 The Way We Work Programme has a target to generate revenue savings of £1.7m pa by 2020. To date savings in property running costs of £783,000 per annum have been generated. The savings target for 2017/18 is £476,000 but only £205,000 of those savings are likely to be achieved. There are three main factors for this. Firstly, a saving of £92,000 was anticipated to be made by transferring the running costs of Monkton Park to Dorset Development Partnership under an option agreement. However, at the Cabinet meeting on 7<sup>th</sup> June, members resolved to retain the site and

so it has not been possible to divest those running costs to DDP. Second, Children's Services initially declared the Horizons building in Weymouth surplus, but subsequently reversed that decision and the building will not be disposed of during the current financial year, leading to a shortfall of £41,000 in savings. Thirdly, there have been slippages in the disposal programme. To some degree this is inevitable due to the nature of property, where unforeseen issues can delay a sale. So, although the overall disposals programme is progressing as anticipated, any slippage in predicted disposal dates will have implications on the 'in-year' revenue savings target (although not the overall WWW savings target).

- 2.7 The Way We Work savings target for 2018/19 is £504,000. To date, savings of £367,000 have been identified. However, the scope for harvesting additional savings from the full range of front facing, operational assets during the next year is limited due to the need to wait until directorates have completed their respective service reviews, such as the 0 – 5 Family Partnership Zone review which will not be decided until June 2018. It is also probable that there will be some slippage in disposal dates, leading to a reduction in the savings generated for the year.
- 2.8 Overall, plans are in place to generate savings of £1.7m from the running costs of the property estate, but it is not anticipated that this target will be achieved until April 2021 at the earliest due to the authority being tied into leases which run until then. Furthermore, where the County Council is proposing to assign or sub-let leasehold accommodation there is a level of uncertainty as to when, or if, a tenant can be found and the rent that could be achieved. Each directorate has been notified of the budgetary savings that they are expected to make and the assets that they could possibly dispose of to generate the necessary savings. However, the savings target sits in the corporate centre with the Estate and Assets Service.

### **3 Engagement with others on Asset Management issues**

- 3.1 A new Land and Property Disposal Procedure has been adopted for use where the County Council is seeking to dispose of any key property asset. The updated procedure is appended to this report (see Appendix 2). The key to the new procedure is to engage with all potentially interested parties, both internal and external, prior to making any firm decision on what should be done with the asset.
- 3.2 At the point that it is known that an asset will become surplus, Dorset Property will contact the local county councillor; the local town/parish council; a representative from the district council; other relevant public sector bodies; and any third sector body that has previously expressed an interest in the asset, notifying them when the asset is likely to become vacant and giving them the opportunity to make representations to the County Council if they have an interest in the asset. In this way, any local factors can be considered and it is hoped that this will avoid delays later in the process. Although this process is relatively new, engagement with local members does seem to be working well, with members being fully engaged in asset rationalisation.
- 3.3 The Living and Learning programme has also entailed extensive engagement with local stakeholders and has been well supported by local members. The programme is a cross-directorate approach which brings together County Council service providers and external stakeholders in a place setting. It has helped services integrate and adapt to what is needed in a community. The co-production approach means service delivery decisions are not taken in isolation. It has enabled managers on the ground to be part of the service transformation solutions, which is important to ensure the sustainable delivery of services going forward.
- 3.4 The estate and integration opportunities being uncovered via this approach are now enabling the delivery of the various emerging service strategies. For example, in Weymouth feasibility work is progressing to incorporate Adult Skills and Learning,

Citizen Advice, Community Mental Health Team and Weymouth College's town centre learning base within the town centre library to create a front facing multifunctional hub.

## **4 Dorset CC's approach to the improved utilisation of assets**

- 4.1 The County Council is now taking a more holistic view to its assets - both operational and surplus. Where an asset is declared surplus to a Service's requirements the matter is brought to the Property Management Group, which has representatives from each directorate. This informs the directorates of sites and buildings which are due to become surplus and gives them the opportunity to put forward alternative proposals which may deliver greater benefits than simply generating a capital receipt.
- 4.2 Such proposals might entail setting the site aside for the development of a new facility, either by the County Council or a third party partner, in order to save the authority ongoing revenue costs on out-of-county or private placements. Recently, for example, Children's Services have put forward proposals for the utilisation of the Bovington Park site for a development by Delta Trust of a school for children with SEMH and autism. This development will avoid the need for many of the out-of-county placements which currently occur, saving the County Council a cost of £36,200 per pupil. In the first year of operation it is estimated that this facility will to save the County Council in the region of £1.09m in revenue costs. Adult Services are similarly developing proposals for care villages in Bridport and Wareham, which will include a care home, extra care and assisted living facilities and key worker housing. It is anticipated that such facilities will be provided to order by third party providers, but at a significantly lower cost than the County Council is currently outlaying to procure these services. Hence, whilst these developments will not generate any income, they will save the County Council a significant amount in revenue costs for services that it currently needs to procure.
- 4.3 The County Council is mindful of the opportunity to lease spare floor space to third party partners. For example, it is working closely with Dorset HealthCare (DHC) to bring together services which complement each other and maximise available workspace. In Ferndown it is accommodating more DHC staff in the newly refurbished area office, thus enabling DHC to downsize its office accommodation in the locality, and generating an additional income from the refurbished office space.
- 4.4 The County Council has a 50% stake in a joint venture partnership called Dorset Development Partnership (DDP). The purpose of this partnership is to enhance the value of its assets prior to disposal. This could entail developing a site for income generation and indeed the Partnership did consider undertaking a residential development on a County Council owned site in Weymouth. In that instance there would have been complications in avoiding 'right to buy' legislation (which would significantly diminish any return on the asset) and the rate of return would not have outweighed the risk, so the County Council opted not to pursue that opportunity. However, there is scope to undertake revenue generating developments through DDP, if the County Council is minded to pursue such a venture.
- 4.5 There is an ongoing debate within local government circles at present as to whether authorities should be able to borrow from the Public Works Loan Board at low rates of interest to invest in commercial property generating a higher yield. A number of authorities have done this to a greater or lesser extent, with possibly the highest profile investment being made by Spelthorne Borough Council, who acquired the BP Campus in Sunbury-upon-Thames for £360m. However, no investment is totally free of risk and most authorities do not have expert knowledge of the commercial property market into which they are investing. To date, Dorset County Council has not been tempted to pursue such an approach, which runs contrary to its policy of reducing its borrowing when the opportunity arises.

## **5 Other Issues**

### **5.1 Use of assets to provide low cost housing**

- 5.1.1 The County Council continues to release any spare land, for which it has no alternative use, for housing development, either directly through disposing of sites to house builders, or through DDP. In all but the most exceptional cases it will offer the requisite amount of affordable housing in accordance with local planning policy. This is typically between 35 – 40% on developments of 10 units and over. It is also working with the Homes and Communities Agency (HCA) to promote house building opportunities within the county and to identify suitable sites for development of Starter Homes. During the past year it sold a former school site in Southwell for starter homes and the former Royal Manor School, also on Portland, is under offer to the HCA for a similar development. In Lyme Regis it is working with the Lyme Regis Development Trust to promote the redevelopment of the library site for an intensified use to include the re-provision of library and community facilities and at least 4 affordable housing units.
- 5.1.2 There is a recognition that in Dorset it is difficult to recruit workers into certain roles, such as nursing and care workers, in part due to the high cost of housing. Therefore, as part of the review of the provision of social care facilities the County Council is seeking to procure some key worker housing within care village developments. Discussions with providers are still at an early stage and it is probable that the County Council would have to subsidise any such provision.
- 5.1.3 Whilst the County Council is doing what it can to promote low cost housing, it must be borne in mind that it is not a housing authority and to date the Cabinet has not expressed a desire to use the County Council's general powers of competence to dispose of its assets at an undervalue to further promote low cost housing.

### **5.2 The improvement plans for Dorset Innovation Park**

- 5.2.1 At its meeting in September 2017, the Cabinet approved that resources of £2,276,000 (including a 20% contingency) be made available as a loan for up to a ten year period from the County Council for improvements to the Dorset Innovation Park. Work has been ongoing to identify and cost a schedule of works that are required to be undertaken to the Business Park, although this has been hampered due to a lack of resource, because of the delay in the appointment of the Enterprise Zone Manager by the Dorset LEP.
- 5.2.2 Certain works have been identified as a priority, including replacement of the signage to the park, which has now been completed. It is also proposed to demolish the existing gatehouse building, which was the former guardroom and armoury for the Winfrith establishment. This will be replaced by a modular building. These works are in hand and will take place at the end of this month, after the official launch of the Enterprise Zone.
- 5.2.3 Other works to be carried out include the replacement of the windows in Chesil House and upgrading of the heating and hot water systems and the enhanced landscaping of the Business Park, through a new landscaping contract with the Coast and Countryside Service.

## **6 Summary**

- 6.1 A lot of work is being undertaken within Dorset Property to rationalise the County Council's property assets, disposing of those that are surplus and improving those that it has an ongoing need for. The priorities are to reduce the overall running costs of the

## Property Asset Management Report

estate, to generate capital receipts and promote the better utilisation of properties through co-locating complementary services and sub-letting vacant space.

- 6.2 Several initiatives are evolving which will impact on how the authority uses its assets. The development of the Care Village concept is an exciting opportunity to work with partners to define and develop the type of care facilities that will be needed going forward. Children's Services are working with the ESFA to develop schools for children with special educational needs. A recent Memorandum of Understanding agreed between Purbeck District Council, the CCG, DHC and the County Council promoting the joint utilisation of assets in the Purbeck locality is a positive step towards joint working; and the community offer for Living and Learning offers an opportunity to redefine the service offer to local communities and adapt accommodation accordingly.
- 6.3 The current Asset Management Plan was first published in 2015 and is due to be re-written this year. However, with the Secretary of State's statement that he is minded to approve local government reorganisation in Dorset, there will be much work required to define and identify the appropriate assets of the new combined authority, if LGR goes forward. With that in mind, it is proposed to refresh Dorset County Council's current Asset Management Plan (AMP) this year to reflect the revised property strategies. It is anticipated that a new AMP will be developed on the creation of any new combined authority.
- 6.4 The Audit and Governance Committee is asked to comment on the contents of this report, to recommend any further property strategies that it considers the County Council should adopt and ratify the principle of refreshing the current Asset Management Plan.

**Richard Bates**  
Chief Financial Officer

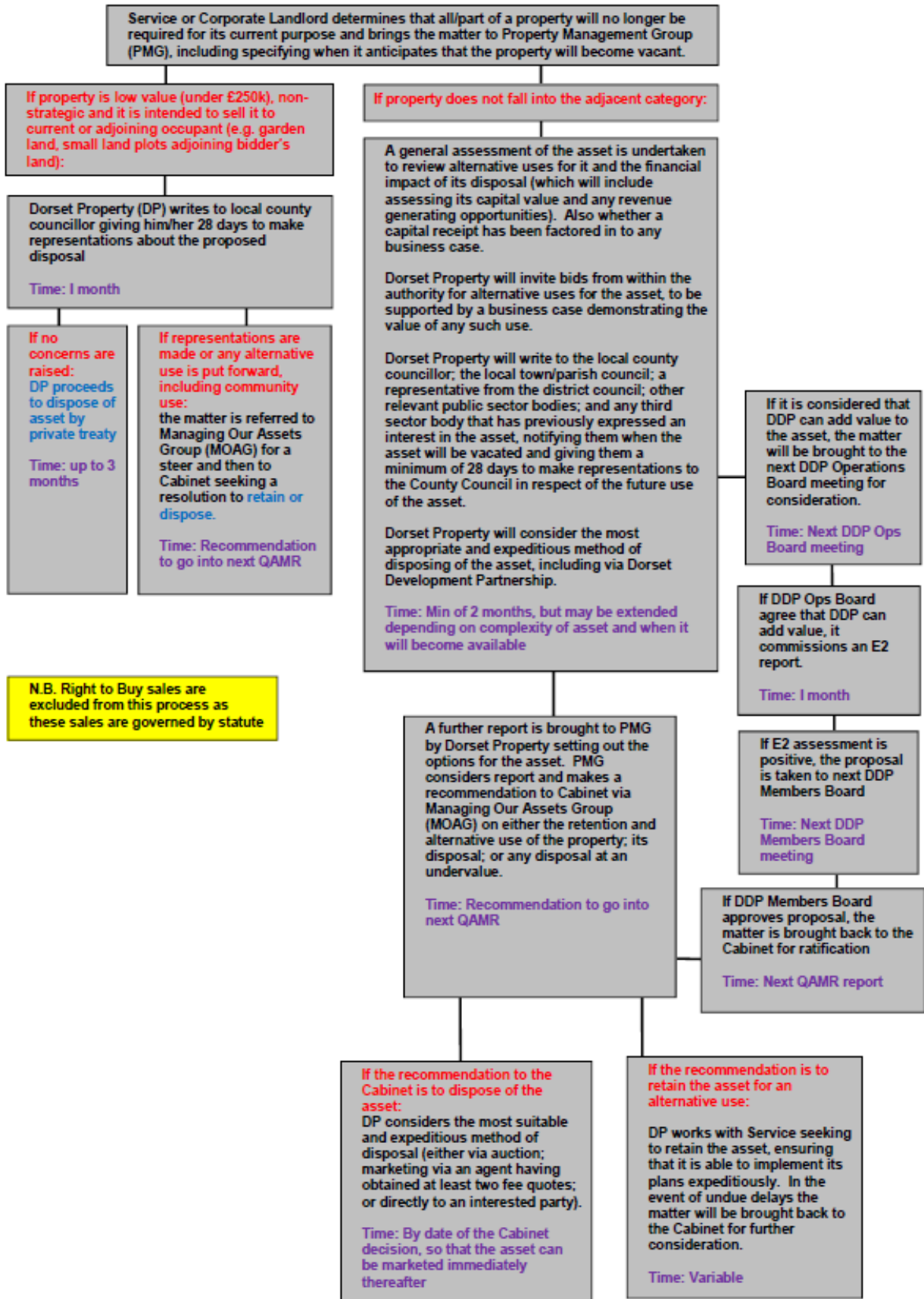
January 2018

**Progress against Asset Management Plan KPIs**

Performance Indicators	Progress	Comment	RAG Status
To reduce the net floor area of the non-schools estate by 50% by March 2020	24.82% of the non-schools estate has been disposed of since April 2010.	The authority has identified the assets to be disposed of to reduce the floor area of the estate by 50%, albeit not by the target date.	Amber
To accurately capture the gross property spend and to meet the Forward Together Property savings target to reduce the running costs of the non-schools estate by £1.7m by March 2020	To date the running costs of the non-schools estate has been reduced by £783,900 per annum.	The base figure for gross property spend on non-schools estate at the 2014/15 year end was reviewed due to the removal of Tricuro properties from the estate. The revised base figure is now £4.2m and the savings target has been adjusted accordingly.	Amber
To reduce the cost of required building maintenance from £103.00 m2 to £81.00 m2 by March 2018.	The cost of building maintenance wef 1April 2017 is £91 m2.	This target is updated annually. The programme to dispose of poor quality buildings is helping to reduce the maintenance backlog.	Green
To reduce the non schools buildings energy consumption per net floor area (kwh/m <sup>2</sup> ) by 10% by March 2018.	In March 2017 the non schools building energy consumption was 156.48 kWh/m <sup>2</sup> . This represents a decrease of 7.1%	Baseline: The non schools building energy consumption wef 1 April 2015 was 168.37 kWh/m <sup>2</sup> - It is proposed that this target is updated annually.	Green
To reduce non-schools buildings CO <sup>2</sup> emissions per net floor area (tonnes CO <sup>2</sup> /m <sup>2</sup> ) by 10% by March 2018.	In March 2017 the non schools building CO <sub>2</sub> emissions per net floor area was 0.0467 tonnes CO <sub>2</sub> /m <sup>2</sup> . This represents a decrease of 18.78%	Baseline: The non-schools buildings CO <sub>2</sub> emissions per net floor area wef 1 April 2015 was 0.0575 tonnes CO <sub>2</sub> /m <sup>2</sup> - It is proposed that this target is updated annually.	Green

<p>To generate a minimum of £12.5m in capital receipts by March 2018</p>	<p>The County Council has generated capital receipts amounting to £11.441m since 1 April 2015.</p>	<p>It is forecast to generate £15.171m in capital receipts between 2015 and March 2018.</p>	<p>Green</p>
<p>To increase the operational surplus of the County Farms Estate by 6% by March 2018</p>	<p>The operational surplus for 2016/17 was £586,348, an increase of 12.93% on the base figure.</p>	<p>The operational surplus generated by the County Farms Estate for 2014/15 (against which the uplift is measured) was £519,193.</p>	<p>Green</p>
<p>To reduce the net floor area of the office estate by at least 15,000 m2 by March 2020</p>	<p>To date, the County Council has disposed of 12,533 m2 of office accommodation, which equates to 30.78% of the overall floor area.</p>	<p>The net area of the County Council's office estate wef 1 April 2015 was 40,717 m<sup>2</sup>.</p>	<p>Green</p>
<p>To reduce the average office floor space per office based employee to below 9m2 per employee by March 2018</p>	<p>Based on a recent assessment of staff numbers, the current occupancy level is 10.17 m2/fte.</p>	<p>The average floor space per employee has reduced (from 15.4m2 in 2015). The figure will fall further when surplus buildings have been disposed.</p>	<p>Green</p>
<p>To deliver 95% of major construction contracts within +/- 5% of budget, which includes a 10% allowance for optimism bias</p>	<p>Three major building projects (&gt;£500k) were completed in 2016/17. All three were within +5% of the original budget, which equates to 100% against the target going forward of 95%.</p>	<p>In overall budgetary terms the three projects were delivered with a £288k saving against their aggregated budget which represents just over a 1.5% saving on the total original budget.</p> <p>It is proposed that this target is updated annually.</p>	<p>Green</p>

**LAND & PREMISES DISPOSAL PROCEDURE**





# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	19 January 2018
Officer	Chief Financial Officer
<b>Subject of Report</b>	<b>Treasury Management Mid Year update 2017/18</b>
Executive Summary	<p>At the meeting of the Cabinet on 1 February 2017 members approved the Treasury Management Strategy Statement and Prudential Indicators for 2017-18. Cabinet had previously approved the adoption of the CIPFA Prudential Code and in turn the adoption of the Treasury Management Code of Practice. In adopting the code, recommended best practice is for Members to receive an annual report on the Treasury Management Strategy and Prudential Indicators, a mid-year update on progress against the strategy and a year-end review of actual performance against the strategy.</p> <p>This report is the mid-year review of actual performance against the strategy, and provides Members with an update on the economic background, its impact on interest rates, performance against the annual investment strategy, an update of any new borrowing, any debt rescheduling, and compliance with the Prudential Code.</p>
Impact Assessment:	Equalities Impact Assessment:
<i>Please refer to the <a href="#">protocol</a> for writing reports.</i>	N/A
	Use of Evidence:
	CIPFA 2016/17 benchmarking
	Budget:

	<p>All treasury management budget implications are reported as part of the Corporate Budget monitoring and outturn report, alongside the Asset Management reports that include the progress of the capital programme.</p>
	<p>Risk Assessment:</p> <p>This report is for information. However, treasury management is an inherently risky area of activity and a number of controls are embedded in its operation. The key Treasury risks are highlighted as part of the Annual Treasury Management Strategy approved by Cabinet as part of the Budget setting process. This report highlights any variances from this strategy and draws out any specific risks which have arisen.</p> <p>Current Risk: HIGH Residual Risk MEDIUM</p>
	<p>Other Implications: N/A</p>
Recommendation	<p>That the Committee:</p> <p>1. Note and comment upon the report.</p>
Reason for Recommendation	<p>To better inform members of the Treasury Management process and strategy, in accordance with the corporate priority to ensure money and resources are used wisely.</p>
Appendices	<p>Appendix 1 – Prudential Indicators Appendix 2 – Schedule of Borrowing</p>
Background Papers	<p>Treasury Management Strategy Statement 2017/18 Capital Programme Budget and Monitoring reports 2017/18</p>
Report Originator and Contact	<p>Name: David Wilkes Tel: 01305 224119 Email: D.Wilkes@dorsetcc.gov.uk</p>

## 1. Summary / Key Issues

1.1. Key issues to highlight are:

1.2 The Bank Rate was increased from 0.25% to 0.50% in November 2017, but 'forward guidance' from the Bank of England suggested that future increases will be small and gradual.

- 1.3 Following the increase in Bank Rate there have been some small increases to returns from short term investments and the cost of shorter term borrowing, but with negligible differences to long term borrowing rates.
- 1.4 Whilst the timing of future interest rate movements is uncertain, the wide gap between long term borrowing costs and short term investment returns looks set to continue for the foreseeable future. This supports the Council's continued strategy of delaying external borrowing by using internal balances ("internal borrowing") to avoid a high cost of carry from borrowing in advance of need.
- 1.5 The projected Underlying Borrowing Requirement at the financial year end is £307.7m, £3.3m below the expected level of £311.0m when the annual strategy was agreed.
- 1.6 External borrowing at 31 December 2017 was £212.9m and is expected to increase to £222.4m by the end of the financial year, £11.1m below the expected level of £233.5m when the annual strategy was agreed.
- 1.7 Therefore the Council is expected to be £85.2m under-borrowed at the end of the financial year, £7.7m higher than the expected level of £77.5m when the annual strategy was agreed, but below the target level of £100m.
- 1.8 The Council has entered into a two year forward deal to borrow £20m at a rate of 2.52% for a minimum period of 23 years, maximum 48 years.
- 1.9 The terms of six existing loans have been renegotiated leading to annual savings in interest costs of approximately £100k.
- 1.10 Returns from investments remain very low as a result of the strategy of using internal balances to avoid/delay borrowing and the low rates of return available on short term investments.
- 1.11 All County Councillors have been invited to a treasury management training event provided by Chris Scott from Link Asset Services (formerly Capita Asset Services), the Council's treasury management advisers, at County Hall on Friday 19 January 2018.

## **2. Background**

- 2.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. The role of treasury management is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 2.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending requirements. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.3 Accordingly, treasury management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2.4 The Council is required by regulations issued under the Local Government Act 2003 to produce for each financial year as minimum:

- An annual treasury strategy in advance of the year;
- A mid-year treasury update report (this report), and
- An annual review following the end of the year describing the activity compared to the strategy.

This report also meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA prudential Code for Capital Finance.

2.5 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policies and activities. This report is therefore important in that respect as it provides details of the mid-year position for 2017/18 for treasury activities, and in doing so highlights compliance with the Council’s policies previously agreed by members. The report provides commentary of the overall performance of the treasury activities of the Council, and all of the prudential indicators are summarised in Appendix 1.

### **3. Treasury Management Advisers**

3.1 The Council uses Link Asset Services as its treasury management advisers, with the Link Group acquiring the business from the Capita Group in November 2017. No changes to service are expected from this change of ownership.

3.2 Link provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings-market information service comprising the three main credit rating agencies.

3.3 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice, the final decision on treasury matters remains with the Council.

### **4. The Economy and Interest Rates**

4.1 Part of Link’s service is to assist the Council to formulate a view on interest rates. The following table shows Link’s most recent forecast for UK Bank Rate, short term investment returns (LIBID) and borrowing rates from the Public Works Loans Board (PWLb):

## Treasury Management 2017/18 Mid Year Update

	Now	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.25	1.25	1.25
3 month LIBID	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.70	0.90	0.90	1.00	1.20	1.20	1.20
6 month LIBID	0.45	0.50	0.50	0.50	0.60	0.80	0.80	0.80	0.90	1.00	1.00	1.10	1.30	1.30	1.40
12 month LIBID	0.65	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.10	1.30	1.30	1.40	1.50	1.50	1.60
5 Yr PWLB	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.10	2.10	2.20	2.30	2.30
10 Yr PWLB	2.10	2.10	2.20	2.30	2.40	2.40	2.50	2.60	2.60	2.70	2.70	2.80	2.90	2.90	3.00
25 Yr PWLB	2.70	2.80	2.90	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.40	3.50	3.50	3.60	3.60
50 Yr PWLB	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40	3.40

- 4.2 When the Treasury Management Strategy for 2017/18 was agreed in February 2017, Link's expectation, in line with many commentators, was that the Bank Rate would remain unchanged at 0.25% for the whole financial year. It was thought that during the period when the UK is negotiating the terms for withdrawal from the EU, the Monetary Policy Committee (MPC) would wish to avoid taking actions that could dampen growth prospects. Accordingly, a first increase to 0.50% was not tentatively pencilled in by Link until after those negotiations have concluded.
- 4.3 Link did however highlight that if strong inflationary pressures were to emerge, then the pace and timing of increases in Bank Rate could be brought forward, and accordingly the MPC agreed a 0.25% increase in Bank Rate at its meeting on 2 November 2017. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank Rate only twice more by 0.25% to end at 1.00% by 2020.
- 4.4 The November increase in Bank Rate has led to some small increases in returns available on short term investments such as Money Market Funds and to the cost of shorter term borrowing. However, longer term borrowing rates have been largely unaffected, primarily as result of the forward guidance that future increases are expected to be slow and gradual. Nevertheless, while there is still much uncertainty around the outcome of Brexit negotiations in particular, it is difficult to be confident about rate movements over the next few years.
- 5. Capital Expenditure and Financing**
- 5.1 The Council's capital programme can be financed immediately through the application of capital or revenue resources, which includes applying capital receipts from asset sales, capital grants received from central government or direct from revenue budgets, and has no impact on the Council's borrowing need; or if insufficient financing is available, or a decision is made not to apply resources, the capital expenditure will give rise to a borrowing need.
- 5.2 The Council is only permitted to borrow to finance capital expenditure or for short term cash flow needs, and cannot borrow to fund on-going revenue expenditure.
- 5.3 Capital expenditure forms one of the Council's prudential indicators and is reported in more detail as part of the quarterly asset management updates to Cabinet. The actual capital spend for 2015/16 and 2016/17, the budget for 2016/17 and the latest projected outturn for 2017/18 are summarised in Table

1 below. Projected capital spend for 2017/18 is approximately £3.7m lower than budget due to slippage.

**Table 1 Capital Expenditure 2015/16 - 2017/18**

<b>Prudential Indicator 1</b>	<b>2015/16 actual £'000</b>	<b>2016/17 actual £'000</b>	<b>2017/18 budget £'000</b>	<b>2017/18 projected £'000</b>
<b>Capital Expenditure</b>	<b>87,958</b>	<b>69,022</b>	<b>66,781</b>	<b>63,061</b>
Financed in Year	87,958	69,022	49,482	54,176
Unfinanced capital spend	0	0	17,299	8,885

## **6 The Council's Overall Borrowing Need**

- 6.1 The unfinanced capital spend element of the capital programme is called the Capital Financing Requirement (CFR) and is made up of the Council's underlying need to borrow in addition to any PFI and finance lease liabilities it may have. The CFR figure is therefore a gauge of the Council's debt position and results from the Council's capital activity and the resources that have been used to pay for it.
- 6.2 The Council was debt free until 2002, when the Government changed the way in which it helped councils to fund their capital spend. Rather than paying councils capital grants the Government gave revenue grants to cover the costs of principal repayment and the interest costs of borrowing. This funding was included as part of the revenue support grant (RSG) funding formula, and gave councils little option other than to borrow to fund capital expenditure. As part of the 2010 grant changes this part of the funding formula has been removed.
- 6.3 Part of the Council's treasury activity is to address the funding requirements for this borrowing need. The treasury team manages the Council's cash position to ensure that there is sufficient cash available to meet the capital plans and the resulting cash flow requirements. The borrowing may be sourced through external bodies, such as the Government through the Public Works Loans Board (PWLB) or the money markets, or by utilising temporary cash resources from within the Council ("internal borrowing").
- 6.4 The Council's borrowing need, and therefore the CFR, cannot increase indefinitely, and statutory controls require the Council to make an annual charge to the Income and Expenditure account over the life of the assets that are being financed by the borrowing requirement. This charge is known as the minimum revenue provision (MRP) and is effectively a repayment of the borrowing need.
- 6.5 It is important to stress that the borrowing need or requirement is not the same as the actual amount of borrowing or debt held by the Council. The decisions on the level of debt are taken as part of the treasury management operations of the Council, subject to overriding limits set by Members as part of the Annual Treasury Management Strategy.
- 6.6 The CFR can also be reduced by the application of additional capital financing resources (such as unapplied capital receipts or government grants); or by

charging more than the statutory revenue charge (MRP) each year through a voluntary revenue provision.

- 6.7 The Council's CFR for the year is shown in Table 2 and is one of the key prudential indicators. It includes the PFI and leasing liabilities, as well as the Council's underlying need to borrow. The actual CFR for 2016/17 is shown as well as the budgeted and latest estimate for the 2017/18 financial year. It is difficult to predict the exact CFR at year-end as it is largely affected by the spending profile of the capital programme and year end accounting decisions.

**Table 2 Capital Financing Requirement (CFR)**

<b>Capital Financing Requirement Prudential Indicator 2</b>	<b>2016/17 Actual £'000</b>	<b>2017/18 Budget £'000</b>	<b>2017/18 Projected £'000</b>
<b>Underlying Borrowing Requirement b/f</b>	<b>287,313</b>	<b>293,675</b>	<b>298,769</b>
Capital Expenditure	69,022	66,781	63,061
Grants and Contributions	-38,028	-29,953	-33,011
Capital Receipts Applied	-3,764	-3,200	-5,750
Revenue Contributions (RCCO)	-2,429	-6,076	-5,126
Reserves Applied	0	0	0
Minimum Revenue Provision	-16,674	-10,253	-10,289
Other Adjustments	3,329	0	0
<b>Underlying Need to Borrow</b>	<b>298,769</b>	<b>310,974</b>	<b>307,654</b>
Other Long Term Liabilities	37,574	31,176	34,100
<b>Capital Financing Requirement</b>	<b>336,343</b>	<b>342,150</b>	<b>341,754</b>

**7 Borrowing as at 31 December 2017**

- 7.1 Actual borrowing activity is constrained by the prudential indicators for net borrowing and the CFR. In order to ensure that borrowing levels are prudent over the medium term, the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council cannot borrow to support its day to day revenue expenditure. This indicator therefore allows the Council some flexibility over the timing of the borrowing so, for example, if interest rates are favourable it can borrow in advance of its immediate cash need.
- 7.2 Table 3 highlights the Council's gross borrowing, its investment balances and the net borrowing against the CFR and authorised borrowing limit.

**Table 3 Gross and Net Debt (excluding PFI)**

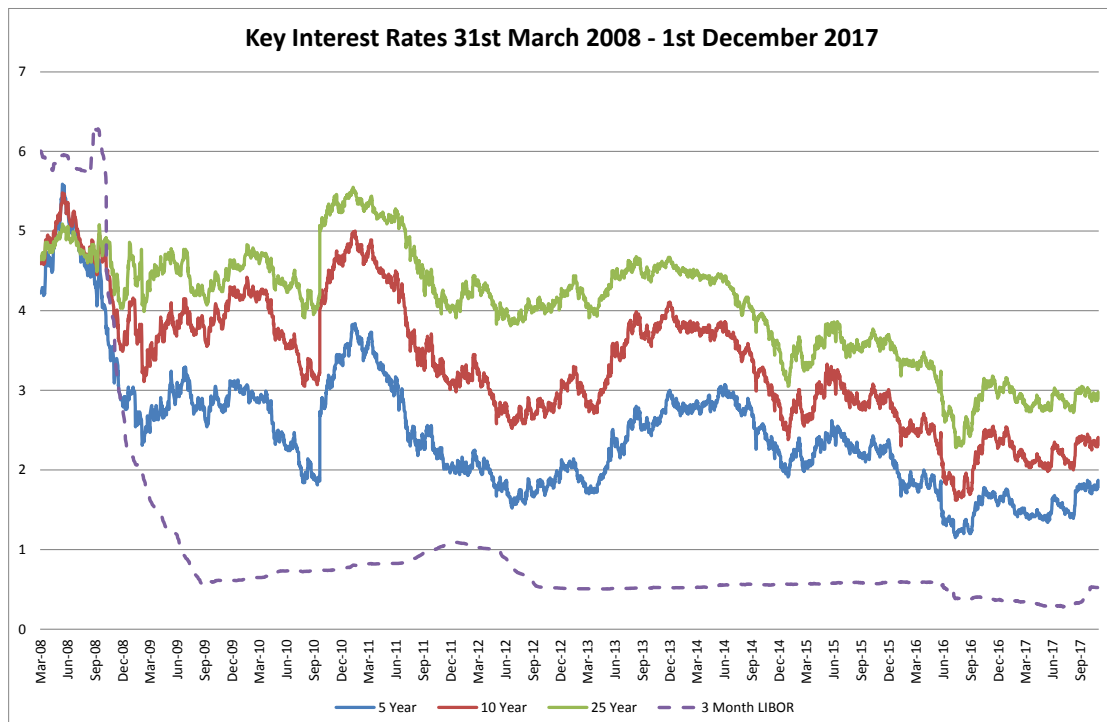
<b>Gross and Net Debt Prudential Indicators 5-7</b>	<b>Actual 31/03/2017 £'000</b>	<b>Budget 31/03/2018 £'000</b>	<b>Projected 31/03/2018 £'000</b>
Gross Debt	213,281	233,521	222,423
Investments	15,664	10,300	19,800
Net Debt	197,617	223,221	202,623
Underlying Need to Borrow	298,769	310,974	307,654
Under Borrowing	85,488	77,453	85,231
Operational Boundary	335,000	335,000	335,000
Authorised Limit	355,000	355,000	355,000
Maximum Gross Debt	218,936	233,521	222,423

7.3 The Council's debt position should be considered in light of the prevailing economic conditions summarised in section 4. The treasury management strategy over the past few years has been to reduce investment balances and delay borrowing. This strategy has been adopted for two main reasons:

- To reduce counterparty risk on the Council's investments – the lower the level of investment balances the lower the size of any losses if counterparties fail, which was a major risk during the financial crisis;
- To reduce the cost of carrying cash balances – shorter term investment interest rates are at historically low levels and the gap between the cost of borrowing and investment returns is at its widest for 20 years.

7.4 Chart 1 illustrates the divergence of long term borrowing rates and the short term investment returns, as indicated by the 3 month LIBOR rate, over the past 9 years.

**Chart 1 - Key Interest Rates**





- 7.5 Prior to September 2008 the 3 month LIBOR rate moved broadly in line with the longer period borrowing rates, and reflected the flat yield curve at that time. This meant that it was possible to take borrowing in advance of need and invest it, temporarily until it was required, at a similar rate to what it was borrowed at. However, since the financial crisis short term investment rates have reduced significantly, and although the longer term borrowing rates have also reduced slightly, the gap between borrowing costs and investment returns has increased markedly. Borrowing costs over 25 years are currently in the region of 2.7% compared to the 3 month LIBOR rate of approximately 0.3%. On a typical borrowing tranche of £10m, this difference would amount to a carrying cost of approximately £240k per annum, until it has been spent.
- 7.6 For this reason the Council has adopted a strategy of delaying long term borrowing until the cash is actually required. However, the Council continues to be mindful as to the projections for long term borrowing costs, as projected increases in these costs will result in higher future long term borrowing costs if borrowing is delayed.
- 7.7 As schedule of actual borrowing as at 31 December 2017 is shown in Appendix 2. Projected borrowing at 31 March 2018 is expected to increase by £9.1m from the position at 1 April 2017, but this is subject to continual review throughout the year. Projected changes in borrowing for the financial year are set out in table 4 below:

**Table 4 - Borrowing**

	Rate	Outstanding
<b>Borrowing as at 31/03/17</b>	<b>3.51%</b>	<b>£213,281,322</b>
<b>Less Repayments:</b>		
Loan 2 PWLB annuity	4.70%	-£843,595
Loan 3 PWLB annuity	4.65%	-£14,527
Loan 41 Leicester City Council	0.70%	-£10,000,000
Loan 42 Leicester City Council	0.52%	-£5,000,000
Loan 43 Guildford Borough Council	0.48%	-£5,000,000
Loan 44 West Midlands PCC	0.50%	-£5,000,000
Loan 45 Oxfordshire County Council	0.50%	-£5,000,000
<b>Plus New Borrowing:</b>		
Loan 46 Leicester City Council	0.60%	£10,000,000
Loan 49 London Borough of Camden	0.60%	£10,000,000
ANO Council	0.70%	£10,000,000
ANO Council	0.70%	£10,000,000
<b>Projected Borrowing as at 31/03/18</b>	<b>3.30%</b>	<b>£222,423,200</b>
<b>Net Increase / (Decrease)</b>		<b>£9,141,878</b>

- 7.8 The table shows that a further £20m of borrowing is anticipated over the remainder of the financial year. It is assumed that this will be drawdown in two equal tranches from other local authorities for durations of 12 months at an interest rate of 0.70% but the exact amounts, durations and rates may vary depending upon availability.
- 7.9 The Council has also entered into a forward commitment to borrow £20m in two years' time at a rate of 2.52% for a minimum period of 23 years, and a

maximum of 48 years. This has reduced the Council's exposure to the risk of interest rate rises in the next two years at a rate lower than the comparable PWLB rate available without incurring the cost of borrowing for that period.

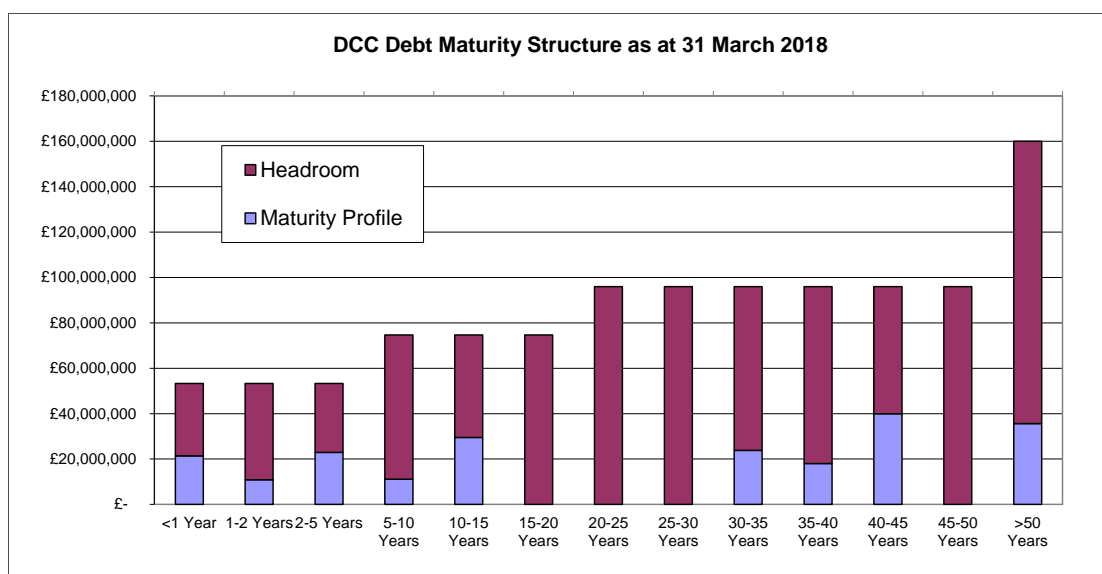
7.10 In addition, the terms of six existing loans have been renegotiated leading to combined annual savings of approximately £100k:

- Loan 13: interest rate reduced from 4.8% to 4.625% and the removal of lender and borrower options.
- Loan 31: interest rate reduced from 3.19% to 2.60%, with a five year extension to the term of the loan.
- Loans 35-38: amalgamation of four existing loans at interest rates of 4.0% and 4.03% into one instrument at an interest rate of 3.9%.

7.11 The Council has a target of maintaining an under borrowed position of around £100m. This however has to be balanced with assessing the long term costs of borrowing and also has to be viewed in terms of the maturity structure of the existing portfolio of long term borrowing.

7.12 The maturity structure of the Council's borrowing remains within the prudential limits for 2017/18, as set out in the chart below:

**Chart 2 Debt Maturity Structure**



7.13 The maturity limits are to ensure that the Council is managing its refinancing, liquidity and interest rate risks. If a high proportion of borrowing matures in any one year it may place pressure on the cash flow position of the Council and force it to refinance these loans at unfavourable rates. By spreading the maturity profile of loans the Council can provide for their repayment in an orderly way.

## 8 Investments as at 30 November 2017

8.1 The Council invests in accordance with the Annual Investment Strategy, which is approved by the Council alongside the Treasury Management Strategy in February each year.

- 8.2 The cash resources of the Council are made up of revenue and capital resources, as well as cash flow monies. Investment balances do fluctuate throughout the year as part of the day to day operations of the Council. Table 5 shows the investment balances at the start of the year, the maximum, minimum and average balances held, and the balances at the end of the year for 2016/17 and as projected for 2017/18.
- 8.3 Net investment income projected for the year is approximately £80k, compared to the budget of £100k, and a similar level to the previous financial year. The low interest return is due to low average balances held as a result of the strategy to delay borrowing, and therefore the cost of borrowing, by reducing investment balances, and low rates of interest available in the market.

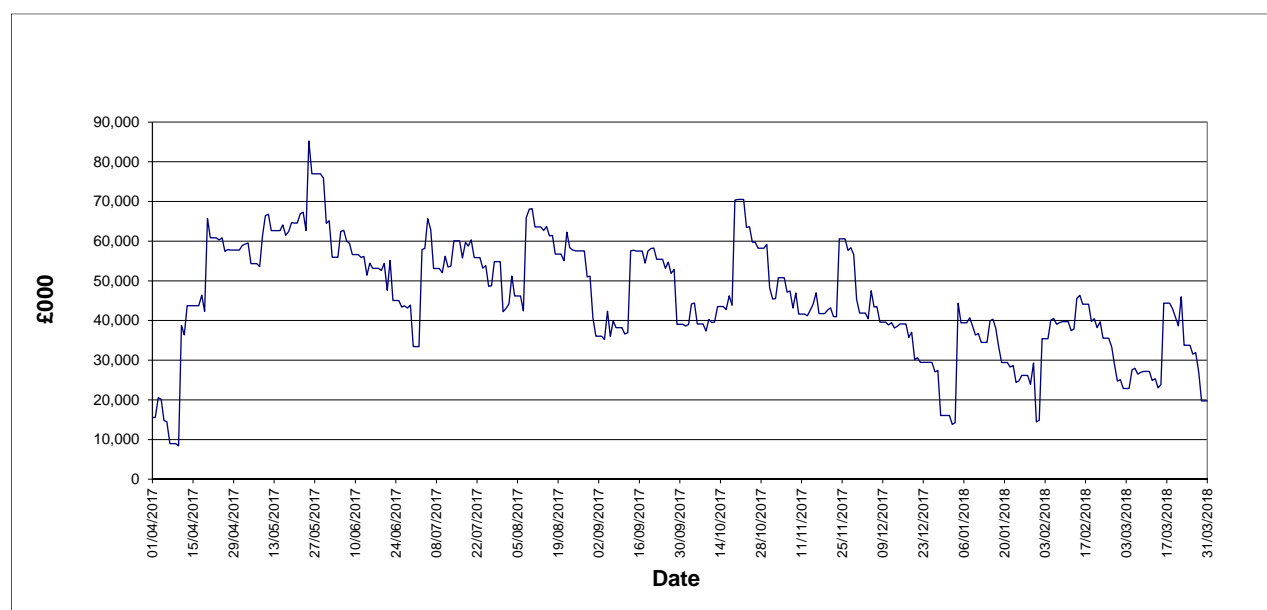
**Table 5 - Analysis of Investments**

	Actual 2016/17 £'000	Budget 2017/18 £'000	Projected 2017/18 £'000
<b>Investments as at 1 April</b>	<b>12,738</b>	<b>17,500</b>	<b>15,664</b>
Maximum cash balance	55,683	48,900	85,300
Minimum cash balance	874	9,900	8,500
Average cash balances	31,735	24,200	45,500
<b>Investments as at 31 March</b>	<b>15,664</b>	<b>10,300</b>	<b>19,800</b>
<b>Gross Investment Income</b>	<b>123</b>	<b>100</b>	<b>118</b>
Average Return	0.39%	0.41%	0.26%
Less DLEP Income*	45	-	39
<b>Net Investment Income</b>	<b>78</b>	<b>100</b>	<b>79</b>

*\*Dorset LEP balances are co-mingled with DCC balances for cash management purposes, with an annual transfer to the LEP of interest earned, calculated on daily LEP balances using 7 day LBID.*

- 8.4 Historically balances available for investment tended to be higher at the start of the financial year as government grants are received, and reduce as expenditure is incurred more evenly through the year. Over recent years this pattern has become less pronounced as the level of government funding has reduced. Chart 4 below shows the projected daily investment balances for this financial year.

**Chart 4 Cashflow Projections 2017/18**



## **9 Risk Management**

- 9.1 Return on investments must be assessed against the level of risk taken by the Council. Since the Icelandic banking crisis, many authorities, including Dorset County Council have tightened their treasury management policy, and re-emphasised the investment priorities of security of deposits first, liquidity of investments second, and return third.
- 9.2 The Treasury Management Policy restricts the number of counterparties to those with credit ratings of A- or higher. The only institutions where investments can be made for more than one year are other Local Authorities, the Government and the big four high street banking groups (Barclays Bank, HSBC Bank, Lloyds Banking Group and Royal Bank of Scotland).

## **10 Training for Elected Members**

- 10.1 All Dorset County Councillors have been invited to a treasury management training event at County Hall on Friday 19 January 2018. The training will be provided by Chris Scott from Link Asset Services, the Council's treasury management advisers, and will cover the basics of treasury management in local government, including the responsibilities of elected members.
- 10.2 Further training will be made available as and when required, but as a minimum training will be offered to new and existing elected members in the year following local elections.

**Richard Bates**  
**Chief Financial Officer**  
**January 2018**



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**Borrowing as at 31 December 2017**

DCC Ref	Lender	Loan Type	Drawdown Date	Term (years)	Maturity Date	Amount Agreed	Amount Drawdown	Amount Outstanding	Rate
Loan 2	PWLB	Annuity	25/07/2003	20	25/03/2023	14,185,506	14,185,506	5,285,931	4.70%
Loan 3	PWLB	Annuity	21/12/2004	20	25/03/2023	256,144	256,144	95,174	4.65%
Loan 10	PWLB	Maturity	01/03/2006	45.5	25/03/2051	8,815,800	8,815,800	8,815,800	3.95%
Loan 11	PWLB	Maturity	09/10/2006	45.5	25/03/2052	15,000,000	15,000,000	15,000,000	4.10%
Loan 12	PWLB	Maturity	02/08/2007	45.5	25/09/2052	8,000,000	8,000,000	8,000,000	4.55%
Loan 13	Barclays	Maturity	30/07/2007	70	30/07/2077	15,600,000	15,600,000	15,600,000	4.625%
Loan 14	PWLB	Maturity	23/08/2007	46.5	25/09/2053	10,000,000	10,000,000	10,000,000	4.45%
Loan 24	RBS	LOBO	25/09/2011	48	25/11/2059	15,000,000	15,000,000	15,000,000	4.39%
Loan 26	RBS	LOBO	04/10/2010	68	24/04/2078	10,000,000	10,000,000	10,000,000	4.20%
Loan 27	RBS	LOBO	04/10/2010	69	31/03/2079	10,000,000	10,000,000	10,000,000	4.14%
Loan 28	PWLB	Maturity	07/09/2010	15	25/02/2025	10,000,000	10,000,000	10,000,000	3.74%
Loan 29	PWLB	Maturity	07/09/2010	20	25/03/2030	10,000,000	10,000,000	10,000,000	3.98%
Loan 30	PWLB	Maturity	03/11/2011	10	25/03/2021	20,000,000	20,000,000	20,000,000	3.30%
Loan 31	Siemens	LOBO	25/09/2012	20	25/09/2032	10,000,000	10,000,000	10,000,000	2.60%
Loan 32	Siemens	LOBO	25/09/2013	15	25/09/2028	9,500,000	9,500,000	9,500,000	2.80%
Loan 34	Dorset LEP	Maturity	31/03/2013	5	31/03/2018	800,000	800,000	560,000	0.00%
Loan 35	BAE Systems	LOBO	31/12/2013	45	31/12/2058	2,500,000	2,500,000	-	4.03%
Loan 36	BAE Systems	LOBO	25/03/2014	45	31/12/2058	7,500,000	7,500,000	-	4.03%
Loan 37	BAE Systems	LOBO	31/03/2014	45	31/12/2059	3,000,000	3,000,000	-	4.00%
Loan 38	BAE Systems	LOBO	31/12/2014	45	31/12/2059	12,000,000	12,000,000	-	4.00%
Loan 42	Leicester City Council	Maturity	19/01/2017	1	18/01/2018	5,000,000	5,000,000	5,000,000	0.52%
Loan 43	Guildford Borough Council	Maturity	31/01/2017	1	31/01/2018	5,000,000	5,000,000	5,000,000	0.48%
Loan 44	PCC for West Midlands	Maturity	28/02/2017	1	27/02/2018	5,000,000	5,000,000	5,000,000	0.50%
Loan 45	Oxfordshire County Council	Maturity	19/01/2017	1	09/01/2018	5,000,000	5,000,000	5,000,000	0.50%
Loan 46	Leicester City Council	Maturity	11/04/2017	1	11/04/2018	10,000,000	10,000,000	10,000,000	0.60%
Loan 47	BAE Systems	LALN	07/11/2019	48	11/12/2067	20,000,000	-	-	2.52%
Loan 48	BAE Systems	LALN	11/12/2017	48	11/12/2065	-	-	25,000,000	3.90%
Loan 49	London Borough of Camden	Maturity	11/01/2018	0.8	11/10/2018	10,000,000	-	-	0.60%
<b>Total / Weighted Average Rate</b>						<b>252,157,450</b>	<b>222,157,450</b>	<b>212,856,905</b>	<b>3.44%</b>
<b>PWLB - Total / Weighted Average Rate</b>						<b>96,257,450</b>	<b>96,257,450</b>	<b>87,196,905</b>	<b>3.96%</b>
<b>LOBOs &amp; LALNs - Total / Weighted Average Rate</b>						<b>99,500,000</b>	<b>79,500,000</b>	<b>79,500,000</b>	<b>3.77%</b>
<b>Inter Authority - Total / Weighted Average Rate</b>						<b>40,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>0.53%</b>
<b>Other - Total / Weighted Average Rate</b>						<b>16,400,000</b>	<b>16,400,000</b>	<b>16,160,000</b>	<b>4.46%</b>

**Lender Option Borrower Option (LOBO) Agreement Details**

- Loan 13 If 6 month LIBOR is between 4.50% and 6.50%, 4.45% interest is paid, if outside this range 4.80% is paid.  
First lender option 30/07/17, then every 6 months - if the borrower does not agree, can repay without penalty.
- Loan 24 Rate fixed until 25/09/16 then 5 yearly lender option - if the borrower does not agree, can repay without penalty.
- Loan 26 Rate fixed until 24/04/11 then 2 yearly lender option - if the borrower does not agree, can repay without penalty.
- Loan 27 Rate fixed until 31/03/17 then 2 yearly lender option - if the borrower does not agree, can repay without penalty.
- Loan 31-32 Rate fixed first 5 years then 5 yearly lender option - if the borrower does not agree, can repay without penalty.

**Local Authority Loan Note (LALN) Agreement Details**

- Loan 47 Drawdown two years forward, lender has the right to request repayment of the loan 07/11/2042, then 5 yearly thereafter, with 6 months notice.
- Loan 48 Lender has the right to request repayment of the loan 11/12/2035, then 5 yearly thereafter, with 6 months notice.  
(Please note this replaces loans 35 to 38.)

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# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	19 January 2018
Officer	<u>Local Members</u> All Members Lead Directors <u>Debbie Ward, Chief Executive</u>
Subject of Report	<b>Outcomes Focused Monitoring Report, January 2018</b>
Executive Summary	<p>The 2017-18 Corporate Plan summarises, on a single page, the four outcomes towards which the County Council is committed to working, alongside our partners and communities: to help people in Dorset be <b>Safe, Healthy and Independent</b>, with a <b>Prosperous</b> economy. Overview and scrutiny for each outcome falls within the terms of reference of one of the three Overview and Scrutiny Committees. It is the responsibility of the Audit and Governance Committee to take an overarching view of the overview and scrutiny process and to ensure that this process is effective, and issues of concern are adequately addressed.</p> <p>The Corporate Plan includes objective and measurable <b>population indicators</b> by which progress towards outcomes can be better understood, evaluated and influenced. No single agency is accountable for these indicators - accountability is shared between partner organisations and communities themselves.</p> <p>As well as the most up to date available data on the population indicators within the “Healthy” and “Independent” outcomes, this report includes:</p> <ul style="list-style-type: none"> <li>• <b>Performance measures</b> by which the County Council can measure the contribution and impact of its own services and activities on the outcomes;</li> <li>• <b>Risk management</b> information, identifying the current level of risks on the corporate risk register that relate to our outcomes and the population indicators associated with them.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Value for Money</b> information relating to the three service directorates. Efforts continue to present a thematic, cross-cutting analysis of the value for money of County Council services in the context of our four outcomes.</li> </ul> <p>This report presents, at Appendices 1 to 4, the full suite of information that is being submitted to the three Overview and Scrutiny Committees during January. Value for Money information for the three service directorates is presented at Appendices 5 to 7. It is recognised that the Audit and Governance Committee may prefer, in future, to receive shorter, more focused reports, and the committee is encouraged to give guidance to officers on the level and nature of the information they would like to see in future.</p>
<p>Impact Assessment:</p>	<p><b>Equalities Impact Assessment:</b> There are no specific equalities implications in this report. However, the prioritisation of resources in order to challenge inequalities in outcomes for Dorset’s people is fundamental to the Corporate Plan, and therefore to these outcome monitoring reports.</p>
	<p><b>Use of Evidence:</b> The outcome indicator data in this report is drawn from a number of local and national sources, including: Business Demography (ONS); the Employer Skills Survey (UK CES); the Adult Social Care Outcomes Framework (ASCOF) and the Public Health Outcomes Framework (PHOF). There is a lead officer for each outcome whose responsibility it is to ensure that data is accurate and timely and supported by relevant commentary.</p>
	<p><b>Budget:</b> None in the context of this specific report. However the information contained herein is intended to facilitate evidence driven scrutiny of the interventions that have the greatest impact on outcomes for communities, as well as activity that has less impact. This can help with the identification of cost efficiencies that are based on the least impact on the wellbeing of customers and communities.</p>
	<p><b>Risk:</b> Having considered the risks associated with this report using the County Council’s approved risk management methodology, the level of risk has been identified as:</p> <p>Current:       Medium Residual:      Low</p>
	<p>Other Implications: None</p>
<p>Recommendation</p>	<p>That the committee considers the evidence of Dorset’s position with regard to:</p> <p>i) the outcome indicators at Appendices 1 to 4; and:</p>

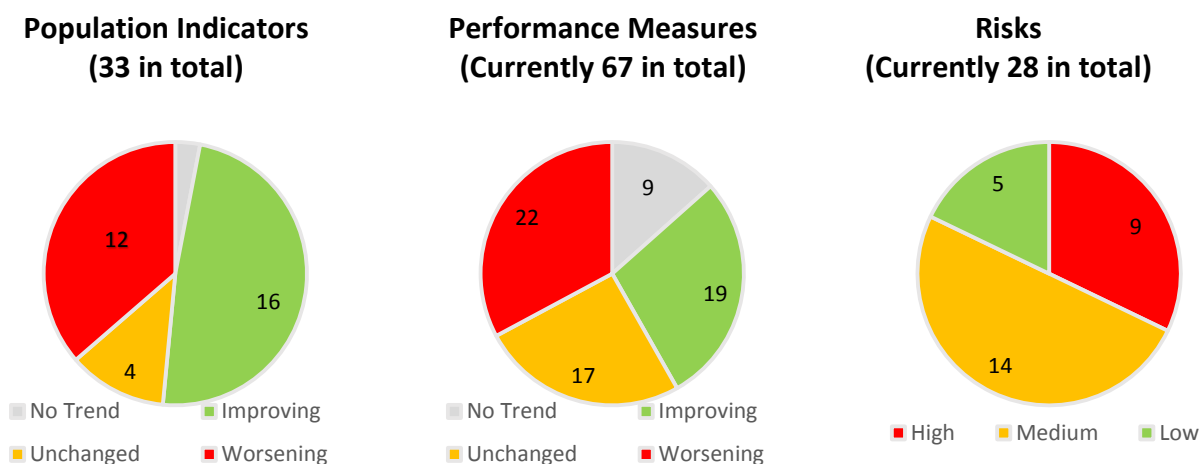
	<p>ii) the value for money information at Appendices 5 to 7 and identifies any issues upon which they require further information or insight.</p>
Reason for Recommendation	<p>The 2017-18 Corporate Plan provides an overarching strategic framework for monitoring progress towards good outcomes for Dorset. The Overview and Scrutiny committees provide corporate governance and performance monitoring arrangements so that progress against the corporate plan can be monitored effectively, and the Audit and Governance Committee needs to ensure that this process is effective, and issues of concern are adequately addressed.</p>
Appendices	<ol style="list-style-type: none"> <li>1. Population and Performance October 2017 – <b>Safe</b></li> <li>2. Population and Performance October 2017 – <b>Healthy</b></li> <li>3. Population and Performance October 2017 – <b>Independent</b></li> <li>4. Population and Performance October 2017 – <b>Prosperous</b></li> <li>5. Financial benchmarking information: Adult Social Care</li> <li>6. Value for Money: Economy and the Environment</li> <li>7. Value for Money: Children’s Services</li> </ol>
Background Papers	<p><i>Dorset County Council Corporate Plan 2017-18</i>, Cabinet, 28 June 2017</p> <p><a href="https://www.dorsetforyou.gov.uk/corporate-plan-outcomes-framework">https://www.dorsetforyou.gov.uk/corporate-plan-outcomes-framework</a></p>
Officer Contact	<p>Name: John Alexander, Senior Assurance Manager</p> <p>Tel: (01305) 225096</p> <p>Email: <a href="mailto:j.d.alexander@dorsetcc.gov.uk">j.d.alexander@dorsetcc.gov.uk</a></p>

**1. Corporate Plan 2017-18: Dorset County Council’s Outcomes and Performance Framework**

1.1 The corporate plan includes a set of “population indicators”, selected to measure progress towards the four outcomes. No single agency is accountable for these indicators - accountability is shared between partner organisations and communities themselves. For each indicator, it is for councillors, officers and partners to challenge the evidence and commentaries provided, and decide if they are comfortable that the direction of travel is acceptable, and if not, identify and agree what action needs to be taken.

- 1.2 Appendices 1 to 4 are comprised of single page summaries for each of these population indicators – one appendix for each of the four corporate outcomes. Each page shows:
- The **name** of the population indicator, and the officers responsible for providing the information
  - The **latest Dorset figure** for the indicator
  - The **trend** for the indicator – i.e. whether the situation has improved, worsened, or stayed the same
  - A comparison of the situation in Dorset with other areas of the country (i.e. **benchmark** data)
  - A **graph** showing the trend over time
  - Any **risks** on the corporate risk register that relate to the indicator, and their current status
  - The “**story behind the baseline**” – i.e. a qualitative analysis the causes and forces that have influenced the direction of travel of this indicator over a period of time
  - The main **partners** together with whom the County Council needs to work, in order to make a difference to the indicator
- 1.3 In addition, each page includes **service performance measures**, which measure the County Council’s own specific contribution to, and impact upon, corporate outcomes. For example, one of the outcome indicators for the “Prosperous” outcome is “The productivity of Dorset’s businesses”. A performance measure for the County Council on this is “Growing Places Fund invested in active interventions”, since the Growing Places Fund is one of the ways in which we strive to help support businesses and improve productivity.
- 1.4 Unlike with the population indicators, the County Council is directly accountable for the progress (or otherwise) of performance measures, since they reflect the degree to which we are making the best use of our resources to make a positive difference to the lives of our own customers and service users.
- 1.5 Efforts continue to present an analysis of the **value for money** of County Council services to sit alongside the performance information in this report. In the interim, Appendix 2 of this report provides financial benchmarking information for Adult Social Care, Appendix 3 provides a value for money analysis of some key areas of work for the Environment and the Economy Directorate, and Appendix 4 provides equivalent information for Children’s Services.
- 1.7 Members of the Overview and Scrutiny Committees have been encouraged to consider all of the indicators and associated information that fall within their committee’s remit, scrutinise the evidence and commentaries provided, and decide if they are comfortable with the direction of travel. If appropriate, members can request a more in-depth review of specific areas.
- 2. Executive Summary – All Outcomes**
- 2.1 The following is an executive summary of the current status of all the population indicator, performance measure and risk information that has been presented to the Overview and Scrutiny Committees during January 2018, and also a summary of the areas suggested by officers that the committees may wish to focus their consideration and scrutiny. These areas have been highlighted because they are currently showing a worsening trend. They are briefly summarised below, and full commentaries are provided within the body of the main reports, including the strategies currently in place to drive improvement. Please note that no specific areas for focus were highlighted for the **Independent** outcome.

2.2 Summary of current status of all indicators, performance measures and risks



2.3 Suggested areas for focus: **SAFE**

Indicator	Summary of issues
SAFE 06: Rates of crime, antisocial behaviour and domestic abuse in Dorset	The 3 year trend is an increase in total crime both in Dorset and nationally, including total crime, anti-social behaviour and domestic abuse crime. Although this is partly due to improvements in Police recording standards and an increased willingness by people to report crime, it is generally understood that in some categories crime is increasing. Partners including Dorset Police and the local authorities are exploring the issues through their partnership groups (including the Dorset Community Safety Partnership) with the aim of putting interventions and solutions in place.
SAFE 07: Number of people killed or seriously injured on Dorset's roads	<b>Performance measures:</b> There has been a slight decline in the performance of some of our highway maintenance measures, by which we seek to enhance road safety: <ul style="list-style-type: none"> <li>• Road condition in need of maintenance</li> <li>• % inspections completed on time</li> <li>• Skid resistance - principal</li> </ul>
SAFE 01: Rate of Children in Care	<b>Performance measure:</b> There is a slight downward trend in the number of Looked After Children ceased as a result of a special guardianship order.

2.4 Suggested areas for focus: **HEALTHY**

Indicator	Summary of issues
HEALTHY 01: Inequality in life expectancy between population groups - female	For women, there has been a sustained increase in life expectancy inequality over the last 5 years. This could be because the health of women in poorer areas has worsened, that is has improved only for women in the most affluent areas, or a combination of the two.
HEALTHY 02: Rate of hospital admissions for alcohol-related conditions	Rates of hospital admissions related to alcohol are much higher than 30-40 years ago. Admission rates remain higher for men than women, but while the rate for men is mostly static, the rate among women appears to be rising. This relates to a faster rise in average rates of drinking amongst women than men in the past 30 years.  <b>Performance measure:</b> There has been a slight decline in the rate of successful completions of our alcohol treatment service over the last four quarters.
HEALTHY 04: Prevalence of mental health conditions	This indicator is based on numbers answering, "Long-term mental health problem" to the question in the GP Patient Survey "Which, if any, of the following medical conditions do you have?"  <b>Performance measure:</b> There is some evidence of a downward trend in the emotional and behavioural health of looked after children.

2.4 Suggested areas for focus: **PROSPEROUS**

Indicator	Summary of issues
PROSPEROUS 01: The productivity of Dorset's businesses	<b>Performance measure:</b> There is a slight increase in the percentage of roads in need of maintenance.
PROSPEROUS 03: Percentage of children achieving the 'Basics' measures at Key Stage 4	The Basics measure indicates the % of pupils achieving a pass in English & Maths GCSE - key skills that allow a student to progress into further education or jobs with training. Dorset remains on a par with the national for the standard pass and 3% below the national for the good standard.

	<p><b>Performance measures:</b></p> <ul style="list-style-type: none"><li>• Average progress 8 score per pupil</li><li>• Percentage basics (Good pass in English and Maths)</li></ul> <p>Progress 8 is a progress measure that looks at pupil progress from the end of primary stage across a suite of subjects, this is now the key measure of school effectiveness. Dorset Progress 8 results dipped in 2017 – as did those in most LAs in the South West. Whilst many schools improved, some dipped in results in 2017. In addition Dorset 'gained' 2 new schools with low results in 2017 (Parkfield School and Dorset Studio School). Performance at a local level is variable and tends to reflect overall school performance.</p>
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Dorset County Council

## Safe

Outcome Sponsor – Nick Jarman  
Interim Director for Children's Services



Outcomes Focused Monitoring Report  
**January 2018**



The following pages have been provided to summarise the current position against each outcome indicator and performance measure. This will help the council to identify and focus upon potential areas for further scrutiny. All risks are drawn from the [Corporate Risk Register](#) and mapped against specific population indicators where relevant.

Any further corporate risks that relate to the 'Safe' outcome is also included to provide a full overview. Please note that information relating to outcomes and shared accountability can be found on the [Dorset Outcomes Tracker](#).

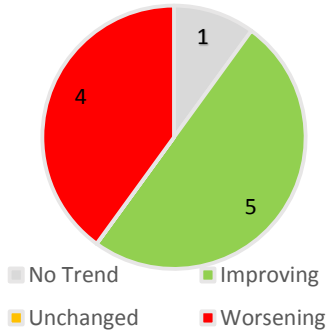
<b>Contents</b>	
<b>Population Indicator</b>	<b>Page No</b>
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02 Rate of children in care	5
03 Number of children being admitted to hospital due to injury (aged 0 to 14 years)	6
04 The rate of children who are persistent absentees from school	7
05 The number of adult safeguarding concerns	8
06 Rates of crime, antisocial behaviour and domestic abuse in Dorset	9 & 10
07 Number of people killed or seriously injured on Dorset roads	11 & 12
Corporate Risks that feature within Prosperous but are not assigned to a specific Population Indicator	13
Key to risk and performance assessments	13
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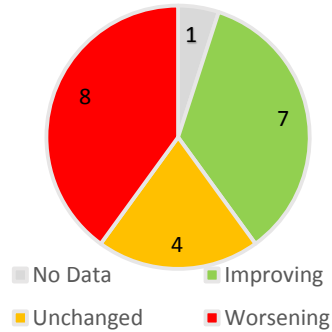
# Corporate Plan 2017-18: Dorset County Council's Outcomes and Performance Framework

## SAFE - Executive Summary

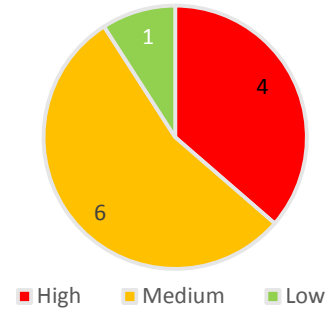
**Population Indicator  
(10 in total)**



**Performance Measure  
(Currently 20 in total)**



**Risk  
(Currently 11 in total)**



**Suggested Indicators for Focus**

Total Crime

Total Anti- Social Behaviour

Domestic Abuse Crimes

**Suggested Measures for Focus**

No. of LAC ceased because of a special guardianship order

No. of children centre registrations

No. of individuals who have completed support (domestic abuse)

No. of assaults

1<sup>st</sup> time entrants into the criminal justice system

Road condition in need of maintenance

% inspections completed on time

Skid resistance - principal

**Suggested Risks for Focus**

04a – Health and Safety risks associated with occupation of premises

09b - Inability to maintain the highways infrastructure to an acceptable standard in the face of changing circumstances (e.g. budget reductions; climate change)

14b - Inability to attract and retain suitably qualified specialist safeguarding staff within Children's Services

01d – A lack of sufficiency (placements/ residential/ foster care) impacts negatively on the demands led budget for children in care

**SAFE: 01 Population Indicator - Rate of children subject to a child protection plan - Outcome Lead Officer Patrick Myers; Population Indicator Lead Officer Claire Shiels**

DORSET - Latest (March 2017) 51 per 10,000		
DORSET - Trend IMPROVING	<b>G</b>	
COMPARATOR - Benchmark (England) WORSE 43.1 (Average)	<b>R</b>	

**Story behind the baseline:** When there is a continuing risk of harm to a child or young person, groups of professionals work together with the family to put a plan in place to try to reduce the risk of harm and keep the child or young person safe. Although the County Council has a statutory duty to investigate, assess and provide a plan to support families to keep their children safe from harm, it is not their sole responsibility. The rate of children subject to a child protection plan in Dorset is reducing and was 39.8 per 10,000 at the end of Q2 17-18. Reducing the number of children subject to a child protection plan is supported through high quality social work and there are several key indicators that can help us understand if we are achieving that. Social worker caseload is important there is strong evidence that lower caseloads improve the quality of work with families resulting in more needs being met at an earlier phase, reducing the % of re-referrals into social care as well as the % of children who become the subject of a plan for a second or subsequent time. With the introduction of a new social care case management system, we are working on the development of an indicator that helps us to understand and monitor average caseload. To reduce the rate of children subject to a child protection plan, it is also important to understand if early help services are working effectively. If early help services are working successfully, then we should see also expect to see a reduction in the number of 'children in need' as needs are met earlier.

**Partners with a significant role to play:** Any professional working with a child, young person or family should be able to identify possible signs of abuse and neglect and work together to safeguard children. Key professionals in the police, the health service (including GPs and A&E), health visitors, schools and early years settings, adult's services (including mental health services and substance use treatment providers), youth services, criminal justice agencies need to share intelligence and work together to safeguard children and young people. Domestic abuse features in over 95% of all child protection plans in Dorset. Also common are poor parental mental health and or parental substance misuse. Whole family support and good multi-agency working are therefore important in reducing the rate of children experiencing significant harm.

**Performance Measure(s) – Trend Lines**

Children in need rate per 10,000 Latest Q2 17-18 – 156.5	
% of re-referrals to children's social care within 12 months Latest Q2 17-18 – 17.6%	
% of children who become the subject of a plan for a second or subsequent time Latest Q2 17-18 – 18.1%	

Corporate Risk	Score	Trend
02a - Failure to consider the impacts that vulnerable adults have on children and families	MEDIUM	UNCHANGED
02b - Unsuitable housing results in an increased risk to vulnerable children and adults	MEDIUM	UNCHANGED
11c - Inefficient commissioning processes and monitoring of contracts to support delivery of Directorate and Children & Young People Priorities	LOW	IMPROVING
14b - Inability to attract and retain suitably qualified specialist safeguarding staff within Children's Services	HIGH	UNCHANGED
<b>Value for Money</b>	<b>Latest</b>	<b>Rank</b>
<b>UNDER DEVELOPMENT</b>		

**What are we doing?** This is an obsession for the Dorset Safeguarding Children's Board and partners continue to work together on it on the [2017-2020 Business Plan](#). Introduction of Family Partnership Zones to coordinate and improve early help. Continue to strengthen the role of the Child Protection Conference Chairs through training, support and geographical alignment with area social work teams. Increasing the number of social workers to reduce social work caseloads and audit work to ensure that the right children are subject to child protection plans

**SAFE: 02 Population Indicator - Rate of children in care** - Outcome Lead Officer Patrick Myers; Population Indicator Lead Officer Claire Shiels

DORSET – Latest (March 2017) 62 per 10,000		
DORSET - Trend IMPROVING	<b>G</b>	
COMPARATOR - Benchmark (South West) WORSE 53 (Average)	<b>R</b>	

**Story behind the baseline:** Children come into care when parents are unable to care for them adequately or because they are at risk of significant harm. We have a statutory duty to provide a safe, alternative “family” home. The decision about whether a child should enter care is an important one as outcomes for children in care can be poorer than those of their peers and the cost of providing care is increasing. The rate of children in care in Dorset is reducing and was 57.2 per 10,000 at the end of Q2 17-18, which is lower than the national rate. Reducing the number of children in care involves not only reducing the number of children entering the care system through high quality social work and early help, but also in increasing the number of children who cease to be looked after. For some, this can mean returning home, or for others this can be through securing alternative permanence arrangements such as adoption or through Special Guardianship Orders. Social worker caseload is important as there is strong evidence that lower caseloads improve the quality of work with families resulting in more needs being met at an earlier phase, reducing the need for care and supporting children to return home or have permanent alternative arrangements. With the introduction of a new social care case management system, we are working on the development of an indicator that helps us to understand and monitor average caseload. When children leave care, it is also important for us to ensure that they can find suitable accommodation that is safe, secure and affordable and that there is a sufficient level of support available to enable them to live independently.

**Partners with a significant role to play:** The following partners will be critical to delivery: Dorset Clinical Commissioning Group (CCG), Dorset Healthcare University Foundation Trust (providers of CAMHs, community mental health services, health visiting), Dorset County Hospital, Poole Hospital, The Royal Bournemouth and Christchurch Hospital, Schools and colleges, GP practices, Voluntary and Community Sector providers, Pan-Dorset Youth Offending Service and Residential children’s homes/foster carers; schools and education settings, adult services, police, probation services.

Performance Measure(s) – Trend Lines	
Number of LAC ceased because of a Special Guardianship Order  Latest Q2 17-18 – 8	
Percentage of LAC adopted in year  Latest Q1 17-18 – 10%	
Percentage of care leavers in suitable accommodation  Latest Q2 17-18 – 96.5%	

Corporate Risk	Score	Trend
01d – A lack of sufficiency (placements/ residential/ foster care) impacts negatively on the demands led budget for children in care	<b>HIGH</b>	<b>UNCHANGED</b>
02c - Failure to keep children safe that are known to, or in the care of, DCC	<b>MEDIUM</b>	<b>IMPROVING</b>
<b>Value for Money</b>	<b>Latest</b>	<b>Rank</b>
<b>UNDER DEVELOPMENT</b>		

**What are we doing?** This is an obsession for the Dorset Safeguarding Children’s Board and partners continue to work together on it on the [2017-2020 Business Plan](#). Introduction of Family Partnership Zones to coordinate and improve early help. Increasing the number of social workers to reduce social work caseloads. Continuing to work with [Aspire](#), the newly introduced Regional Adoption Agency for Dorset, Bournemouth and Poole. Offering intensive family support to try to prevent children coming into care or to help them return home (including Family Group Conferences). Modernising our fostering service and gap analysis of current and future accommodation needs and working with partners to plan to meet these.

SAFE: 03 Population Indicator - Number of children being admitted to hospital due to injury (aged 0 to 14 years) - Outcome		
Lead Officer Patrick Myers; Population Indicator Lead Officer David Lemon		
DORSET – Latest (2015-16) 115.3		
DORSET - Trend IMPROVING	<b>G</b>	
COMPARATOR - Benchmark (England) WORSE 104.2 (2015-16)	<b>R</b>	
<p><b>Story behind the baseline:</b> Injuries are a leading cause of hospitalisation and represent a major cause of premature mortality for children and young people. They are also a source of long-term health issues, including mental health related to experiences. However, some of these cases may only represent admissions for observation due to observed symptoms following an external cause event. There may be also be differences in admission thresholds between areas, as well as variation between hospitals in the way injury admissions are coded. Additionally, whilst the injury rate has been consistently higher than the England average since around 2012, this may be in part related to the rural nature of the area. For example, Somerset, an arear like Dorset, shows a comparable pattern in admissions.</p> <p><b>Partners with a significant role to play:</b> Health and social care, and education services, as well as the voluntary sector all key partners in this at both strategic and operational levels.</p>		
Performance Measure(s) – Trend Lines		
Number of children centre registrations (universal offer of advice)  Latest Q2 16-17 – 581		
Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
UNDER DEVELOPMENT		
<p><b>What are we doing?</b> Offering information and advice to families around safety at home through undertaking safe at home assessments and helping parents to reduce hazards in the home.</p>		

**SAFE: 04 Population Indicator - The rate of children who are persistent absentees from school** - Outcome Lead Officer Patrick Myers; Population Indicator Lead Officer Claire Shiels

DORSET – Latest (2016) 11%		
DORSET - NEW INDICATOR INTRODUCED 2016	No Trend	
COMPARATOR – Benchmark (South West) SIMILAR 10.7% (Average)	<b>A</b>	

**Story behind the baseline:** In 2016, the definition of persistent absence changed. Up until 2015, persistent absentees were defined as those who have an overall absence rate of 15% of school sessions. From 2016 this definition has changed to include those who have an overall absence rate of 10%. This means that data for 2016-17 is not comparable. Persistent absence is a serious problem for pupils. Much of the work children miss when they are off school is never made up, leaving these pupils at a considerable disadvantage for the remainder of their school career. Children who are missing from school are more vulnerable to exploitation.

Responsibility for pupil absence primarily rests with the parent/carer, with schools responsible for monitoring and encouraging attendance where there are problems. The local authority will support this role through the offer of early help where appropriate and providing an enforcement role regarding parents/carers who fail to ensure that their children attend school regularly.

**Partners with a significant role to play:** Schools, school governors, parents, alternative education providers, voluntary and community sector, youth providers, early year’s settings, children’s centres, health visitors, police, youth offending service.

**Performance Measure(s) – Trend Lines**

Number of families who have successfully completed support and seen attendance improve (Dorset Families Matter)  Latest Q2 17-18 – 14	
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Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		

**What are we doing?** Trade an attendance service to schools. Issuing penalty notices to parents. Providing early help through Family Partnership Zones. Providing intensive family support packages through [Dorset Families Matter](#) (our local Troubled Families Programme)

**SAFE: 05 Population Indicator - The number of adult safeguarding concerns - Outcome Lead Officer Patrick Myers; Population Indicator Lead Officer Sally Wernick**

DORSET – Latest (Q2 17-18) 960		
2016-17 3,553		
DORSET - Trend Unchanged	<b>A</b>	
COMPARATOR – Benchmark (England) BETTER per 100K pop = 928 (compared to England rate of 704)		<b>R</b>

**Story behind the baseline:** The longer term (2+ year) trend is an increase in the number of safeguarding concerns however, the numbers dropped from Q4 2016-17 to Q1 2017-18. Generally, the trends remain consistent in terms of quarterly patterns. Most concerns are managed through the provision of information and advice (53%) or require no further action (38%) with only 10% leading to a Section 42 enquiry. Of those leading to a S42 enquiry this year 81% have been concluded and outcomes continue to show that risks have been reduced and that feedback from Service Users shows that 89% felt safer because of the safeguarding intervention. ADASS (South West) are currently undertaking a review of data in relation to variances in the numbers converted to S42 enquiries across Local Authorities. Qualitative work will be completed to understand the differences and this also links with the Pan Dorset Audit aimed at understanding the differentiation in relation to the proportion of concerns that proceed to a S42 enquiry. Primary referral routes to the service are from Residential Care Staff and Emergency Services and through on-going data analysis we have identified a notable shift in the number of concerns received from these referral routes and how these are responded to. There is still work required to support Residential providers. An increase in this area is noted due to the substantial ongoing whole home enquires during the last 3 quarters where there have been 2 whole home investigations resulting in loss of nursing registration in one case and closure in another. There are also currently blocks on 2 large nursing providers impacting on the availability of nursing beds both in the East and West of the County. The implementation of our new integrated case management system, MOSAIC, may also change data reported for the remainder of the year and onwards as information collection will be different. The rate of concerns per 100k pop is “Higher” than the England rate, however the age standardised rate of individuals involved in safeguarding enquiries per 100k pop is 67 for Dorset compared to 250 for the whole of England. Which demonstrates that recording a high number of “concerns” does not equate to a higher number of investigations, as in Dorset we have a robust process for reporting and recording all levels of concerns and respond to all concerns with a decision in a timely / proportionate way.

**Partners with a significant role to play:** Local Safeguarding Teams, Children’s Social services, Prison service, Youth Offending service, Courts, Probation, Immigration, Community Rehabilitation, Fire and Rescue, Charities, Educational establishments and workplaces, Day centres, Housing, Ambulance service, Care Quality Commission, social workers, mental health staff, Police, primary and secondary health staff, domiciliary staff, residential care staff.

**Performance Measure(s) – Trend Lines**

Proportion of people who use services who say that those services have made them feel safe and secure	
Latest 16-17 (Annal Measure) – 81.8%	
Percentage of assessments of new clients completed within 4 weeks	
Latest Apr-Oct 17-18 – 74%	

Corporate Risk	Score	Trend
03e - Failure to meet primary statutory and legal care duties - Adult Safeguarding	<b>MEDIUM</b>	<b>UNCHANGED</b>
14c - Recruitment, development and retention of a suitably qualified workforce (internal and external) in key areas of the Adult & Community Services Directorate	<b>MEDIUM</b>	<b>UNCHANGED</b>
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		

**What are we doing?** There is a national shortage of nursing staff across the NHS and Acute providers and therefore there are National (Skills for Care) / Regional and Local initiatives to improve capacity and quality of the external workforce as we need to support improvements in this sector. About the current blocks on providers, action plans have been formulated for improvement and we are supporting and monitoring them with tight timescales. Proactive work continues to be undertaken with the Emergency Services to improve the quality of information received. Dorset Police have engaged positively with this work and following a recent meeting they are also keen to work with us to reduce the number of inappropriate concerns raised and identify alternative referral / support routes.



**SAFE: 06 Rates of crime, antisocial behaviour and domestic abuse in Dorset** - Outcome Lead Officer Patrick Myers;  
Population Indicator Lead Officer Andy Frost

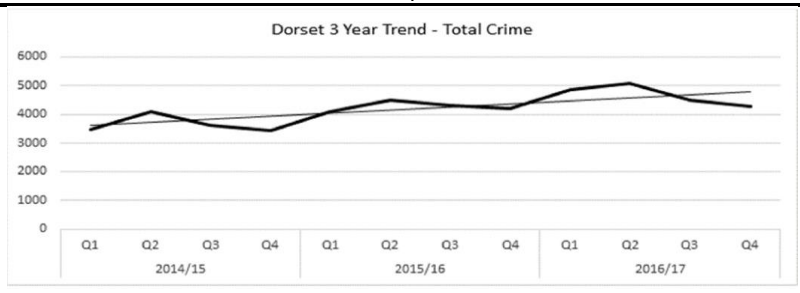
**Partners with a significant role to play:** The County Council is one of many organisations with a statutory responsibility to work in partnership to tackle crime in their area. Those partners include: Dorset Police, the Dorset district and borough councils, Dorset Clinical Commissioning Group, Dorset & Wiltshire Fire Authority, The National Probation Service and The Dorset, Devon and Cornwall Community Rehabilitation Company. Many other partners including the Youth Offending Service, Public Health Dorset and Dorset Fire & Rescue Service also contribute to this work on a wider scale at a pan-Dorset level.

**DORSET – Population Indicator Total Crime** - Latest (Q2 2017-18) 5,694 crimes for the quarter equating to 12.9 per 1,000 population

DORSET - Trend WORSENING

**R**

COMPARATOR - No comparable data provided by lead officer



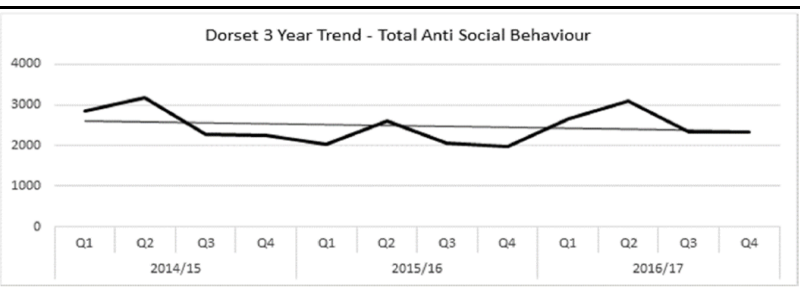
**Story behind the baseline:** TOTAL CRIME - 5,694 crimes for the quarter. The longer term (3 year) trend is an increase in total crime both in Dorset and nationally. Although this would appear to a large extent to be due to improvements in Police recording standards and an increased willingness by people to report crime, it is generally understood that in some categories crime is increasing. Partners including Dorset Police and the local authorities are exploring the issues through their partnership groups (including the Dorset Community Safety Partnership) with the aim of putting interventions and solutions in place.

**DORSET – Population Indicator Total Anti- Social Behaviour** Latest (Q2 2017-18) 3,592 incidents for the quarter equating to 7.7 per 1,000 population

DORSET - Trend WORSENING

**R**

COMPARATOR - No comparable data provided by lead officer



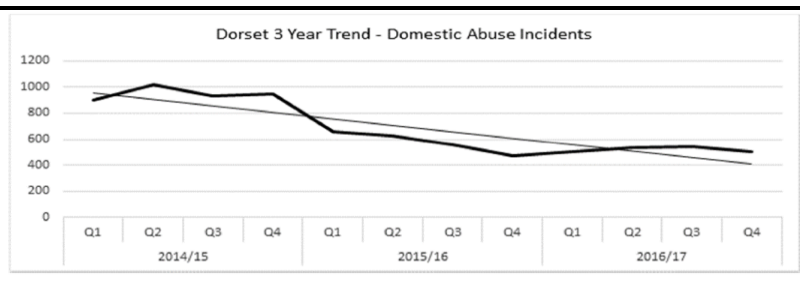
**Story behind the baseline:** ANTI SOCIAL BEHAVIOUR – 3,592 incidents in Q2. Following many years of reductions, the number of ASB incidents has been increasing since 2016-17. The County Council and its partners through the Dorset Community Safety Partnership are exploring the detail behind the figures to better understand issues and put effective measures in place. These include developing a common policy for dealing with long running neighbour disputes and ensuring the use of Multi-Agency Risk Management Meetings (MARMs) for those victims and perpetrators that do not meet the thresholds for statutory service intervention.

**DORSET – Population Indicator Domestic Abuse Incidents** - Latest (Q2 2017-18) 562 incidents for the quarter

DORSET - Trend IMPROVING

**G**

COMPARATOR - No comparable data provided by lead officer



**Story behind the baseline:** DOMESTIC ABUSE INCIDENTS - 562 incidents in Q2. The longer-term trend has been a reduction in the number of domestic abuse incidents though the numbers started to increase in 2016-17. Although an increase in the number of incidents could be positive, due to known under-reporting of domestic abuse, the County Council and its partners are undertaking work to understand the nature of the increases and reasons for it.

The County Council delivers against domestic abuse issues through the pan-Dorset Domestic Abuse and Sexual Violence Strategic Group. Officers co-ordinate a pan-Dorset Domestic Abuse Operational Group and have recently finalised an action plan with partners to deliver against domestic abuse issues.

**SAFE: 06 Rates of crime, antisocial behaviour and domestic abuse in Dorset** - Outcome Lead Officer Patrick Myers;  
Population Indicator Lead Officer Andy Frost (Cont'd)

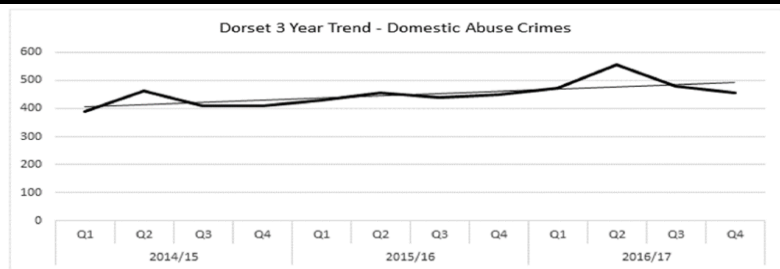
**Partners with a significant role to play:** The County Council is one of many organisations with a statutory responsibility to work in partnership to tackle crime. Those partners include: Dorset Police, the Dorset district and borough councils, Dorset Clinical Commissioning Group, Dorset & Wiltshire Fire Authority, The National Probation Service and The Dorset, Devon and Cornwall Community Rehabilitation Company. Many other partners including the Youth Offending Service, Public Health Dorset and Dorset Fire & Rescue Service also contribute to this work.

**DORSET – Population Indicator Domestic Abuse Crimes Latest (Q2 2017-18) 605**

DORSET - Trend WORSENING

**R**

COMPARATOR - No comparable data provided by lead officer

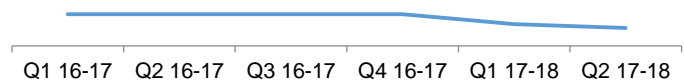


**Story behind the baseline:** DOMESTIC ABUSE CRIMES – 605 crimes in Q2. The longer-term trend is an increase in the number of domestic abuse crimes. Although an increase could be positive due to known under-reporting of domestic abuse, the County Council and its partners are undertaking work to understand the nature of the increases and reasons for it. The County Council delivers against domestic abuse issues through the pan-Dorset Domestic Abuse and Sexual Violence Strategic Group. Officers co-ordinate a pan-Dorset Domestic Abuse Operational Group and have recently finalised an action plan with partners to deliver against domestic abuse issues.

**Performance Measure(s) – Trend Lines**

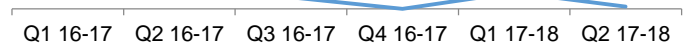
Number of individuals who have completed support (via the Dorset Integrated Domestic Abuse Service)

Latest Q2 17-18 - 192



Number of safeguarding enquiries related to domestic abuse

Latest Q2 17-18 – 1



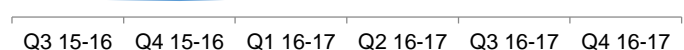
Number of assaults – Cardiff Model Data DCH

Latest Q2 17-18 – 72



First time entrants aged 10 to 17 into criminal justice system

Latest Q2 2016-17 - 257



**Corporate Risk**

**Score**

**Trend**

No associated current corporate risk(s)

**Value for Money**

**Latest**

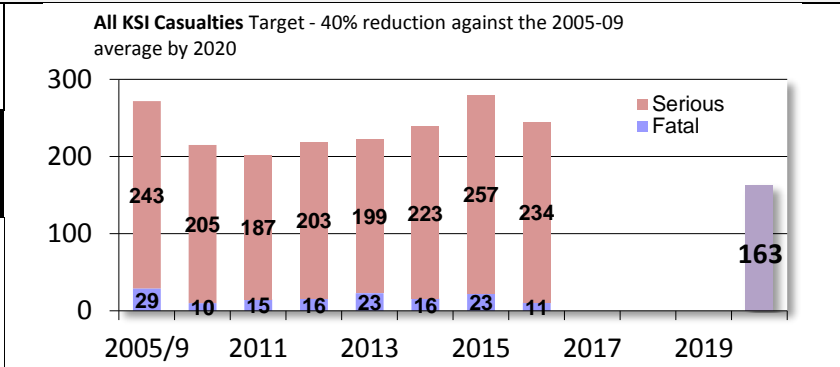
**Rank**

**UNDER DEVELOPMENT**

**What are we doing?** Partners including Dorset Police and the local authorities are exploring the issues through their partnership groups (including the Dorset Community Safety Partnership) with the aim of putting interventions and solutions in place. Officers co-ordinate a pan-Dorset Domestic Abuse Operational Group and have recently finalised an action plan with partners to deliver against domestic abuse issues.

**SAFE: 07 Population Indicator - Number of people killed or seriously injured on Dorset roads - Outcome** Lead Officer Patrick Myers; Population Indicator Lead Officer Michael Potter

DORSET	
Latest (QTR 2 2016) 245	
DORSET Trend	G
IMPROVING	
COMPARATOR - No comparable data provided by lead officer	



**Story behind the baseline:** The number of people killed or seriously injured in 2016 was 245, during 2015 there was a total of 280. The figure for 2016 is lower than the 2005-09 baseline figure of 271. In 2016 there were 11 fatalities and 234 serious injuries, this compares to 23 fatalities and 257 serious casualties in 2015. Despite a reduction during 2016, the number of people killed or seriously injured on Dorset’s roads is still higher than in previous years. This replicates the longer term regional and national trend. It is important to consider the wide variety of factors that influence the number of road traffic casualties, many being outside the direct control of the County Council. Responsibility for improving road safety is shared with key partners including Dorset Police, Dorset & Wiltshire Fire & Rescue and the South West Ambulance Service as well as individual road users. During 2017-18 we will continue to analyse collision data to identify locations or routes that we as the highway authority could improve to reduce the likelihood of a road traffic casualty. During 2016 all road user groups apart from older (65yrs+) car drivers had fewer casualties than in 2015. The number of cyclists killed or seriously injured despite being lower in 2016 compared to 2015 remained higher than the 2005/9 baseline. Casualty data is provided to the County Council monthly by Dorset Police. A more detailed overview of road traffic casualty figures can be found at [dorsetforyou.gov.uk/road-safety/engineering-statistics](http://dorsetforyou.gov.uk/road-safety/engineering-statistics). Safeguarding Committee have established working group focusing on what the County Council is doing to improve road safety. A refreshed Road Casualty Reduction Plan is underway with new interventions being investigated. Worsening performance for road condition linked a reduced investment in road maintenance. Defects repaired on time have improved since 2016/17 and remained relatively level throughout 2017/18. Performance to be reported quarterly in future to more clearly show longer term trends. More information can be found at <https://www.dorsetforyou.gov.uk/article/423063/Dorset-Highways-management-and-performance>. Data for 2017 will be signed off by Dorset Police in the Spring of 2018.

**Partners with a significant role to play:** Highways, Transport Planning, Trading Standards, Health & Wellbeing, Children Services, Dorset Police, Dorset & Wiltshire Fire & Rescue, South West Ambulance Service, charities, media, local communities, and (perhaps most importantly) the road users themselves.

**Performance Measure(s) – Trend Lines**

<p>Percentage road condition in need of maintenance</p> <p>Principal Latest Q2 17-18 – 4%</p> <p>Non Principal Latest Q2 17-18 – 5%</p>	
<p>Percentage of defects made safe on time</p> <p>28 days Latest Sept 2017 – 83.6%</p> <p>32 hours Latest Sept 2017 – 94.4%</p>	
<p>Percentage of inspections completed on time</p> <p>Latest Sept 2017 – 88.3%</p>	
<p>Percentage roads with skidding resistance below investigatory level</p> <p>Principal Latest 17-18 – 28.72%</p> <p>Non Principal Latest 17-18 – 40.15%</p>	

<b>SAFE: 07 Number of people killed or seriously injured on Dorset roads - Outcome Lead Officer Patrick Myers; Population Indicator Lead Officer Michael Potter (Cont'd).</b>		
<b>Corporate Risk</b>	<b>Score</b>	<b>Trend</b>
09b - Inability to maintain the highways infrastructure to an acceptable standard in the face of changing circumstances (e.g. budget reductions; climate change)	<b>HIGH</b>	<b>UNCHANGED</b>
<b>Value for Money</b>	<b>Latest</b>	<b>Rank</b>
<b>UNDER DEVELOPMENT</b>		
<b>What are we doing?</b> Responsibility for improving road safety is shared with key partners including Dorset Police, Dorset & Wiltshire Fire & Rescue and the South West Ambulance Service as well as individual road users. During 2017-18 we will continue to analyse collision data to identify locations or routes that we as the highway authority could improve to reduce the likelihood of a road traffic casualty.		

## Corporate Risks that feature within SAFE but are not assigned to a specific POPULATION INDICATOR

(All risks are drawn from the [Corporate Risk Register](#))

04a – Health and Safety risks associated with occupation of premises	<b>HIGH</b>	IMPROVING
04l – Serious injury or death of staff, contractors and the public	<b>MEDIUM</b>	UNCHANGED
04o – Limited supervision results in an injury to a service user / Dorset Travel driver	<b>MEDIUM</b>	WORSENING
05b – Response to a major event that could impact on the community, the environment and or/ the council	<b>MEDIUM</b>	IMPROVED
04b – Serious injury or death of a Children’s Services employee, including assault	<b>LOW</b>	UNCHANGED
04d – Injury or death of a service user, third party or employee	<b>LOW</b>	UNCHANGED
06d – Failure to fulfil our statutory ‘Prevent’ duty to combat radicalisation	<b>LOW</b>	IMPROVING

### Key to risk and performance assessments

Corporate Risk(s)		Trend	
High level risk in the Corporate Risk Register and <b>outside of the Council’s Risk Appetite</b>	<b>HIGH</b>	Performance trend line has improved since previous data submission	<b>IMPROVING</b>
Medium level risk in the Corporate Risk Register	<b>MEDIUM</b>	Performance trendline remains unchanged since previous data submission	<b>UNCHANGED</b>
Low level risk in the Corporate Risk Register	<b>LOW</b>	Performance trendline is worse than the previous data submission	<b>WORSENING</b>

### Responsibility for Indicators and Measures

<p><b>Population Indicator</b> – relates to ALL people in each population</p> <p><b>Shared Responsibility</b> - Partners and stakeholders working together</p> <p style="text-align: center;">Determining the <b>ENDS</b> <i>(Or where we want to be)</i></p>	<p><b>Performance Measure</b> – relates to people in receipt of a service or intervention</p> <p style="text-align: center;"><b>Direct Responsibility</b> - Service providers (and commissioners)</p> <p style="text-align: center;">Delivering the <b>MEANS</b> <i>(Or how we get there)</i></p>
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Dorset County Council

# Healthy

Outcome Sponsor – Dr David Phillips  
Director of Public Health



Outcomes Focused Monitoring Report  
**January 2018**



The following pages have been provided to summarise the current position against each outcome indicator and performance measure. This will help the council to identify and focus upon potential areas for further scrutiny. All risks are drawn from the [Corporate Risk Register](#) and mapped against specific population indicators where relevant.

Any further corporate risks that relate to the 'Healthy' outcome is also included to provide a full overview. Please note that information relating to outcomes and shared accountability can be found on the [Dorset Outcomes Tracker](#).

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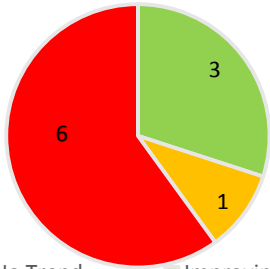




# Corporate Plan 2017-18: Dorset County Council's Outcomes and Performance Framework

## HEALTHY – Executive Summary

### Population Indicator (10 in total)

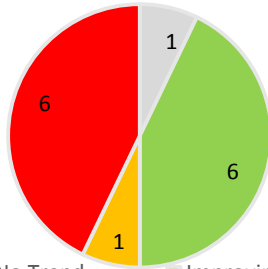


■ No Trend    ■ Improving  
■ Unchanged    ■ Worsening

#### Suggested Indicators for Focus

- Inequality in life expectancy between population groups – female
- Rate of hospital admissions for alcohol-related conditions – male and female
- Prevalence of mental health conditions
- Levels of physical activity in adults

### Performance Measure (Currently 14 in total)



■ No Trend    ■ Improving  
■ Unchanged    ■ Worsening

#### Suggested Measures for Focus

- Inequality gap level 2 qualification
- Alcohol treatment
- Emotional and behavioural health of looked after children
- Proportion of clients increasing their physical activity at 3 months

### Risk(s)

■ High    ■ Medium    ■ Low

#### Suggested Risks for Focus

There are currently no high or deteriorating risks on the corporate risk register that are associated with the HEALTHY outcome.

<b>HEALTHY: 01 – Population Indicator Inequality in life expectancy between population groups - Outcome Lead Officer Jane Horne; Population Indicator Lead Officer David Lemon</b>		
DORSET - Latest (March 2015) - 5.4 Male		
DORSET - Trend IMPROVING	<b>G</b>	
COMPARATOR - Benchmark (England) BETTER 9.2 (Average)	<b>G</b>	
DORSET - Latest (March 2015) - 5.0 Female		
DORSET - Trend WORSENING	<b>R</b>	
COMPARATOR - Benchmark (England) BETTER 7 (Average)	<b>G</b>	
<p><b>Story behind the baseline:</b> People in Dorset generally live longer lives compared to the average for England, however there are differences in life expectancy between the most and least deprived communities in Dorset. The slope index of inequality (SII) is a high-level indicator that reflects this disparity; a value of greater than 1 indicates that those in the poorer areas have a lower life expectancy than those in the most affluent areas in Dorset, with the higher the value the greater the gap. Although the SII in Dorset is lower than the England SII for both males and females, there has been little change in the SII for males for around the last 8 years. For women, there has been a sustained increase in inequalities over the last 5 years, although this is not yet statistically significant. This could be because the health of women in poorer areas has worsened, that is has improved only for women in the most affluent areas, or a combination of the two. Differences in opportunities, in access to or take up of services, and in health outcomes along the life course all contribute to these inequalities in life expectancy. For example, those in poorer areas may find it more difficult to access or engage with traditional services; the Live Well Dorset service has focused on trying to get greater engagement in these areas. Loneliness and social isolation also affects more people in these areas. <b>Partners with a significant role to play:</b> Health &amp; social care, and education services, as well as the voluntary sector and all key partners in this at both strategic and operational levels.</p>		
Performance Measure(s) – Trend Lines		
Proportion of people who use services who reported that they had as much social contact as they would like  Latest Q2 2016-17 – 41.3%		
Proportion of carers who use services who reported that they had as much social contact as they would like  Latest 2016-17 – 35.4%		
Proportion of clients engaging with Live Well Dorset who are from the most deprived quartile  Latest Q2 2017-18 – 25.1%		
Inequality gap level 2 qualification including E & M  Latest 2015-16 – 21.3%		
Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		
<p><b>What are we doing?</b> Addressing inequalities is a statutory duty of the local authority and sets the context within which we assess other indicators and priorities. It is firmly embedded within the Dorset Joint Health and Wellbeing Strategy, and the Prevention at Scale (PAS) portfolio of the Sustainability and Transformation Plan (STP), overseen by the Dorset Health and Wellbeing Board (DHWB). DHWB brings together partners across Dorset to work collectively.</p>		

<b>HEALTHY: 02 – Population Indicator Rate of hospital admissions for alcohol-related conditions - Outcome Lead Officer Jane Horne; Population Indicator Lead Officer Will Haydock</b>		
DORSET – Latest (2015-16) – 690 Male		
DORSET - Trend WORSENING	<b>R</b>	
COMPARATOR Benchmark (England) BETTER 827 (Average)	<b>G</b>	
DORSET – Latest (2015-16) – 409 Female		
DORSET - Trend WORSENING	<b>R</b>	
COMPARATOR - Benchmark (England) BETTER 474 (Average)	<b>G</b>	
<p><b>Story behind the baseline:</b> Rates of hospital admissions related to alcohol are much higher than 30-40 years ago, due to a combination of higher levels of alcohol consumption and improved data recording. Admission rates remain higher for men than women, but whilst the rate for men is mostly static, the rate among women appears to be rising. This relates to a faster rise in average rates of drinking amongst women than men in the past 30 years. Admission rates are highest amongst those aged 40-64; while this age group suffers the most health impacts, patterns of drinking are usually established earlier in the life course. Health harm related to alcohol is not perfectly correlated with overall levels of consumption, as other mediating factors such as diet, physical activity, smoking, and the pattern of consumption all play a role. Individuals from lower socio-economic groups are more likely to suffer harm from alcohol, despite average lower rates of consumption than other socio-economic groups.</p> <p><b>Partners with a significant role to play:</b> Dorset Clinical Commissioning Group (CCG), Dorset Healthcare University Foundation Trust (providers of treatment services and health visiting / school nursing), Dorset County Hospital, Poole Hospital, The Royal Bournemouth and Christchurch Hospital, Schools and colleges, GP practices, Voluntary and Community Sector providers and Live-Well Dorset.</p>		
Performance Measure(s) – Trend Lines		
Proportion of clients of alcohol treatment service drinking less at 3 months  Latest Q2 2017-18 – 57.9%		
Alcohol treatment service successful completions  Latest Q2 2017-18 – 45.9%		
Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		
<p><b>What are we doing?</b> The pan-Dorset strategy for alcohol and drugs (2016-2020) covers three themes: prevention, treatment and safety. The Live Well Dorset service supports people to reduce the amount of alcohol they drink, and our alcohol treatment services (HALO data) support those who are dependent on alcohol. Across Dorset the PAS work has a focus on alcohol, improving the identification of people at risk of future harm from alcohol and increasing the number of people connected to Live Well for support. All of which should reduce the harm related to alcohol experienced by Dorset residents.</p>		

<b>HEALTHY: 03 Population Indicator Child and Adult excess weight</b> - Outcome Lead Officer Jane Horne; Population Indicator Lead Officer David Lemon		
DORSET – Latest (2015-16) - 21.5 Child (4-5 year olds)		
DORSET - Trend IMPROVING	<b>G</b>	
COMPARATOR - Benchmark (England) BETTER 21.9 (Average)	<b>G</b>	
DORSET - Latest (2013-15) - 65.7 Adults		
DORSET - Trend UNCHANGED	<b>A</b>	
COMPARATOR - Benchmark (England) SIMILAR 64.8 (Average)	<b>A</b>	
<p><b>Story behind the baseline:</b> Since the 1990's, rates of excess weight (overweight and obesity) have risen across England, so much so that England now has one of the highest rates of obesity in Europe. In Dorset, 21.5% of children aged 4-5 are categorised as having excess weight, 27.3% of children aged 10-11, and 65.7% of adults. Whilst some data suggests that the increase may now be plateauing, the absolute figures for overweight and obesity remain too high. Rates of excess weight are often higher in more deprived communities, and amongst ethnic minority groups, whilst children with parents who are overweight or obese are more likely to be so themselves. Obesity is associated with a range of problems. Excess weight in pregnancy increases the risk of miscarriage, stillbirth and gestational diabetes. Obese children are more likely to suffer stigmatisation because of their obesity, and adults may have significant mental ill health brought about because of obesity. Physically, there are links between obesity and type 2 diabetes, cardiovascular disease and several cancers, with a growing burden on public sector resources. For example, NHS costs attributable to overweight and obesity are projected to reach £9.7 billion by 2050, and wider costs to society estimated to reach £49.9 billion per year (Foresight 2007). Locally we may see more house-bound individuals needing care, or special equipment being needed in school rooms and gyms.</p> <p><b>Partners with a significant role to play:</b> Schools – academies and local authority run, Children's centres, Dorset County Council services including transport and education, District Council services including planning, leisure and environmental health, Dorset CCG and GPs, Acute hospital trusts, Community hospitals across Dorset, Active Dorset / Sport England and Dorset Community Action.</p>		
Performance Measure(s) – Trend Lines		
Children's height and weight measurement data Latest 2015-16 – 27		
Proportion of clients making 5% weight loss Latest Q2 2017-18 – 47%		
Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		
<p><b>What are we doing?</b> Obesity is a complex multi-faceted disorder, connected with most of the other population indicators in this section, and it requires an integrated approach to tackle. It is one of the four key lifestyle issues that the Live Well Dorset service supports people to change. As part of the Prevention at Scale portfolio of the Sustainability and Transformation Plan, overseen by the Dorset Health and Wellbeing Board, there is a focus on increasing the number of people connected to Live Well for support, with referrals from partners across the system.</p>		

<b>HEALTHY: 04 Population Indicator Prevalence of mental health conditions</b> - Outcome Lead Officer Jane Horne; Population Indicator Lead Officer David Lemon		
DORSET – Latest (2015-16) - 4.7%		
DORSET - Trend WORSENING	R	
COMPARATOR - Benchmark (England) BETTER 5.2% (Average)	G	
<p><b>Story behind the baseline:</b> Historically mental health conditions have been recorded in a range of different ways. This indicator is based on numbers answering, "Long-term mental health problem" to the question in the GP Patient Survey "Which, if any, of the following medical conditions do you have?" It therefore provides the subjective patient experience that is a key part in building up the local picture of prevalence. It may highlight gaps between diagnosed and undiagnosed prevalence in a local area, however increasing trends may not necessarily indicate a change in population mental health, but rather improved recording. Mental health is one of the two main causes of sickness absence in the working age population, at an estimated cost of around £8 billion per year in the UK. Our childhood has a profound effect on our adult lives, and many mental health conditions in adulthood show their first signs in childhood.</p> <p><b>Partners with a significant role to play:</b> Dorset Clinical Commissioning Group (CCG), Dorset Healthcare University Foundation Trust (providers of treatment services and health visiting / school nursing), Dorset County Hospital, Poole Hospital, The Royal Bournemouth and Christchurch Hospital, Schools and colleges, GP practices, Voluntary and Community Sector providers and Live-Well Dorset.</p>		
Performance Measure(s) – Trend Lines		
Number of children with Social Emotional Mental Health needs (SEMH)  Latest 2016-17 – 1335		
Emotional and behavioural health of looked after children  Latest Q2 2017-18 – 14.6%		
Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		
<p><b>What are we doing?</b> Schools are the key universal service promoting young people’s emotional health and wellbeing. Our Emotional Health and Wellbeing strategy and a key strand of the Prevention at Scale work, connected closely with the Children's Alliance for Dorset, is a focus on developing improved pathways and support to improve child mental health and wellbeing, including risk taking behaviour, using the THRIVE model across the whole system.</p>		

<b>HEALTHY: 05 Population Indicator Under 75 mortality rates from cardiovascular diseases</b> - Outcome Lead Officer Jane Horne; Population Indicator Lead Officer David Lemon		
DORSET – Latest (2016) 54.8 - Male		
DORSET – Trend IMPROVING	<b>G</b>	
COMPARATOR - Benchmark (England) BETTER 76.7 (Average)	<b>G</b>	
DORSET – Latest (2016) 15.6 Female		
DORSET - Trend WORSENING	<b>R</b>	
COMPARATOR - Benchmark (England) BETTER 26.5 (Average)	<b>G</b>	
<p><b>Story behind the baseline:</b> Whilst rates of premature mortality from cardiovascular disease (CVD) nationally have been falling significantly over the last five decades, this remains the second biggest cause of death nationally after cancer. The dramatic reductions in deaths have been due to reductions in smoking, better management of cholesterol and hypertension, and improved treatments following a heart attack or stroke. However, the decline in deaths has flattened out in more recent years as improvements in these factors have been increasingly offset by increases in obesity and diabetes and reductions in physical activity. Although rates in Dorset overall are significantly lower than the England average, there is significant variation between and within districts, with rates from GP practices in the most deprived communities being 3-4 times that in the least deprived communities. CVD is the biggest contributor to inequalities in life expectancy.</p> <p><b>Partners with a significant role to play:</b> To influence the factors identified as contributory to premature deaths from diabetes and CVD we have identified a wide range of key partners and stakeholders we need to work with including Dorset CCG, Dorset County Hospital, Poole Hospital, Royal Bournemouth Hospital, GP practices, Smoking cessation services, Live-Well Dorset, Schools and colleges, Voluntary sector, Local planning authorities and Employers.</p>		
Performance Measure(s) – Trend Lines		
Proportion of clients smoking less at 3 months following smoking cessation course  Latest Q2 2017-18 – 36.6%		
Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		
<p><b>What are we doing?</b> Many of the actions we take to prevent CVD need to start early, in pregnancy or childhood, and link with the other population indicators in this section. Healthy behaviours in childhood and the teenage years also set patterns for later life. The Live Well Dorset service supports people to change four key lifestyle issues: stopping smoking, reducing alcohol intake, increasing physical activity and healthy weight. A key focus of the PAS STP work overseen by the DHWB, is to increase the number of people connected to Live Well for support, with referrals from partners across the system.</p>		

**HEALTHY: 06 Population Indicator Levels of physical activity in adults** - Outcome Lead Officer Jane Horne; Population Indicator Lead Officer David Lemon

DORSET – Latest (2014-15) - 58.2%		
DORSET - Trend WORSENING	<b>R</b>	
COMPARATOR - Benchmark (England) BETTER - 57.7% (Average)	<b>G</b>	

**Story behind the baseline:** In May 2016 Sport England published ‘Sport England: Towards an Active Nation Strategy 2016-2021’. Notable parts of this include physical activity, focussing more money and resources in tackling inactivity and investing in children and young people from the age of five outside the school curriculum. Active Dorset has tendered for a Sport and Leisure facilities Assessment and Strategy covering the six Dorset district councils. The County Council has supported this as it will provide a useful analysis at both district and county level. The Dorset Joint Health and Wellbeing Strategy, PAS and the STP all have a focus on increasing physical activity. Benefits of increased physical activity include reduced risk from CVD, diabetes, many musculoskeletal conditions and improved mental wellbeing, so there is a link with many of the other population indicators in this section.

**Partners with a significant role to play:** Dorset Clinical Commissioning Group (CCG), Dorset Healthcare University Foundation Trust (health visiting/school nursing), Schools and colleges, GP practices, Voluntary and Community Sector providers and Live-Well Dorset.

**Performance Measure(s) – Trend Lines**

Good landscape condition in AONB Latest 2007	
Proportion of clients increasing their physical activity at 3 months Latest Q2 2017-18 – 47.2%	
Interim Rights of Way measure 2016 Jobs Logged = 3111 Jobs Completed = 3400	

Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		

**What are we doing?** This is one of the lifestyle issues that the Live Well Dorset service supports people to change, and there is work with partners across the system to recognise the many opportunities available to people, including using local rights of way and green space. This is a key part of the Healthy Places work stream of PAS, which also refers to active travel. DHWB oversees the PAS portfolio and brings together partners across Dorset to work collectively on these issues.

**Corporate Risks that feature within HEALTHY but are not assigned to a specific POPULATION**

**INDICATOR** (All risks are drawn from the [Corporate Risk Register](#))

07f – Failure to successfully implement the Dorset Care record (cost; time; quality) with partners	<b>MEDIUM</b>	UNCHANGED
11m – Structure of commissioning team does not align to future strategy	<b>LOW</b>	UNCHANGED

**Key to risk and performance assessments**

Corporate Risk(s)		Trend	
High level risk in the Corporate Risk Register and <b>outside of the Council's Risk Appetite</b>	<b>HIGH</b>	Performance trend line has improved since previous data submission	<b>IMPROVING</b>
Medium level risk in the Corporate Risk Register	<b>MEDIUM</b>	Performance trendline remains unchanged since previous data submission	<b>UNCHANGED</b>
Low level risk in the Corporate Risk Register	<b>LOW</b>	Performance trendline is worse than the previous data submission	<b>WORSENING</b>

**Responsibility for Indicators and Measures**

<p><b>Population Indicator</b> relates to ALL people in each population</p> <p><b>Shared Responsibility</b> Partners and stakeholders working together</p> <p>Determining the <b>ENDS</b> <i>(Or where we want to be)</i></p>	<p><b>Performance Measure</b> relates to people in receipt of a service or intervention</p> <p><b>Direct Responsibility</b> Service providers (and commissioners)</p> <p>Delivering the <b>MEANS</b> <i>(Or how we get there)</i></p>
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Dorset County Council

## Independent

Outcome Sponsor – Helen Coombes  
Interim Transformation Programme Lead



Outcomes Focused Monitoring Report  
January 2018



The following pages have been provided to summarise the current position against each outcome indicator and performance measure. This will help the council to identify and focus upon potential areas for further scrutiny. All risks are drawn from the [Corporate Risk Register](#) and mapped against specific population indicators where relevant.

Any further corporate risks that relate to the 'Independent' outcome is also included to provide a full overview. Please note that information relating to outcomes and shared accountability can be found on the [Dorset Outcomes Tracker](#).

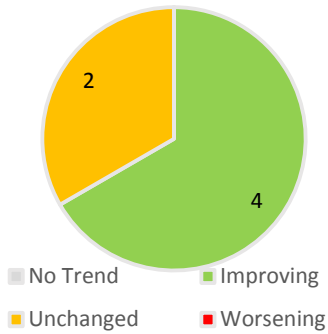
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# Corporate Plan 2017-18: Dorset County Council's Outcomes and Performance Framework

## INDEPENDENT – Executive Summary

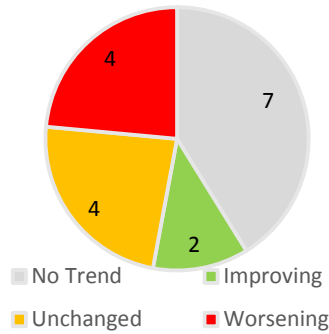
**Population Indicators  
(6 in total)**



**Suggested Indicators for Focus**

There are no population indicators that suggest specific further focus is required at this stage.

**Performance Measures  
(Currently 17 in total)**



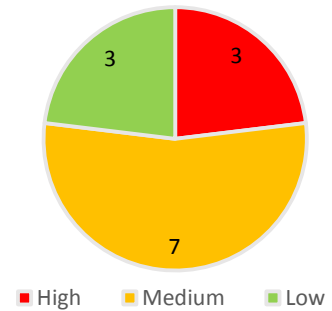
**Suggested Measures for Focus**

% of 2 year old children benefiting from funded early education

Total secondary absence

Proportion of people who use services, and carers, who find it easy to find information about services

**Risks  
(Currently 13 in total)**



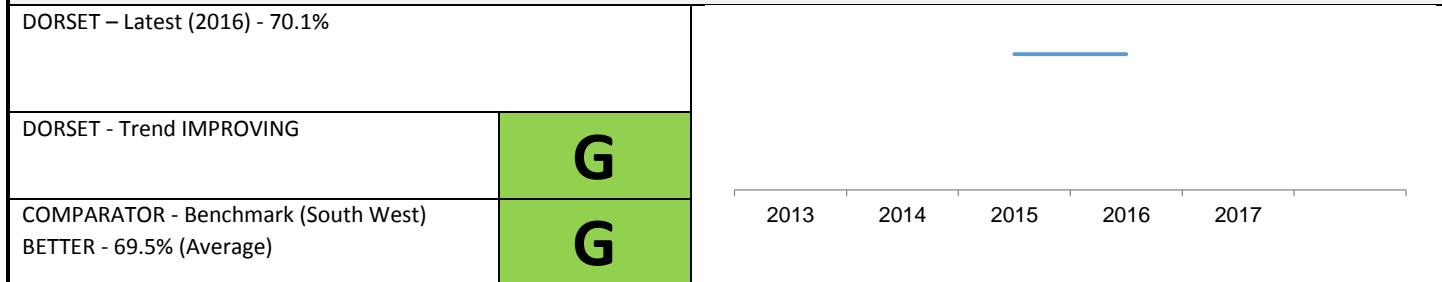
**Suggested Risks for Focus**

01c Failure to ensure that learning disability services are sustainable and cost-effective

02e Failure to meet statutory and performance outcomes for young people in transition

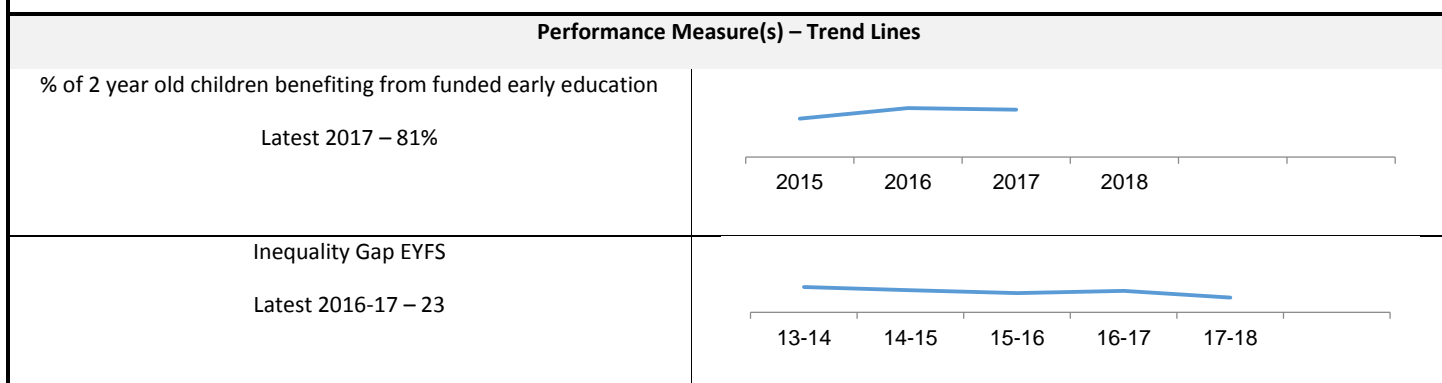
01b Poor performance of the Better Care Fund

**INDEPENDENT: 01 Population Indicator Percentage of children 'ready to start school' by being at the expected level at Early Years** - Outcome Lead Officer Sally Longman; Population Indicator Lead Officer Claire Shiels



**Story behind the baseline:** This indicator helps us to understand school readiness and is made up of the building blocks for child development. School readiness starts at birth with the support of parents and carers, when young children acquire the social and emotional skills, knowledge and attitudes necessary for success in school and life. Children who don't achieve a good level of development at age five can struggle with social skills, reading, maths and physical skills. Although performance overall is good and improving, children from the poorest households do less well at this stage, as do children with special educational needs. Girls tend to better than boys and Gypsy/Roma/Traveller families do less well than white British children. Those that don't reach a good level of development are already behind their peers so start school life with more ground to catch up and inequalities can continue throughout school life. School readiness at age five has a strong impact on future educational attainment and life chances.

**Partners with a significant role to play:** Parents/Carers; early years providers, children's centres, schools, health visitors, Job Centre Plus/Department for Work and Pensions, adult training providers, libraries, leisure providers (including parks and play areas), planning departments and housing developers. There is strong evidence that investment in the early years, including targeted parenting programmes, has a significant return on investment.



Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		

**What are we doing?** Good quality universal health care and childcare for pre-school children promotes school readiness. Parents and carers can provide a range of experiences and positive reinforcement through good communication, story-telling, and opportunities for play. The proportion of 2 year olds benefiting from funded early education is in the highest quartile nationally and access to high quality early years education is important in closing the inequality gap.

**INDEPENDENT: 02 Population Indicator Percentage of children with good attendance at school** - Outcome Lead Officer Sally Longman; Population Indicator Lead Officer Claire Shiels

DORSET – Latest (2015-16) 95.3%		
DORSET - Trend UNCHANGED	<b>A</b>	
COMPARATOR - Benchmark (Statistical Neighbour) SIMILAR 95.5% (Average)	<b>A</b>	

**Story behind the baseline:** Good school attendance is important to ensure that children get the most important start in life. Children who miss school often fall behind and there is a strong link between good school attendance and achieving good results at GCSE. Good attendance at school is also linked to preparing for adulthood and employment opportunities later in life. **Total absence from school in Dorset (across all schools) is 4.7%, like levels nationally and regionally.** Much of the work children miss when they are off school is never made up, leaving these pupils at a considerable disadvantage for the remainder of their school career.

Responsibility for pupil attendance primarily rests with the parent/carer, with schools responsible for monitoring and encouraging attendance where there are problems. The local authority will support this role through the offer of early help where appropriate and providing an enforcement role regarding parents/carers who fail to ensure that their children attend school regularly.

**Partners with a significant role to play:** Schools, school governors, parents/carers, alternative education providers, voluntary and community sector, youth providers, early year’s settings, children’s centres, health visitors, police, youth offending service.

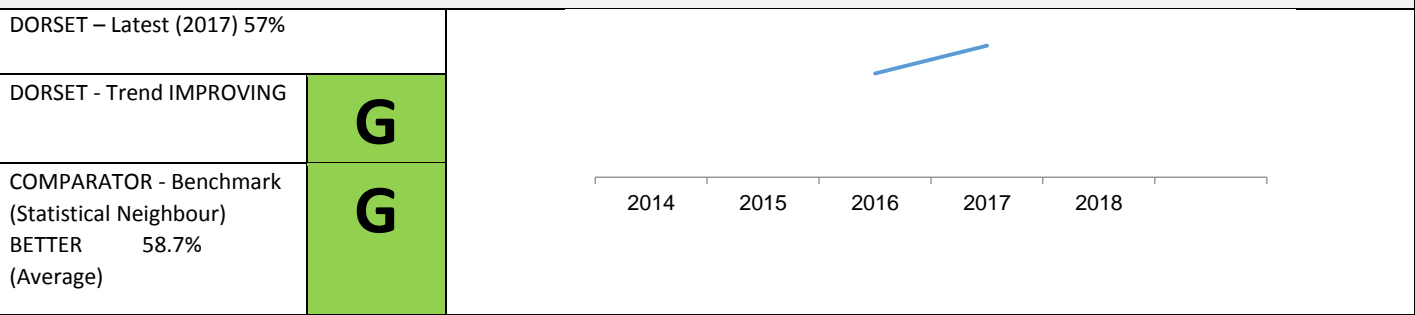
Performance Measure(s) – Trend Lines	
Total Primary Absence Latest 2015-16 – 4	
Total Secondary Absence Latest 2015-16 – 5.4	
Looked after Children Overall Absence Latest 2015-16 – 4	

Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		

- What are we doing?**
- Trade an attendance service to schools
  - Issuing penalty notices to parents
  - Providing early help through Family Partnership Zones
  - Providing intensive family support packages through Dorset Families Matter (our local Troubled Families Programme)

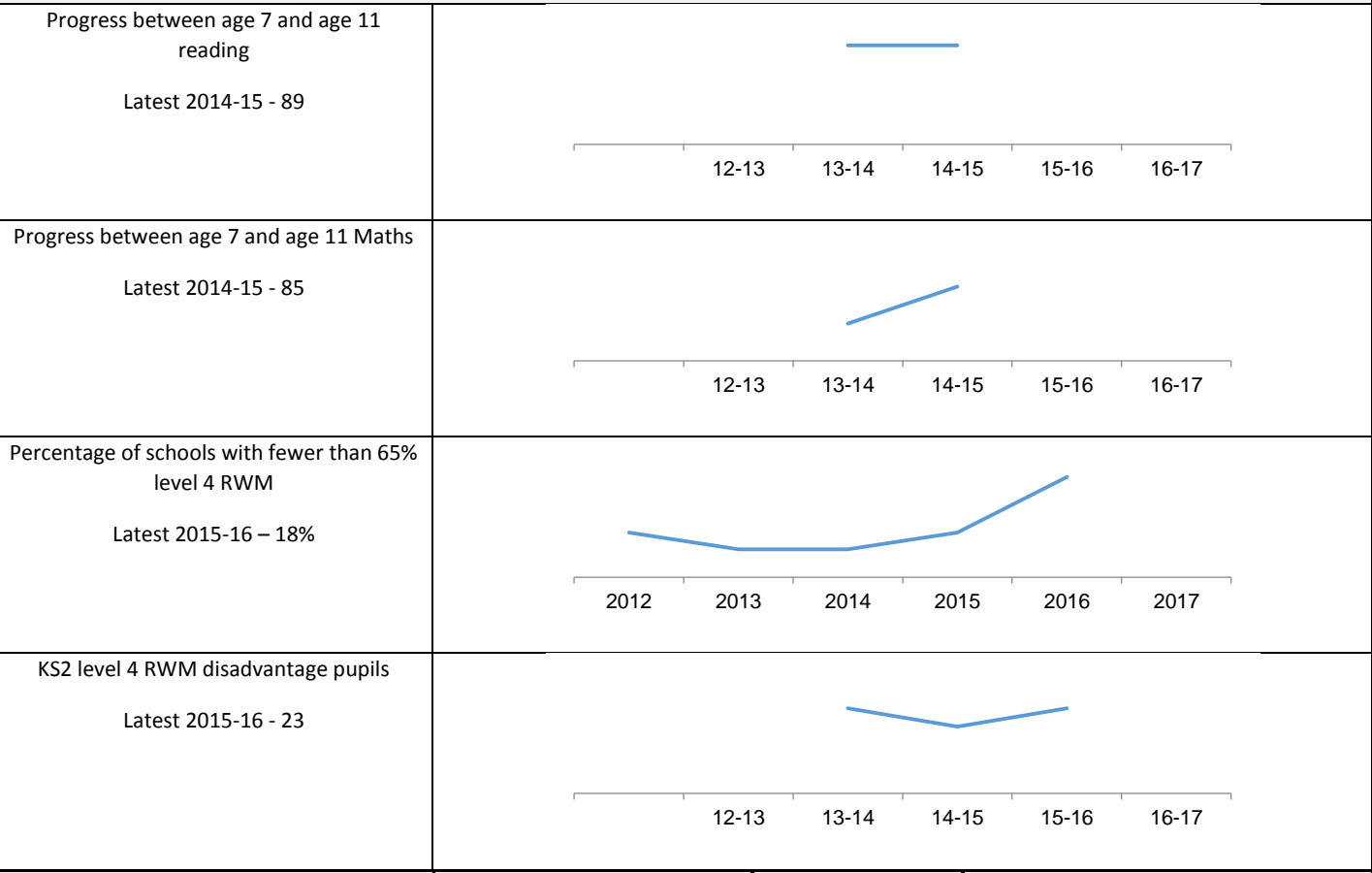
**INDEPENDENT: 03 Population Indicator Percentage achieving expected standard at KS2 in reading, writing and maths -**

Outcome Lead Officer Sally Longman; Population Indicator Lead Officer Claire Shiels



Story behind the baseline: Standardised Assessments are undertaken in Year 6 or Key Stage 2. For the first time in 2016 they were used to test the understanding of understanding of the national primary curriculum. Achievement at Key Stage 2 influences pupil’s attainment at GCSE as well as a range of other outcomes. Disadvantaged pupils are less likely to achieve well at KS2. Partners with a significant role to play: Schools, school governors, parents/carers, voluntary and community sector, early year’s settings, children’s centres, health visitors and school nurses.

**Performance Measure(s) – Trend Lines**



Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
UNDER DEVELOPMENT		

**What are we doing?** Dorset has improved from 2016 – driven largely by improvements in writing and Maths. However are able to prioritise those schools that are significantly below the DORSET and national average and provide the necessary level of support and advice to improve standards. In some instances this can include access to additional resources and training. In most cases Dorset national ranking has improved in comparison to 2016.



**INDEPENDENT: 04 Percentage of 16-18 year olds not in education, employment or training (NEET) - Outcome Lead Officer Sally Longman; Population Indicator Lead Officer Claire Shiels**

DORSET – Latest (2016) 2.6%		
DORSET – Trend IMPROVING	<b>G</b>	
COMPARATOR – Benchmark (South West) BETTER 2.9% (Average)	<b>G</b>	

**Story behind the baseline:** The number and proportion of (academic age) 16 and 17 year olds who are NEET continues to remain below the England average. It is also slightly lower than the previous year. When you look further you see that there has been a small increase in the 17-year-old NEETs. High concentrations of NEET young people remain in Purbeck, Christchurch and Chesil areas of Dorset. The number of young people who are NEET and seeking work is lower than England (Dorset 1.6%; England 1.9%). The proportion of young people who are NEET and not available to the labour market due to illness, pregnancy or parenthood is low and reflects the national proportions.

**Partners with a significant role to play:** Young people, parents, schools, FE Colleges and educational institutions, VCS sector, Family Partnership Zones, LEP and ESB, Economic Development roles in District Councils, Ansbury Guidance (Provider of Information, Advice and Guidance to Vulnerable young people).

**Performance Measure(s) – Trend Lines**

Percentage of offers of education or training made to 16-17 year olds  Latest –	
Percentage of 16-17 year olds in jobs without training  Latest 2017 – 2.7%	
Percentage of 16-17 year olds NEET re-engaged  Latest 2017 – 0.4%	
Percentage of care leavers that are NEET  Latest 2017 – 14.5%	

Corporate Risk	Score	Trend
CS04 Performance targets for young people in jobs without training are not in line with national average	<b>MEDIUM</b>	<b>UNCHANGED</b>
<b>Value for Money</b>	<b>Latest</b>	<b>Rank</b>
<b>UNDER DEVELOPMENT</b>		

**What are we doing?** We continue to use the Risk of NEET indicator to identify those young people who without intervention are more likely to be NEET post 16. This tool has a high level of accuracy and contributes to targeting our work at those who are most vulnerable. Continued focus on Looked after Children with range of routes to participation.

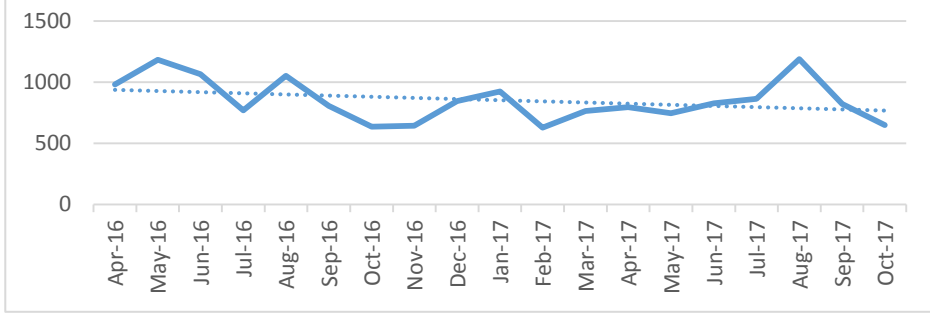
**INDEPENDENT: 05 Population Indicator Delayed transfers from hospital care (number of bed days) - Outcome Lead Officer Sally Longman; Population Indicator Lead Officer Harry Capron**

DORSET – Latest (Oct 2017) 650 (Total bed days delayed Adult Social Care and jointly attributable)

DORSET - Trend IMPROVING

**G**

COMPARATOR – National Ranking based on Oct 2017 published data = 125<sup>th</sup> (compared to 139<sup>th</sup> Oct 2016) – Trend IMPROVING



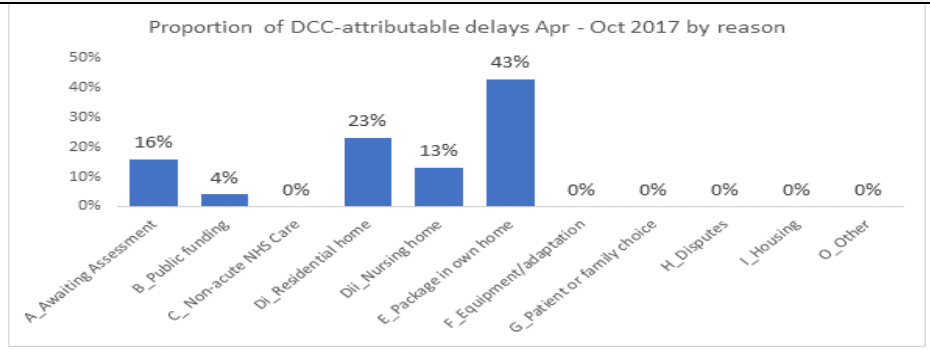
**Story behind the baseline:** In the previous update, we reported that our performance in 2016-17 had led to a letter of congratulation from Jeremy Hunt in June as we were the council with the best improvement in the number of patients experiencing Delayed Transfers of Care (DToc) across the whole of England for quarter 4 compared to last year. In September 2017 we submitted, with partners, a new Pan-Dorset Better Care Fund Plan. The plan laid out amongst other things our approach to delayed transfers and set a monthly trajectory for delayed days that would be required for us to achieve a challenging 3.5% target of bed days taken up by DTOCs. Our monthly performance has been steady throughout the year, and not out of line with previous years, but has been above our BCF trajectory every month. We saw a spike in August, with 1,189 days recorded. Since then, our performance has settled back to usual levels. In fact, our local data (pending publication of official data) indicates continued improvement in Q3.

“Awaiting package in own home” is by far the biggest delay reason attributed this year, counting for 47% of delays. Of that, around 55% were due to awaiting Reablement. The next biggest reason is “Awaiting Placement in Residential Home”. A lot of work is being carried out to make improvements to the DTOC pathway, including through a ‘DTOC and Reablement Project Implementation Group’ which met for the first time on 11 Dec 2017. A multi-disciplinary group of partners met on 4 Dec 2017 to begin working together on the identification of Self Funders and the design of advice and information pathways. This included a presentation about the ‘Prepare to Live Better’ campaign. DCLG has also recognised the improvements we have made and confirmed that there will be no impact on our additional iBCF funding allocation for 2018-19.

**Partners with a significant role to play:** Adult Social Care, Acute and Community Hospitals, Reablement Service, residential and domiciliary care providers, GP surgeries, Clinical Commissioning Group, Early Help services.

**Performance Measure(s) – Trend Lines**

The rate of delayed transfers from hospital care (DCC attributable) analysed by reason for delay



People receive early help and advice around planning for future care needs (self-funders) (see commentary above)



Corporate Risk	Score	Trend
01b Poor performance of the Better Care Fund	<b>HIGH</b>	<b>UNCHANGED</b>
Value for Money	<b>Latest</b>	<b>Rank</b>
<b>UNDER DEVELOPMENT</b>		

**What are we doing?** There is considerable focus on delayed transfers at present, with many short and medium term workstreams aiming to further improve our internal processes, working with our health partners and ultimately improving our performance further. During the year there has been a focus on getting the data to tell the real story which it now does. The next phase will be to operationalise plans to ensure that the improvements deliver to the proposed trajectory agreed under the Better Care Fund (BCF). To achieve this, we have agreement with all Acute Trusts and Dorset Healthcare University Foundation Trust to sign off and implement high impact change plans, an implementation and monitoring group has been established to assess and monitor the impact of these changes on delayed transfers. Including the further development of Reablement and community rehabilitation pathways and longer term the development of an integrated approach to discharge to assess to facilitate timely discharge. In addition to this we now have all Acute and Community hospitals working to a DTOC sign off pathway which includes out of county hospitals, Salisbury and Yeovil. So that all delays are agreed before submission to NHS England. Regionally we are also working together to share good practice and monitor performance.

<b>INDEPENDENT: 06 Population Indicator Proportion of clients given self-directed support - Outcome Lead Officer Sally Longman; Population Indicator Lead Officer Harry Capron</b>			
DORSET – Latest (Q2 2017-18) - 96%			
DORSET Trend UNCHANGED			<b>A</b>
COMPARATOR – Benchmark (England) BETTER – 89.4% (Average)			<b>G</b>
<p><b>Story behind the baseline:</b> Work is still being undertaken to keep the strong focus on personalisation, Individual Service Funds (ISF's) are being offered as an alternative delivery mechanism to direct payments. New care pathways / interventions are also being designed by partner organisations and once established the impact of the changes on this indicator are to be assessed. The implementation of our new integrated case management system, MOSAIC, may also change data reported for the remainder of the year and onwards as information collection will be different. We will also be monitoring the impact of the implementation of the Dorset Care Framework (DCF) on the uptake of direct payments as in previous changes to frameworks we have seen a slight uptake in direct payments where individuals wish to stay with existing providers.</p> <p><b>Partners with a significant role to play:</b> Early Help Services, Residential and Domiciliary Care Providers, Clinical Commissioning Group, Primary &amp; Secondary Health Services, Voluntary and Community Sector, Telecare providers.</p>			
Performance Measure(s) – Trend Lines			
Proportion of people who use services, and carers, who find it easy to find information about services  Latest 2016-17 (Annual Measure) – 72.1%			
Proportion of clients given direct payments  Latest Q2 17-18 – 22%			
Corporate Risk	Score	Trend	
03c Failure to meet primary statutory and legal care duties -Mental Capacity Act/Deprivation of Liberty Safeguards	MEDIUM	IMPROVING	
03d Breach of the Deprivation of Liberty Safeguards (Community DOLs)	MEDIUM	UNCHANGED	
07g Failure to develop Sustainability and Transformation Plans to achieve place based commissioning as part of the integration with health	MEDIUM	IMPROVING	
11e Market failure (supply chain) with negative effect on service delivery within Adult and Community Services	LOW	UNCHANGED	
Value for Money	Latest	Rank	
<b>UNDER DEVELOPMENT</b>			
<p><b>What are we doing?</b> A public consultation carried out in Dorset in February 2017 identified that only 18% of respondents could easily find information and advice they trust about adult social care and their general well-being. Over 35% found it difficult to find this information and advice. The “my Life, My Care” website, other websites and leaflets were the most popular ways for people to find information. One of the responses we are developing is a new self-funder pathway to help people of independent means to make better informed choices about their care and costs involved – and to reduce the financial consequences for the council of them running out of money whilst still receiving care. The Directorate has also implemented an initial six-month campaign “Prepare to Live Better” which aims to educate people about the changing landscape of social care and encourage them to make financial provisions for their future care needs. Our key message is “Promoting Independence” so people become fitter and healthier. The campaign encourages people to start planning earlier so they and their families are prepared for the future. A carers workshop has been held to review the structure and type of information carers feel that they need. The outcome of this will be used to develop a new carers information hub on Dorset for You. Feedback about the current “My Life, My Care” carers hub was largely positive, particularly the way information is written. Most carers felt that they had little or no information about medical conditions and the impact this would have on the person they care for, at the point of diagnosis. About the uptake of Direct Payments, the commissioning team are reviewing the current mechanisms supporting personalisation with a view to both supporting an increased uptake, as well as developing the provider market. The community provision will be supported by proposed work with Community Catalysts to develop very local micro enterprise for formal and informal care.</p>			

**Corporate Risks that feature within INDEPENDENT but are not assigned to a specific POPULATION INDICATOR** (All risks are drawn from the [Corporate Risk Register](#))

01c Failure to ensure that learning disability services are sustainable and cost-effective	<b>HIGH</b>	UNCHANGED
02e Failure to meet statutory and performance outcomes for young people in transition	<b>HIGH</b>	UNCHANGED
01k Negative financial impact as we reshape our services to ensure they are care act compliant	<b>MEDIUM</b>	UNCHANGED
07c Failure of the Early Help partnership	<b>MEDIUM</b>	UNCHANGED
07h Lack of momentum in agreeing the joint funding protocol with the CCG	<b>MEDIUM</b>	NEW
CS07 Increase in adverse judgements in relation to SEN decisions	<b>LOW</b>	UNCHANGED
CS08 Increase in adverse judgements re provision for children out of schools	<b>LOW</b>	UNCHANGED

**Key to risk and performance assessments**

Corporate Risk(s)		Trend	
High level risk in the Corporate Risk Register and <b>outside of the Council's Risk Appetite</b>	<b>HIGH</b>	Performance trend line has improved since previous data submission	<b>IMPROVING</b>
Medium level risk in the Corporate Risk Register	<b>MEDIUM</b>	Performance trendline remains unchanged since previous data submission	<b>UNCHANGED</b>
Low level risk in the Corporate Risk Register	<b>LOW</b>	Performance trendline is worse than the previous data submission	<b>WORSENING</b>

**Responsibility for Indicators and Measures**

<p><b>Population Indicator</b> – relates to ALL people in each population</p> <p><b>Shared Responsibility</b> - Partners and stakeholders working together</p> <p>Determining the <b>ENDS</b> <i>(Or where we want to be)</i></p>	<p><b>Performance Measure</b> – relates to people in receipt of a service or intervention</p> <p><b>Direct Responsibility</b> - Service providers (and commissioners)</p> <p>Delivering the <b>MEANS</b> <i>(Or how we get there)</i></p>
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## CONTACT

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# Dorset County Council

## Prosperous

Outcome Sponsor – Mike Harries  
Director for Environment and the Economy



Outcomes Focused Monitoring Report  
January 2018



The following pages have been provided to summarise the current position against each outcome indicator and performance measure. This will help the council to identify and focus upon potential areas for further scrutiny. All risks are drawn from the [Corporate Risk Register](#) and mapped against specific population indicators where relevant.

Any further corporate risks that relate to the 'Prosperous' outcome is also included to provide a full overview. Please note that information relating to outcomes and shared accountability can be found on the [Dorset Outcomes Tracker](#).

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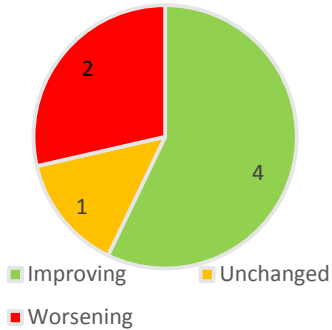




# Corporate Plan 2017-18: Dorset County Council's Outcomes and Performance Framework

## PROSPEROUS – Executive Summary

**Population Indicators  
(7 in total)**

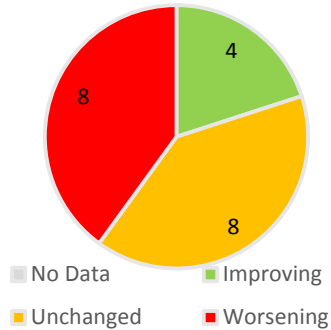


**Suggested Indicators for Focus**

Percentage of children achieving the 'Basics' measures at Key Stage 4

Ratio of lower quartile house prices to lower quartile earnings

**Performance Measures  
(Currently 20 in total)**



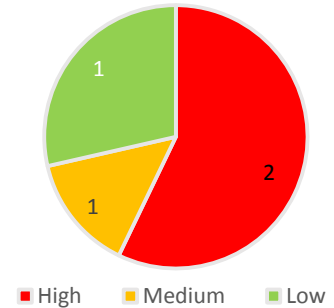
**Suggested Measures for Focus**

% of highway network where maintenance should be considered

Average progress 8 score per pupil  
Percentage basics (Good pass in English and Maths)

Students going to UK higher education institutions after key stage 5

**Risks  
(Currently 4 in total)**



**Suggested Risks for Focus**

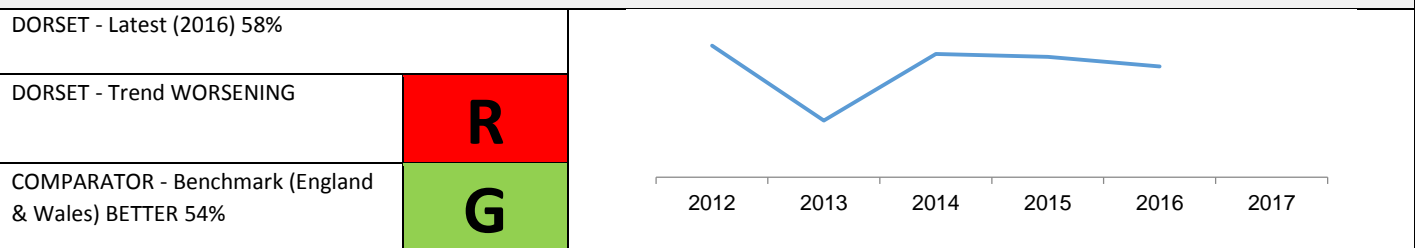
09a Unable to provide sufficient school places (Basic Need)

17a – Lack of support for proposed structure of local government in Dorset (Central Government)

<b>PROSPEROUS: 01 Population Indicator - The productivity of Dorset's businesses (GVA per hour worked) - Outcome Lead Officer</b> Maxine Bodell; Population Indicator Lead Officer David Walsh		
DORSET - Latest (2015) 90.9		
DORSET - Trend IMPROVING	<b>G</b>	
COMPARATOR - Benchmark (South West) 101.8 - WORSE	<b>R</b>	
<p><b>Story behind the baseline:</b> In Dorset, GVA per hour worked (productivity) is below the national average and has been for some time. Dorset compares well with neighbours to the west, but less well compared with neighbours to the north and east. This may reflect a number of factors including: the structure of industry and employment opportunities e.g. high representation of tourism related jobs, availability of appropriately skilled workers - skills shortage vacancies suggest a gap in skilled trades - an above average percentage of part time jobs, lack of dynamism and low competitiveness in the local economy, distance from and lack of significant population centres, connectivity and supply chain issues, and lifestyle choices such as above average self-employment. <b>Why does it matter?</b> Raising productivity is key to improving living standards sustainably in the long term. Productivity leads to economic growth, which leads to better income levels and improved well-being. <b>Partners with a significant role to play:</b> Dorset LEP, District and Borough councils, Businesses</p>		
Performance Measure(s) – Trend Lines		
% of highway network where maintenance should be considered  Latest Q2 17-18 – A Roads 4%, B & C Roads 5%		
Funding secured for the delivery of transport improvement schemes  Latest 2016-17 - £5.65M		
Leader indicative allocation interested in active interventions  Latest Qtr 2 2017-18 – £0.714M		
Growing Places Fund invested in active interventions  Latest Qtr 2 2017-18 – 80.3%		
Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		
<p><b>What are we doing about it?</b> Dorset County Council focuses attention on supporting infrastructure such as improving broadband connectivity and maintaining highways, both of which should enable businesses and workers to do their jobs better. Whilst road condition has dropped this year this follows a sustained period of improvement over the last few years. This drop reflects changes to the way the County Council has funded its investment programme. Working in partnership with other local authorities, the Dorset LEP and the Dorset Chamber of Commerce and Industry we also seek out and exploit funding avenues provided by Europe, our Government and other bodies to increase investment in the County. These such as the transport funding reported here are on top of annual government settlements and help us provide infrastructure improvements to unlock growth. Opportunities to bid for competitive government grants or other third-party funding arise on an ad hoc basis and will change from year to year. Our success will also depend on the national agenda. Recently national transport funds have been directed towards the 'Midlands Engine' and 'Northern Powerhouse'. Some funding streams such as LEADER allow us to provide grants to make rural businesses more efficient. Others such as the Growing Fund allow us to provide loans, meaning that money is reinvested back into the fund and hence is available to support the development of more businesses.</p>		

<b>PROPEROUS: 02 Population Indicator - Rate of start-ups of new business enterprises</b> - Outcome Lead Officer Maxine Bodell; Population Indicator Lead Officer David Walsh		
DORSET - Latest (2016) 81.9		
DORSET - Trend IMPROVING	<b>G</b>	
COMPARATOR - Benchmark (England & Wales) WORSE 107.3	<b>R</b>	
<p><b>Story behind the baseline:</b> In Dorset, annual growth in the number of business births per 10,000 population aged 16-64 is below the national average and has changed little in the last three years. This could reflect several factors such as:</p> <ul style="list-style-type: none"> <li>• A lack of available employment land in the right location,</li> <li>• A lack of choice of suitable employment premises in the right location,</li> <li>• A lack of innovation/dynamism in local economy, or</li> <li>• Quality of life/lifestyle issues meaning that new business owners may not wish to expand</li> </ul> <p><b>Why does it matter?</b> Expansion in the number of businesses should lead to more jobs for residents which, in turn, should increase incomes and well-being. Ideally, businesses should offer quality jobs i.e. higher value added to raise productivity levels.</p> <p><b>Partners with a significant role to play:</b> Dorset LEP, District and Borough councils, Businesses</p>		
<p><b>Performance Measure(s) – Trend Lines</b> - The Dorset Enterprise Zone came into force on 1 April 2017, so data for these performance measures will accumulate over time</p>		
Amount of workspace created or serviced at the Dorset Enterprise Zone - Latest Q2 17-18 – 0		
Number of new enterprises created or safeguarded at the Dorset Enterprise Zone - Latest Q2 17-18 – 0		
<b>Corporate Risk</b>	<b>Score</b>	<b>Trend</b>
No associated current corporate risk(s)		
<b>Value for Money</b>	<b>Latest</b>	<b>Rank</b>
<b>UNDER DEVELOPMENT</b>		
<p><b>What are we doing about it?</b> Through the workspace and other economic strategies, Dorset County Council is working with local partners to plan for economic growth. In addition, we actively promote inward investment hosting the ‘Property Pilot’, promoting Dorset as a location to do business at fairs and exhibitions and following up any leads with potential investors. As a land owner, the County Council can dispose of its own land for use by Employment and more recently in partnership with Purbeck District Council and the Dorset LEP has purchased Dorset Innovation Park. As the landlord, we are promoting the Enterprise Zone as a location for business and are also developing for sale or lease a range of starter business units. Construction is nearing completion and good levels of interest is being shown from prospective clients.</p>		

**PROSPEROUS: 03 Population Indicator - Percentage of children achieving the 'Basics' measures at Key Stage 4 - Outcome Lead Officer Maxine Bodell; Population Indicator Lead Officer Doug Gilbert**

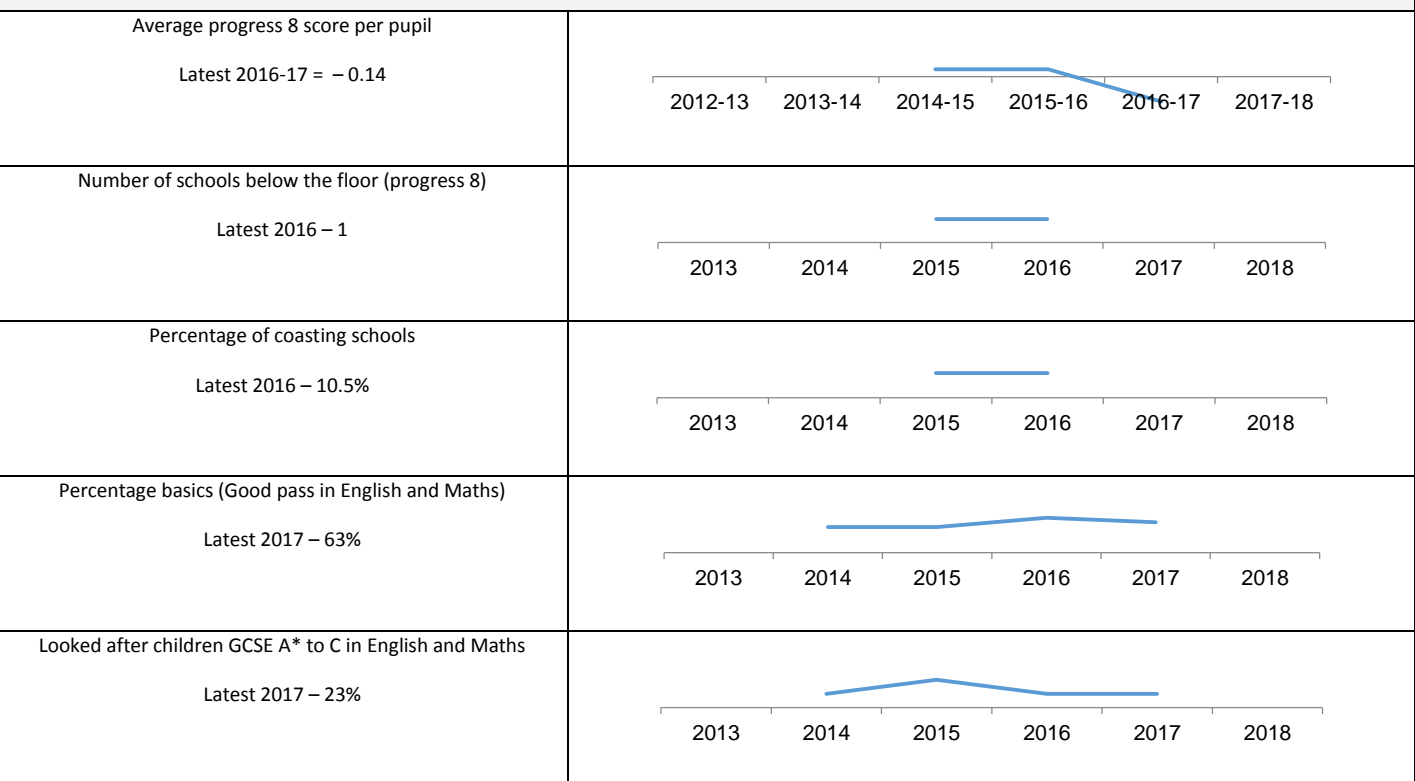


**Story behind the baseline:** The Basics measure indicates the % of pupils achieving a pass in English & Maths GCSE - key skills that allow a student to progress into further education or jobs with training. 2017 saw a change in the grading system for English & Maths – from A/B/C etc. to a numbering system: a standard pass is now a grade 4 or above; a good pass is now 5 or above. Dorset remains on a par with the national for the standard pass and 3% below the national for the good standard. Progress 8 is a progress measure that looks at pupil progress from the end of primary stage across a suite of subjects, this is now the key measure of school effectiveness. Dorset Progress 8 results dipped in 2017 – as did those in most LAs in the South West. Whilst many schools improved, some dipped in results in 2017, in addition Dorset 'gained' 2 new schools with low results in 2017 (Parkfield School and Dorset Studio School). Performance at a local level is variable and tends to reflect overall school performance.

**Why does it matter?** Achieving a good education at this stage allows pupils to continue in education or training and increases both employability and life chances.

**Partners with a significant role to play:** Ofsted, DFE, Regional Schools Commissioner and Wessex School Improvement Board.

**Performance Measure(s) – Trend Lines**

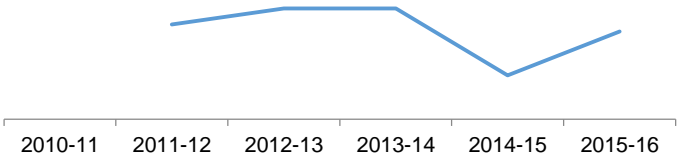


Corporate Risk	Score	Trend
09a Unable to provide sufficient school places (Basic Need)	HIGH	UNCHANGED
07i Deterioration in the relationships between schools and the LA arising from the Academies Bill	LOW	UNCHANGED
Value for Money	Latest	Rank
UNDER DEVELOPMENT		

**What are we doing?** The dip in Dorset figures for 2011-12 was due to the problems surrounding the re-grading of English GCSEs, discussed widely in the media at the time.

**PROSPEROUS: 04 Population Indicator - Percentage of residents educated to level 4 (or equivalent) and above - Outcome**  
 Lead Officer Maxine Bodell; Population Indicator Lead Officer Anne Gray

DORSET - Latest (2016) 35.9%	
DORSET - Trend IMPROVING	<b>G</b>
COMPARATOR - Benchmark (South West) WORSE 37.8%	<b>R</b>



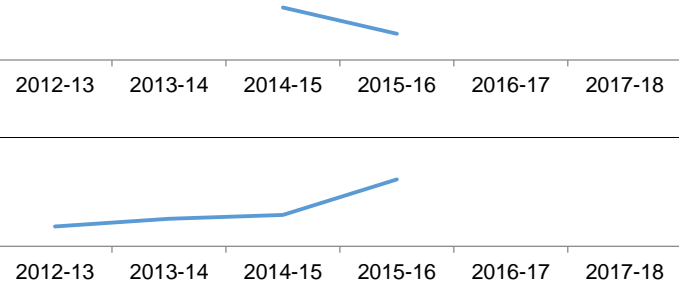
**Story behind the baseline:** Level 4 is equivalent to having a Higher National Certificate (HNC). In Dorset, the percentage of residents qualified to NVQ4+ is mostly above the national average but dropped below in the last year. Care: data is drawn from a household sample survey so year to year changes can reflect statistical error. Raising skill levels in the workforce at level 4+ would help reduce skills shortage vacancies, especially for skilled trade's occupations. Higher level Apprenticeships and the continuation of learning whilst in work would help address this. The development of higher level apprenticeships will be supported by the Apprenticeship reforms 2017, where Levy funding will enable the take up of higher level apprenticeships by employers, and the opportunity to up-skill existing staff to a higher level through the apprenticeship route.

**Why does it matter?** Level 4 skills are key to future jobs. Raising skill levels in the workforce would help reduce skill shortage vacancies, especially for skilled trade occupations. Ageing of the workforce means employers need to upskill their workforces for succession planning. Higher skill levels give workers the opportunity to apply for better jobs, have greater job satisfaction and enhances well-being. The availability of a higher skilled labour pool will attract new employers and investment thus raising the quality of jobs and productivity.

**Partners with a significant role to play:** Dorset LEP, District and Borough councils, Businesses

**Performance Measure(s) – Trend Lines**

Students going to UK higher education institutions after key stage 5 (including deferred entry)  Latest 2015-16 – 51
Percentage of all apprenticeships taken at a higher level  Latest 2015-16 – 3.4%



Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
<b>UNDER DEVELOPMENT</b>		

**What are we doing about it?** Dorset County Council works with partners to ensure all young people are aware of all post 16 opportunities and are supported and encouraged to use this knowledge when making decisions.

<b>PROSPEROUS: 05 Population Indicator - Ratio of lower quartile house prices to lower quartile earnings - Outcome Lead</b> Officer Maxine Bodell; Population Indicator Lead Officer Maxine Bodell		
DORSET - Latest (2016) 10.3		
DORSET - Trend WORSENING	R	
COMPARATOR - Benchmark (England) WORSE 7.2	R	

**Story behind the baseline:** This is a useful measure as it helps to illustrate the housing affordability gap for people on lower incomes for whom access to affordable housing is likely to be the most acute. The affordability gap between lower quartile earnings and house prices continues to worsen in Dorset and is consistently higher than the national average. In all but one district in Dorset there have been year-on-year increases in the ratio of house prices to incomes. The national average is a ratio of 7.2 while the Dorset Districts see a range of 9.0 in the 'most affordable' case to 13.5 in the worst affected district. The reasons for this are complex, but are likely to include a combination of the following factors:

- relatively lower salaries and productivity levels in the economy
- higher concentrations of certain lower paid sectors in parts of Dorset such as some services and tourism and the rural economy
- constraints on housing land supply such as international habitats
- Landscape designations and Green Belt, some 'stalled' and difficult-to-deliver housing sites with viability or infrastructure constraints, or over past years in housebuilding rates and commensurate supply of affordable housing due to wider economic impacts.

**Why does it matter?** If young workers cannot afford to live in the area, they are likely to seek employment in other areas where they can. This could lead to a loss of skills and labour. In addition, if employers cannot recruit the skilled people they need, they too may relocate.

**Partners with a significant role to play:** Partners: Local planning authorities; Dorset Local Enterprise Partnership; education and skills development agencies such as local education authorities, universities, FE colleges and employers.

**Performance Measure(s) – Trend Lines**

Number of new homes to be delivered on DCC land disposals  Latest Q1 - 2 17-18 – 20	
Landbank of permitted reserves of sand and gravel maintained in Bournemouth, Dorset and Poole (million tonnes) Target 9.00  Latest 2016 – 8.2	
Responses made on behalf of DCC to consultations on Local Plans and Neighbourhood Plans  Latest Q2 17-18 – 2	
Responses made by Highway Authority to planning applications (within 21 days)  Latest Q2 17-18 – 452	

<b>Corporate Risk</b>	<b>Score</b>	<b>Trend</b>
No associated current corporate risk(s)		
<b>Value for Money</b>	<b>Latest</b>	<b>Rank</b>
<b>UNDER DEVELOPMENT</b>		

**What are we doing about it?** Dorset County Council is neither the Housing Authority or the Planning Authority for housing and employment development. It can, however, assist in the delivery of housing by disposing of land in County Council ownership for either general market or affordable housing, help ensure there is a supply of sand and gravel for the construction industry and work closely with District and Local Councils commenting on emerging policy frameworks, development masterplans and providing the view as Highway Authority on planning applications.

**PROSPEROUS: 06 Population Indicator - Rates of coverage of superfast broadband** - Outcome Lead Officer Maxine Bodell;  
Population Indicator Lead Officer Pete Bartlett

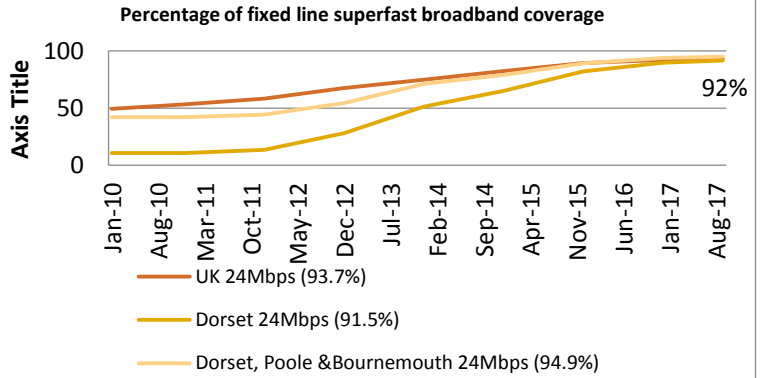
DORSET - Latest (November 2017) 92%

DORSET - Trend IMPROVING

**G**

COMPARATOR - Benchmark (UK) SIMILAR  
92.5%

**A**



**Story behind the baseline:** Ofcom’s December 2016 report [Connected Nations](#) report summarises the national digital infrastructure position. Detail of Dorset coverage, future and a postcode checker are available here: <https://www.dorsetforyou.gov.uk/superfast>

**Superfast Broadband Coverage:** National and Dorset coverage data independently sourced from <https://labs.thinkbroadband.com/local/uk> (November 2017 – updated monthly). More local programme data is also available, but this does not provide a valid national comparator. The Superfast Dorset programme is a partnership programme between all district, borough and unitary authorities across Dorset, Poole and Bournemouth. 3 contracts have been let to BT to deliver improved broadband in areas of market failure where there are no commercial plans.

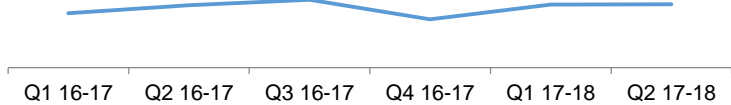
**Take up of publically subsidised superfast broadband is 43% (November 2017), above the contractually modelled 20% target.** The first contract was let to BT in July 2013 and has now completed its delivery phase, the second contract let in May 2015 is in deployment, and the third contract let in July 2017 is planned to start deployment at the end of this year. These 3 combined with private sector deployments will provide 98% coverage across the partnership area by completion. Mobile 4G coverage: Performance data on mobile digital coverage levels are not available nationally or locally. Ofcom’s postcode checker is available: <https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/advice/ofcom-checker>

**Why does it matter?** Wider access to Superfast Broadband saves businesses time and money and allows them to work in new or different ways and access new markets. This leads to productivity gains and new jobs, as job creation is higher in connected businesses than non-connected. Greater connectivity also opens up opportunities for employees to work remotely from home thus improving their life/work balance and help reduce carbon footprints.

**Partners with a significant role to play:** All local authorities in the Superfast Dorset Programme, Dorset Local Enterprise Partnership, Broadband Delivery UK, part of the Department of Culture, Media and Sports, Defra; RPA; DCLG, Ofcom, Private sector fixed line and mobile network digital infrastructure providers.

**Performance Measure(s)**

Comparison to UK benchmark  
Latest Qtr 2 2017-18 – 94.4%



**Corporate Risk**

**Score**

**Trend**

No associated current corporate risk(s)

**Value for Money**

**Latest**

**Rank**

UNDER DEVELOPMENT

**What are we doing about it?** Dorset County Council manages the rollout of superfast and ultrafast across the county. Moving to Ubiquitous Coverage - The Superfast Dorset programme is working to Utilise capital underspends and gain share earmarked for faster broadband, Secure capital funding from the EAFRD Rural Broadband Infrastructure scheme and Extend the [Better Broadband Subsidy Scheme](#)

**PROSPEROUS: 07 Population Indicator - Apprenticeship starts as % of population aged 16-64** - Outcome Lead Officer Maxine Bodell; Population Indicator Lead Officer Anne Gray

DORSET - Latest (August 2016) 2.35%		
DORSET - Trend UNCHANGED		A
COMPARATOR - Benchmark (UK) BETTER 1.5%		G

**Story behind the baseline:** In Dorset, Apprenticeship starts of all ages expressed as a percentage of residents aged 16-64 years is above the national average. The number of starts dropped over the year (provisional) both locally and nationally. Qualifications of young people and skill levels in the workforce are a driver of productivity so the availability of good quality Apprenticeships is important for Dorset. The actual number of Apprenticeship starts in Dorset seems to fluctuate. Starts dropped by 100 over the last year, down from 5,650 to 5,550. The number of starts may be affected by:

- Employer awareness of Apprenticeships and the breadth of vocational areas on offer.
- Employers unaware of additional funding for apprenticeships in small businesses.
- Low number of apprenticeship opportunities in rural areas.
- Wider awareness of Apprenticeships as a route to employment and perception of this by schools/parents/young people as a 'second class' option;
- Quality of Apprenticeships on offer in terms of training and employment opportunities.

**Why does it matter?** Raising qualifications and skill levels through apprenticeships will help raise productivity. The availability of a higher skilled labour pool will attract new employers and investment. Helping workers to gain higher skills opens opportunities for them to apply for better jobs.

**Partners with a significant role to play:** Dorset LEP, District and Borough councils, Businesses

**Performance Measure(s) – Trend Lines**

Cumulative number of new DCC apprenticeships starts between 2017-2021 (NEW SCHEME) against target 209  Latest Q2 17-18 – 32	
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Corporate Risk	Score	Trend
No associated current corporate risk(s)		
Value for Money	Latest	Rank
UNDER DEVELOPMENT		

**What are we doing about it?** Dorset County Council works with partners to ensure that all young people are aware of all post 16 opportunities available and supports and encourages them to use this knowledge when making decisions. As a major employer, it is also a contributor to the governments Apprenticeship Levy which aims to increase opportunities for apprenticeships and provides opportunities for apprenticeships across the range of DCC functions. These include higher level apprenticeships that enable a career to be developed within mainstream professions.



**Corporate Risks that feature within PROSPEROUS but are not assigned to a specific POPULATION INDICATOR** (All risks are taken from the [Corporate Risk Register](#))

17a – Lack of support for proposed structure of local government in Dorset (Central Government)	<b>HIGH</b>	UNCHANGED
09f - failure to adapt services and communities to the impacts of a changing climate	<b>MEDIUM</b>	UNCHANGED

**Key to risk and performance assessments**

Corporate Risk(s)		Trend	
High level risk in the Corporate Risk Register and <b>outside of the Council's Risk Appetite</b>	<b>HIGH</b>	Performance trend line has improved since previous data submission	<b>IMPROVING</b>
Medium level risk in the Corporate Risk Register	<b>MEDIUM</b>	Performance trendline remains unchanged since previous data submission	<b>UNCHANGED</b>
Low level risk in the Corporate Risk Register	<b>LOW</b>	Performance trendline is worse than the previous data submission	<b>WORSENING</b>

**Responsibility for Indicators and Measures**

<p align="center"><b>Population Indicator</b> relates to ALL people in each population</p> <p align="center"><b>Shared Responsibility</b> Partners and stakeholders working together</p> <p align="center">Determining the <b>ENDS</b> <i>(Or where we want to be)</i></p>	<p align="center"><b>Performance Measure</b> relates to people in receipt of a service or intervention</p> <p align="center"><b>Direct Responsibility</b> Service providers (and commissioners)</p> <p align="center">Delivering the <b>MEANS</b> <i>(Or how we get there)</i></p>
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## CONTACT

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Tel 01305 228692

## **Adult Social Care (Value for Money – Benchmarking)**

**Demographic change and financial constraints may create significant pressures for adult social care services. The information below was taken from the recently launched LG Inform Value for Money platform. <http://vfm.lginform.local.gov.uk/about-vfm>**

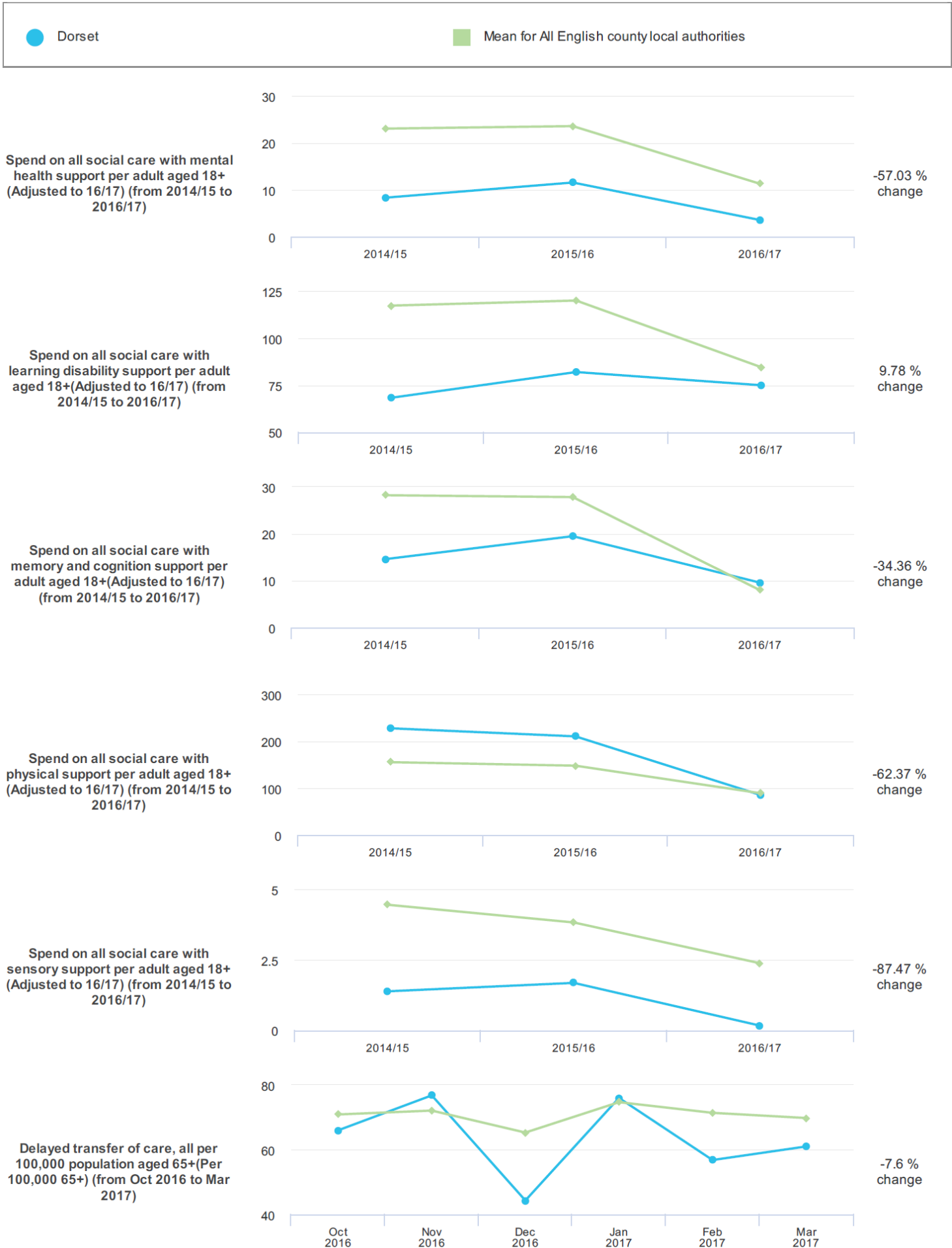
**The platform provides information about spending on, and performance for, one of the five client groups (mental health, learning disability, memory and cognition support, physical support and sensory support).**

**Please note that from 2014-15 onwards data for adult social care is collected in a new data return, Adult Social Care Finance Return (ASCFR). Comparable data is not available for earlier years.**

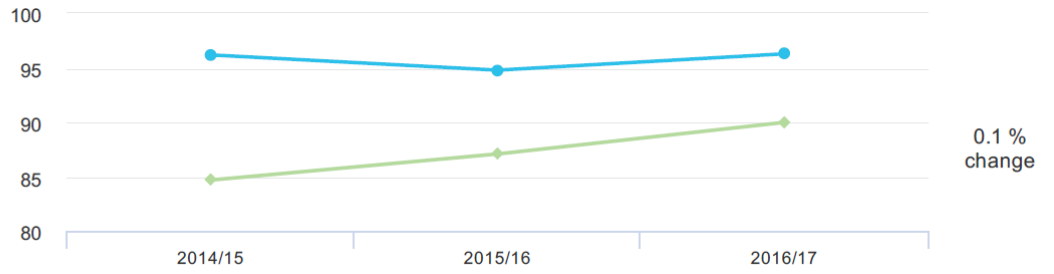
**About LG Inform Value for Money profiles:** The Local Government Inform (LG Inform) Value for Money (VfM) profiles is the sister tool of LG Inform, and brings together data about the costs, performance and activity of local councils and fire and rescue authorities. The profile can be used by anyone who has an interest in local public services including service users and residents. The data has been presented in a series of theme based reports that provides overview of a given organisation and the services it delivers. For example, in the adult social care section of the council profile there are further sections relating specifically to each of the five different client groups. In Children and Young People there are further sections including education services, schools, Sure Start and early years, looked after children, etc. The content of these detailed sections is designed to allow users to focus on discrete aspects of a service or area of financial management, bringing together measures that provide a focused, but balanced, view of spend and performance.

The VfM profiles use data published by government department and other organisations, much of which are official statistics, and the source of each indicator is included in the detailed metric report.

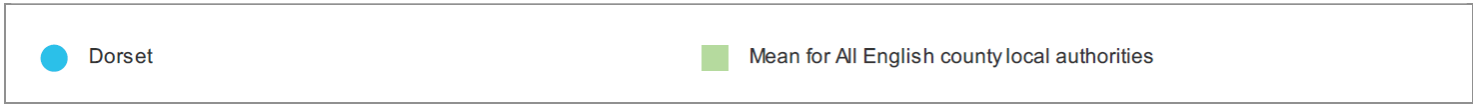
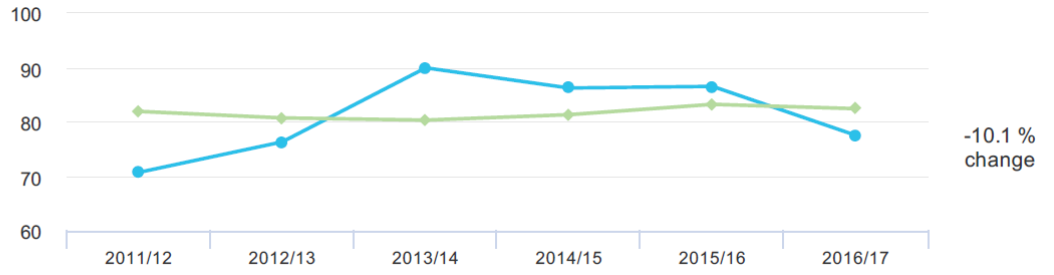
## Adult Social Care (Value for Money – Benchmarking)



Adults using social care who receive self-directed support(%)  
(from 2014/15 to 2016/17)



Proportion of over 65s who were still at home 91 days after discharge from hospital into reablement/rehabilitation services (effectiveness of the service).(%)  
(from 2011/12 to 2016/17)



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DRAFT Value for Money Measures

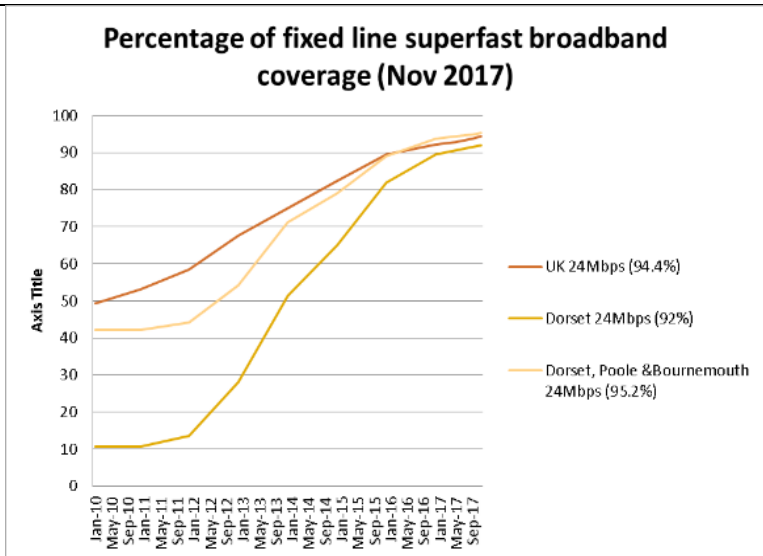
Environment and Economy – January 2018

**Coverage of Superfast Broadband**

**What it tells us:** The impact of investment in high levels of fixed line broadband access over 24 Megabits per second (Mbps)

**What it doesn't tell us:** Benefits come from take up and skilled use of advanced digital services, data is only available for take up on subsidised network infrastructure not across the whole of Dorset

**What it means:** Digital infrastructure is an enabling infrastructure from which other sectors benefit.

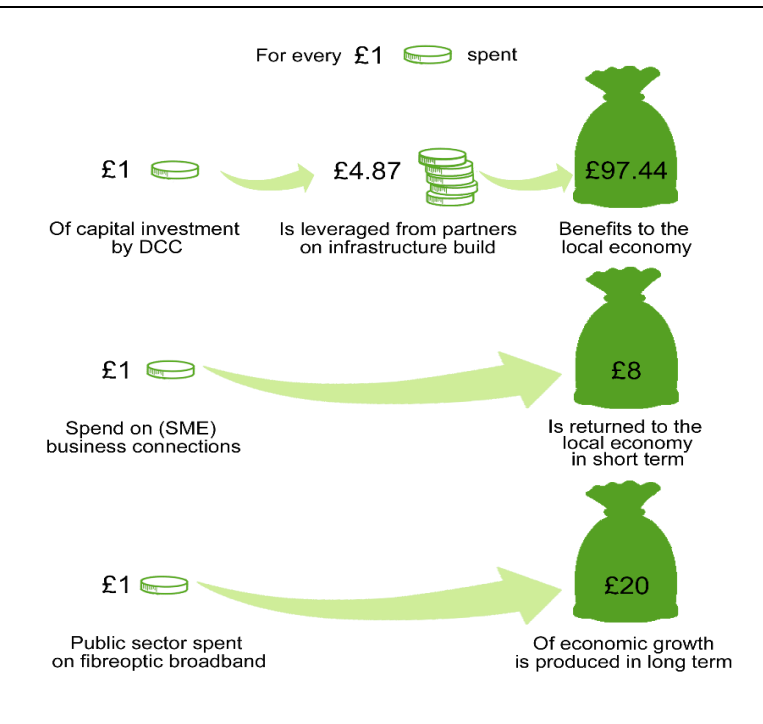


**Impact of investing in Superfast Broadband**

**What it tells us:** That the money (£8.6m) invested by DCC levers in a huge investment from other partners and significant benefits to the local economy.

**What it doesn't tell us:** How many businesses may have been lost because connection is poor. How much demand is still unmet.

**What it means:** The County Council is making a significant contribution towards making Dorset more productive, more competitive, and better able to attract and grow new businesses.



**Dorset Highways Efficiency (Carriageway Maintenance)**

**What it tells us:** How efficiently we deliver our carriageway maintenance function compared to approx. 90 other authorities (on an annual basis – used for DfT Self-Assessment programme for incentivised funding). Rating shows how close an authority is to their theoretical minimum cost, represented by 100%. To aid comparison ratings are categorised into Bands (A top quartile, D bottom quartile).

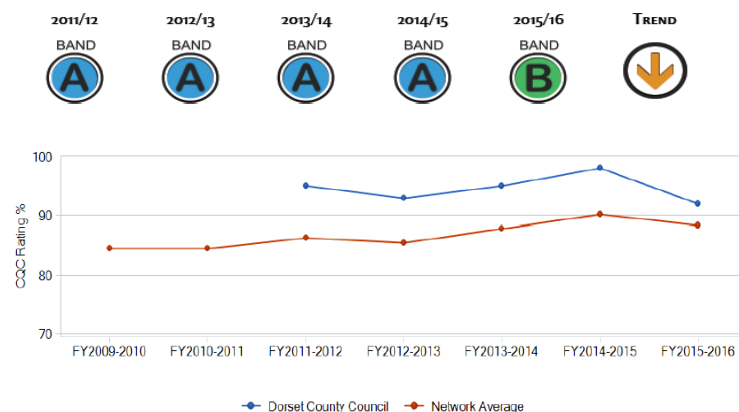
**What it doesn't tell us:** The statistical model for this exercise is administered by Leeds University. There is still further work to be done to refine the model and methodology to help understand the reasons for change and difference between authorities. Whilst the model considers various factors and statistically adjusts them to compare authorities against an "average minimum cost" to allow fair cost comparisons (such as, network size, traffic, rural/urban split, etc.) it may also still include some factors outside of our control, which may impact on the efficiency score. Once finalised, looking to roll out to other asset groups within Highways. The final 2016-17 report is due in January.

**What it means:** Comparing expenditure (capital & revenue) with highway condition and customer satisfaction it shows that Dorset is above average for delivery of our carriageway maintenance function. Slight drop in 2015-16 due to drop in customer satisfaction.

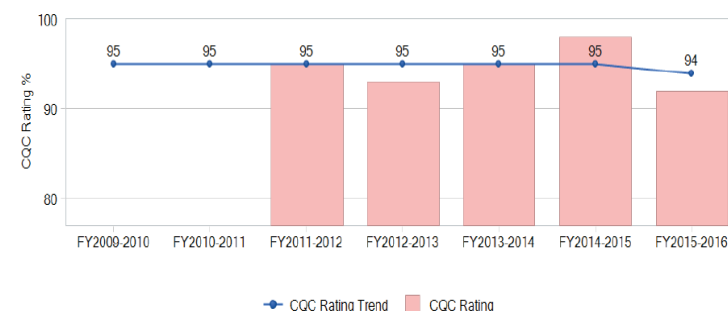
**For information –** Dorset Highways takes part in many benchmarking exercises. Therefore, further comparisons against our peers is available on request. Further work is also ongoing looking at the correlations between different performance measures (e.g. defects/claims/customer satisfaction).

**CQC – Cost, Quality, Customer**

Bandings and line chart below represent Dorset's efficiency score when compared to other authorities and the network average.



Graph below shows change in CQC rating over time using a statistical trend line.



**DMG Benchmarking Headlines**

The top-level headlines below may also help explain our efficiency in delivering our carriageway maintenance function for 2016/17.

- 2<sup>nd</sup> lowest revenue works budget (per km) of 18 authorities.
- 9<sup>th</sup> lowest structural maintenance budget (per km), of 18 authorities, and below average.
- Ranked 15/19 for principal road in need of maintenance (although data range is quite close between authorities).
- 8/19 for non-principal roads in need of maintenance.
- 8/19 for unclassified roads in need of maintenance.
- 10/18 for public satisfaction with road condition and 7/18 for satisfaction with the quality of repair to roads.

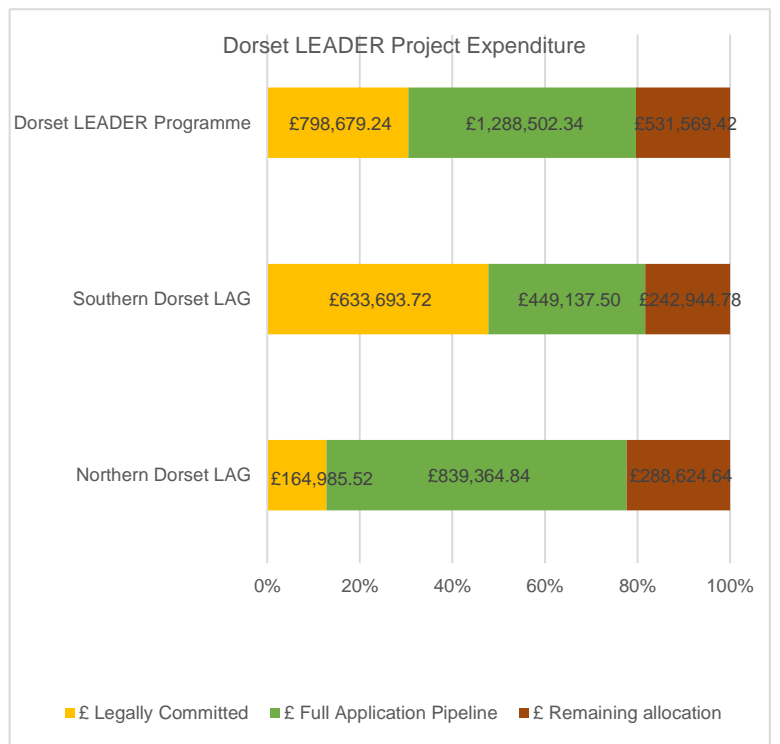


**Dorset LEADER**

**What it tells us:** LEADER is an EU funded rural development programme, focussed on investment to achieve economic growth. The chart illustrates the amount of funding contracted to projects, the amount tentatively allocated to projects in the pipeline, and the remaining budget to be allocated to projects.

**What it doesn't tell us:** That all projects are assessed against value for money criteria as part of the assessment process. Neither does it show the impact of the investment in projects. This is being reported and monitored, though most projects are still in the early stages of delivery.

**What it means:** The proportion of funds committed has increased from £656,000 in Q2 to £799,000 in Q3. The increase in projects in the pipeline reflects a concerted effort to bring projects forward and has reduced the overall remaining allocation to 20% of budget.

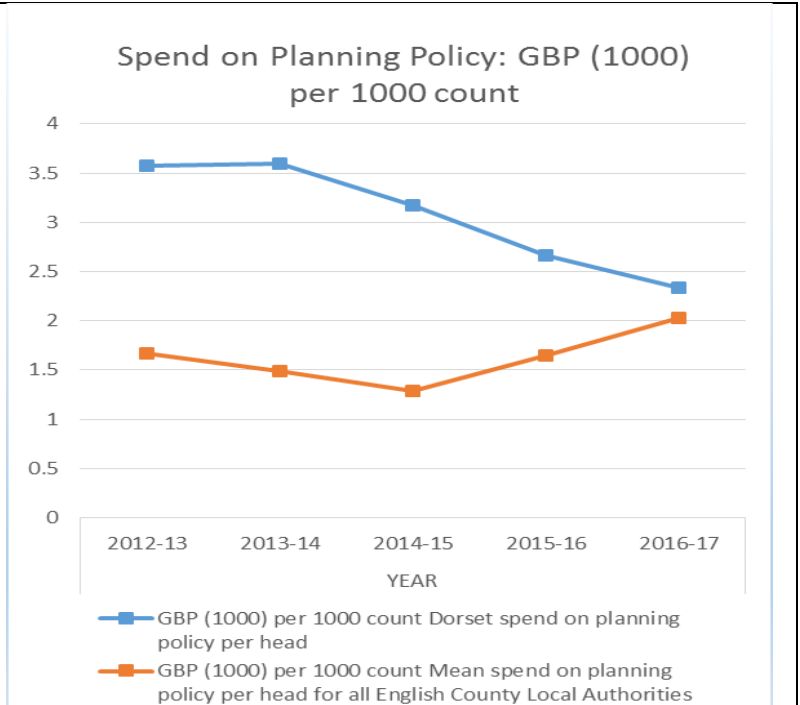


**Spend on Planning Policy**

**What it tells us:** Dorset has seen a reduction in spend on planning policy per head of population. Nationally there has been an upturn so the gap has narrowed significantly.

**What it doesn't tell us:** Dorset has one of the most diverse range of minerals in the country which places a demand upon planning resources. Dorset also receives income from Bournemouth and Poole for delivering the planning policy function on their behalf.

**What it means:** The planning policy function represents good (and improving) value for money in real terms. However, the benchmark group does also include unitary authorities which have a wider range of planning powers.



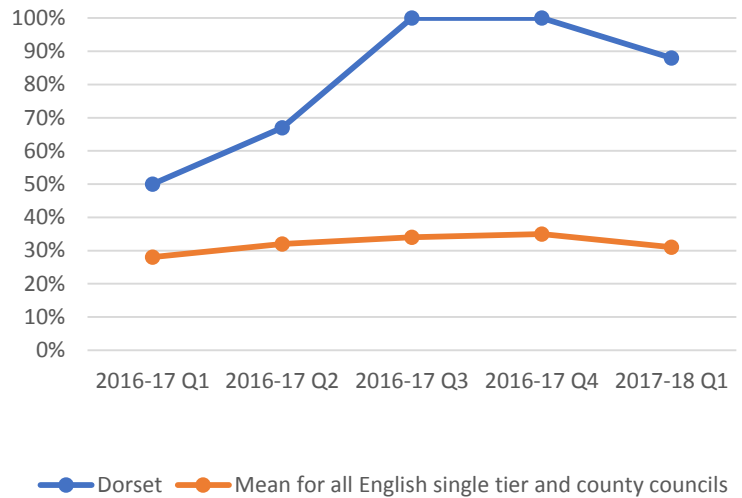
**County Matters Applications Determined in a Timely Manner**

**What it tells us:** Dorset is currently performing better than the national average for in the determination of county matters planning applications.

**What it doesn't tell us:** County matters applications are relatively low in number but high in complexity so performance can be affected by small variations in determination rates.

**What it means:** The County Council has seen actual and relative improvements in the determination rate of 'major' county matters planning applications. However, the benchmark group does also include unitary authorities which have a wider range of planning powers.

**County Matters Planning Applications Determined in a Timely Manner**



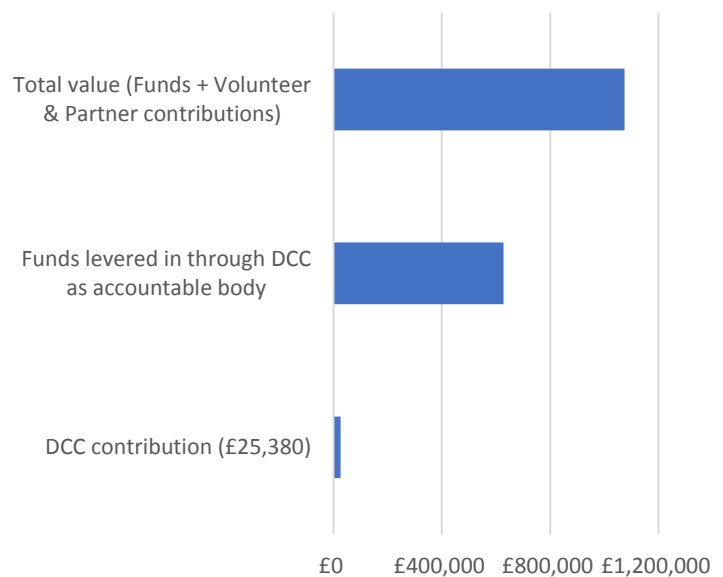
**Economic Leverage of County Council contribution to Dorset AONB in 2016-17**

**What it tells us:** The AONB is an effective vehicle for drawing external funds into Dorset for environmental management - each £1 committed by DCC generates £24 in direct spend or £43 in total value.

**What it doesn't tell us:** The AONB influences £65M in economic output annually (source: Ash Futures, *Dorset's Environmental Economy*, 2015). This broader study cannot be repeated regularly but illustrates the wider value of the AONB's designated landscape.

**What it means:** The County Council's contribution to the AONB is modest but enables a much higher level of investment in Dorset's landscape which in turn contributes to corporate outcomes on health, wellbeing and prosperity.

**Economic Leverage of Dorset AONB in 2016-17**

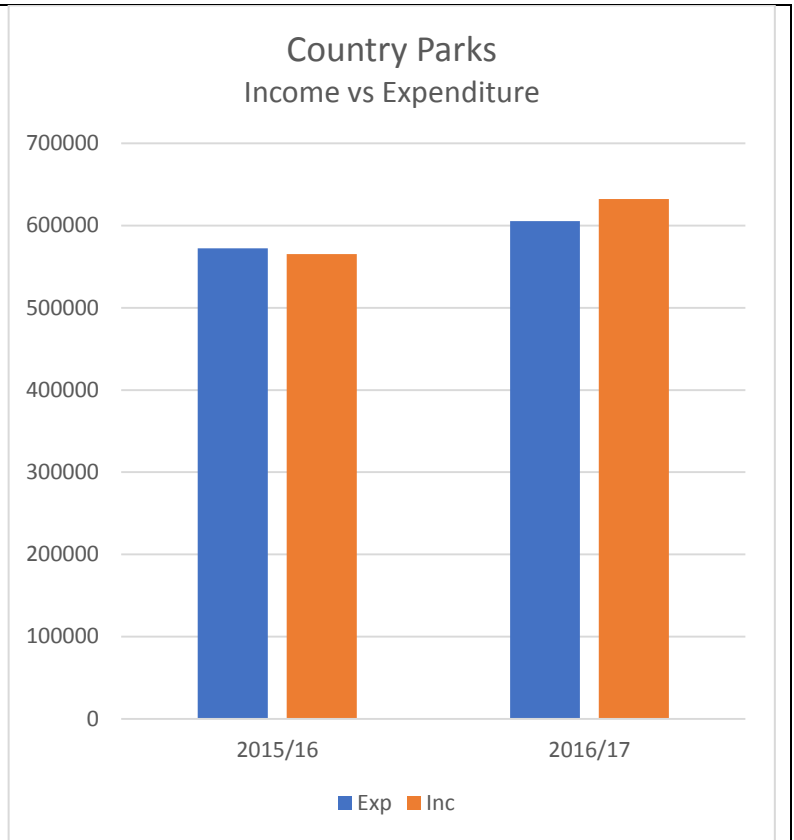


**Income and Expenditure at the County Council's Country Parks**

**What it tells us:** The portfolio of Country Parks operated by DCC (Durlston, Avon Heath and Hardy's Visitor Centre) is budgeted to recover above the line costs, with diverse income sources (including catering, events, habitat management and car parking) offsetting expenditure whilst maintaining valued public services.

**What it doesn't tell us:** As well as being financially sustainable, the Country Parks contribute to corporate outcomes on health and wellbeing (e.g. providing recreational opportunities, access to nature/greenspace) and prosperity (e.g. supporting local businesses and the visitor economy), attracting over 800,000 visitors p.a.

**What it means:** The modest operating surplus achieved in 2016-17 reflects the continuing focus on maximising income, enabling a high quality public service to be offered at low/no cost to the public purse.



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# Statistical Neighbours

## Outcomes vs Spend

Local authority name	Overall judgement (OE)	Children who need help and protection	Children looked after and achieving permanence	Children in need – Spend per Head	Looked after children – Spend per Head
Devon	Requires improvement	Requires improvement	Requires improvement	£12,666	£60,834
Devon	Requires improvement	Requires improvement	Requires improvement	£12,033	£46,509
East Sussex	Good	Good	Good	£13,163	£52,698
Gloucestershire	Inadequate	Inadequate	Requires improvement	£10,413	£43,426
North Somerset	Requires improvement	Requires improvement	Requires improvement	£7,631	£36,075
Shropshire	Good	Good	Requires improvement	£9,025	£63,603
Somerset	Inadequate	Inadequate	Inadequate	£12,827	£64,831
Suffolk	Good	Requires improvement	Good	£12,094	£38,946
West Sussex	Requires improvement	Requires improvement	Requires improvement	£14,037	£57,526
Wiltshire	Requires improvement	Requires improvement	Requires improvement	£11,710	£63,448
Worcestershire	Inadequate	Inadequate	Inadequate	£12,870	£57,489

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# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	19 January 2018
Officer	Monitoring Officer
<b>Subject of Report</b>	<b>Constitutional Changes</b>
Executive Summary	<p>The Constitution is a living document and is updated from time to time. The Audit and Governance Committee has a specific role in commenting upon proposed changes to the Constitution prior to consideration by the full Council.</p> <p>This report proposes changes which have arisen for consideration by the County Council at its meeting on 22 February 2018.</p>
Impact Assessment:	<p><u>Equalities Impact Assessment:</u> Not applicable</p>
	<p><u>Use of Evidence:</u> Evidence is detailed throughout each section of the report to describe the reasons for suggested changes to the Constitution.</p>
	<p><u>Budget:</u> There are no consequential budget implications as a result of this report.</p>
	<p><u>Risk Assessment:</u> Having considered the risks associated with this decision, the level of risk has been identified as: Current Risk: LOW Residual Risk LOW</p>
	<p><u>Other Implications:</u> Not applicable</p>
Recommendation	<p>That the Audit and Governance Committee recommend to the County Council that constitutional changes in relation to the following areas be approved:</p> <ul style="list-style-type: none"> <li>• County Council’s Petition Scheme</li> <li>• Regulatory Committee Membership</li> </ul>

## Constitutional Changes

	<ul style="list-style-type: none"><li>• Pension Fund Committee – Membership</li></ul>
Reason for Recommendation	To contribute to the County Council's Corporate Plan: - Working Together for a Strong and Successful Dorset.
Appendices	Appendix 1 – Feedback from the Petition Scheme survey Appendix 2 – The proposed revisions to the Petitions Scheme
Background Papers	None
Officer Contact	Name: Lee Gallagher, Democratic Services Manager Tel: 01305 224191 Email: <a href="mailto:l.d.gallagher@dorsetcc.gov.uk">l.d.gallagher@dorsetcc.gov.uk</a>

- 1.1 The Constitution is a living document and is updated from time to time. The Audit and Governance Committee has a specific role in commenting upon proposed changes to the Constitution prior to consideration by the full Council.
- 1.2 This report proposes three changes which have arisen and will need to be considered by the County Council at its meeting on 22 February 2018. These are set out below:

### The County Council Petition Scheme

- 2.1 The Council's Petition Scheme has been in operation since 2010. It was updated in 2014 to amend the number of signatories required to trigger consideration by Committees, in 2015 regarding the requirements when compiling a petition and in 2016 regarding the use of petition panels when the number of signatories was between 50 and 999. The current scheme has been in operation since 8 June 2016.
- 2.2 Following a recent meeting of Group Leaders on 6 November 2017 the petition scheme has been reviewed due to the impact on members because of the number of petition panel meetings arranged. In addition, a survey was sent in November 2017 to all members and officers who have experienced petition panels to provide feedback on their experiences to date. As a result of the survey, and from monitoring the arrangements, the feedback showed that there could be some difficulty in holding panels with five members; there were a range of views on the thresholds for holding Petition Panels; Traffic Regulation Order petitions could be time consuming; and historical petitions should form part of the consideration of current petitions.
- 2.3 It was also highlighted that since the previous changes better decisions were being made, the process was more reactive to the public, and petitions were being taken seriously following a more direct democratic process.
- 2.4 The changes introduced in June 2016 meant that petitions of between 50 and 999 signatories were considered by a Petitions Panel comprising the relevant Cabinet member(s), the local County Councillor(s) and three other County Councillors. This provided for a panel of five members to consider each petition and has been monitored since its introduction to evaluate how effective the arrangements have been.
- 2.5 It is suggested that in order to address the feedback received, that improvements should be made to the way petitions are considered by:



## Constitutional Changes

- Reducing the size of the Petition panels to just the relevant Cabinet member(s) and local County Councillor(s); and,
- Making it clear that Town and Parish Council approval of Traffic Regulation Order petitions would be sought prior to consideration.

2.6 The thresholds for petitions is one which requires further consideration and is set out below against the current schemes of neighbouring rural county councils.

Threshold	Current	Wiltshire	Devon	Cornwall	Hampshire
Ordinary Petition	50 Petition Panel – Cabinet Member, local member, plus 3 other members	1% of Area Board population	No threshold	250 Refer to Cabinet Member, Committee, Director or other officer.	No threshold. Cabinet Member written response.
County Council	1000	1% of population.	6000 (1% population)	5000	32,000 (2.5% population)
Call to Account	500	Not in scheme	Not in scheme	Not in scheme	Not in scheme

2.7 Given the arrangements summarised above, it is suggested that the County Council amend its threshold for County Council consideration to 1% population rounded to the nearest 250 (*population 422,730 – threshold 4250*), and to remove the part of the scheme that enables senior officers and Cabinet members to be called to account. (There have not been any ‘call to account’ petitions since the adoption of the scheme in 2010.)

2.8 The scheme requires an update to make the new arrangements clear, and is attached at Appendix 2 with changes marked in red.

### Regulatory Committee Membership

3.1 The Regulatory Committee was formed by combining the former Planning Committee, Rights of Way Committee and licencing Committee on 24 July 2014. A membership of 15 was created, and over time the management of a committee of this size have been raised, with suggestions being made to reduce the size to become more operationally effective.

3.2 The Committee is appointed in accordance with politically proportionality (the entitlement to seats allocated to each political group must bear the same proportion as the membership of the County Council), with places allocated as follows:

Committee size	Conservative	Liberal Democrat	Green	Labour
15	10	4	1	0

3.3 A suggested reduction in the size of the committee to 10 or 12 members would see proportionality change as follows:

Committee size	Conservative	Liberal Democrat	Green	Labour
10	7	2	1	0
12	8	3	1	0

3.4 Based on the information above, members are asked to consider the appropriate size of the Regulatory Committee for the future, to be approved by County Council as an amendment to the Committee’s terms of reference. In addition, any recommendation to reduce the size of the Committee should be accompanied by nominations to the new

## Constitutional Changes

Committee being sought by Group Leaders for approval at the County Council meeting on 22 February 2018.

### Pension Fund Committee - Membership

- 4.1 The Terms of Reference for the Pension Fund Committee allow for a committee to have a membership of 9 members comprising 5 members of the County Council, (not more than one being a member of the Cabinet), 1 nominated by Bournemouth Borough Council, 1 nominated by the Borough of Poole and 1 representing Dorset District Councils, plus 1 scheme member nominated by the unions.
- 4.2 To maintain the effectiveness of the Pension Fund Committee, based on the expertise and knowledge of members currently appointed to the committee, it is suggested that the membership requirements be amended to enable multiple Cabinet members to represent the County Council. At present Cllrs Ferrari and Cllrs Wharf are both appointed to the Committee and are also appointed to the Cabinet. Following Cllr Wharf's recent appointment to the Cabinet this has raised the matter for consideration. It is therefore proposed that the membership wording be amended to read '*not more than two being a member of the Cabinet*'.
- 4.3 The division of executive and non-executive functions is part of the Local Authorities Functions Regulations which have been variously updated since 2000. The list of functions not to be the responsibility of an authority's executive includes "functions relating to pensions". The Council has taken the view in the past that functions relating to pensions cannot therefore be discharged by the Cabinet as a whole but that a member of the Cabinet can participate on a committee dealing with pensions matters. If an arrangement where two of the five County Council members on the Committee are members of the Cabinet there remains a non-executive member majority.

### Next Steps

5. The Audit and Governance Committee is asked to consider the proposed changes in the report, and to recommend changes through the constitutional review process (where applicable) for decision by the County Council in February 2018.

Jonathan Mair  
**Monitoring Officer**  
January 2018

**Petitions Scheme Feedback**

	Comment
Frequency of Meetings	Happy with the frequency of the meetings.
	Because of the difficulty in Member involvement we seem to “save them up” with 3 on one day shortly – fills a day! not useful in Highways issues as we can only suggest an outcome eg TRO to the relevant Committee anyway who will repeat the process in some cases – as above.
Threshold	I would seek a threshold for petitions that means historical numbers of petitions are considered whatever that threshold might be.
	I feel 50 signatures is too low when it comes to petitions. Petition panels should be based on 300 signatures unless the local parish council also supports the petition. In this case, I believe a panel should be set up with 150 signatures.
	Very time consuming, in Highways cases we cannot authorise a TRO (if required) only pass to the relevant Cmte. Not the best use of Members times. Threshold is very low particularly with Social Media, would suggest increase to 100-200 names. Difficult to find “free” Members.
	I have not as yet sat on an appeals panel but am doing so for the first time next week. So from my limited knowledge the scheme seems good to me. It does mean we are able to react reasonably quickly to residents. They are able to see that their request is being taken seriously and is following a democratic process. There are, I would have thought, sufficient members to cover the panels in a reasonable time frame.
	Currently only 50 signatures are required for a petition to meet criteria for discussion at panel – could this be raised? Or is this just moving the goal posts? I have a slight reservation with focusing on the signature criteria as this could inadvertently create a post code lottery i.e. the higher the local population that easier it will be get signatures - even if 50+ signatures are gathered, this may only represent a small proportion of the overall community – vice versa, the petition with 49 signatures or less could represent the view of a low population area or all residents of a road for example.
Quality of Outcomes	I believe better decisions are made.
General	As I have not as yet attended a panel, any reply would be uninformed and speculative , and perhaps my only thought would be how embarrassing it is that members have found it difficult to commit to dates on offer.
	I would be interested in the historical number of petitions raised. The aim of a mechanism to deal with petitions is to raise the profile of issues considered significant by large numbers of the community to ensure they are considered. The process is not to ensure that every issue is escalated. Technology has made the thresholds easier to reach meaning that important issues get subsumed by the increased number.
	I feel that the panels do offer our residents a more direct line to participate in matters that concerns them. The panel process offers this in a more direct route than previously. There is time for a more personal one to one with officers and petitioners which, in my opinion, brings out better decisions. As I've seen on a previous panel.
	I have had a look at this, but do not have any comments to offer as to how things could be done differently.

## Constitutional Changes

	I feel that for petitions to be taken to panel meeting then they should at least have 'approval' from the relevant town or parish council and/or the relevant County Councillor.
Suggestion for Future	We know that petitions will be delivered at full council meetings. If we set up two panel sessions a month after each council meeting and asked everyone to volunteer for one session everything would be in place and so easier for us to respond promptly
	Increase threshold, Officer Delegation
	<p>I also wonder whether it is possible to only accept petitions where the request being made is clear. Petitions my team are involved with typically centre around a desire to make something 'safer'... this implies that the situation is already inherently unsafe when in the vast majority of cases, safety is relative and dependent upon peoples' decisions and behaviours. A petitioner 'campaigning' to improve safety is also likely to gather support relatively easily i.e. who would say 'no, I don't want this road to be made safer'.</p> <p>Could a petition go through an initial 'filter' i.e. officer assess whether what is being request meets with basic criteria – if basic criteria is assessed then a decision is made on whether a panel meeting is warranted.</p> <p>Or, could a meeting take place on site with the lead petitioner and local member with the relevant officer(s) to discuss the situation – it could be that small-scale measures satisfy or at the very least appease the petitioner.</p> <p>Some petitions have been put together in response to an unsatisfactory response by officers i.e. a 'no' – perhaps some officers suggest that customer arranges a petition... this is something that I can reiterate internally.</p> <p>Also – I have asked my counterparts across the south west and they have not reported an increase in the number of petitions raised in the way that we continue to experience. I have heard of elected members encouraging residents to raise a petition... this should not be a 'go-to' suggestion for members.</p>

### **Dorset County Council Petitions Scheme**

If you wish to petition Dorset County Council you can either:

- Send the Council a paper petition signed by those who support your petition. The petition should be sent to: *Democratic Services, Dorset County Council, County Hall, Colliton Park, Dorchester, DT1 1XJ - 01305 225113 - [e.a.eaton@dorsetcc.gov.uk](mailto:e.a.eaton@dorsetcc.gov.uk)*
- Use the e-petitioning facility on Dorset for You to organise your own petition or to support someone else's petition - <https://epetitions.dorsetforyou.com/list-petitions>

### **What are the guidelines for submitting a petition?**

Petitions submitted to the council **must** include:

- A clear and concise statement covering the subject of the petition. It should state what action the petitioners wish the council to take.
- All or some of the following details of any person supporting the petition; name, address, postcode, signature, email address.
- The total number of signatures collected.

Petitions should be accompanied by contact details, including an address, for the petition organiser.

The Council will respond to petitions organised and supported by people who live, work or study in Dorset. Most petitions will be of relevance only to local people. Some petitions will be of relevance to visitors and some will cross local authority boundaries and in such cases those from outside Dorset will be able to participate. In addition, children are welcome to petition the Council about an issue of particular concern to them.

Petitions which are considered to be vexatious, abusive or otherwise inappropriate will not be accepted. In the period immediately before an election or referendum we may need to deal with your petition differently – if this is the case we will explain the reasons and discuss the revised timescale which will apply. If a petition does not follow the guidelines set out above, the council may decide not to do anything further with it. In that case, we will write to you to explain the reasons. Decisions about whether a petition is vexatious, abusive or otherwise inappropriate will be made by the Monitoring Officer.

### **What will the Council do when it receives my petition?**

An acknowledgement will be sent to the petition organiser within 5 working days of receiving the petition. It will let them know what we plan to do with the petition and when they can expect to hear from us again. It will also be published on our website.

- If your petition is supported by 50 or more signatories then it will be considered by a Petitions Panel (**comprising the relevant Cabinet member(s) and local County Councillor(s)**).
- If your petition is supported by ~~1,000~~ 4250 (**1% of the total population of Dorset**) or more signatories it will be scheduled for a debate at the next meeting of the full County Council.
- ~~Alternatively a petition can call for a senior officer of the Council to be called to account at a meeting of the Audit and Governance Committee. This requires 500 or more signatures.~~

If we can do what your petition asks for, the acknowledgement may confirm that we have taken the action requested and the petition will be closed. The acknowledgment will confirm the arrangements for what will happen with the petition and tell you when and where a meeting will take place. We will aim for your petition to be dealt with within 6 weeks of receipt.

If the petition applies to a planning or rights of way application, is a statutory petition (for example requesting a referendum on having an elected mayor), or on a matter where there is already an existing right of appeal, other procedures apply. **In addition, if the petition relates to a Traffic Regulation Order the approval of the relevant Town or Parish Council will be sought prior to consideration.**

To ensure that people know what we are doing in response to the petitions they will be published on our website when they are reported to the Council or a committee, except in cases where this would be inappropriate. We will also keep available for inspection at our

## Constitutional Changes

offices all correspondence relating to the petition (all personal details will be removed). All personal details are kept securely and are not passed to any third party for any purpose.

### How will the Council respond to petitions?

Our response to a petition will depend on what a petition asks for and how many people have signed it, but may include one or more of the following:

- taking the action requested in the petition
- considering the petition at a council meeting
- holding an inquiry into the matter
- undertaking research into the matter
- holding a public meeting
- holding a consultation
- holding a meeting with petitioners
- referring the petition for consideration by the council's audit and governance committee
- calling a referendum
- writing to the petition organiser setting out the panel's views
- any other action that is considered appropriate

If your petition is about something that a different council or organisation is responsible for we will give consideration to what the best method is for responding to it. This might consist of simply forwarding the petition to the other council, but could involve other steps. In any event we will always notify you of the action we have taken.

### Consideration at Full Council, ~~Committees~~ and ~~Petition Panels~~

If your petition is referred to the Council, ~~the Audit and Governance Committee~~ or a Petitions Panel, we will endeavour to consider the petition as soon as practicable. The petition organiser will be given ten minutes to present the petition at the meeting and the petition will then be discussed by councillors for a maximum of 15 minutes (full Council or committees) or as required (panels). A decision will then be made as to how to respond to the petition at this meeting. Where the Cabinet is required to make a decision ~~after Council or Panel consideration~~, a recommendation will be made to the next available meeting. The petition organiser will receive written confirmation of this decision.

### Officer evidence

Officers will be required to produce background information for any petition submitted. ~~However, if your petition contains at least 500 signatures and requests a senior officer to be held to account, the relevant senior officer will give evidence at a public meeting of the council's Audit and Governance Committee. You should be aware that it may be more appropriate for another officer to give evidence instead of any officer named in the petition. The Committee may also decide to call a relevant Cabinet member(s) and/or councillor(s) to attend the meeting.~~

### E-petitions

E-petitions must follow the same guidelines as paper petitions. The petition organiser will need to provide us with their name, postal address and email address. You will also need to decide how long you would like your petition to be open for signatures, up to a maximum of 12 months. When you create an e-petition, it may take 5 days before it is published online. If we feel we cannot publish your petition for some reason, we will contact you within this time to explain. You will be able to change and resubmit your petition if you wish. When an e-petition has closed for signature, it will automatically be submitted to Democratic Services. You will then receive an acknowledgement within 5 working days.

# Audit and Governance Committee Work Programme

## **Forward Plan**

Chairman: Cllr David Harris  
Vice Chairman: Cllr Clare Sutton

**Agreed Items** (yet to be scoped and/or scheduled)

All items that have been agreed for coverage by the Committee have been scheduled in the Forward Plan accordingly.

<b>Date of Meeting</b>		<b>Item</b>	<b>Purpose / Key Lines of Enquiry (KLOE)</b>	<b>Lead Member/Officer</b>
12 March 2018 (10.00am)	1	<b><u>Financial Management Report</u></b>	To consider and comment upon the budget monitoring information including actions taken to address any overspend.	<b>Jim McManus</b> Chief Accountant
	2	<b><u>Internal Audit Plan</u></b>	To consider the Internal Audit Plan for the forthcoming year.	<b>Rupert Bamberger</b> Assistant Director South West Audit Partnership (SWAP)
	3	<b><u>Corporate Plan: Outcomes Focussed Monitoring Report</u></b>	To consider and comment upon the monitoring report for the quarter and agree any future actions with regard to the issues raised.	<b>John Alexander</b> Policy and Performance Manager
	4	<b><u>Annual Audit Letter</u></b>	This report summarises the key findings from the external audit of Dorset County Council.	<b>Darren Gilbert</b> Director, KPMG
	5	<b><u>Draft Annual Governance Statement and Local Code of Corporate Governance</u></b>	To consider the Annual Governance Statement which sets out key features of the governance framework in place in the Authority and provides a review of its effectiveness.	<b>Mark Eyre</b> Senior Assurance Manager (Governance and Assurance)
	6	<b><u>Constitutional Changes</u></b> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	<b>Lee Gallagher</b> Democratic Services Manager



<b>Date of Meeting</b>		<b>Item</b>	<b>Purpose / Key Lines of Enquiry (KLOE)</b>	<b>Lead Member/Officer</b>
<b>29 June 2018</b> (10.00am)	1	<b><u>Financial Management Report</u></b> (including Statement of Accounts)	To consider the Financial Management Report and Statement of Accounts for 2017/18 that has been reviewed by the Authority's external auditor, KPMG	<b>Jim McManus</b> Chief Accountant
	2	<b><u>Annual Internal Audit Report</u></b>	To receive the annual report of internal audit activity and to provide an independent opinion on the Council's governance, risk and control framework for 2017/18.	<b>Rupert Bamberger</b> Assistant Director South West Audit Partnership (SWAP)
	3	<b><u>External Audit Report 2017/18</u></b> (ISA 260 Report)	To consider the External Auditor's report to "Those charged with Governance".	<b>Darren Gilbert</b> Director, KPMG
<b>25 July 2018</b> (10.00am)	1	<b><u>Corporate Plan: Outcomes Focussed Monitoring Report</u></b>	To consider and comment upon the monitoring report for the quarter and agree any future actions with regard to the issues raised.	<b>John Alexander</b> Policy and Performance Manager
	2	<b><u>Corporate Compliments and Complaints Annual Report</u></b>	To consider the Corporate Compliments and Complaints Annual Report 1 April 2017 to 31 March 2018.	<b>Julie Taylor</b> Senior Assurance Manager (Complaints)
	3	<b><u>External Funding Monitoring Report</u></b>	To consider measures of bidding performance and areas of interest in relation to external funding.	<b>Laura Cornette</b> Corporate Policy and Performance Officer
	4	<b><u>Constitutional Changes</u></b> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	<b>Lee Gallagher</b> Democratic Services Manager
<b>25 October 2018</b> (10.00am)	1	<b><u>Financial Management Report</u></b>	To consider and comment upon the budget monitoring information including actions taken to address any overspend.	<b>Jim McManus</b> Chief Accountant
	2	<b><u>Treasury Management and Prudential Code Review</u></b>	To consider an update on the economic background and performance against the annual investment strategy and compliance with the Prudential Code.	<b>David Wilkes</b> Finance Manager (Treasury and Investments)

Date of Meeting		Item	Purpose / Key Lines of Enquiry (KLOE)	Lead Member/Officer
	3	<b><u>Report of Internal Audit Activity – Plan Progress 2018/19</u></b>	To receive a report on SWAP's independent work and assess the Council's risk, governance and control framework.	<b>Rupert Bamberger</b> Assistant Director South West Audit Partnership (SWAP)
	4	<b><u>Constitutional Changes</u></b> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	<b>Lee Gallagher</b> Democratic Services Manager
<b>January 2019</b> (date to be advised)	1	<b><u>Financial Management Report</u></b>	To consider and comment upon the budget monitoring information including actions taken to address any overspend.	<b>Jim McManus</b> Chief Accountant
	2	<b><u>External Audit Plan</u></b>	To consider the External Audit Plan for the forthcoming year.	<b>Darren Gilbert</b> Director, KPMG
	3	<b><u>Report of Internal Audit Activity – Plan Progress 2018/19</u></b>	To receive a report on SWAP's independent work and assess the Council's risk, governance and control framework.	<b>Rupert Bamberger</b> Assistant Director South West Audit Partnership (SWAP)
	4	<b><u>Treasury Management Year to Date Update</u></b>	To consider the update on treasury management 2017-18.	<b>David Wilkes</b> Finance Manager (Treasury and Investments)
	5	<b><u>Corporate Plan: Outcomes Focussed Monitoring Report</u></b>	To consider and comment upon the monitoring report for the quarter and agree any future actions with regard to the issues raised.	<b>John Alexander</b> Policy and Performance Manager
	6	<b><u>Constitutional Changes</u></b> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	<b>Lee Gallagher</b> Democratic Services Manager
<b>Other draft items / issues identified for potential review</b>				

Debbie Ward  
Chief Executive  
January 2018

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