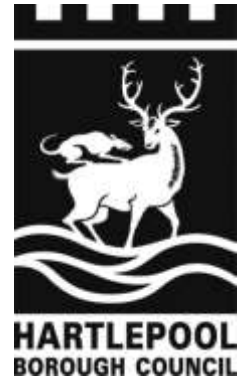


AUDIT AND GOVERNANCE COMMITTEE

AGENDA



Thursday 18 March 2021

at 10.00 am

in the Civic Centre, Hartlepool.

PLEASE NOTE: this will be a 'remote meeting', a web-link to the public stream will be available on the Hartlepool Borough Council website at least 24 hours before the meeting.

MEMBERS: AUDIT AND GOVERNANCE COMMITTEE

Councillors Buchan, Cassidy, Hall, Hamilton, Harrison, James and Loynes.

Standards Co-opted Independent Member: Ms Clare Wilson.

Standards Co-opted Parish Council Representatives: Parish Councillor John Littlefair (Hart) and Parish Councillor Alan O'Brien (Greatham).

Local Police Representative: Superintendent Sharon Cooney.

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
 - 3.1 To confirm the minutes of the meeting held on 11 February 2021.
4. **AUDIT ITEMS**
 - 4.1 Mazars Report – Audit Strategy Memorandum – *Assistant Director, Finance*
 - 4.2 Mazars Report – Audit Progress Report – *Assistant Director, Finance*
 - 4.3 Internal Audit Plan 2021/22 - *Head of Audit and Governance*
 - 4.4 Internal Audit Plan 2020/21 Update - *Head of Audit and Governance*

CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE

In the event of a fire alarm or a bomb alarm, please leave by the nearest emergency exit as directed by Council Officers. A Fire Alarm is a continuous ringing. A Bomb Alarm is a continuous tone.

The Assembly Point for everyone is Victory Square by the Cenotaph. If the meeting has to be evacuated, please proceed to the Assembly Point so that you can be safely accounted for.

5. STANDARDS ITEMS

No items.

6. STATUTORY SCRUTINY ITEMS

Crime and Disorder Scrutiny

No items.

Health Scrutiny

- 6.1 Coronavirus in Hartlepool Update - Presentation - *Director of Public Health*
- 6.2 Presentation - Draft Quality Accounts 2020/21 – North Tees and Hartlepool NHS Foundation Trust – Covering Report – *Statutory Scrutiny Manager*
- 6.3 Assisted Reproduction Unit Update – Covering Report – *Statutory Scrutiny Manager*
 - (a) Update provided by North Tees and Hartlepool NHS Foundation Trust
- 6.4 The Provision of a Midwife Led Birthing Unit at the University Hospital of Hartlepool – Update – Covering Report – *Statutory Scrutiny Manager*
 - (a) Update provided by Tees Valley Clinical Commissioning Group and North Tees and Hartlepool NHS Foundation Trust
- 6.5 Integrated Care Strategy (ICS) / Integrated Care Partnership (ICP) Update – *Tees Valley Clinical Commissioning Group*

7. OTHER ITEMS FOR DECISION

- 7.1 Regulation of Investigatory Powers Act 2000 (RIPA) – Quarter 4 Update – *Chief Solicitor*

8. MINUTES FROM THE RECENT MEETING OF THE HEALTH AND WELLBEING BOARD

- 8.1 To receive the minutes of the meeting held on 7 December 2020.

9. MINUTES FROM THE RECENT MEETING OF THE FINANCE AND POLICY COMMITTEE RELATING TO PUBLIC HEALTH

No items.

9. MINUTES FROM RECENT MEETING OF TEES VALLEY HEALTH SCRUTINY JOINT COMMITTEE

No items.

10. MINUTES FROM RECENT MEETING OF SAFER HARTLEPOOL PARTNERSHIP

- 10.1 To receive the minutes of the meeting held on 22 January 2021.



11. REGIONAL HEALTH SCRUTINY UPDATE

No items.

12. DURHAM, DARLINGTON AND TEESSIDE, HAMBLETON, RICHMONDSHIRE AND WHITBY STP JOINT HEALTH SCRUTINY COMMITTEE

No items.

13. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

For information: -

Date and time of forthcoming meetings – to be confirmed.



AUDIT AND GOVERNANCE COMMITTEE

MINUTES AND DECISION RECORD

11 FEBRUARY 2021

The meeting commenced at 10.00 am and was an online remote meeting in compliance with the Council Procedure Rules Relating to the holding of Remote Meetings and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Present:

Councillor: Ged Hall (In the Chair).

Councillors: Bob Buchan, Tom Cassidy, Lesley Hamilton, Brenda Harrison, and Brenda Loynes.

Standards Co-opted Members:

Ms Clare Wilson – Independent Member
Parish Councillors Alan O'Brien (Greatham)

Also Present: Councillor Tony Richardson.
Danielle Chadwick – Harbour

Officers: Craig Blundred, Director of Public Health
Hayley Martin, Chief Solicitor
Neil Wilson, Assistant Chief Solicitor
Sylvia Pinkney, Assistant Director, Regulatory Services
Jane Young, Assistant Director, Children's Services
Roni Checksfield, Youth Offending Team Manager
Kelly Prescott, TFTC Development and Information Systems Officer
Joan Stevens, Statutory Scrutiny Manager
Angela Armstrong, Scrutiny Support Officer
David Cosgrove, Democratic Services Team

71. Apologies for Absence

Apologies for absence were received from Councillor Marjorie James.

72. Declarations of Interest

None.

73. Minutes of the meeting held on 7 January 2021

Confirmed.

74. Community Governance Review - Elwick *(Chief Solicitor)*

The Assistant Chief Solicitor reported on the receipt of an appropriate request for a Community Governance Review in the Elwick Parish and the result of the statutory consultation process.

A valid petition from 281 residents proposing that the area of the existing parish, immediately to west of Close Beck Wynyard (see Appendix 1) be removed from Elwick Parish Council and that a stand-alone Wynyard Parish Council (Hartlepool) be established in relation to that area. Of the 745 consultation letters sent, 93 responses were returned (12.5% response). Of those responses 97.8% (91 people) have been supportive of the proposal. Only 2.2% (2 people) have objected to the proposal, both of whom point to the additional level of bureaucracy that an additional parish would create. The proposal has the support of the Wynyard Residents Association and Elwick Parish Council.

Members were asked if they wished to support the proposals as set out in detail in the report together with a suggestion, in accordance with National Association of Local Councils Circular 1126, that both Parish Councils comprise of 7 Parish Councillors. The Assistant Chief Solicitor reported that should the changes be supported by Council, they would be implemented at the next parish council election for Elwick in May 2022.

Members expressed their support for the proposals as set out in the report with support for both Parish Councils having a membership of seven. The recommendation was agreed unanimously.

Recommended

That the Managing Director's business report to Full Council on 25 February 2021, in its consideration of the proposals, indicate this Committee's support for the proposals as reported and that a Parish Council of seven Parish Councillors be recommended in each case.

75. Community Governance Review - Greatham *(Chief Solicitor)*

The Assistant Chief Solicitor reported on the receipt of an appropriate request for a Community Governance Review in the Greatham Parish and the result of the statutory consultation process.

In March 2020, the Council received a valid petition from 257 residents proposing that the area of the existing parish, immediately to the north of

Stockton Road (South Fens) be removed from Greatham Parish Council but without an alternative Parish Council being established. Of the 925 consultation letters sent, 92 responses were returned (10% response). Of those responses 77% (71 people) supported the proposal, 19% (17 people) were against the proposal and 4% (4 people) expressed no opinion. These consultation responses must also be considered alongside the 257 residents of the area who had signed and supported the originating petition.

Of those who support the proposal a common theme was that the residents of Greatham Village and those of South Fens do not view themselves as being part of a single cohesive community. They point to the geographical differences, the clear dividing boundary (the A689) and that the distinct nature and appearance of the areas. The recommendation was agreed unanimously.

Recommended

That the Managing Director's business report to Full Council on 25 February 2021, in its consideration of the proposals, indicate this Committee's support for the proposals as reported and that a Parish Council of seven Parish Councillors be recommended.

76. Referral from Council – The Review of Sanctions Currently in Place - Councillor Tony Richardson *(Chief Solicitor)*

The Chief Solicitor advised the Committee of the referral from Council on the 28 January 2021 seeking a review of the sanctions imposed on Councillor Tony Richardson. The report set out the background to the imposition of the sanctions as recommended by this Committee on 22 January 2020 and subsequently imposed by Council on 10 June 2020.

Council at its meeting on 28 January had considered a report on the membership of committees and Councillor Tony Richardson had expressed an interest in some of the vacant seats available. This had, however, been precluded by the sanction which specifically prohibited Councillor Tony Richardson's appointment as a Member of any committee during the remainder of his term of office.

Councillor Tony Richardson was present at the meeting and stated that he had completed two equality and diversity courses and was also undertaking a course on the Localism Act. He believed that the sanctions had been in place longer than had initially been intended.

The Committee debated the issue with the Chair indicating his support for a lifting of the sanctions. Other Members, however, believed the sanctions should remain as stipulated in the previous Council decision 'until the end of Councillor Tony Richardson's term of office'. In light of the differences of views, the Chair called for a vote.

In relation to the proposal that the sanctions against Councillor Tony Richardson imposed by Council on 10 June 2020, should remain in place: -

Those for:
Councillors Hamilton, Harrison, and Loynes.

Those against:
Councillors Buchan and Hall.

Those abstaining:
Councillor Cassidy.

The report to Council would, therefore, indicate that this Committee's resolution was that the sanctions remain in place.

Recommended

That the report to Council on 25 February 2021 states that following review of the sanctions against Councillor Tony Richardson imposed in June 2020, the Committee recommends that they remain in place until the end of his term of office.

77. Coronavirus in Hartlepool Update *(Director of Public Health)*

The Director of Public Health provide the Committee with a detailed update on the current situation in Hartlepool relating to the Covid-19 Pandemic. The Director stated that the infection rate had now fallen to 209 per 100,000 people and while this was a welcome drop, it was still very high and still one of the highest in the country. The numbers of recorded deaths were also still ahead of the England average.

The general picture was still, however, positive with rates falling and the new Community Testing Facility at the Mill House Leisure Centre. The vaccination programme being run by the Clinical Commissioning Group (CCG) was progressing well with a high take-up of the vaccine.

Overall, the Director concluded the picture was more positive than in recent weeks, but everyone had to understand we were still not 'out of the woods' and all the advice on social distancing and staying at home still applied.

Members welcomed the update from the Director and particularly the high uptake of the vaccine. The Chair questioned if there had been any cases of the South Africa variant found in Hartlepool. The Director stated that not at this time, but there had been a small number of cases of the Kent variant. The Chair also questioned if the measures (hands – face – space) were also helping reduce the instances of winter flu as well. The Director considered that some of the lessons being learned through the Covid-19 Pandemic could potentially help with managing flu in the future.

Recommended

That the report be noted.

78. Audit and Governance Committee's Investigation into Anti-Social Behaviour in Hartlepool - Update on Think Family (Troubled Families) Programme *(Assistant Director (Children's Services))*

The Assistant Director, Children's Services gave a detailed update to the Committee on the progress of the Think Family (previously Troubled Families) Programme and also informed Members that a further year's funding had been secured for the programme. Hartlepool still continued to perform very highly on the programme meeting or exceeding all the government's targets.

The Chair welcomed the report and how Hartlepool was 'punching above its weight'. The Chair noted the numbers involved and questioned how the families were identified. The Youth Offending Team Manager stated that the numbers were driven by government. The work with families was intensive and to deliver such positive outcomes was difficult and required a wide range of services to 'buy in' as well as the family. The Assistant Director added that the Think Family approach had been embedded and mainstreamed across the whole of the Council's services – the aim was to provide positive outcomes for all of the families we worked with, whether or not they could be claimed for under the scheme.

Members were very positive about the scheme and the outcomes being produced which reflected on the huge amount of work officers were undertaking with the town's most vulnerable families. A Member questioned how work around the four ACEs (Adverse Childhood Experiences) was addressed alongside this programme. The Assistant Director stated that this work was mainstreamed so that it was everybody's business when working with families. The funding did bring the ability to provide additional support for early social worker intervention and also additional mental health support for both children and parents. This also included Harbour where appropriate.

In terms of the monitoring and achievement of targets, Members were informed that families had to meet the targets set by government in terms of anti-social behaviour, drug and alcohol misuse and domestic violence. The aim was to move families through intensive work to the point where they were no longer causing the concerns that had brought them into the programme initially. The work didn't simply just then stop, continued monitoring and support where necessary was provided so they could maintain those achievements.

A Member questioned the aims around getting people into employment and what had been achieved. It was indicated that each family would have a dedicated DWP support worker to support adults getting back into work and also ensuring they were receiving all the benefits they were entitled to. From the government returns it was known that 24 families had been supported back into work. The Assistant Director acknowledged Members' concerns that the figure seemed low and there were issues with the data recorded and how it was utilised. There was significant data collected but more work was needed in how to best utilise this and draw out some more statistical information, such as those helped back into employment, as officers know there had been quite a number of positive successes but evidencing that needed to improve. Members commented that the government did put a lot of emphasis on the statistical returns made to them and being able to clearly evidence our successes was essential.

Recommended

That the positive update report be welcomed.

79. Audit and Governance Committee's Investigation into Anti-Social Behaviour in Hartlepool - Anti-Social Behaviour Action Plan Update *(Assistant Director (Regulatory Services))*

The Assistant Director, Regulatory Services submitted the Action Plan approved by the Safer Hartlepool Partnership at its meeting on 22 January in response to the recommendations agreed by this Committee following its investigation into Anti-Social Behaviour in Hartlepool. A Working Group had been established, and had held its first meeting, to progress the work on the recommendations as set out in the Action Plan and there were already some aims achieved as set out in the report.

Members welcomed the Action Plan. Members questioned the work undertaken with schools and asked if programmes such as AsBad and the Crucial Crew were continuing in light of the national lockdown and schools being closed. The Assistant Director stated that the normal AsBad programme could not run this year but a 'virtual' approach was currently being examined. Members also questioned the work around fly-tipping and if CCTV was being used to catch offenders. The Assistant Director stated that all the teams' cameras were deployed at targeted locations. Investigations were always done to see if any fly-tipping could be traced back to an address or company.

The Statutory Scrutiny Manager stated that monitoring of the progress against the recommendations would come back to Members on a six-monthly basis as normal. The Statutory Scrutiny Manager also informed Members that the training requested on anti-social behaviour had been

scheduled for March and would also be included in the training for Members at the beginning of the new Municipal Year.

Recommended

That the report and the Action Plan be noted and that progress be monitored through the six monthly monitoring progress reports.

80. Audit and Governance Committee's Investigation into Anti-Social Behaviour in Hartlepool - Anti-Social Behaviour Action Plan Update *(Thirteen Group)*

The Statutory Scrutiny Manager reported that it had been necessary to defer this update report to a future meeting.

81. Audit and Governance Committee's Investigation into Anti-Social Behaviour in Hartlepool - Anti-Social Behaviour Action Plan Update *(Harbour)*

A representative from Harbour was present at the meeting and provided the Committee with an overview of the work they undertook in Hartlepool and how this linked to the issues raised in the Committee's investigation into Anti-Social Behaviour. Harbour had continued to work throughout the Covid-19 Pandemic, though as with many other workplaces they had had to move to new ways of working online as face to face meetings had been suspended. This approach was working well and a new live chat facility had been put in place for people seeking Harbour's support and advice. The Harbour website also included a 'safety button' which people could use and with one click took them away from the Harbour website to a weather webpage.

Initially during the first lockdown, referrals had not increased, which had surprised the organisation so additional work was undertaken to ensure a wider circulation information on their services so people knew they were still there to support them. There has subsequently been a steady increase of 20-25% in contacts and referrals and also an increase in the complexity of cases with many multiple issues around drug and alcohol misuse and mental health issues.

Some additional funding from Councils across the region, including Hartlepool, had supported extra twilight shifts to provide support for people suffering with isolation issues and also for dealing with anti-social behaviours in the shelters where some people were finding the lockdown extremely difficult. Staff had adapted to the new ways of working and there was internal work on maintaining staff morale.

Telephone assessments had been implemented and have proved to be very successful, though some face to face assessments were being undertaken in a safe environment. Group work had moved online and this was particularly successful with younger age groups. It was likely that many of these online groups would be maintained in the future.

The main message from Harbour was to remind people that they were still there to provide support and assistance despite the pandemic.

Members welcomed the report and congratulated Harbour on their work and the adaptation to the pandemic restrictions. The Chair noted the comments on the increasing prevalence of alcohol issues. The Harbour representative stated that they would never use alcohol as an excuse for domestic abuse. The lockdown had put families altogether at home for longer periods of time than ever before and money was a major issues for a lot of families. Alcohol was not the main issue but there were a lot of victims of domestic abuse using alcohol.

The additional funding from the Home Office had come to an end and Harbour was working with local authorities, including Hartlepool, on extending some of the additional support into the new financial year.

The Chair questioned the number of works and volunteers across the region. It was indicated that there were 240 people across the organisation with additional volunteers, student social workers on placements and some bank staff as support.

Recommended

That the update be noted and the work of Harbour be commended.

82. Minutes of the meeting of the Tees Valley Health Scrutiny Joint Committee held on 20 November 2020

Received.

83. Update from meeting of Tees Valley Joint Health Scrutiny Committee on 29 January 2021

Councillor Harrison updated the Committee on the issues discussed at the Tees Valley Joint Health Scrutiny Committee on 29 January 2021. These included: -

- An update from NEAS on their work during the pandemic. The response to emergency statistics were high but this was impacting on other response rates. There was also a proposal discussed that perpetrators of violence and attacks on ambulance staff should have

community sentences that required them to work with the service they had attacked.

- An update on the Tees Suicide Prevention Plan. There was now a presence in Hartlepool to support this from Cruise, a bereavement service.
- An update on the reorganisation of TEWV who now had a new Director of Operations who was reviewing all services and bringing forward changes in the way the organisation worked.

The Statutory Scrutiny Manager indicated that details on the 'big conversation' being promoted by TEWV had been circulated to Members and she encouraged Members to respond to the engagement and also circulate it as wide as possible so the responses reflected the needs of Hartlepool.

Recommended

That the report be updated.

84. Minutes of the meeting of the Safer Hartlepool Partnership held on the 13 November 2020

Received.

85. Any Other Items which the Chairman Considers are Urgent

None.

The Committee noted that the next meeting would be held on 18 March, 2021 commencing at 10.00 am.

The meeting concluded at 11.55 am.

CHAIR

AUDIT AND GOVERNANCE COMMITTEE

18 March 2021



Report of: Assistant Director, Finance

Subject: MAZARS REPORT- AUDIT STRATEGY
MEMORANDUM

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit and Governance Committee that arrangements have been made for representatives from Mazars to be in attendance at this meeting, to present the content of the report Audit Strategy memorandum.

2. BACKGROUND

- 2.1 The report sets out Mazars audit plan in respect of the audit of the financial statements of Hartlepool Borough Council for the year ending 31 March 2021. The plan sets out the proposed audit approach and is prepared to assist the Audit and Governance Committee in fulfilling its governance responsibilities.

3. FINDINGS OF MAZARS

- 3.1 Details of key messages are included in the main body of the report attached as Appendix 1.

4. RISK IMPLICATIONS

- 4.1 There is a risk that Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.

5. FINANCIAL CONSIDERATIONS

- 5.1 There are no financial considerations.

6. LEGAL CONSIDERATIONS

- 6.1 There are no legal considerations.

7. CHILD AND FAMILY POVERTY CONSIDERATIONS

7.1 There are no child and family poverty considerations.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

9.1 There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

10.1 There are no asset management considerations.

11. RECOMMENDATIONS

11.1 That the Audit and Governance Committee:

i. Note the report of Mazars.

12. REASON FOR RECOMMENDATIONS

12.1 To ensure the Audit and Governance Committee is kept up to date with the work of our External Auditor.

13. BACKGROUND PAPERS

13.1 Audit Strategy Memorandum.

14. CONTACT OFFICER

14.1 James Magog
Assistant Director, Finance
Civic Centre
Victoria Road
Hartlepool
TS24 8AY

Tel: 01429 523003

Email: James.Magog@Hartlepool.gov.uk

Audit Strategy Memorandum

Hartlepool Borough Council

Year ending 31 March 2021



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- 01** Engagement and responsibilities summary
- 02** Your audit engagement team
- 03** Audit scope, approach and timeline
- 04** Significant risks and other key judgement areas
- 05** Value for Money
- 06** Fees for audit and other services
- 07** Our commitment to independence
- 08** Materiality and misstatements

Appendix – Key communication points

This document is to be regarded as confidential to Hartlepool Borough Council. It has been prepared for the sole use of the Audit and Governance Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.



Audit and Governance Committee
Hartlepool Borough Council
Civic Centre
Victoria Road
Hartlepool
TS24 8AY

19 February 2021

Dear Audit and Governance Committee Members

Audit Strategy Memorandum – Year ending 31 March 2021

We are pleased to present our Audit Strategy Memorandum for Hartlepool Borough Council (the Council for the year ending 31 March 2021). The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 0191 383 6300.

Yours faithfully

Gavin Barker
Mazars LLP

Mazars LLP
Salvus House
Aykley Heads
Durham
DH1 5TS

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We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: 839 8356 73

01

Section 01:

**Engagement and
responsibilities summary**

1. Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Hartlepool Borough Council (the Council) for the year to 31 March 2021. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.



Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or Audit and Governance Committee, as those charged with governance, of their responsibilities.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and Internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.



Going concern

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. The Director of Resources and Development as Chief Finance Officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence and conclude on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements and the adequacy of disclosures made.



Value for money

We are also responsible for reaching a conclusion on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



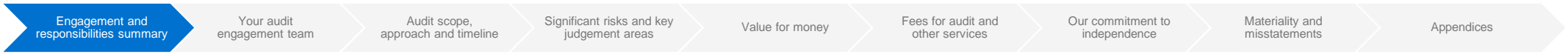
Reporting to the NAO

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission. We do this by issuing an assurance certificate which confirms that the Council is below the threshold set by the NAO..



Electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom



02

Section 02:

Your audit engagement team

2. Your audit engagement team



Gavin Barker

Director

gavin.barker@mazars.co.uk

0191 383 6300



Ross Woodley

Manager

ross.woodley@mazars.co.uk

0191 383 6303



Rebecca Dearden

Assistant Manager

rebecca.dearden@mazars.co.uk

0191 383 6305

Engagement and
responsibilities summary

**Your audit
engagement team**

Audit scope,
approach and timeline

Significant risks and key
judgement areas

Value for money

Fees for audit and
other services

Our commitment to
independence

Materiality and
misstatements

Appendices

03

Section 03:

Audit scope, approach and timeline

3. Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

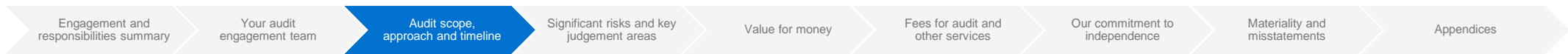
Audit approach

Our audit approach is a risk based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



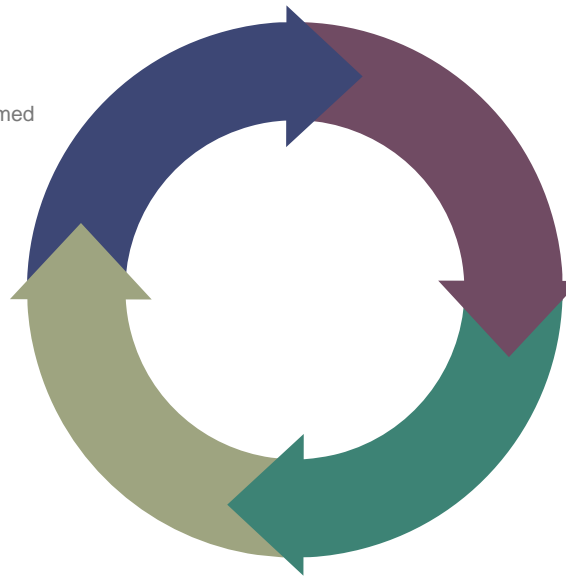
3. Audit scope, approach and timeline

Planning - January to March 2021

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

Completion - September 2021

- Final review and disclosure checklist of financial statements
- Final Director review
- Agreeing content of letter of representation
- Reporting to the Audit and Governance Committee
- Reviewing subsequent events
- Signing the auditor's report



Interim - February to April 2021

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

Fieldwork - July to September 2021

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting

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3. Audit scope, approach and timeline

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management’s and our experts

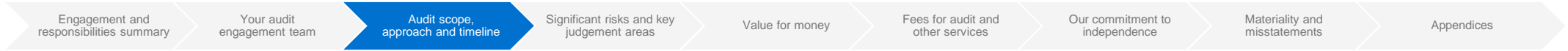
Management makes use of experts in specific areas when preparing the Council’s/Group’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Defined benefit liability	Actuary (Aon Hewitt)	NAO’s consulting actuary (PWC)
Property, plant and equipment valuation	Internal valuer from the Council	
Financial instrument disclosures	Link Asset Services	

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

We have not identified any service organisations which impact on the production of the financial statements which have an impact on our audit.



04

Section 04:

**Significant risks and other key
judgement areas**

4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.

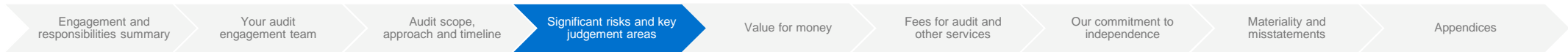
Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement ('RMM') at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

Standard risk

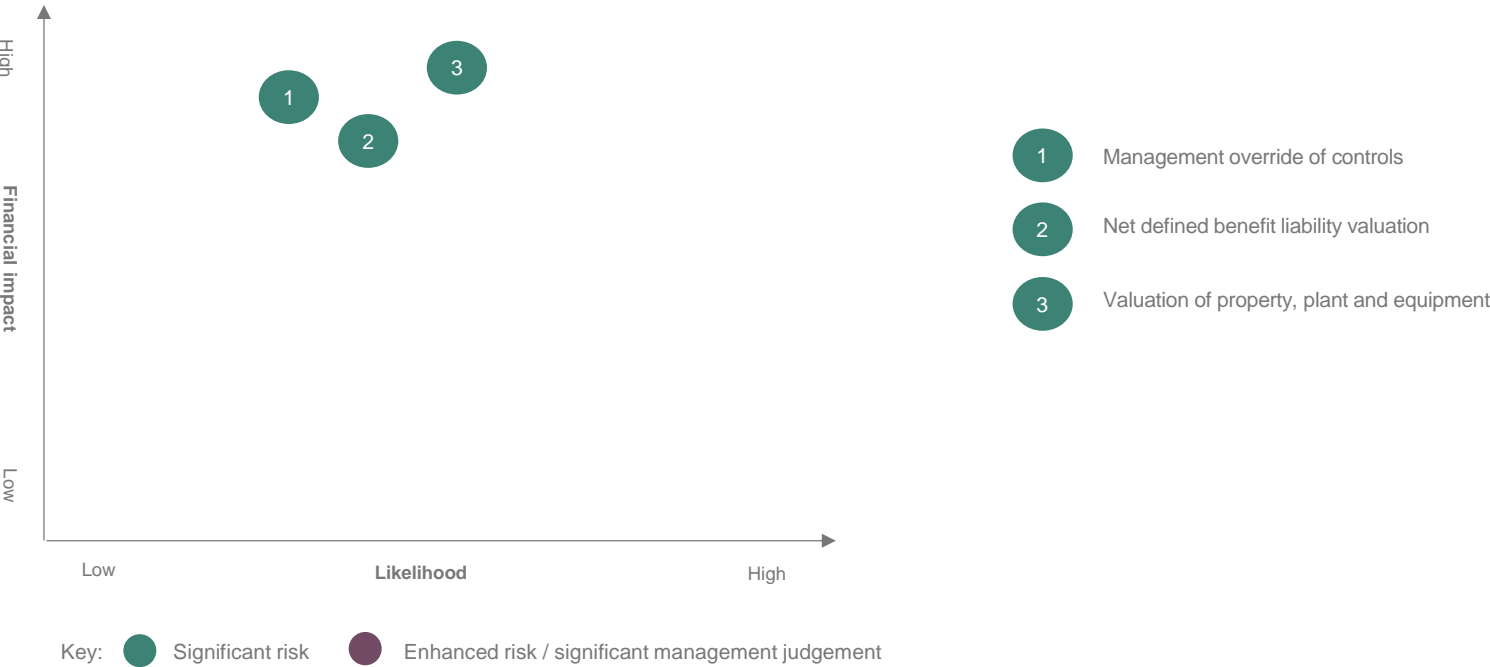
This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.



4. Significant risks and other key judgement areas

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant risks in respect of the Council. We have summarised our audit response to these risks on the next page.



Engagement and responsibilities summary	Your audit engagement team	Audit scope, approach and timeline	Significant risks and key judgement areas	Value for money	Fees for audit and other services	Our commitment to independence	Materiality and misstatements	Appendices
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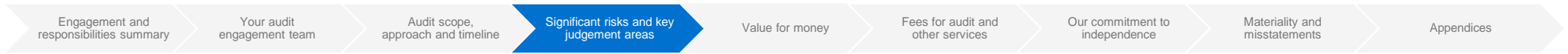
4. Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit and Governance Committee.

Significant risks

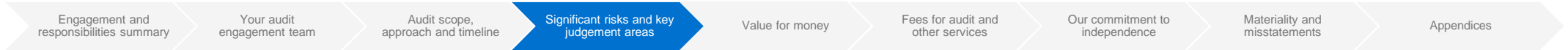
	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	<p>We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.</p> <p>We will use a computer audit analytical technique (CAAT) to efficiently identify journals with risk characteristics and test 100% of such adjustments to the financial ledger.</p>



4. Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p>Net defined benefit liability valuation</p> <p>The 2020/21 financial statements are expected to contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	○	●	●	<p>We will discuss with key contacts any significant changes to the pension estimates. In addition to our standard programme of work in this area, we will evaluate the management controls you have in place to assess the reasonableness of the figures provided by the Actuary and consider the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally.</p> <p>We will review the appropriateness of the key assumptions included within the valuations, compare them to expected ranges and review the methodology applied in the valuation. We will consider the adequacy of disclosures in the financial statements.</p> <p>We will also seek assurance from the audit of Teesside Pension Fund.</p>



4. Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
3	<p>Valuation of property, plant and equipment</p> <p>The 2020/21 financial statements are expected to contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of property, plant and equipment (PPE).</p> <p>Although the Council employs a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the revaluation of PPE to be an area of significant risk.</p>	○	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> critically assessing the Council's arrangements for ensuring that PPE revaluations are reasonable; critically assessing any relevant data available from third parties, as part of our challenge of the reasonableness of the revaluations provided by the Council's Valuer; considering the competence, skills and experience of the Valuer and the instructions issued to the Valuer; and where necessary, performing further audit procedures on individual assets to ensure the basis of revaluations is appropriate.

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Section 05: **Value for Money**

6. Value for Money

The framework for Value for Money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

The new Code of Audit Practice (the Code) has changed the way in which we report our findings in relation to Value for Money (VFM) arrangements from 2020/21. Whilst we are still required to be satisfied that the Council has proper arrangements in place, we will now report by exception in our auditor's report where we have identified significant weakness in those arrangements. This is a significant change to the requirements under the previous Code which required us to give a conclusion on the Council's arrangements as part of our auditor's report.

Under the new Code, the key output of our work on VFM arrangements will be a commentary on those arrangements which will form part of the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

- 1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
- 2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
- 3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: <ul style="list-style-type: none">• NAO guidance and supporting information• Information from internal and external sources including regulators• Knowledge from previous audits and other audit work undertaken in the year• Interviews and discussions with staff and members
Additional risk based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• Significant weaknesses identified and our recommendations for improvement• Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.



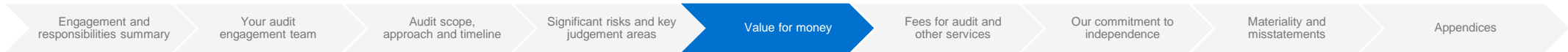
5. Value for Money

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Due to the late release of the NAO's Auditor Guidance Note and supporting information to auditors, we have not yet fully completed our planning and risk assessment work. We will report the results of our planning and risk assessment work to the Audit and Governance Committee at a later date.

Although we have not fully completed our planning and risk assessment work, we have held discussions with management and reviewed the recent budget setting reports. We have not identified any significant weaknesses in arrangements from this initial planning and risk assessment but have noted that the Council has decided not to increase Council Tax in 2021/22, which will impact on the medium term financial strategy going forward and will be a focus for our work as part of our consideration of the financial sustainability criteria.



06

Section 06:

Fees for audit and other services

6. Fees for audit and other services

Fees for work as the Council's/Group's appointed auditor

At this stage of the audit, we are planning the following adjustments to the scale fees set by PSAA, subject to PSAA approval.

Area of work	2020/21 Proposed Fee	2019/20 Actual Fee
Code Audit Work; PSAA scale fee	£83,882	£83,882
Recurring increases in the base audit fee arising from regulatory pressures (relating to PPE and related valuations, pensions, journals, and going concern)	£12,624	£12,624
One-off fee increases for 2019/20 specific issues	~	£4,469
Total audit fees *	£96,506 *	£100,975

* The revised Code of Audit Practice is likely to lead to additional audit work to support the new value for money conclusion and the changes in reporting requirements. It is currently unclear exactly what impact this will have on the work required and fees. We have consequently not reflected any impact in the proposed fee. We will update management and the Audit and Governance Committee as the position is clarified.

All fees shown above are subject to VAT.

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Area of work	2020/21 Proposed Fee	2019/20 Actual Fee
Housing benefit subsidy certification	To be agreed	£12,900
Teachers' Pensions Return	To be agreed	£3,900

All fees shown above are subject to VAT.

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07

Section 07: **Our commitment to independence**

7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

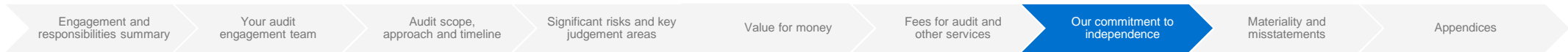
- All partners and staff are required to complete an annual independence declaration;
- All new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- Rotation policies covering audit engagement partners and other key members of the audit team; and
- Use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Gavin Barker in the first instance.

Prior to the provision of any non-audit services Gavin Barker will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

No threats to our independence have been identified.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



08

Section 08:

Materiality and other misstatements

8. Materiality and misstatements

Summary of initial materiality thresholds

Threshold	Initial threshold £'000s
Overall materiality	£5,924
Performance materiality	£4,739
Specific materiality	
- Members allowances	£6
- Senior manager remuneration	10% of total senior manager remuneration
- Exit packages	£100
Trivial threshold for errors to be reported to Audit and Governance Committee	£178

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

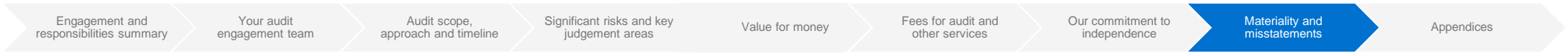
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and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

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of gross revenue expenditure at the surplus or deficit on provision of services level. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit and Governance Committee.

We consider that the gross revenue expenditure at the surplus or deficit on provision of services level remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



8. Materiality and misstatements

Materiality (continued)

We expect to set a materiality threshold at 2% of gross revenue expenditure at the surplus or deficit on provision of services level. Based gross revenue expenditure at the surplus or deficit on provision of services level we anticipate the overall materiality for the year ending 31 March 2021 to be in the region of £5.9m (£5.9m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

Misstatements

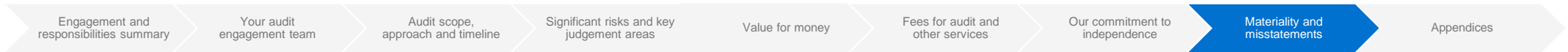
We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to Audit and Governance Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £178,000 based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Gavin Barker.

Reporting to Audit and Governance Committee

The following three types of audit differences will be presented to Audit and Governance Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).



A

Appendix: Key communication points

Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

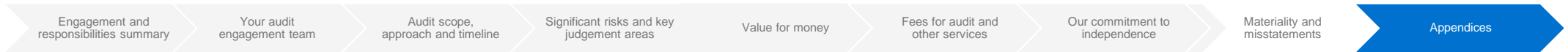
Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;

- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.



Appendix: Key communication points

ISA (UK) 260 ‘Communication with Those Charged with Governance’, ISA (UK) 265 ‘Communicating Deficiencies In Internal Control To Those Charged With Governance And Management’ and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none">• Uncorrected misstatements and their effect on our audit opinion;• The effect of uncorrected misstatements related to prior periods;• A request that any uncorrected misstatement is corrected; and• In writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none">• Enquiries of Audit and Governance Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and• A discussion of any other matters related to fraud.	Audit Completion Report and discussion at Audit and Governance Committee Audit Planning and Clearance meetings

Appendix: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	Audit Completion Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Audit and Governance Committee in the context of fulfilling their responsibilities. 	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report

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Appendix: Key communication points

Required communication	Where addressed
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that Audit and Governance Committee may be aware of.	Audit Completion Report and Audit and Governance Committee meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> Whether the events or conditions constitute a material uncertainty; Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and The adequacy of related disclosures in the financial statements. 	Audit Completion Report
Reporting on the valuation methods applied to the various items in the annual or consolidated financial statements including any impact of changes of such methods	Audit Completion Report
Explanation of the scope of consolidation and the exclusion criteria applied by the entity to the non-consolidated entities, if any, and whether those criteria applied are in accordance with the relevant financial reporting framework.	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Where applicable, identification of any audit work performed by component auditors in relation to the audit of the consolidated financial statements other than by Mazars' member firms	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report

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Gavin Barker, Director – Public Services

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DH1 5TS

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

mazars

AUDIT AND GOVERNANCE COMMITTEE

18 March 2021



Report of: Assistant Director, Finance

Subject: MAZARS REPORT - AUDIT PROGRESS
REPORT

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit and Governance Committee that arrangements have been made for representatives from Mazars to be in attendance at this meeting, to present the content of the report Audit Progress Report.

2. BACKGROUND

- 2.1 This report updates the Audit and Governance Committee on Mazars progress in meeting their responsibilities as the Councils external auditor. It also highlights key emerging issues and national reports which may be of interest to the Audit and Governance Committee.

3. FINDINGS OF MAZARS

- 3.1 Details of key messages are included in the main body of the report attached as Appendix 1.

4. RISK IMPLICATIONS

- 4.1 There is a risk that if Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, this could lead to the Committee being unable to fulfil its remit.

5. FINANCIAL CONSIDERATIONS

- 5.1 There are no financial considerations.

6. LEGAL CONSIDERATIONS

6.1 There are no legal considerations.

7. CHILD AND FAMILY POVERTY CONSIDERATIONS

7.1 There are no child and family poverty considerations.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

9.1 There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

10.1 There are no asset management considerations.

11. RECOMMENDATIONS

11.1 That the Audit and Governance Committee:

i. Note the report of Mazars.

12. REASON FOR RECOMMENDATIONS

12.1 To ensure the Audit and Governance Committee is kept up to date with the work of our External Auditor.

13. BACKGROUND PAPERS

13.1 Mazars Update Report.

14. CONTACT OFFICER

14.1 James Magog
Assistant Director, Finance
Civic Centre
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Hartlepool
TS24 8AY

Tel: 01429 523003

Email: James.Magog@Hartlepool.gov.uk

Audit Progress Report

Hartlepool Borough Council

February 2021

mazars



1. Audit Progress
2. National Publications

01

Section 01: **Audit Progress**

Audit Progress

This report sets out progress on the external audit and other services for 2020/21.

Overall audit progress is on track, with no significant issues arising that we are required to report to those charged with governance. Further information is provided below.

Accounts audit

In the period since completing our 2019/20 audit, in early December 2020, we have:

- prepared, agreed with management, and presented our 2019/20 Annual Audit Letter to the Audit and Governance Committee in January 2021;
- held liaison meetings with management; and
- developed and agreed our 2020/21 Audit Strategy Memorandum (annual audit plan) with management, which is a separate agenda item for this meeting.

In the coming period we plan to:

- undertake initial planning work for our 2020/21 audit, including our walkthrough testing, planning and implementing any early testing, as well as meeting with relevant officers; and
- complete detailed planning for our value for money work in line with the new guidance issued by the National Audit Office.

The timeline has been released by the government for the 2020/21 accounts process. The target date for publication of audited accounts (and final Annual Governance Statement (AGS)) by local government bodies is to be 30 September 2021. The date for publication of unaudited accounts (including draft AGS) currently remains at 31 May 2021 but consultation is underway proposing this may change to 1 August 2021.

Audit Progress

Value for money arrangements

Members will recall that the approach to our responsibilities for Value for Money change with the introduction of the new Code of Audit Practice 2020, effective from 2020/21 audits.

We have received some initial guidance issued by the National Audit Office (NAO) in October 2020, and have set out some of the key points below. In the coming period, we will consider this guidance, how it impacts on our work, and the information we will need from the Council, and then plan any risk based work required to meet our responsibilities under the new guidance.

We set out below the key changes from the initial guidance received.

Value for money arrangements; new guidance for auditors

The initial guidance for the new approach was issued in October 2020 by the NAO in the form of an updated Auditor Guidance Note (AGN); AGN03. The supporting information for the relevant sector for the Council, that underpins AGN03, and is usually updated each year, has not yet been issued.

The key matters set out in the updated AGN 03 are:

- The aim of the approach set out in AGN03 is to re-focus the work of local auditors to:
 - promote more timely reporting of significant issues to local bodies;
 - provide more meaningful and more accessible annual reporting on VFM arrangements issues in key areas;
 - provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness; and
 - provide clearer recommendations to help local bodies improve their arrangements.

Audit Progress

- From the 2020/21 audit onwards, the key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, published as part of the Auditor's Annual Report. The commentary will enable auditors to explain the work they have undertaken during the year, and to highlight any significant weaknesses that they have identified and brought to the body's attention, along with their recommendations for improvement. The commentary will, however, also allow auditors to better reflect local context and draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the body itself.

The Comptroller and Auditor General has determined through the 2020 Code and guidance that the key output from local audit work in respect of VFM arrangements is the commentary as reported in the Auditor's Annual Report; it is therefore not a VFM arrangements 'conclusion' or an 'opinion' in the same sense as the opinion on the financial statements themselves. There is a statutory duty to report where the auditor is not satisfied that adequate arrangements are in place, and this would be reported on an exception basis where 'significant weaknesses' are identified. This means that there may be matters referred to in the auditor's commentary, but which do not represent significant weaknesses in arrangements and therefore do not appear by exception in the auditor's opinion on the financial statements.

- There are 3 new specified reporting criteria:
 - **Financial sustainability:** how the body plans and manages its resources to ensure it can continue to deliver its services, including:
 - how the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
 - how the body plans to bridge its funding gaps and identifies achievable savings;
 - how the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
 - how the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
 - how the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Audit Progress

- **Governance:** how the body ensures that it makes informed decisions and properly manages its risks, including:
 - how the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
 - how the body approaches and carries out its annual budget setting process;
 - how the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;
 - how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
 - how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).
- **Improving economy, efficiency and effectiveness:** how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:
 - how financial and performance information has been used to assess performance to identify areas for improvement;
 - how the body evaluates the services it provides to assess performance and identify areas for improvement;
 - how the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
 - where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.

Audit Progress

- The auditor approach falls into 3 main categories:
 - Planning
 - additional risk-based procedures and evaluation; and
 - reporting.

Some of the areas map from the previous approach to value for money, and as such we have good knowledge of the Council's arrangements. However, some do not and to enable us to undertake our planning, and/or risk based procedures, we will require information from the Council.

A full copy of AGN03, which includes further details on identification of and some illustrative examples of significant weaknesses, is available on the NAOs website at: <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

Audit Progress

Certification of claims and returns

As members will be aware, the Council is required by funding bodies to arrange independent certification of a range of grant claims and returns.

Work on claims and returns since our last update includes:

- 2019/20 Teachers Pension Return; we agreed an engagement pack with management, the fee being £3,900 plus VAT, and our work was undertaken in October and November 2020. We issued our report on 23 November 2020, ahead of the deadline of 30 November 2020. No amendments were made to the claim, and there were no matters arising that we need to bring to the attention of members.
- 2019/20 Housing Benefit Subsidy Claim; we agreed an engagement pack with management, the proposed fee being £13,000 plus VAT. Our work is now complete, and no adjustment to the fee is necessary. The deadline was set by DWP as 31 January 2021, however authorities were able to apply for an extension where required. The Council did this, and we have now issued our report to DWP, ahead of the extended deadline. No amendments were made to the claim. Two issues were identified in our sample testing of cases that impacted on subsidy claimed. We were required to report the potential impact of errors to DWP as a result of our work, in relation to :
 - one case where an error was made in calculating the eligible rent where an ineligible service charge had not been removed.
 - one case where the calculation of relevant earnings had failed to adjust properly for 50% of the employee pension payment.
- We also reported two observations to the DWP:
 - one claim where the Authority incorrectly removed a standard breakfast charge from the claim which resulted in an underpayment of benefit.
 - a prior year error had been identified where the claimant had information marked as “for information only”.

02

Section 02: **National Publications**

National Publications

	Publication/update	Date published	Key points	Page
National Audit Office				
1	Auditor Guidance Note 03	October 2020	Sets out the framework for auditors work on value for money arrangements effective; 2020./21 audits	12
2	Local auditor reporting application	December 2020	Data on local auditor reporting presented through an interactive map	12
CIPFA				
3	A Guide to Local Authority and Public Sector Asset Management	November 2020	Asset management guidance	12
MHCLG				
4	Local Authority Financial Reporting and external audit: independent review	September 2020	The Redmond report	13
5	Local Authority financial reporting and external audit: government response to the Redmond review	December 2020	MHCLG's response to Sir Tony Redmond's independent review	13
PSAA				
6	Quarterly Quality Monitoring Report for the financial year 2021-22: Q2	September 2020	PSAA Audit Quality report	14
Financial Reporting Council				
7	Local Audit Inspections	October 2020	FRC Audit Quality report	15-16

NATIONAL PUBLICATIONS

National Audit Office

1. Auditor Guidance Note (AGN) 03, October 2020

The updated AGN03 sets out the approach to value for money for local auditors with effect from 2020/21 audits.

Details are set out in section 1 of this progress report.

2. Local auditor reporting application, December 2020

'*The local auditor reporting application*' presents the opinions of local auditors on local public bodies' financial statements and conclusions on whether they have proper arrangements in place to secure value for money. The data is presented through an interactive map which allows users to explore auditor reporting for nine different types of local body and two different audit years. The interactive map also contains pop-ups to enable users to access further information about the body, such as the local auditor's report or annual audit letter.

<https://www.nao.org.uk/other/local-auditor-reporting-application/>

CIPFA

3. A Guide to Local Authority and Public Sector Asset Management, November 2020

This step by step guide to asset management in the public sector has been produced by CIPFA Property. It takes the reader on the asset management journey, from the development of strategic asset management policies and strategies designed to deliver corporate objectives through to the development, implementation, challenge and review of asset management practices and portfolios.

<https://www.cipfa.org/policy-and-guidance/publications/a/asset-management-in-the-public-sector-a-practitioners-guide>

NATIONAL PUBLICATIONS

MHCLG

4. Local Authority Financial Reporting and external audit: independent review, September 2020

This independent review, led by Sir Tony Redmond at the invitation of the Ministry of Housing, Communities and Local Government, considered the effectiveness of external audit and transparency of financial reporting in local authorities. The Redmond Report concluded that audit fees were at least 25% lower than is required to fulfil current local audit requirements effectively. Audit fees in the local authority sector have fallen significantly over the last five years, whereas audit fees in other sectors have significantly risen although audit suppliers have sought to bridge the gap with increasing fee variations, which averaged eight per cent in 2018/19. The report also suggests local authority accounts are currently too complex to make audit completion by 31 July feasible.

Redmond makes a number of recommendations in relation to:

- external audit regulation
- smaller authorities audit regulation
- financial resilience of local authorities
- transparency of financial reporting

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

5. MHCLG's response to Sir Tony Redmond's independent review, December 2020

MHCLG has published its response to Sir Tony Redmond's Independent review into the oversight of local audit and the transparency of local authority financial reporting. The Redmond Review made 23 recommendations relating to the quality, timeliness and sustainability of local audit, and the transparency of local authority accounts. The department has grouped its response into 5 themes, which are summarised in Annex A to the response.

Amongst the responses MHCLG confirmed that they intend to amend existing regulations to extend the deadline for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years). At the end of this period they will review whether there is a continued need to have an extended deadline.

They also confirmed that they did not intend to create an Office of Local Audit and Regulation (OLAR) stating in their response that they “*do not wish to re-create the costly, bureaucratic and over-centralised Audit Commission*”. They added that they “*will commit to explore the full range of options as to how best to deliver Sir Tony's finding that a 'system leader' is required. This will include close consideration of whether existing bodies could take on this function.*”

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-government-response-to-the-redmond-review/local-authority-financial-reporting-and-external-audit-government-response-to-the-independent-review>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments Limited

6. Quarterly Quality Monitoring Report for the financial year 2021-22: Q2, September 2020

Under the transitional arrangements, which followed the abolition of the Audit Commission, PSAA were responsible for monitoring the quality of the work undertaken by the audit suppliers at principal bodies. PSAA published the last report under these transitional arrangements in Autumn 2019 and Mazars received an overall amber rating, which matched the '*combined regime*' score across the 5 suppliers. This was slightly disappointing as in 2018 Mazars had been the only supplier awarded a green rating and the downgrading reflected weaknesses in the approach to auditing Property, Plant and Equipment and Pensions, which were common across suppliers.

PSAA explain in their latest quality monitoring report that they have appointed the Financial Reporting Council (FRC) and Institute of Chartered Accountants in England and Wales (ICAEW) to review audit quality from 2018/19 onwards and the results will be published in their 2020 Annual Monitoring Report, during 2021. However, they have continued to monitor delivery of local authority engagements and report any non-compliance with the terms of appointment.

The report indicates that in 2018/19 43% of local authority audits were not delivered by the 31 July 2019 deadline and eight per cent remained outstanding at 30 September 2020. Mazars were the top performer in terms of audit delivery with 20% of opinions late and two per cent still outstanding. Mazars were found to be fully compliant with the terms of appointment.

The report also notes that whilst only 18% of 2019/20 audits were reported as being at risk of being late this number was expected to increase and this forecast transpired to be accurate. The actual percentage of 2019/20 local authority audits outstanding at 30 November 2020 was 55%, an increase on 2018/19 (PSAA press release 4 December 2020).

<https://www.psaa.co.uk/managing-audit-quality/audit-quality-monitoring-reports-from-2018-19/quarterly-reports/>

The PSAA Press release regarding late 2019/20 opinions can be found at:

<https://www.psaa.co.uk/2020/12/news-release-2019-20-audited-accounts/>

NATIONAL PUBLICATIONS

Financial Reporting Council

7. Major Local Audits – Audit Quality Inspection, October 2020

The framework for the inspection of local audit work

Responsibility for the inspection of local audit work is now with the Financial Reporting Council (FRC) for 'major local audits' (those with annual expenditure which exceeds £500m) and the ICAEW for those bodies which do not meet the major local audit definition. As part of their inspection of major local audits for the 2018/19 financial year, the Audit Quality Review (AQR) team of the FRC reviewed two of our major local audits and found these to require significant improvements in respect of our audit of the financial statements. The same reviews indicated that our work on value for money arrangements for those audits was of a good standard. Our non-major local audits for 2018/19 were not subject to inspection by the ICAEW.

Our response to the FRC's findings

We are committed to delivering high-quality audits to all of our clients and have responded robustly to the AQR's findings. Our Local Audit Quality Plan incorporates the risks to audit quality identified from a range of sources and identifies that actions we have put in place, or are taking, to mitigate these risks. Our Audit Quality Team is responsible for the maintenance of the plan which is also subject to oversight and scrutiny from the firm's Audit Board.

In addition, we have undertaken a detailed root cause analysis project to identify and understand the drivers of poor audit quality in some of our local audit work. This has focused on all local audits where the need for improvement or significant improvements have been identified either through external inspections or our programme of internal quality monitoring reviews.

We have taken steps to respond to the AQR's specific findings in relation to our work in the following areas of the audit:

- Testing the valuation of property assets;
- Exercising appropriate oversight of group audits, including the direction, supervision and review of the work of component auditors; and
- Document judgements made as part of the audit process, specifically those in relation to our testing of income and expenditure.

We have also strengthened our standard procedures in relation to the audit of net defined benefit pension liabilities arising from our clients' membership of local government pension schemes.

The FRC's report on its inspection findings in relation to the quality of major local audits for the year ended 31 March 2019, can be found [here](#). This also includes our detailed response to their findings on our financial statement audits.

NATIONAL PUBLICATIONS

Financial Reporting Council

7. Major Local Audits – Audit Quality Inspection, October 2020 (continued)

What this means for the Council

As outlined above, we take the weaknesses identified by the FRC extremely seriously, and our response to the improvement areas has been robust. It is clear that on areas of the audit such as the valuation of property assets (including investment properties) and the audit of defined benefit pension liabilities, we must do more to meet the regulator's expectations. This means the time we spend on these areas of the audit will increase and the level of challenge we apply in auditing these areas will also increase. Your finance team and your experts will have seen the increase in the scope and scale of work we have undertaken in 2019/20 in terms of the granularity and depth of testing and changes to our sample sizes in a number of key areas.

Going forward, our response and the increase in the challenge we make, is likely to include the engagement of our own experts (for example, property valuation experts) to fully consider the methodologies and judgements applied by the Council's own experts. There will be consequential effects on the fee that we are likely to request from the Council to undertake the audit.

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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AUDIT AND GOVERNANCE COMMITTEE

18 March 2021



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2021/22

1. PURPOSE OF REPORT

- 1.1 To inform Members of the direction of internal audit activity, and to seek approval of the annual operational Internal Audit Plan for 2021/2022 (Appendix A).

2. BACKGROUND

- 2.1 Under the Accounts and Audit Regulations 2015, the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, in compliance with Public Sector Internal Audit Standards (PSIAS). At Hartlepool, the authority for ensuring this responsibility is met has been delegated to the Director of Finance and Policy.
- 2.2 To accord with PSIAS and to assist in ensuring the objectives of Internal Audit are achieved, audit activity must be effectively planned to establish audit priorities and ensure the effective use of audit resources.
- 2.3 Given available audit resources, all aspects of the Council's systems and arrangements cannot be audited in one year. In recognition of this a Strategic Audit Plan has been prepared using a risk model based on the model accredited by the Chartered Institute of Public Finance and Accountancy, which factors include:
- System Factors
 - Managerial and Control environment
 - Value of transactions
 - Volume of transactions
 - Opinion critical
 - May incur legal penalties

- 2.4 The Strategic Audit Plan is produced in a way that ensures all relevant risk areas are covered. This allows the most relevant and comprehensive annual opinion on the Councils control environment to be given to the Audit and Governance Committee. Additionally, the audit plan has been tailored to add value to the Council following a process of discussion and consideration by Corporate Management Team, of their current operational issues.

3. INTERNAL AUDIT RESOURCES 2021/2022

- 3.1 Hartlepool Borough Council Internal Audit establishment consists of a Head of Audit and Governance and 5 FTE audit staff. When taking into account operational costs of providing the service and income generated, the net budget for the provision of Internal Audit is £230,000, which equates to approximately £225 per audit day provided.
- 3.2 A total of 66 planned areas of audit coverage will form the basis of the mainstream Internal Audit work for 2021/22. The plan includes fundamental systems such as salaries, debtors, creditors, risk management etc., which are identified, for the purpose of the plan, as single audits. However, these will include system and probity audits in each or some of the departments, in support of the main system reviews.
- 3.3 In addition to the planned audit work, advice and support will be provided on an ad hoc basis throughout the financial year together with unplanned reactive work wherever necessary and appropriate.
- 3.4 For 2021/22, we are contracted to provide 100 days of audit work to the Cleveland Fire Authority.
- 3.5 Further details are provided in Appendix A of the focus of coverage across the council. In order to support members in the process of reviewing proposed audit coverage, the Better Governance Forum guidance on approving Internal Audit plans is also attached for information. This takes the form of a number of questions members may want to consider when reviewing the plan.

4. DELIVERING THE AUDIT

- 4.1 Regular liaison is an essential feature of an effective and responsive audit function. In this context, Internal Audit will:
- Have frequent meetings with departments to discuss the short term audit program, any current departmental issues which may benefit from an audit review and provide the opportunity to raise any concerns with the audit services provided;

- Following audit reviews agree action plans, identifying responsibilities and timescales for action;
- Carry out follow up work to monitor the effectiveness of management in implementing action plans;
- Ensure action plans are focused on improving controls and delivering benefits to the Council;
- Provide feedback to the Director of Resources and Development and Members on progress on the audit plan and the outcomes of audit work.

5. INTEGRATION

- 5.1 Although Internal Audit and Mazars carry out their work with different objectives, it is good professional practice that both parties should work closely together, which is a principle that the Council has always been committed to.
- 5.2 The arrangements for ensuring effective joint working are formalised into a Joint Protocol Agreement, which ensured that the overall audit resources are most effectively focused and duplication is minimised.

6. FINANCIAL CONSIDERATIONS

- 6.1 There are no financial considerations.

7. LEGAL CONSIDERATIONS

- 7.1 There are no legal considerations.

8. CHILD AND FAMILY POVERTY CONSIDERATIONS

- 8.1 There are no child and family poverty considerations.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations.

10. STAFF CONSIDERATIONS

- 10.1 There are no staff considerations.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 There are no asset management considerations.

12. RECOMMENDATION

- 12.1 It is recommended that Members review and approve the 2021/22 Internal Audit Plan and note the Internal Audit budget for 2021/22 of £230,000.

13. REASON FOR RECOMMENDATIONS

- 13.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it satisfies itself that Internal Audit coverage is adequate and effective.

14. BACKGROUND PAPERS

- 14.1 - Accounts and Audit Regulations 2015
- UK Public Sector Internal Audit Standards (PSIAS).

15. CONTACT OFFICER

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Appendix A

Department	Audit	Assistant Director/Director	Audit Days
Adults and Community Based	Allotments	Gemma Ptak	10
Adults and Community Based	Routes To Work/ESF	Gemma Ptak	15
Adults and Community Based	Social Care - Direct Payments	John Lovatt	10
Adults and Community Based	Social Care - Financial Assessments	John Lovatt	10
Adults and Community Based	Social Care - Nursing and Residential Care	John Lovatt	10
Adults and Community Based	Tourism - Town Hall Theatre/Borough Hall	Gemma Ptak	10
Adults and Community Based	Youth Employment Initiative Grant	Gemma Ptak	15
Chief Solicitor	Members Allowances/Travel/Subsistence	Hayley Martin	5
Children's and Joint Commissioning	Bluebell Meadow Primary School Academy	Amanda Whitehead	5
Children's and Joint Commissioning	Childrens Homes	Amanda Whitehead	10
Children's and Joint Commissioning	Clavering Primary School	Amanda Whitehead	6
Children's and Joint Commissioning	Eskdale Academy	Amanda Whitehead	5
Children's and Joint Commissioning	Fens Primary School	Amanda Whitehead	6
Children's and Joint Commissioning	Golden Flatts Primary School	Amanda Whitehead	6
Children's and Joint Commissioning	High Tunstall Secondary School	Amanda Whitehead	6
Children's and Joint Commissioning	In House Looked After Allowances	Jane Young	10
Children's and Joint Commissioning	Jesmond Gardens Primary Academy	Amanda Whitehead	5
Children's and Joint Commissioning	Kingsley Primary School	Amanda Whitehead	6
Children's and Joint Commissioning	Leaving Care Allowances	Jane Young	10
Children's and Joint Commissioning	Lynnfield Primary School	Amanda Whitehead	6
Children's and Joint Commissioning	Public Health Contracting Arrangements	Danielle Swainston	10
Children's and Joint Commissioning	Pupil Support/Admissions	Amanda Whitehead	10
Children's and Joint Commissioning	Rift House Primary School	Amanda Whitehead	6
Children's and Joint Commissioning	Rossmere Primary School	Amanda Whitehead	6
Children's and Joint Commissioning	Stranton Primary School Academy	Amanda Whitehead	5
Children's and Joint Commissioning	Troubled Families Grant	Jane Young	15
Neighbourhoods and Regulatory	Disaster Recovery/Business Continuity	Sylvia Pinkney	5
Neighbourhoods and Regulatory	Energy Management	Kieron Bostock	10
Neighbourhoods and Regulatory	Environmental Enforcement - Abandoned Vehicles/Fly Tipping	Sylvia Pinkney	5
Neighbourhoods and Regulatory	Environmental Enforcement - Dog Fouling Income	Sylvia Pinkney	5
Neighbourhoods and Regulatory	Environmental Enforcement - Dog Warden Service	Kieron Bostock	5
Neighbourhoods and Regulatory	Ground Maintenance/Horticulture	Kieron Bostock	10
Neighbourhoods and Regulatory	Highways - Repairs and Maintenance	Kieron Bostock	10
Neighbourhoods and Regulatory	Licencing	Sylvia Pinkney	10
Neighbourhoods and Regulatory	Stores/Joiners Shop	Kieron Bostock	10
Neighbourhoods and Regulatory	Transport - Highways Capital Grant	Kieron Bostock	5
Neighbourhoods and Regulatory	Transport - Private Hire/Fleet Hire	Kieron Bostock	10
Neighbourhoods and Regulatory	Waste Data Flow	Kieron Bostock	10
Resources and Development	Benefits - Housing	James Magog	25
Resources and Development	Budgetary Control	Chris Little	15
Resources and Development	Cash/Bank	Chris Little	10
Resources and Development	Communication - Mobile Phones	Claire McLaren	10
Resources and Development	Computer Audit	Claire McLaren	50

Resources and Development	Council Tax	James Magog	15
Resources and Development	Creditors	James Magog	15
Resources and Development	Debtors	James Magog	15
Resources and Development	Fraud Awareness	James Magog	25
Resources and Development	Health and Safety	Claire McLaren	10
Resources and Development	Housing Revenue Account - Asset Management	Bev Bearne	10
Resources and Development	Housing Revenue Account - Housing Regeneration	Bev Bearne	10
Resources and Development	Insurances	James Magog	10
Resources and Development	Loans & Investments	Chris Little	5
Resources and Development	Local Council Tax Support Scheme	James Magog	15
Resources and Development	Main Accounting System	Chris Little	15
Resources and Development	NFI	James Magog	20
Resources and Development	NNDR	James Magog	15
Resources and Development	Officers Expenses	James Magog	10
Resources and Development	Procurement	Claire McLaren	25
Resources and Development	Risk Management	Claire McLaren	10
Resources and Development	Salaries and Wages	James Magog	15
Resources and Development	Staff Lottery	Denise Ogden	5
Resources and Development	V.A.T.	Chris Little	5
Corporate Covid	Delta Income Return	CMT	10
Corporate Covid	Expenditure Analysis	CMT	20
Corporate Covid	Care Home Support Package/Infection Control Fund	CMT	10
Corporate Covid	Central Hub Services Delivered	CMT	10
	ADMINISTRATION		
Corporate	B/Fwd. 20/21		100
Corporate	Training/Development		40
Corporate	Administration		75
Corporate	Contingency/Advice/Support/Special Investigations		50
	CFA		100
	TOTAL		1088
	Holidays		155
	Contingency		25
	Bank Holidays		40

Reviewing the Audit Plan

At least once a year, but possibly more frequently, both your internal and external audit teams will ask you to review their audit plans and approve them. If you **aren't familiar with audit plans, you may well be asking yourself how to do this and how you can add value.** In this article, I will discuss:

- Why draw up an audit plan?
- Who is involved?
- How is the audit plan produced?
- What does the audit plan cover?
- When is the audit plan written?
- Your role in relation to the audit plan

I will finish with a "dashboard" of key questions for you to ask to satisfy yourself that the plan has been drawn up appropriately and will deliver the assurance that you need as an audit committee member. While I concentrate on your role in relation to internal audit, many of these points also relate to external audit.

Why draw up an audit plan?

An audit plan is needed to ensure that your auditors address all the main areas of risk within your organisation and can provide assurance to support your Annual Governance Statement or Statement on Internal Control. At the end of each year the head of internal audit provides an opinion on the effectiveness of the control environment so it is vital that the plan is sufficient to support that opinion. It is also needed to ensure auditors use their limited resources (budget, time, people and expertise) to best effect. Almost inevitably audit needs outstrip audit resources and the plan will help your audit team set its priorities, in discussion with you.

Who is involved?

The audit plan is normally drawn up by the head of internal audit, in consultation with directors and members of the audit team. As the internal audit plans and external audit plans should be aligned, each should consult the other as part of this process.

How is the audit plan produced?

The audit plan is 'risk-based' to address the financial and non-financial risks faced by your organisation and your key priorities. Your organisation's risk register and the effectiveness of risk management will be reviewed to help develop the plan. The plan may also include work to be undertaken on behalf of your external auditor. The identified audits will be balanced against the resources available and the plan drawn up accordingly.

What does the audit plan cover?

The audit plan should show how your internal audit strategy is going to be **achieved in accordance with the section's terms of reference. Plans include a combination of planned work and allowances for reactive work.** They are always flexible so that they can reflect the changing risks and priorities within your organisation. **Plans will also include allowances for "non-chargeable" time.**

Planned audit work consists of a series of reviews of different aspects of your **organisation's operations. The plan will include some high risk areas, for example** areas of significant financial risk or high profile projects or programmes. Or they could be areas where there are concerns about poor performance, fraud or emerging risks. Some higher risk audits may feature annually in audit plans. Other areas, particularly financial systems, may be audited regularly even if they are well controlled because of their significance to the financial statements. The

frequency will usually be agreed with the external auditor. Other parts of the plan will reflect the risks and priorities of the organisation and the judgement of the head of internal audit.

Reactive audit work may include investigations, giving advice, supporting working groups and other such matters. Non-chargeable time includes annual leave, training, administration, team meetings etc. A working year is approximately 260 days. A typical auditor (not a trainee or a manager) will carry out about 200 audit days/year.

When is the audit plan written?

Detailed audit plans normally cover the organisation's financial year, although this is not mandatory. The audit plan is, therefore, generally written a few months before the start of the audit year for approval by the audit committee at the meeting before the start of that year. As the plan has to be flexible, you should be kept informed of minor changes and receive a revised plan for approval if there are any significant changes during the year.

There may also be a strategic plan that outlines the main direction for the audit team over a longer period than a year (perhaps three years). This is particularly useful to understand the wider coverage of risks and controls.

The audit committee's role

The audit committee should be both challenging of the plan and supportive in its **delivery. You need to be sure that the organisation's risks and priorities** are considered, that the plan is aligned with the audit strategy and terms of reference, that internal and external audit have liaised in drawing up their plans and that your auditors have exercised their independence and have not been unduly influenced by others in deciding what they will or (even more importantly) will not examine. You could review the audit strategy and terms of reference at the same time to ensure that they are still relevant and appropriate.

You also need to consider how the plan relates to other sources of assurance to support the Annual Governance Statement or Statement on Internal Control, for example assurance from the risk management process or management assurances. Taken as a whole, will you get the assurance you need?

Once the plan has been approved, your role is then to monitor activity and outcomes against that plan. Is it being delivered? Is the audit work delivering the expected outcome? You may also need to support your auditors, if they are struggling to get auditee engagement or experience a shortfall in resources. Above all, you are there to get action as a result of audit work.

Key questions to ask:

1. Who did the head of internal audit liaise with in drawing up this plan? Did this include external audit?
2. How does this audit plan link to our risk register and our strategic plans?
3. What audits have you left off this plan and why? When do you plan to carry out this work?
4. How does the audit plan fit with other assurance work? Are there any gaps or is there duplication?

Elizabeth Humphrey
Senior Associate, CIPFA Better Governance Forum

AUDIT AND GOVERNANCE COMMITTEE

18 March 2021



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2020/21 UPDATE

1. PURPOSE OF REPORT

- 1.1 To inform Members of the progress made to date completing the internal audit plan for 2020/21.

2. BACKGROUND

- 2.1 In order to ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the Committee to form an opinion on the controls in operation within the Council. This in turn allows the Committee to fully review the Annual Governance Statement, which will be presented to a future meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

3. PROPOSALS

- 3.1 That members consider the issues within the report in relation to their role in respect of the Councils governance arrangements. Table 1 of the report detailed below, sets out the school audits that have been completed and the recommendations made. Recommendations to mitigate the risks identified have been agreed and a follow up audit will be carried out to ensure satisfactory implementation.

Table 1

Audit	Objectives	Recommendations	Agreed
St Hilda's Secondary	Ensure school finance and governance arrangements are in line with best practice.	- The School's Pay Policy should be presented to Governors for approval on an annual basis	Y
		- A further review of income records and processes should be undertaken to ensure that they enable reconciliation of all income collected to bankings. Periodic checks should be undertaken	Y

Audit	Objectives	Recommendations	Agreed
		<p>by Finance Staff to ensure that all income collected is fully banked in a prompt manner. In addition, a review of income storage arrangements away from the main school office should be undertaken to ensure that access is restricted to authorised staff only and registered with HBC Insurance Services.</p> <p>- The school should ensure that the private fund annual accounts for the financial period 19/20 are prepared and examined by an independent person and presented to the IEB for review and ratification.</p> <p>- Where expenditure is incurred from the school budget for goods / services relating to activities where income is collected in the school private fund, the school should ensure that the school budget is reimbursed with income collected prior to expenditure being incurred.</p> <p>- The school should ratify its Major Incident/Emergency Plan Policy. A copy of the plan should be communicated to relevant staff and governors who should sign to confirm that they have seen the plan and understand their responsibilities. A timetable should be established to carry out exercises to test / validate the plan. Results of such exercises should be reported to Governors and any lessons learnt incorporated into future emergency planning.</p>	<p>Y</p> <p>Y</p> <p>Y</p>

3.2 In terms of reporting internally at HBC, Internal Audit produces a draft report which includes a list of risks currently faced by the client in the area audited. It is the responsibility of the client to complete an action plan that details the actions proposed to mitigate those risks identified. Once the action plan has been provided to Internal Audit, it is the responsibility of the client to provide Internal Audit with evidence that any action has been implemented by an agreed date. The level of outstanding risk in each area audited is then reported to the Audit and Governance Committee.

3.3 The benefits of this reporting arrangement are that ownership of both the internal audit report and any resulting actions lie with the client. This reflects the fact that it is the responsibility of management to ensure adequate procedures are in place to manage risk within their areas of operation, making managers more risk aware in the performance of their duties. Greater assurance is gained that actions necessary to mitigate risk are implemented and less time is spent by both Internal Audit and management in ensuring audit reports are agreed. A greater breadth of assurance is given to management with the same Internal Audit resource and the approach to risk assessment mirrors the corporate approach to risk classification as

recorded in covalent. Internal Audit can also demonstrate the benefit of the work it carries out in terms of the reduction of the risk faced by the Council.

- 3.4 Table 2 summarises the assurance placed on those audits completed with more detail regarding each audit and the risks identified and action plans agreed provided in Appendix A.

Table 2

Audit	Assurance Level
Benefits	Satisfactory
Budgetary Control System	Satisfactory
Council Tax	Satisfactory
Creditors	Satisfactory
Debtors	Satisfactory
Covid - Test & Trace Support Payment Scheme	Satisfactory
Loans and Investments	Satisfactory
Local Council Tax Support Scheme	Satisfactory
Main Accounting System	Satisfactory
VAT	Satisfactory
Troubled Families Grant	Satisfactory
Sport England Families Fund	Satisfactory

For Members information, Table 3 below defines what the levels of assurance Internal Audit places on the audits they complete and what they mean in practice:

Table 3

Assurance Level	Meaning
Satisfactory Assurance	Controls are operating satisfactorily and risk is adequately mitigated.
Limited Assurance	A number of key controls are not operating as intended and need immediate action.
No Assurance	A complete breakdown in control has occurred needing immediate action.

- 3.5 As well as completing the audits previously mentioned, Internal Audit staff have been involved with the following working groups:

- Information Governance Group.
- Performance and Risk Management Group.

- 3.6 Internal Audit staff have also provided support in the payment of the Governments Business Support Grant Scheme and the Discretionary Business Support Grant Scheme using software analysis tools provided by the Government. This has enabled the status of all Limited Companies who are eligible to be reviewed. This support extended to providing detailed analysis of all businesses who applied for the Governments Discretionary Business Support Grant Scheme, providing a consistent basis for the equitable payment of grants to those who were eligible. Support continues to

be provided in the most recent Government Local Restriction Support Grants, across the different elements of grant available, again using software analysis tools provided by the Government to determine the status of all Limited Companies who are eligible.

- 3.7 Internal Audit, in conjunction with the Payments Team, have also analysed all payments made as part of the Governments Business Support programme via an external credit reference agency provided by the National Fraud Initiative programme. This has given additional assurance around Bank Account details provided by all grant recipients. Internal data matching has been developed to ensure any anomalies when paying multiple grants to applicants are identified and investigated.
- 3.8 Internal Audit staff have also volunteered to be trained to play a role in any local system of track and trace that is implemented by the Council. It was felt that the skills possessed by the team would be appropriate to allow them to effectively carry out and provide support in this role.
- 3.9 Table 4 below details the audits that were ongoing at the time of compiling the report.

Table 4

Audit	Objectives
Information Protection Policy	Ensure adequate policies/procedures are in place in line with statutory requirements.
Eclipse IT System	Ensure adequate IT controls are in operation.
Youth Employment Initiative Grant	Terms and conditions of the grant funding are complied with.
Health and Safety	Ensure adequate policies/procedures are in place in line with statutory requirements.
Recruitment	Ensure adequate policies/procedures are in place in line with statutory employment requirements.
Cash/Bank	Ensure clearly defined procedures are in place for the collection and banking of income and procedures for collecting income via the Internet & Cash Office are adequate and effective. All cash collections are promptly, completely and accurately recorded in the Authority's systems.
Computer Audit – Virus Checker Defence Systems	Arrangements are in place that ensure adequate security arrangements are in place in respect of defence against malicious IT attack.
Members Code of Conduct	Ensure adequate arrangements are in place to ensure compliance with guidelines and best practice.
Non Domestic Business Rates	The correct liable party has been identified and informed of the amount due. Liabilities are correctly calculated and adequate & appropriate reviews take place to ensure that any reliefs have been correctly awarded.
Payroll System	Ensure correct payments are made to employees in the correct manner on time and in line with statutory guidance.
Employment Support Fund	Terms and conditions of the grant funding are complied with.

4. RISK IMPLICATIONS

- 4.1 There is a risk that if Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive

review of governance arrangements at the Council, this would lead to the Committee being unable to fulfil its remit.

5. FINANCIAL CONSIDERATIONS

5.1 There are no financial considerations.

6. LEGAL CONSIDERATIONS

6.1 There are no legal considerations.

7. CHILD AND FAMILY POVERTY CONSIDERATIONS

7.1 There are no child and family poverty considerations.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

8.1 There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

9.1 There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

10.1 There are no asset management considerations.

11. RECOMMENDATIONS

11.1 It is recommended that Members note the contents of the report.

12. REASON FOR RECOMMENDATIONS

12.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan.

13. BACKGROUND PAPERS

13.1 Internal Audit Reports.

14. CONTACT OFFICER

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Appendix A

Audit		Objective		Assurance Level
Benefits		Ensure all claims are paid in line with statutory guidance.		Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Significant errors in claims may not be identified without appropriate checks leading to potential qualification of the authority's accounts.			Monthly performance statistical reporting will commence by January 2021. A review of the process will be undertaken early 2021 to ensure remains fully robust.	
Significant errors in claims may not be identified without appropriate checks leading to potential qualification of the authority's accounts.			Additional field to be added to DQC reporting spreadsheet requiring completion to confirm that a checklist has been saved to Iclipse, effective from January 2021.	
Staff / Managers / Services are not compliant with the Homeworking and Wellbeing Guidance which could lead to breaches of the Health & Safety Policy and / or the Information Governance Policies.			Management and team members have received the home-working guidance with compliance instructions. Compliance will be documented by January 2021.	

Audit		Objective		Assurance Level
Budgetary Control System		Ensure Roles and responsibilities of officers and Members are clearly defined in relation to the budget setting and budget monitoring processes; Budgets are prepared within the timeframe set out in the budget timetable. The timetable is laid out in accordance with statutory requirements/deadlines and an approved medium/long term financial planning strategy is in place that has considered all potential issues.		Satisfactory

Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.			

Audit	Objective	Assurance Level	
Council Tax	Liability for Council Tax is assigned to the correct parties. The application of discounts/exemptions to liability is valid, accurate and supported. Council Tax bills are issued in accordance with regulations and are accurate and complete. Effective arrangements are in place to ensure all payments received in respect of Council Tax are identified promptly and accurately posted to the correct accounts.	Satisfactory	
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.			

Audit	Objective		Assurance Level	
Creditors	Review the systems and procedures in place for ordering, receiving and paying for goods and services to ensure that the supplies of goods and services are properly authorised and comply with Authorities Financial Procedure Rules.		Satisfactory	
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Payments may be made for goods that have not been received by the Authority which could be due to error or fraud.		<div><div>Likelihood</div><div><div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div></div></div></div></div></div>	The nature of the direct debit transactions will be reviewed. Direct debit suppliers are not set up as suppliers on the ordering table to prevent officers from raising orders against these, will look at creating a monthly report to the budget holder which shows all direct debit transactions processed in the month.	<div><div>Likelihood</div><div><div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div><div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div></div></div></div></div></div>


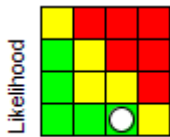


Audit	Objective			Assurance Level
Debtors	Payments are received in full and correctly processed on the debtors system and recovery action is in accordance with the agreed procedures.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				


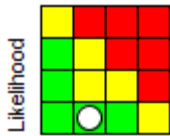
Audit	Objective	Assurance Level	
Covid - Test & Trace Support Payment Scheme	Ensure that support is provided in accordance with Government guidance and is in the most efficient and effective manner; Applications are promptly and accurately processed in line with Government guidance and internal procedures; Payments are accurate, timely and secure. Sufficient reconciliations and checks are carried out to ensure that output is accurate and reconciles with the Financial Management System; Arrangements for administering Discretionary Payments are transparent and fair and that an disputed decisions are reconsidered by an independent person promptly; All potential frauds are promptly identified and investigated and procedures in place ensure that fraud investigations are in accordance with legislation and the Authority's Anti-Fraud & Corruption Policy, Personal data is secure from unauthorised loss/harm.	Satisfactory	
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.			

Audit	Objective			Assurance Level
Loans and Investments	Ensure a Treasury Management Strategy is in place that complies with the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017) and Prudential Code for Capital Finance in Local Authorities (CIPFA, 2017).			Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed		Risk Level after action implemented
No unmitigated risk identified.				

Audit	Objective			Assurance Level
Local Council Tax Support Scheme	Ensure all awards made are compliant with statutory requirements and the local scheme.			Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed		Risk Level after action implemented
No unmitigated risk identified.				

Audit	Objective			Assurance Level
Main Accounting System	Ensure identified risks are managed at an acceptable level with regard to legislative and regulatory requirements and financial accounts are accurate and complete.			Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed		Risk Level after action implemented
No unmitigated risk identified.				

Audit	Objective			Assurance Level
VAT	Ensure VAT is treated and accounted for in line with legislative requirements.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Arrangements for administering VAT procedures may not promote efficient and effective operations and maximise cash flow for the organisation.			Action to be assigned to Group Accountant – Corporate.	
The service may not comply with VAT Notice 749 - Local authorities and similar bodies.			Action to be assigned to Group Accountant – Corporate.	

Audit	Objective			Assurance Level
Troubled Families Grant	Terms and conditions of the grant funding are compiled with.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Incorrect data may be recorded resulting in a reduction of grant award.			The Think Family Team rely on two sources of data to verify claims based on an adult no longer claiming an out of work benefit. The first is the DWP Automated Data Matching System. This is becoming increasingly inaccurate as it can only report of non-Universal Credit benefits. As a full service UC area, Hartlepool is receiving fewer matches directly from the DWP. This is a national issue and is being addressed by the Ministry	

		<p>for Housing, Communities and Local Government directly with DWP.</p> <p>Our second source of information is our seconded DWP Employment Advisor who works directly with the families and has access to DWP local systems. However, due to COVID-19, all seconded TF employment advisors were called back to Jobcentre Plus to manage the increase in UC claims. This has had an impact on the TF programme. The Ministry for Housing, Communities and Local Government are aware of this.</p> <p>The TF team does not have access to the HBC benefits system IWorld. After consultation with our regional TF advisor at the Ministry for Housing, Communities and Local Government, we were advised that we do not have an appropriate legal gateway to access this system for the purposes of the Troubled Families Programme.</p>	
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Audit	Objective			Assurance Level
Sport England Families Fund	Ensure grant is spent in line with terms and conditions of award.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				

AUDIT AND GOVERNANCE COMMITTEE

18 March 2020



Report of: Statutory Scrutiny Manager

Subject: DRAFT QUALITY ACCOUNTS 2020/21 – NORTH
TEES AND HARTLEPOOL NHS FOUNDATION
TRUST – COVERING REPORT

1. PURPOSE OF REPORT

- 1.1 To introduce representatives from North Tees and Hartlepool NHS Foundation Trust who will join today's meeting to engage with Members in respect of their Draft Quality Accounts for 2020/21:

2. BACKGROUND INFORMATION

- 2.1 In November 2009 the Government published the Health Bill which required all providers of NHS healthcare services to provide an annual Quality Account. The Department of Health made a legal requirement on all NHS healthcare providers to send their Quality Accounts to an Overview and Scrutiny Committee in the local authority area where the provider has a registered office.
- 2.2 Subsequently, representatives from each of the Trusts identified in Section 1.1 of this report will be present at today's meeting to give the Committee an opportunity to:
- i) Consider and comment on:
 - Performance against the priorities identified in the 2020/21 Quality Account ; and
 - Priorities identified for quality improvement within the draft Quality Account for 2021/22.
 - ii) Formulate views / comments to inform the Committee's Third Party Declaration, to be included in the published version of the Quality Accounts for 2020/21.

3. RECOMMENDATIONS

3.1 That for North Tees and Hartlepool NHS Foundation Trust's Quality Accounts, the Audit and Governance Committee:-

- i) Consider and comment on:
 - Performance against the priorities identified in the 2020/21 Quality Account; and
 - Priorities identified for quality improvement within the draft Quality Account for 2021/22
- ii) Formulate views / comments to inform the Committee's Third Party Declaration, to be included in the published version of the Quality Accounts for 2020/21.

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BACKGROUND PAPERS

No background papers were used in preparation of this report.

AUDIT AND GOVERNANCE COMMITTEE

18 March 2021



Report of: Statutory Scrutiny Officer

Subject: ASSISTED REPRODUCTION UNIT - UPDATE

1. PURPOSE OF REPORT

- 1.1 To introduce representatives from the Tees Valley Clinical Commissioning Group (formerly Hartlepool and Stockton Clinical Commissioning Group), who will join today's meeting to provide the Committee with an update on the Assisted Reproduction Unit (ARU).

2. BACKGROUND

- 2.1 At the Audit and Governance Committee meeting held on 23 March 2017, Members were informed of the models of care for licensed and unlicensed treatment that were to be implemented. It was highlighted that these models would offer the potential for the majority of the service to still be delivered from the Hartlepool site and still provide patient choice.
- 2.2 At the Audit and Governance Committee meeting held on 21 June 2017, the representatives from Hartlepool and Stockton-on-Tees Clinical Commissioning Group informed the Committee about the progress of the implementation of the new models including the effectiveness of the transfer and whether any issues were identified; and communication with patients regarding the transfer of the embryos.
- 2.3 A further update was presented to the Committee on 25 October 2017 on the progress on the satellite service with Gateshead and Newcastle. It was noted that both Gateshead and Newcastle had indicated that they were unable to re-house the cryo-tanks and approaches were to be made to private companies to seek a storage solution. It was highlighted that embryology cover remained the most significant risk to the provision of this service and was proving a barrier to the commencement of the satellite service. However, Members were reassured at the time that work was ongoing towards a solution to provide a collaborative service to manage sustainable and safe embryology cover for all patients accessing the service.

- 2.4 Representatives from the CCG will be in attendance at today's meeting to provide the Committee with an update on the provision of assisted reproduction services.

3. RECOMMENDATIONS

- 3.1 The Audit and Governance Committee note the update and seek clarification on any issues, where required.

BACKGROUND PAPERS

The following background papers were used in preparation of this report:-

- (a) Minutes from the Audit and Governance Committee held on 23 March 2017, 21 June 2017 and 25 October 2017.

Contact Officer:- Joan Stevens – Statutory Scrutiny Officer
Chief Executive's Department – Legal Services
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AUDIT AND GOVERNANCE COMMITTEE

18 March 2021



Report of: Statutory Scrutiny Manager

Subject: THE PROVISION OF A MIDWIFE LED BIRTHING
UNIT AT THE UNIVERSITY HOSPITAL OF
HARTLEPOOL – UPDATE

1. PURPOSE OF REPORT

- 1.1 To receive progress on the implementation a Midwife-led Birthing Unit at the University Hospital of Hartlepool.

2. BACKGROUND

- 2.1 In 2019 Audit and Governance Committee completed its investigation into 'The Provision of High Quality Maternity Services and Elective Surgery at the University Hospital of Hartlepool'. As part of the ongoing monitoring of the recommendations contained within the final report, representatives from North Tees and Hartlepool NHS Foundation Trust attended the Committee on 6 February 2020 to provide an update on the future of a midwife-led birthing unit in Hartlepool. At the meeting it was agreed that a further update be provided to the Committee six months after the opening of the birthing unit in Hartlepool.

3. ISSUES FOR CONSIDERATION

- 3.1 At the meeting on 6 February 2020, the representatives from the Trust informed Members that the development of the Maternity Hub at the University Hospital of Hartlepool was progressing. It was noted that there was a full complement of midwives who were very enthusiastic to work with new mums at the Unit. At the time of the meeting, the aim was to have the Unit open to new births from the beginning of April 2020. However, no doubt in view the demands placed on the health service during the last year due to the Covid-19 pandemic, the Unit opened in September 2020.
- 3.2 During the meeting it was highlighted that should any expectant mum experience any difficulties during labour, an ambulance call would be Category 1 to ensure a rapid response was received for transfer to the nearest emergency care department.

- 3.3 It was highlighted that the Trust had received some transformation funding and was looking to fund post-natal care, potentially including physiotherapy. However, at the time of the meeting, the representatives of the Trust would be speaking to post-natal mums to identify the services and support they would like to see put in place.

3. RECOMMENDATIONS

- 3.1 That the Committee notes the update provided and seeks clarification where necessary.

4. BACKGROUND PAPERS

The following background paper was used in the preparation of this report:-

Audit and Governance Committee minutes and decision record –
6 February 2020

5. Contact Officer:-

Joan Stevens – Statutory Scrutiny Manager
Chief Executive's Department – Legal Services
Hartlepool Borough Council
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AUDIT AND GOVERNANCE COMMITTEE

18 March 2021



Report of: Statutory Scrutiny Manager

Subject: INTEGRATED CARE STRATEGY (ICS) /
INTEGRATED CARE PARTNERSHIP (ICP) UPDATE –
COVERING REPORT

1. PURPOSE OF REPORT

To introduce representatives from the NHS Tees Valley Clinical Commissioning Group who will be joining the meeting to provide Members with an update in relation to the Integrated Care System Consultation and Clinical Commissioning Group approach.

2. BACKGROUND

Attached at Appendix 1, is a report provided by the NHS Tees Valley Clinical Commissioning Group which outlines the next steps for developing whole system (as opposed to individual organisation) working.

3. RECOMMENDATIONS

- 3.1 That Members note the update and seek clarification where necessary.

Contact Officer:- Joan Stevens – Statutory Scrutiny Manager
Chief Executive's Department – Legal Services
Hartlepool Borough Council
Tel: 01429 284142
Email: joan.stevens@hartlepool.gov.uk

BACKGROUND PAPERS

No background papers were used in preparation of this report.

Integrated Care System Consultation

1. Purpose

To update committee members in relation to the Integrated Care System Consultation and CCG approach

2. Background

Integrating Care: Next steps in building integrated care systems across England was published by NHS England in December 2021. It outlines the next steps for developing whole system (as opposed to individual organisation) working. The thinking behind the paper appears to be predicated on building on the successes of partnership working through the Covid19 pandemic. As part of this it suggests options for the formal creation of Integrated Care Systems as bodies in their own right.

3. Consultation document

The document includes:

- Continuation from NHS Long Term Plan and last NHS planning guidance
- Accelerating collaborative ways of working across systems and beyond organisational boundaries
- Developing strategic commissioning and focusing on population health outcomes
- Key components of an ICS including provider collaboratives, place based working
- Proposing legislation to give ICSs a firmer footing
- Inviting views on the way forward – including CCGs' mergers or dissolution.

4. CCG approach to response to the consultation

The CCG undertook staff engagement to ensure all staff were engaged and sighted on the document and were able to provide views to inform the organisational response.

Staff groups included

- CCG employed staff
- CCG Governing Body
- CCG Executive committee
- CCG Council of Practices
- Primary Care Network clinical directors

A corporate CCG response was submitted by the deadline of 8 January 2021. Once the outcome of that national consultation is known, a further update will be provided to system partners.

David Gallagher

Chief Officer

NHS Tees Valley Clinical Commissioning Group

4th February 2021



Integrating care

**Next steps to building strong and effective integrated care systems
across England**

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Introduction

This document builds on previous publications that set out proposals for legislative reform and is primarily focused on the operational direction of travel. It opens up a discussion with the NHS and its partners about how ICSs could be embedded in legislation or guidance. Decisions on legislation will of course then be for Government and Parliament to make.

This builds on the route map set out in the *NHS Long Term Plan*, for health and care joined up locally around people's needs. It signals a renewed ambition for how we can support **greater collaboration** between partners in health and care systems to help accelerate progress in meeting our most critical health and care challenges.

It details how systems and their constituent organisations will accelerate **collaborative ways of working** in future, considering the key components of an effective integrated care system (ICS) and reflecting what a range of local leaders have told us about their experiences during the past two years, including the immediate and long-term challenges presented by the COVID-19 pandemic.

These are significant new steps towards the ambition set out in the *NHS Long Term Plan*, building on the experience of the earliest ICSs and other areas. Our challenge now is to spread their experience to every part of England. From April 2021 this will require all parts of our health and care system to work together as Integrated Care Systems, involving:

- Stronger **partnerships in local places** between the NHS, local government and others with a more central role for primary care in providing joined-up care;
- **Provider organisations** being asked to step forward in formal collaborative arrangements that allow them to operate at scale; and
- Developing strategic **commissioning** through systems with a focus on population health outcomes;
- The use of **digital and data** to drive system working, connect health and care providers, improve outcomes and put the citizen at the heart of their own care.

This document also describes options for giving ICSs a firmer footing in **legislation** likely to take effect from April 2022 (subject to Parliamentary decision). These proposals sit alongside other recommendations aimed at removing legislative barriers to integration across health bodies and with social care, to help deliver better care and outcomes for patients through collaboration, and to join up national leadership more formally. NHS England and NHS Improvement are inviting views

on these proposed options from all interested individuals and organisations by Friday 8 January.

It builds on, and should be read alongside, the commitments and ambitions set out in the [*NHS Long Term Plan \(2019\)*](#), [*Breaking Down Barriers to Better Health and Care \(2019\)*](#) and [*Designing ICSs in England \(2019\)*](#), and our [*recommendations to Government and Parliament for legislative change \(2019\)*](#).

1. Purpose

- 1.1. The NHS belongs to us all¹ and any changes to it must bring clear improvements for our health and care. Since 2018, integrated care systems (ICSs) have begun doing just this, enabling NHS organisations, local councils, frontline professionals and others to join forces to plan and provide around residents' needs as locally as possible.
- 1.2. By doing this, they have driven a 'bottom-up' response to the big health and care challenges that we and other countries across the world face and have made a real difference to people's lives. They have improved health, developed better and more seamless services and ensured public resources are used where they can have the greatest impact.
- 1.3. These achievements have happened despite persistent complexity and fragmentation. This document describes how we will simplify support to local leaders in systems, making it easier for them to achieve their ambitions. Our proposals are designed to serve four fundamental purposes:
 - improving population health and healthcare;
 - tackling unequal outcomes and access;
 - enhancing productivity and value for money; and
 - helping the NHS to support broader social and economic development.
- 1.4. The *NHS Long Term Plan* set out a widely supported route map to tackle our greatest health challenges, from improving cancer care to transforming mental health, from giving young people a healthy start in life to closing the gaps in health inequalities in communities, and enabling people to look after their own health and wellbeing.
- 1.5. The COVID-19 pandemic has given the NHS and its partners their biggest challenge of the past 70 years, shining a light on the most successful approaches to protecting health and treating disease. Vulnerable people need support that is joined up across councils, NHS, care and voluntary organisations; all based on a common understanding of the risks different people face. Similarly, no hospital could rise to the challenge alone, and new pathways have rapidly developed across multiple providers that enable and protect capacity for urgent non-COVID care.
- 1.6. This has all been backed up by mutual aid agreements, including with local councils, and shared learning to better understand effective response. It has

¹ <https://www.gov.uk/government/publications/the-nhs-constitution-for-england>

required openness in data sharing, commitment to collaboration in the interests of patients and communities, and agile collective decision-making.

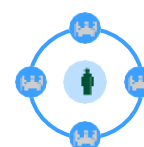
- 1.7. The significant challenges that face health and care as we recover from the pandemic make it even more important to have strong and thriving systems for the medium term. Important changes were driven by emergency response but must be hard-wired into our future working so that the gains of 2020 can endure. DHSC's 'Busting Bureaucracy: Empowering frontline staff by reducing excess bureaucracy in the health and care system in England' report, published on the 24th November 2020, describes in detail some of these important areas of change. The report found that there are many sources of excess bureaucracy and that these are often exacerbated by duplicative or disproportionate assurance systems and poorly integrated systems at a national, regional and local level. The report also acknowledges that the more levels of hierarchy in a system, the more likely it is that bureaucracy will exist and grow. ICS' therefore have the potential to reduce bureaucracy through increased collaboration, leaner oversight through streamlined assurance structures and smarter data-sharing agreements.
- 1.8. To deliver the core aims and purposes set out above, we will need to devolve more functions and resources from national and regional levels to local systems, to develop effective models for joined-up working at "place", ensure we are taking advantage of the transformative potential of digital and data, and to embed a central role for providers collaborating across bigger footprints for better and more efficient outcomes. The aim is a progressively deepening relationship between the NHS and local authorities, including on health improvement and wellbeing.
- 1.9. This reflects three important observations, building on the *NHS Long Term Plan's* vision of health and care joined up locally around people's needs:
 - **decisions taken closer to the communities** they affect are likely to lead to better outcomes;
 - **collaboration between partners in a place** across health, care services, public health, and voluntary sector can overcome competing objectives and separate funding flows to help address health inequalities, improve outcomes, and deliver joined-up, efficient services for people; and
 - **collaboration between providers** (ambulance, hospital and mental health) across larger geographic footprints is likely to be more effective than competition in sustaining high quality care, tackling unequal access to services, and enhancing productivity.
- 1.10. This takes forward what leaders from a range of systems have told us about their experiences during the past two years.

Devolution of functions and resources



- 1.11. Joining up delivery is not enough on its own. In many areas, we can shift national or regional resources and decision-making so that these are closer to the people they serve. For example, it will make sense to plan, commission and organise certain specialised services at ICS level, and to devolve a greater share of primary care funding and improvement resource to this more local level.
- 1.12. ICSs also need to be able to ensure collectively that they are addressing the right priorities for their residents and using their collective resources wisely. They will need to work together across partners to determine:
- **distribution of financial resources** to places and sectors that is targeted at areas of greatest need and tackling inequalities;
 - **improvement and transformation resource** that can be used flexibly to address system priorities;
 - **operational delivery** arrangements that are based on collective accountability between partners;
 - **workforce planning, commissioning and development** to ensure that our people and teams are supported and able to lead fulfilling and balanced lives;
 - **emergency planning and response** to join up action at times of greatest need; and
 - the use of **digital and data** to drive system working and improved outcomes.

“Place”: an important building block for health and care integration



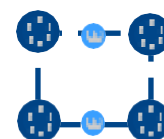
- 1.13. For most people their day-to-day care and support needs will be expressed and met locally in the place where they live. An important building block for the future health and care system is therefore at ‘**place**.’
- 1.14. For most areas, this will mean long-established local authority boundaries (at which joint strategic needs assessments and health and wellbeing strategies are made). But the right size may vary for different areas, for example reflecting where meaningful local communities exist and what makes sense to all partners. Within each place, services are joined up through primary care networks (PCNs) integrating care in neighbourhoods.
- 1.15. Our ambition is to create an **offer to the local population of each place**, to ensure that in that place everyone is able to:

- access clear advice on **staying well**;
- access a range of **preventative services**;
- access **simple, joined-up care and treatment** when they need it;
- access digital services (with non-digital alternatives) that put the citizen at the heart of their own care;
- access proactive support to keep as well as possible, where they are **vulnerable or at high risk**; and to
- expect the NHS, through its employment, training, procurement and volunteering activities, and as a major estate owner to play a full part in **social and economic development** and **environmental sustainability**.

1.16. This offer will be met through providers of primary care, community health and mental health services, social care and support, community diagnostics and urgent and emergency care working together with meaningful delegated budgets to join up services. It will also allow important links to be made to other public or voluntary services that have a big impact on residents' day-to-day health, such as by improving local skills and employment or by ensuring high-quality housing.

1.17. Delivery will be through NHS providers, local government, primary care and the voluntary sector working together in each place in ICSs, built around primary care networks (PCNs) in neighbourhoods.

Developing provider collaboration at scale



1.18. At some times, many people will have more complex or acute needs, requiring specialist expertise which can only be planned and organised effectively over a larger area than 'place'. This may be because concentrating skills and resources in bigger sites improves quality or reduces waiting times; because it is harder to predict what smaller populations will need; or because scale working can make better use of public resources.

1.19. Because of this, some services such as hospital, specialist mental health and ambulance needs to be organised through **provider collaboration** that operates at a whole-ICS footprint – or more widely where required.

1.20. We want to create an **offer that all people served by an ICS** are able to:

- access a full range of high-quality acute hospital, mental health and ambulance services; and
- experience fair access to these services, based on need and not factors such as geography, race or socio-economic background.

- 1.21. We also need to harness the involvement, ownership and innovation of clinicians, working together to design more integrated patient pathways horizontally across providers and vertically within local place-based partnerships.

2. Putting this into practice

- 2.1. There are many good examples of recent system working that have improved outcomes and productivity, and helped to address inequalities. But COVID has made the case for a step up in scope and ambition. NHS and local government are increasingly pressing for a more driven and comprehensive roll out of system working.
- 2.2. So, in this section we set out a series of practical changes which will need to be in place by April 2022 at the latest, to make a consistent transition to system working focused on further devolution to systems, greater partnership working at place and closer collaboration between providers on a larger footprint. The main themes are:
 1. Provider collaboratives
 2. Place-based partnerships
 3. Clinical and professional leadership
 4. Governance and accountability
 5. Financial framework
 6. Data and digital
 7. Regulation and oversight
 8. How commissioning will change
- 2.3. We will support preparatory work during 2021/22 with further guidance for systems and in the NHS Operational Planning Guidance for 2021/22.

Provider collaboratives

- 2.4. Provider organisations will play an **active and strong leadership role** in systems. Through their mandated representation in ICS leadership and decision-making, they will help to set system priorities and allocate resources.
- 2.5. **Providers will join up services across systems.** Many of the challenges that systems face cannot be solved by any one organisation, or by any one provider. Joining up the provision of services will happen in two main ways:
 - **within places** (for example, between primary, community, local acute, and social care, or within and between primary care networks) through place-based partnerships as described above ('vertical integration'); and

- **between places** at scale where similar types of provider organisation share common goals such as reducing unwarranted variation, transforming services, providing mutual aid through a formal provider collaborative arrangement ('horizontal integration' – for example, through an alliance or a mental health provider collaborative).

- 2.6. **All NHS provider trusts will be expected to be part of a provider collaborative.** These will vary in scale and scope, but all providers must be able to take on responsibility for acting in the interests of the population served by their respective system(s) by entering into one or more formal collaboratives to work with their partners on specific functions.
- 2.7. This greater co-ordination between providers at scale can support:
- higher quality and more sustainable services;
 - reduction of unwarranted variation in clinical practice and outcomes;
 - reduction of health inequalities, with fair and equal access across sites;
 - better workforce planning; and
 - more effective use of resources, including clinical support and corporate services.
- 2.8. For provider organisations operating across a large footprint or for those working with smaller systems, they are likely to create **provider collaboratives that span multiple systems** to provide an effective scale to carry out their role.
- 2.9. For ambulance trusts specifically we would expect collaboration and integration at the right scale to take place. This should operate at scale to plan resources and join up with specialist providers, and at a more local level in places where focused on the delivery and redesign with other partners of urgent and emergency care pathways.
- 2.10. We want to spread and build on good work of this type already under way. The partnerships that support this collaboration (such as provider alliances) often take place on a different footprint to ICS boundaries. This should continue where clinically appropriate, with NHS England and NHS Improvement helping to ensure consistent and coherent approaches across systems, especially for smaller partnerships.
- 2.11. Local flexibility will be important but providers in every system, through partnership or any new collaborative arrangements, must be able to:
- deliver relevant programmes on behalf of all partners in the system;
 - agree proposals developed by clinical and operational networks, and implement resulting changes (such as implementing standard

operating procedures to support agreed practice; designating services to ensure their sustainability; or wider service reconfiguration);

- challenge and hold each other to account through agreed systems, processes and ways of working, e.g. an open-book approach to finances/planning;
- enact mutual aid arrangements to enhance resilience, for example by collectively managing waiting lists across the system.

2.12. In some systems, larger providers may also choose to use their scale to host functions on behalf of other system partners.

2.13. NHS England and NHS Improvement will set out further guidance in early 2021, describing a number of potential models for provider collaboratives, based on those that have been established in some parts of the country, including looser federations and more consolidated forms.

2.14. We know that providers are already making progress towards effective, collaborative working arrangements despite the constraints of relevant legislation and frameworks. Indeed, many crucial features of strong system working – such as trust between partners, good leadership and effective ways of working – cannot be legislated for.

But we recognise that these could be supported by changes to legislation, including the introduction of a ‘triple aim’ duty for all NHS providers to help align priorities, and the establishment of ICSs as statutory bodies with the capacity to support population-based decision-making and to direct resources to improve service provision. Our recommendations for this are set out in part 3.

2.15. Systems will continue to play an increasingly important role in developing multidisciplinary leadership and talent, coordinating approaches to recruiting, retaining and looking after staff, developing an agile workforce and making best use of individual staff skills, experience and contribution.

2.16. From April 2022, this will include:

- developing and supporting a ‘one workforce’ strategy in line with the NHS People Plan and the People Promise, to improve the experience of working in the NHS for everyone;
- contributing to a vibrant local labour market, with support from partner organisations and other major local employers, including the care home sector and education and skills providers.
- enabling employees to have rewarding career pathways that span the entire system, by creating employment models, workforce sharing arrangements and passporting or accreditation systems that enable

their workforce to be deployed at different sites and organisations across (and beyond) the system, and sharing practical tools to support agile and flexible working;

- valuing diversity and developing a workforce and leadership which is representative of the population it serves; and
- supporting organisational and leadership development at all levels, including talent management. This should encompass investment in, and the development of improvement expertise.

Place-based partnerships

- 2.17. In many places, there are already **strong and effective place-based partnerships** between sectors. Every area is different, but common characteristics of the most successful are the full involvement of all partners who contribute to the place's health and care; an important role for local councils (often through joint appointments or shared budgets); a leading role for clinical primary care leaders through primary care networks; and a clear, strategic relationship with health and wellbeing boards.
- 2.18. The place leader on behalf of the NHS, as set out above, will work with partners such as the local authority and voluntary sector in an inclusive, transparent and collaborative way. They will have four main roles:
- to support and develop primary care networks (PCNs) which join up primary and community services across local neighbourhoods;
 - to simplify, modernise and join up health and care (including through technology and by joining up primary and secondary care where appropriate);
 - to understand and identify – using population health management techniques and other intelligence – people and families at risk of being left behind and to organise proactive support for them; and
 - to coordinate the local contribution to health, social and economic development to prevent future risks to ill-health within different population groups.
- 2.19. Systems should ensure that each place has **appropriate resources, autonomy and decision-making capabilities** to discharge these roles effectively, within a clear but flexible accountability framework that enables collaboration around funding and financial accountability, commissioning and risk management. This could include places taking on delegated budgets.
- 2.20. Partnerships within local places are important. Primary care networks in neighbourhoods and thriving community networks are also provider collaboratives, and for integration to be successful we will need primary care

working with community, mental health, the voluntary sector and social care as close to where people live as possible.

- 2.21. The exact division of responsibilities between system and place should be based on the principle of subsidiarity – with the system taking responsibility only for things where there is a clear need to work on a larger footprint, as agreed with local places.

The NHS's offer to local government

- 2.22. We will work much more closely with local government and the voluntary sector at place, to ensure local priorities for improved health and care outcomes are met by the NHS becoming a more effective partner in the planning, design and delivery of care. This will ensure residents feel well supported, with their needs clearly understood; and with services designed and delivered in the most effective and efficient way for each place.
- 2.23. As ICSs are established and evolve, this will create opportunities to further strengthen partnership working between local government, the NHS, public health and social care. Where partnership working is truly embedded and matured, the ability to accelerate place-based arrangements for local decision-making and use of available resources, such as delegated functions and funding, maximises the collective impact that can be achieved for the benefit of residents and communities.

Clinical and professional leadership

- 2.24. Clinical and other frontline staff have led the way in working across professional and institutional boundaries, and they need to be supported to continue to play a significant leadership role through systems. ICSs should embed **system-wide clinical and professional leadership** through their partnership board and other governance arrangements, including **primary care network** representation.
- 2.25. **Primary care clinical leadership** takes place through critical leadership roles including:
- Clinical directors, general practitioners and other clinicians and professionals in primary care networks (PCNs), who build partnerships in **neighbourhoods** spanning general practice, community and mental health care, social care, pharmacy, dentistry, optometry and the voluntary sector.
 - Clinical leaders representing primary care in **place-based partnerships** that bring together the primary care provider leadership role in federations and group models

- A primary care perspective at system level.

2.26. **Specialist clinical leadership** across secondary and tertiary services must also be embedded in systems. Existing **clinical networks** at system, regional and national level have important roles advising on the most appropriate models and standards of care, in particular making decisions about clinical pathways and clinically-led service change. System-wide clinical leadership at an ICS and provider collaborative footprint through clinical networks should:

- be able to carry out clinical service strategy reviews on behalf of the ICS;
- develop proposals and recommendations that can be discussed and agreed at wider decision-making forums; and
- include colleagues from different professional backgrounds and from different settings across primary care, acute, community and mental health care.

2.27. **Wider clinical and professional leadership** should also ensure a strong voice for the wide range of skills and experience across systems. From nursing to social care, from allied health professionals to high street dentists, optometrists and pharmacists, and the full range of specialisms and care settings, people should receive services designed and organised to reflect the expertise of those who provide their care.

Governance and public accountability

2.28. Systems have told us from recent experience that good partnership working must be underpinned by mutually-agreed governance arrangements, clear collective decision-making processes and transparent information-sharing.

2.29. In the *NHS Long Term Plan* and [NHS planning and contracting guidance for 2020/21](#), we described a set of consistent operating arrangements that all systems should put in place by 2021/22. These included:

- system-wide governance arrangements (including a system partnership board with NHS, local councils and other partners represented) to enable a collective model of responsibility and decision-making;
- quality governance arrangements, notably a quality lead and quality group in systems, focused on assurance, planning and improvement;
- a leadership model for the system, including an ICS leader with sufficient capacity and a chair appointed in line with NHSEI guidance; and
- agreed ways of working with respect to financial governance and collaboration.

2.30. ICSs now need to put in place firmer governance and decision-making arrangements for 2021/22, to reflect their growing roles and responsibilities. With the below consistent framework, these should be flexible to match local needs.

2.31. As part of this, each system should define:

- **‘place’ leadership** arrangements. These should consistently involve:
 - i. every locally determined ‘place’ in the system operating a partnership with joined-up decision-making arrangements for defined functions;
 - ii. the partnership involving, at a minimum, primary care provider leadership, local authorities, including Director of Public Health and providers of community and mental health services and Healthwatch;
 - iii. agreed joint decision-making arrangements with local government; and
 - iv. representation on the ICS board.

They may flexibly define:

- i. the configuration, size and boundaries of places which should reflect meaningful communities and scale for the responsibilities of the place partnership;
 - ii. additional membership of each place partnership that is likely to include acute providers, ambulance trusts, the voluntary sector and other partners;
 - iii. the precise governance and decision-making arrangements that exist within each place; and
 - iv. their voting arrangements on the ICS board.
- **provider collaborative leadership** arrangements for providers of more specialist services in acute and mental health care. These should consistently involve:
 - i. every such provider in a system operating as part of one or more agreed provider collaboratives with joined up decision-making arrangements for defined functions;
 - ii. provider collaboratives represented on the appropriate ICS board(s).

They may flexibly define:

- i. the scale and scope of provider collaboratives. For smaller systems, provider collaboratives are likely to span multiple systems and to be represented on the board of each. These arrangements should reflect a meaningful scale for their responsibilities;

- ii. the precise membership of each collaborative (acute providers, specialist providers, ambulance trusts at an appropriate footprint, mental health providers);
 - iii. the precise governance and decision-making arrangements that exist within each collaborative; and
 - iv. their voting arrangements on the ICS board.
- **individual organisation** accountability within the system governance framework. This will consistently involve:
 - i. the responsibility and accountability of the individual provider organisations for their current range of formal and statutory responsibilities (which are unchanged); and
 - ii. the accountability relationship between the provider organisation and all place-based partnerships and provider collaboratives of which it is a member.

It may flexibly define:

- iii. Any lead provider responsibility that the organisation holds on behalf of a place partnership or a provider collaborative.

- 2.32. Integrated care systems draw their strength from the effectiveness of their constituent parts. Their governance should seek to minimise levels of decision-making and should set out defined responsibilities of organisations, partnerships at place, provider collaboratives and the core ICS role. Each ICS should seek to ensure that all the relevant bodies feel ownership and involvement in the ICS.
- 2.33. The local test for these governance arrangements is whether they enable joined-up work around a shared purpose. Provider collaboratives and place-based partnerships should enable peer support and constructive challenge between partners delivering services and accelerate partners' collective ability to improve services in line with agreed priorities.
- 2.34. The greater development of working at place will in many areas provide an opportunity to align decision-making with local government, including integrated commissioning arrangements for health and social care, and local responsiveness through health and wellbeing boards. There is no one way to do this, but all systems should consider how the devolution of functions and capabilities to systems and places can be supported by robust governance arrangements.
- 2.35. ICS governance is currently based on voluntary arrangements and is therefore dependent on goodwill and mutual co-operation. There are also legal constraints on the ability of organisations in an ICS to make decisions jointly. We have previously made a number of recommendations for legislative change to Government and Parliament to increase flexibility in decision making by enabling decision making joint committees of both

commissioners and providers and also committees of Providers. Section 3 of this document captures these options and also describes our thinking on clarifying arrangements for an ICS.

- 2.36. Many systems have shown great ways to involve and take account of the views and priorities of local residents and those who use services, as a 'golden thread' running through everything they do. During 21/22, every ICS should work to develop systematic arrangements to involve lay and resident voices and the voluntary sector in its governance structures, building on the collective expertise of partners and making use of pre-existing assets and forums such as Healthwatch and citizen's panels.
- 2.37. In particular, governance in ICSs should involve all system partners in the development of service change proposals, and in consulting and engaging with local people and relevant parts of local government (such as with overview and scrutiny committees and wider elected members) on these. It should appropriately involve elected councillors, and other local politicians such as metro mayors where relevant, and reflect transparency in wider decision-making.
- 2.38. Each system should also be able to show how it uses public involvement and insight to inform decision-making, using tools such as citizens' panels, local health champions, and co-production with people with lived experience. Systems should make particular efforts to understand and talk to people who have historically been excluded.

Financial framework

- 2.39. In order that the collective leadership of each ICS has the best possible opportunity to invest in and deliver joined-up, more preventative care, tailored to local people's needs, we will increasingly **organise the finances of the NHS at ICS level** and put **allocative decisions in the hands of local leaders**. We are clear that we want ICSs to be key bodies for financial accountability and financial governance arrangements will need to reflect that. NHSEI will update guidance to reflect these changes.
- 2.40. That means that we will **create a 'single pot,'** which brings together current CCG commissioning budgets, primary care budgets, the majority of specialised commissioning spend, the budgets for certain other directly commissioned services, central support or sustainability funding and nationally-held transformation funding that is allocated to systems.
- 2.41. ICS leaders, working with provider collaboratives, must have the freedom – and indeed the duty – to distribute those resources in line with national rules such as the mental health, and the primary and community services investment guarantees and locally-agreed strategies for health and care, for example targeting investment in line with locally-agreed health inequalities

priorities, or responding flexibly as new, more preventative services are developed and patient journeys change.

- 2.42. ICS leaders will also have a duty to ensure that they deploy the resources available to them in order to protect the future sustainability of local services, and to ensure that their health and care system consumes their fair share of resources allocated to it.
- 2.43. It also means that ICS leaders will be expected to use new freedoms to delegate significant budgets to 'place' level, which might include resources for general practice, other primary care, community services, and continuing healthcare. Similarly, through active involvement at place level, providers will have a greater say in how transformation funding is deployed. Decisions about the use of all of these budgets will usually be made at the lowest possible level, closest to those communities they serve and in partnership with their local authority. New powers will make it easier to form joint budgets with the local authority, including for public health functions.
- 2.44. Providers will through their role in ICS leadership have the opportunity to shape the strategic health and care priorities for the populations they serve, and new opportunities – whether through lead provider models at place level or through fully-fledged integrated care provider contractual models – to determine how services are funded and delivered, and how different bodies involved in providing joined-up care work together.
- 2.45. We will deliver on the commitment set out in the Long Term Plan to mostly move away from episodic or activity-based payment, rolling out the blended payment model for secondary care services. This will ensure that provider collaboratives have greater certainty about the resources available to them to run certain groups of services and meet the needs of particular patient groups. Any variable payments will be funded within the ICS financial envelope, targeted to support the delivery of locally-identified priorities and increasingly linked to quality and outcomes metrics. Each ICS will be expected to agree and codify how financial risk will be managed across places and between provider collaboratives.
- 2.46. These changes will reduce the administrative, transactional costs of the current approach to commissioning and paying for care, and release resources for the front line - including preventative measures - that can be invested in services that are planned, designed and delivered in a more strategic way at ICS level. This is just one way in which we will ensure that each ICS has the capacity and capability to take advantage of the opportunities that these new approaches offer.
- 2.47. Finally, we will further embed reforms to the capital regime introduced in 2019/20 and 2020/21, bringing together at ICS level responsibility for allocating capital envelopes with responsibility for allocating the revenue

budgets which fund day-to-day services. This will ensure that capital investment strategies:

- are not only coordinated between different NHS providers, but also aligned with local authorities' management of their estates and wider assets;
- reflect local judgments about the balance between competing priorities for capital expenditure; and
- give priority to those investments which support the future sustainability of local services for future generations.

2.48. We will set out in the 2021/22 planning guidance how we will support ICSs to begin operating more collective financial governance in 2021/22 and to prepare for the powers and duties set out above.

Data and Digital

2.49. Data and digital technology have played a vital role helping the NHS and care respond to the pandemic. They will be at the heart of creating effective local systems, helping local partners in health and social care work together. They can help improve productivity and patient outcomes, reduce bureaucracy, drive service transformation and stimulate improvement and research.

2.50. But digital maturity and data quality is variable across the health and care. Data has too often been held in siloes, meaning that clinicians and care professionals do not have easy access to all of the information that could be useful in caring for their patients and service users.

2.51. To fulfil the potential of digital and data to improve patient outcomes and drive collaborative working, systems will need to:

- (1) build smart digital and data foundations
- (2) connect health and care services
- (3) use digital and data to transform care
- (4) put the citizen at the centre of their care

Build smart digital and data foundations

- Have clear **board accountability** for data and digital, including a member of the ICS Partnership Board being a named SRO.
- Have a system-wide **digital transformation plan**. This should outline the three year journey to digitally-driven, citizen-centred care, and the benefits that digital and data will realise for the system and its citizens.

- Build the **digital and data literacy** of the whole workforce as well as specific digital skills such as user research and service design.
- Invest in the **infrastructure** needed to deliver on the transformation plan. This will include **shared contracts and platforms** to increase resiliency, digitise operational services and create efficiencies, from shared data centres to common EPRs.

Connect health and care services

- Develop or join a **shared care record** joining data safely across all health and social care settings, both to improve direct care for individual patients and service users, and to underpin population health and effective system management.
- Build the tools to allow **collaborative working** and frictionless movement of staff across organisational boundaries, including shared booking and referral management, task sharing, radiology reporting and pathology networks.
- Follow **nationally defined standards** for digital and data to enable integration and interoperability, including in the data architecture and design.

Use digital and data to transform care

- Use digital technology to **reimagine care pathways**, joining up care across boundaries and improving outcomes.
- Develop shared **cross-system intelligence and analytical functions** that use information to improve decision-making at every level, including:
 - actionable insight for frontline teams;
 - near-real time actionable intelligence and robust data (financial, performance, quality, outcomes);
 - system-wide workforce, finance, quality and performance planning;
 - the capacity and skills needed for population health management.
- Ensure **transparency of information** about interventions and the outcomes they produce, to drive more responsive coordination of services, better decision-making and improved research.

Put the citizen at the centre of their care

- Develop a road map for **citizen-centred digital channels** and services, including access to personalised advice on staying well, access to their own data, and triage to appropriate health and care services.
- Roll out **remote monitoring** to allow citizens to stay safe at home for longer, using digital tools to help them manage long-term conditions.
- We want to build on the experience of data sharing during COVID so that data is shared, wherever it can and should be. This will inform the upcoming Department of Health and Social Care Data Strategy. While this will be mainly about embedding a culture of sharing data with appropriate safeguards, we would support legislative change that clarifies that sharing data for the benefit of the whole health and care system is a key duty and responsibility of all health and adult social care organisations. This will require a more flexible legislative framework than currently exists to support further evolution and empower local systems to lead and drive that agenda.

Regulation and oversight

- 2.52. We have consistently heard that regulation needs to adapt, with more support from national regulators for systems as well as the individual organisations within them, and a shift in emphasis to reflect the importance of partnership working to improve population health.
- 2.53. Regulation best supports our ambitions where it enables systems and the organisations within them to make change happen. This means a focus on how effective local arrangements are at implementing better pathways, maximising use of collective capacity and resources, and acting in partnership to achieve joint financial and performance standards.
- 2.54. We have already taken steps to bring together NHS England and NHS Improvement to provide a single, clear voice to the system and our legislative proposals haven't changed – this merger should be formalised in future legislation.
- 2.55. As a formally merged body, NHS England will of course remain answerable to Parliament and to the Secretary of State for Health and Social Care for NHS performance, finance and healthcare transformation. There will need to be appropriate mechanisms in law to ensure that the newly merged body is responsive and accountable. We envisage Parliament using the legislation to specify the Secretary of State's legal powers of direction in respect of NHS England in a transparent way that nevertheless protects clinical and operational independence.

- 2.56. There are a further practical steps that we can take to support systems:
- working with the CQC to seek to embed a requirement for strong participation in ICS and provider collaborative arrangements in the “Well Led” assessment;
 - issuing guidance under the NHS provider licence that good governance for NHS providers includes a duty to collaborate; and
 - ensuring foundation trust directors’ and governors’ duties to the public support system working.
- 2.57. We expect to see greater adoption of system- and place- level measurements, which might include reporting some performance data such as patient treatment lists at system level. Next year, we will introduce new measures and metrics to support this, including an ‘integration index’ for use by all systems.
- 2.58. The future **System Oversight Framework** will set consistent expectations of systems and their constituent organisations and match accountability for results with improvement support, as appropriate.
- 2.59. This approach will recognise the enhanced role of systems. It will identify where ICSs and organisations may benefit from, or require, support to help them meet standards in a sustainable way and will provide an objective basis for decisions about when and how NHSEI will intervene in cases where there are serious problems or risks.
- The proposed future Intensive Recovery Support Programme will give support to the most challenged systems (in terms of quality and/or finance) to tackle their key challenges. This will enable intervention in response to CQC findings or where other regulatory action is required. This approach enables improvement action and targeted support either at organisation/provider level (with system support) or across a whole system where required and may extend across health and social care, accessing shared learning and good practice between systems to drive improvement.
- 2.60. Greater collaboration will help us to be more effective at designing and distributing services across a local system, in line with agreed health and care priorities and within the resources available. However there remains an important role for patient choice, including choice between qualified providers, providers outside the geographic bounds of the system and choice of the way in which services need to be joined up around the individual person as a resident or patient including through personal health budgets.
- 2.61. Our previous recommendations to government for legislation include rebalancing the focus on competition between NHS organisations by reducing the Competition and Market Authority’s role in the NHS and

abolishing Monitor's role and functions in relation to enforcing competition. We also recommended regulations made under section 75 of the *Health and Social Care Act 2012* should be revoked and that the powers in primary legislation under which they are made should be repealed, and that NHS services be removed from the scope of the *Public Contracts Regulations 2015*. We have committed to engage openly on how the future procurement regime will operate subject to legislation being brought before Parliament.

How commissioning will change

2.62. Local leaders have repeatedly told us that the commissioning functions currently carried out by CCGs need to become more strategic, with a clearer focus on **population-level health outcomes** and a marked reduction in transactional and contractual exchanges within a system. This significant change of emphasis for commissioning functions means that the organisational form of CCGs will need to evolve.

2.63. The activities, capacity and resources for commissioning will change in three significant ways in the future, building on the experience of the most mature systems:

- Ensuring a single, system-wide approach to undertake **strategic commissioning**. This will discharge core ICS functions, which include:
 - assessing population health needs and planning and modelling demographic, service use and workforce changes over time;
 - planning and prioritising how to address those needs, improving all residents' health and tackling inequalities; and
 - ensuring that these priorities are funded to provide good value and health outcomes.
- Service transformation and pathway redesign need to be done differently. Provider organisations and others, through partnerships at place and in provider collaboratives, become a principal engine of transformation and should agree the future service model and structure of provision jointly through ICS governance (involving transparency and public accountability). Clinical leadership will remain a crucial part of this at all footprints.
- The greater focus on population health and outcomes in contracts and the collective system ownership of the financial envelope is a chance to apply capacity and skills in transactional commissioning and contracting with a new focus. Analytical skills within systems should be applied to better understanding how best to use resources to

improving outcomes, rather than managing contract performance between organisations.

- 2.64. Many commissioning functions are now **coterminous with ICS boundaries**, and this will need to be consistent across the country before April 2022. Under the legislative provisions recommended in section 3 current CCG functions would subsequently be absorbed to become core ICS business.
- 2.65. However, with the spread of place-based partnerships backed by devolved funding, simplified accountability, and an approach to governance appropriate to local circumstances along with further devolution of specialised commissioning activity, there will be flexibility for local areas to make full use of the local relationships and expertise currently residing in CCGs.
- 2.66. Systems should also agree whether individual functions are best delivered at system or at place, balancing subsidiarity with the benefits of scale working. Commissioners may, for example, work at place to complete service and outcomes reviews, allocate resources and undertake needs assessments alongside local authorities. But larger ICSs may prefer to carry out a wider range of functions in their larger places, and smaller ones to do more across the whole system.
- 2.67. Commissioning support units (CSUs) operate within the NHS family across England, providing services that have been independently evaluated for quality and value for money. We expect that CSUs will continue to develop as trusted delivery partners to ICSs, providing economies of scale which may include joining up with provider back office functions where appropriate and helping to shape services through a customer board arrangement.

Specialised commissioning

- 2.68. Specialised services are particularly important for the public and patients, with the NHS often working at the limits of science to bring the highest levels of human knowledge and skill to save lives and improve health.
- 2.69. The national commissioning arrangements that have been in place for these services since 2013 have played a vital role in supporting **consistent, equitable, and fast access for patients** to an ever-expanding catalogue of cutting edge technologies - genomic testing, CAR-T therapy, mechanical thrombectomy, Proton Beam Therapy and CFTR modulator therapies for patients with cystic fibrosis to name just a few.
- 2.70. But these national commissioning arrangements can sometime mean fragmented care pathways, misaligned incentives and missed opportunities for **upstream investment and preventative intervention**. For example, the split in commissioning responsibilities for mental health services has

potentially slowed the ambition to reduce the number of children admitted for inpatient treatment and, where they are admitted, making sure they are as close to home as possible. Bringing together the commissioning of mental health services has aligned incentives and enabled resources to be moved into upstream services, reducing over-reliance on geographically distant inpatient care.

- 2.71. Integrated care systems provide an opportunity to further **align the design, development and provision of specialised services with linked care** pathways, where it supports patient care, while maintaining consistent national standards and access policies across the board.
- 2.72. The following principles will underpin the detailed development of the proposed arrangements:
- ***Principle One: All specialised services, as prescribed in regulations, will continue to be subject to consistent national service specifications and evidence-based policies determining treatment eligibility.*** NHS England will continue to have responsibility for developing and setting these standards nationally and whoever is designated as the strategic commissioner will be expected to follow them. Over time, service specifications will need to become more outcomes focused to ensure that innovative and flexible solutions to unique system circumstances and/or opportunities can be easily adopted. But policies determining eligibility criteria for specific treatments across all specialised services will remain precise and consistently applied across the country.
 - ***Principle Two: Strategic commissioning, decision making and accountability for specialised services will be led and integrated at the appropriate population level: ICS, multi-ICS or national.*** For certain specialised services, it will make sense to plan, organise and commission these at ICS level. For others, ICSs will need to come together across a larger geographic footprint to jointly plan and take joint commissioning decisions. And many services, such as those in the highly specialised services portfolio, will continue to be planned and commissioned on a national footprint. Importantly, whichever level strategic commissioning occurs the national standards will apply.
 - ***Principle Three: Clinical networks and provider collaborations will drive quality improvement, service change and transformation across specialised services and non-specialised services.*** Clinical networks have long been a feature of the NHS. But, during the COVID pandemic they have become critical in supporting innovation and system wide collaboration. Looking ahead they will be supported to drive clinically-led change and service improvement with even greater

accountability for tackling inequalities and for improving population health.

- ***Principle Four: Funding of specialised services will shift from provider-based allocations to population-based budgets, supporting the connection of services back to 'place'.*** We are considering from April 2021 allocating budgets on a population basis at regional level and are considering the best basis for allocating funding and will provide further information in due course. In this first year, adjustments will then be made to neutralise any changes in financial flows and ensure stability. We intend to publish a needs-based allocation formula, before using it to inform allocations against an agreed pace of change in future years. A needs-based allocations formula will further strengthen the focus on tackling inequalities and unwarranted variation.

3. Legislative proposals

- 3.1. The detailed policy work described above will be necessary to deliver our vision but will not by itself be sufficient. While legislation is only part of the answer, the existing legislation (*the National Health Service Act 2006 and the Health and Social Care Act 2012*) does not present a sufficiently firm foundation for system working.
- 3.2. In September 2019, NHSEI made a number of recommendations for an NHS Bill². These aimed to remove current legislative barriers to integration across health and social care bodies, foster collaboration, and more formally join up national leadership in support of the ambitions outlined above.
- 3.3. Recommendations included:
- rebalancing the focus on **competition** between NHS organisations by reducing the Competition and Markets Authority’s role in the NHS and abolishing Monitor’s role and functions in relation to enforcing competition;
 - simplifying **procurement** rules by scrapping section 75 of the 2012 Act and remove the commissioning of NHS healthcare services from the jurisdiction of the Public Contracts Regulations 2015;
 - providing increased flexibilities on **tariff**;
 - reintroducing the ability to establish **new NHS trusts** to support the creation of integrated care providers;
 - ensuring a more coordinated approach to planning **capital investment**, through the possibility of introducing FT capital spend limits;
 - the ability to establish decision-making **joint committees** of commissioners and NHS providers and between NHS providers;
 - enabling **collaborative commissioning** between NHS bodies – it is currently easier in legislative terms for NHS bodies and local authorities to work together than NHS bodies;
 - a new “**triple aim**” duty for all NHS organisations of ‘better health for the whole population, better quality care for all patients and financially sustainable services for the taxpayer; and

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875711/The_government_s_2020-2021_mandate_to_NHS_England_and_NHS_Improvement.pdf

- **merging NHS England and NHS Improvement** – formalising the work already done to bring the organisations together.

- 3.4. These recommendations were strongly supported and backed across the health and social care sector³. We believe these proposals still stand.
- 3.5. One of the key considerations in our recommendations was how, and to what extent, ICSs should be put on a statutory footing. Responses to our engagement were ultimately mixed – balancing the relatively early stage of development of some ICSs against a desire to enable further progress and to put ICSs on a firmer footing.
- 3.6. At the time, we proposed a new statutory underpinning to establish ICS boards through voluntary joint committees, an entity through which members could delegate their organisational functions to its members to take a collective decision. This approach ensured support to those systems working collectively already and a future approach to those systems at an earlier stage of development.
- 3.7. Many respondents to our engagement and specifically Parliament’s Health and Social Care Select Committee raised a number of questions as to whether a voluntary approach would be effective in driving system working. There was particular focus on those areas at an earlier stage of their development and whether a voluntary model offered sufficient clarity of accountability for health outcomes and financial balance both to parliament and more directly to the public.
- 3.8. The response of the NHS and its partners to COVID-19 and a further year of ICS development has increased the appetite for statutory “clarity” for ICSs and the organisations within them. With an NHS Bill included in the last Queen’s Speech, we believe the opportunity is now to achieve clarity and establish a “future-proofed” legislative basis for ICSs that accelerates their ability to deliver our vision for integrated care.
- 3.9. We believe there are two possible options for enshrining ICSs in legislation, without triggering a distracting top-down re-organisation:

Option 1: a statutory committee model with an Accountable Officer that binds together current statutory organisations.

Option 2: a statutory corporate NHS body model that additionally brings CCG statutory functions into the ICS.

³ [https://www.aomrc.org.uk/wp-content/uploads/2019/09/190926_Support_letter_NHS_legislation - proposals.pdf](https://www.aomrc.org.uk/wp-content/uploads/2019/09/190926_Support_letter_NHS_legislation_-_proposals.pdf)

- 3.10. Both models share a number of features – broad membership and joint decision-making (including, as a minimum, representatives from commissioners; acute, community and primary care providers; and local authorities); responsibility for owning and driving forward the system plan; operating within and in accordance with the triple aim duty; and a lead role in relating to the centre.

Option 1 – a statutory ICS Board/ Joint Committee with an Accountable Officer

- 3.11. This option is closer to our original proposal. It would establish a mandatory, rather than voluntary, statutory ICS Board through the mechanism of a joint committee and enable NHS commissioners, providers and local authorities to take decisions collectively.
- 3.12. Unlike previously proposed versions of this model it would have a system Accountable Officer, chosen from the CEOs/AOs of the Board's mandatory members. This Accountable Officer would not replace individual organisation AOs/CEOs but would be recognised in legislation and would have duties in relation to delivery of the Board's functions. There would be a duty for the Board to agree and deliver a system plan and all members would have an explicit duty to comply with it.
- 3.13. In accordance with our stated ambition, there would be one aligned CCG only per ICS footprint under this model, and new powers would allow that CCGs are able to delegate many of its population health functions to providers.
- 3.14. This option retains individual organisational duties and autonomy and relies upon collective responsibility. Intervention against individual NHS organisations (not working in the best interests of the system) would continue to be enhanced through the new triple aim duty and a new duty to comply with the ICS plan.
- 3.15. The new Accountable Officer role would have duties to seek to agree the system plan and seek to ensure it is delivered and to some extent offer clarity of leadership. However, current accountability structures for CCG and providers would remain.
- 3.16. There remain potential downsides to this model. In effect, many of the questions raised through our engagement in 2019 about accountability and clarity of leadership would remain. While the addition of an Accountable Officer strengthens this model, there remains less obvious responsibility for patient outcomes or financial matters. Having an ICS Accountable Officer alongside a CCG Accountable Officer may in some cases confuse rather than clarify accountability. The CCG governing body and GP membership is

also retained, and it is questionable whether these are sufficiently diverse arrangements to fulfil the different role required of CCGs in ICSs.

- 3.17. Furthermore, many may not consider this model to be the “end state” for ICSs and opportunities for primary legislative change are relatively rare. There are therefore strong arguments to go further when considering how the health and care system might evolve over the next ten years and more.

Option 2 – a statutory ICS body

- 3.18. In this option, ICSs would be established as NHS bodies partly by “re-purposing” CCGs and would – among other duties – take on the commissioning functions of CCGs. Additional functions would be conferred and existing functions modified to produce a new framework of duties and powers.
- 3.19. The CCG governing body and GP membership model would be replaced by a board consisting of representatives from the system partners. As a minimum it would include representatives of NHS providers, primary care and local government alongside a Chair, a Chief Executive and a Chief Financial Officer. The ICS body should be able to appoint such other members as it deems appropriate allowing for maximum flexibility for systems to shape their membership to suit the needs of their populations. The power of individual organisational veto would be removed. The ICS Chief Executive would be a full-time Accounting Officer role, which would help strengthen lines of accountability and be a key leadership role in ensuring the system delivers.
- 3.20. The ICS’s primary duty would be to secure the effective provision of health services to meet the needs of the system population, working in collaboration with partner organisations. It would have the flexibility to make arrangements with providers through contracts or by delegating responsibility for arranging specified services to one or more providers.
- 3.21. This model would deliver a clearer structure for an ICS and avoids the risk of complicated workarounds to deliver our vision for ICSs. Although there would be a representative for primary care on the Board, there would no longer be a conflict of interests with the current GP-led CCG model (created by the 2012 Act) and it could be possible to allocate combined population-level primary care, community health services and specialised services population budgets to ICS.
- 3.22. Many commissioning functions for which NHSE is currently responsible could, for the most part, be transferred or delegated to the ICS body, but with the ability to form joint committees as proposed through our original recommendations, with NHSE, if and where appropriate.

- 3.23. Through greater provider involvement, it could also reduce some of the transactional burdens of the current contracting processes. There would be powers for the ICS to delegate responsibility for arranging some services to providers, to create much greater scope for provider collaboration to use whole-population budgets to drive care pathway transformation.

Our approach

- 3.24. Either model would be sufficiently permissive in legislation to allow different systems to shape how they operate and how best and most appropriately deliver patient care and outcomes support at place.
- 3.25. Under either model we would want local government to be an integral, key player in the ICS. Both models offer a basis for planning and shaping services across healthcare, social care, prevention and the wider determinants of health. Both would allow for the delegation of functions and money to place-based statutory committees involving NHS bodies and local government. Both would enable NHS and local government to exploit existing flexibilities to pool functions and funds.
- 3.26. While both models would drive increased system collaboration and achieve our vision and our aims for ICSs in the immediate term, we believe Option 2 is a model that offers greater long term clarity in terms of system leadership and accountability. It also provides a clearer statutory vehicle for deepening integration across health and local government over time. It also provides enhanced flexibility for systems to decide who and how best to deliver services by both taking on additional commissioning functions from NHS England but also deciding with system colleagues (providers and local councils) where and how best service provision should take place.
- 3.27. Should these proposals be developed further and proposed by Government as future legislation, we would expect a full assessment of the impact of these proposals on equalities and public and parliamentary engagement and scrutiny as is appropriate.

Questions

Q. Do you agree that giving ICSs a statutory footing from 2022, alongside other legislative proposals, provides the right foundation for the NHS over the next decade?

Q. Do you agree that option 2 offers a model that provides greater incentive for collaboration alongside clarity of accountability across systems, to Parliament and most importantly, to patients?

Q. Do you agree that, other than mandatory participation of NHS bodies and Local Authorities, membership should be sufficiently permissive to allow systems to shape their own governance arrangements to best suit their populations needs?

Q. Do you agree, subject to appropriate safeguards and where appropriate, that services currently commissioned by NHSE should be either transferred or delegated to ICS bodies?

4. Implications and next steps

- 4.1. The ambitious changes set out here are founded on the conviction that collaboration will be a more effective mechanism for transformation against long term population health priorities and also for driving sustainable operational performance against the immediate challenges on quality, access, finance and delivery of outcomes that make difference to people's experience of services today.
- 4.2. International evidence points to this being the case as across the world health systems change to pursue integration as the means of meeting health needs and improving health outcomes. We have seen this reinforced through our experiences in tackling COVID-19.
- 4.3. The rapid changes in digital technology adoption, mutual cooperation and capacity management, provision of joined up support to the most vulnerable that have been essential in the immediate response to the pandemic have only been possible through partners working together to implement rapid change as they focus on a shared purpose.
- 4.4. As we embed the ways of working set out above, partners in every system will be able to take more effective, immediate operational action on:
 - managing acute healthcare performance challenges and marshalling collective resource around clear priorities, through provider collaboratives;
 - tackling unwarranted variation in service quality, access and performance through transparent data with peer review and support arrangements organised by provider collaboratives;
 - using data to understand capacity utilisation across provider collaboratives, equalising access (tackling inequality across the system footprint) and equalising pressures on individual organisations.

The NHS England and NHS Improvement's operating model

- 4.5. NHSEI will support systems to adopt improvement and learning methodologies and approaches which will enable them to improve services for patients, tackle unwarranted variation and develop cultures of continuous improvement.

- 4.6. This will be underpinned by a comprehensive support offer which includes:
- access to our national transformation programmes for outpatients and diagnostics;
 - support to tackle unwarranted variation and increase productivity (in partnership with the Getting it Right First Time programme);
 - the data they need to drive improvement, accessed through the 'model health system';
 - the resources and guidance that they need to build improvement capability; and
 - assistance from our emergency and electivity intensive support teams (dependent on need).
- 4.7. Much of this support offer will be made available to systems through regional improvement hubs, which will ensure that improvement resource supports local capacity- and capability-building. Systems will then be able to flexibly and rapidly deploy the support into place partnerships and provider collaboratives.
- 4.8. NHSEI developed a joint operating model during 2019, with input from senior NHS leaders including those in systems and regions, as well as frontline staff and other stakeholders. This resulted in a description of the different ways NHSEI will operate in future, underpinned by a set of principles including subsidiarity, and a set of 'levers of value' that NHSEI can use at national and regional level to support systems.
- 4.9. NHSEI will continue to develop this operating model to support the vision set out above, and any legislative changes. This will include further evolving how we interact with systems nationally and regionally; and ensuring that its functions are arranged in a way that support and embed system working to deliver our priorities.
- 4.10. The new operating environment will mean:
- increased freedoms and responsibilities for ICSs, including greater responsibility for system development and performance, as well as greater autonomy regarding assurance.
 - the primary interaction between NHSEI and systems will be between regions and the collective ICS leadership, with limited cause for national functions to directly intervene with individual providers within systems.
 - as systems take on whole population budgets they will increasingly determine how resource is to be used to 'move the dial' on outcomes, inequalities, productivity and wider social and economic development

against their specific health challenges and population health priorities.

- NHSEI regional teams will become 'thinner' as we move direct commissioning responsibility out to systems (individually and collectively). They will increasingly continue to enable systems to take on greater autonomy, working with them to identify their individual development priorities and support needs.

Transition

- 4.11. The experience of the earliest ICSs shows that great leadership is critical to success and can come from any part of the health and care system. But, to be effective, it must be felt right across, and draw on the talents of leaders from every part of, a system.
- 4.12. These systems have developed a new style of behaviour, which makes the most of the leadership teams of all constituent organisations and empowers frontline leaders. System leaders have impact through a collaborative and distributive leadership style that operates across boundaries, leading for communities.
- 4.13. This shared approach to leadership is based on qualities such as openness and transparency, honesty and integrity, a genuine belief in common goals and an ability to build consensus.
- 4.14. ICSs need to be of sufficient size to carry out their 'at scale' activities effectively, while having sufficiently strong links into local communities at a much more local level in places and neighbourhoods.
- 4.15. Pragmatically we are supporting ICSs through to April 2022 at their current size and scale, but we recognise that smaller systems will need to join up functions, particularly for provider collaboration. We will support the ability for ICSs to more formally combine as they take on new roles where this is supported locally.
- 4.16. We will work with systems to ensure that they have arrangements in place to take on enhanced roles from April 2022. We will set out a roadmap for this transition that gives assurance over system readiness for new functions as these become statutory.
- 4.17. We know that under either legislative proposal we need to ensure that we support our staff during organisational change by minimising uncertainty and limiting employment changes. We are therefore seeking to provide stability of employment while enabling a rapid development of role functions and purpose for all our teams, particularly in CCGs directly impacted by legislative Option 2.

- 4.18. We want to take a different approach to this transition; one that is characterised by care for our people and no distraction from the 'day job': the critical challenges of recovery and tackling population health.
- 4.19. **Stable employment:** As CCG functions move into new bodies we will make a 'continued employment promise' for staff carrying out commissioning functions. We will preserve terms and conditions to the new organisations (even if not required by law) to help provide stability and to remove uncertainty.
- 4.20. **New roles and functions:** For many commissioning functions the work will move to a new organisation and will then evolve over time to focus on system priorities and ways of working. The priority will be the continuation of the good work being carried out by the current group of staff and we will promote best practice in engaging, consulting and supporting the workforce during a carefully planned transition, minimising disruption to staff.
- 4.21. Other functions will be more directly impacted, principally the most senior leaders in CCGs (chief officers and other governing body / board members). ICSs need to have the right talent in roles leading in systems.
- 4.22. Our commitment is:
- not to make significant changes to roles below the most senior leadership roles;
 - to minimise impact of organisational change on current staff during both phases (in paragraphs 4.19 and 4.20 above) by focusing on continuation of existing good work through the transition and not amending terms and conditions; and
 - offer opportunities for continued employment up to March 2022 for all those who wish to play a part in the future.

Next steps

- 4.23. We expect that every system will be ready to operate as an ICS from April 2021, in line with the timetable set out in the *NHS Long Term Plan*. To prepare for this, we expect that each system will, by this time, agree with its region the functions or activities it must prioritise (such as in service transformation or population health management) to effectively discharge its core roles in 2021/22 as set out in this paper.
- 4.24. All ICSs should also agree a sustainable model for resourcing these collective functions or activities in the long term across their constituent organisations.

- 4.25. To support all of the above, all systems should agree development plans with their NHSEI regional director that clearly set out:
- **By April 2021:** how they continue to meet the current consistent operating arrangements for ICSs and further planning requirements for the next phase of the COVID-19 response
 - **By September 2021:** implementation plans for their future roles as outlined above, that will need to adapt to take into account legislative developments.
- 4.26. Throughout the rest of 2020, the Department of Health and Social Care and NHSEI will continue to lead conversations with different types of health and care organisations, local councils, people who use and work in services, and those who represent them, to understand their priorities for further policy and legislative change.
- 4.27. The legislative proposals set out in this document takes us beyond our original legislative recommendations to the government. We are therefore **keen to seek views on these proposed options from all interested individuals and organisations**. These views will help inform our future system design work and that of government should they take forward our recommendations in a future Bill.
- 4.28. Please submit your response to this address: www.engage.england.nhs.uk/survey/building-a-strong-integrated-care-system
- 4.29. Alternatively you can also contact england.legislation@nhs.net or write with any feedback to NHS England, PO Box 16738, Redditch, B97 9PT by Friday 8 January.
- 4.30. For more information about how health and care is changing, please visit: www.england.nhs.uk/integratedcare and sign up to our regular e-bulletin at: www.england.nhs.uk/email-bulletins/integrated-care-bulletin

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AUDIT AND GOVERNANCE COMMITTEE

18 MARCH 2021



Report of: Chief Solicitor

Subject: REGULATION OF INVESTIGATORY POWERS ACT
2000 (RIPA) - QUARTERLY UPDATE

1. PURPOSE OF REPORT

- 1.1 To provide members with a quarterly update on activities relating to surveillance by the Council and policies under the Regulation of Investigatory Powers Act 2011.

2. BACKGROUND

- 2.1 Hartlepool Borough Council has powers under the Regulation of Investigatory Powers Act 2000 (RIPA) to conduct authorised covert surveillance.
- 2.2 This report is submitted to members as a result of the requirement to report to members under paragraph 4.47 of the Covert Surveillance and Property Interference Revised Code of Practice (August 2018) which states that:

Elected members of a local authority should review the authority's use of the 1997 Act and the 2000 Act and set the policy at least once a year. They should also consider internal reports on use of the 1997 Act and the 2000 Act on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose.

- 2.3 As from 1 November 2012 Local Authorities may only use their powers under the Regulation of Investigatory Powers Act 2000 to prevent or detect criminal offences punishable by a minimum term of 6 months in prison (or if related to underage sale of alcohol and tobacco – not relevant to this Council). The amendment to the 2000 Act came into force on 1 November 2012.
- 2.4 Examples of where authorisations could be sought are serious criminal damage, dangerous waste dumping and serious or serial benefit fraud. The surveillance must also be necessary and proportionate. The 2012 changes mean that authorisations cannot be granted for directed surveillance for e.g. littering, dog control, fly posting.

- 2.5 As from 1 November 2012 any RIPA surveillance which the Council wishes to authorise must be approved by an authorising officer at the council and also be approved by a Magistrate; where a Local Authority wishes to seek to carry out a directed surveillance or make use of a human intelligence source the Council must apply to a single Justice of the Peace.

3. RIPA AUTHORISATIONS

- 3.1 In the quarter to the date of this meeting:

Communications Data	Nil
CHIS	Nil
Directed Surveillance	Nil

4. RECOMMENDATION

- 4.1 That the quarterly report be noted.

5. REASONS FOR RECOMMENDATIONS

- 5.1 To enable the Council to monitor the RIPA system effectively and as required by law and guidance.

6. CONTACT OFFICERS

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HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

7 December 2020

The meeting commenced at 11.00 am and was an online remote meeting in compliance with the Council Procedure Rules Relating to the holding of Remote Meetings and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Present:

Councillor Moore, Leader of Council (In the Chair)

Prescribed Members:

Elected Members, Hartlepool Borough Council – Councillors Buchan, Thomas and Ward

Director of Public Health, Hartlepool Borough Council – Craig Blundred

Director of Children's and Joint Commissioning Services, Hartlepool Borough Council – Sally Robinson

Director of Adult and Community Based Services, Hartlepool Borough Council, Jill Harrison

Representatives of NHS Tees Valley CCG – Karen Hawkins and Jo Heaney

Representatives of Healthwatch – Christopher Akers-Belcher as substitute for Margaret Wrenn

Other Members:

Managing Director, Hartlepool Borough Council – Denise McGuckin

Director of Neighbourhoods and Regulatory Services, Hartlepool Borough Council – Tony Hanson

Assistant Director of Joint Commissioning, Hartlepool Borough Council – Danielle Swainston

Dr Tim Butler, NHS England

Representative of Cleveland Police – Chief Inspector Peter Graham as substitute for Superintendent Sharon Cooney

Representative of Tees, Esk and Wear Valley NHS Trust – Dominic Gardner

Representative of Hartlepool and Stockton Health GP Federation – Fiona Adamson

Representative of Headteachers – Sonya Black

Also in attendance:-

Nicola Childs, Commissioning Lead, Children and Young People, Tees Valley CCG

Darren Best, Teeswide Safeguarding Adults Board

Zoe Sherry, Healthwatch

Councillors Brenda Harrison, Sue Little, Amy Prince, Carl Richardson and Tony Richardson

Officers: Danielle Swainston, Assistant Director, Joint Commissioning
Neil Harrison, Head of Safeguarding and Specialist Services
Joan Stevens, Statutory Scrutiny Manager
Denise Wimpenny, Democratic Services Team

16. Chair's Opening Remarks

Prior to commencement of business the Chair welcomed Sonia Black who had recently been appointed as the Board's representative for Head Teacher's.

The Chair also referred to the recent appointment of Craig Blundred to the post of Director of Public Health at Hartlepool Borough Council.

17. Apologies for Absence

None.

18. Declarations of interest by Members

Councillor Thomas – as an employee of Health Watch and Mental health Champion.

Councillor Ward – as a holistic practitioner at Alice House Hospice.

Cllr C Richardson also declared an interest later in the meeting (Minute 23 refers)

19. Minutes

The minutes of the meeting held on 7 September 2020 were confirmed.

The minutes of the meeting of the Outbreak Control Engagement Working Group held on 5 October 2020 were received.

20. Teeswide Safeguarding Adults Board Annual Report 2019/20 – *Director of Adult and Community Based Services and Independent Chair of Teeswide Safeguarding Adults Board*

The Director of Adult and Community Based Services presented the Safeguarding Board's annual report for 2019/20, a copy of which was appended to the report. The Board was advised that Darren Best, who was in attendance at the meeting, had recently been appointed to the position of Independent Chair of the Teeswide Safeguarding Adults Board and had

replaced Ann Baxter following her recent retirement and would present future reports on behalf of the four local authorities.

The Board was advised that it was a legal requirement to produce and publish an Annual Report on the effectiveness of safeguarding arrangements in the local area. The report provided an assessment of work that had been undertaken during the year to achieve its objective and implement its strategy. Work undertaken across the services included raising awareness and developing the role of safeguarding champions, neglect, domestic homicide reviews as well as focus around domestic violence and substance misuse. The Independent Chair referred to salient issues included in the report and provided information in terms of his employment history, experience and background.

Board Members welcomed the new Independent Chair and took the opportunity to place on record their thanks to the former Chair, Ann Baxter, for her hard work and contributions for a number of years.

Reference was made to the impact of the current pandemic in terms of the reduction in the number of safeguarding alerts and the implications as a result. Emphasis was placed upon the importance of ensuring such alerts were closely monitored and identified as a priority going forward.

Decision

The Board noted and endorsed the 2019/20 Annual Report of the Teeswide Safeguarding Adults Board.

21. Mental Health – System Development and Response to Covid-19 Pandemic - Presentation – *Tees Esk and Wear Valleys NHS Foundation Trust*

The Board received a detailed and comprehensive presentation in relation to the system development and response to the Covid 19 pandemic. The presentation focussed on estimated additional demands for primary and secondary mental health services as a result of the pandemic, the impact on Hartlepool's children and young people and their experience of Covid, social determinants and impact of poverty on mental health, protective factors for mental health and wellbeing, work of the Hartlepool Mental Health Forum, the challenges around the increase in referrals as lockdown eased, mental health and wellbeing developments, children and young peoples' services, the importance of a commitment to emotional wellbeing, mental health and partnership working as well as successes and next steps.

The Board debated issues arising from the presentation including the importance of support for young carers, the benefits of exercise and the need for early intervention in terms of access to mental health support. Reference was made to the increase in the number of people who were previously not known to services pre-Covid and emphasis was placed upon the importance of voluntary and local authority services working together to

identify such individuals at the earliest opportunity to avoid greater levels of future provision.

Decision

That the contents of the presentation and comments of Board Members be noted.

22. Needs LED Neurodevelopmental Pathway for Children and Young People - *Director of Commissioning – Children and Young People – NHS Tees Valley*

The representative from NHS Tees Valley CCG provided an update on the implementation of the 'Needs Led Neurodevelopmental Pathway' for children and young people across Hartlepool and Stockton on Tees.

The report provided background information to partnership activity and actions undertaken to date. Whilst the pandemic had impacted on the ability to carry out ASD assessments as observations of the child in a number of settings was not possible due to restricted access, these observations were now back in place where education settings would allow access. Tees Valley CCG was also in the process of reviewing the Sunflower Sensory Programme to ensure it was meeting the needs of families, details of which were included in the report. The CCG, Local Authority and Parent Care Forum continued to work in partnership to promote the needs led approach with ongoing feedback being sought from parents. Statistical information was also provided in relation to the number of referrals and assessments.

In the discussion that followed, Board Members debated at length issues arising from the report. Clarification was provided in response to queries raised in relation to the positive feedback from parents, early intervention arrangements, progress to date in terms of integrating the ADHD diagnostic pathway into this system, changes in the family support team's working arrangements to meet the needs of families during the pandemic as well as examples of joint working on commissioning services. Board Members welcomed the report and, in particular, the positive changes to the assessment process and the support arrangements for families from the first point of contact to diagnosis, the benefits of which were outlined.

Decision

That the update and comments of Board Members be noted.

23. Covid 19 Update – Presentation – Director of Public Health

The Director of Public Health provided an updated presentation on the ongoing coronavirus position in Hartlepool as at 2nd December. The presentation focussed on the following:-

- Hartlepool and UK Covid 19 case rates per 100,000 population
- Weekly Covid cases as a comparator with the England average up to 27 November
- Covid cases rolling averages
- Hartlepool and England Covid 19 related death rates per 100,000 population
- Geographical locations of Covid cases in Hartlepool

In the discussion that followed, the Director of Public Health responded to issues raised arising from the presentation. Clarification was provided in relation to the proposed roll out arrangements of the Covid 19 vaccine in Hartlepool, the update of the flu-vaccine, the recently adopted referral process and support available for individuals suffering from long Covid.

At this point in the meeting Councillor C Richardson declared an interest referring to his mother's current residence in a care home.

In response to clarification sought on the proposed visiting arrangements in care homes, the Director of Public Health, representatives from the GP Federation and CCG updated Board Members in detail of their understanding of how the lateral flow tests for family members would be rolled out in care homes to enable visits to take place. It was highlighted that testing arrangements would be linked to visiting policies and tiers, the timescales of which were still uncertain.

Decision

The Board noted the contents of the presentation.

24. Date and Time of Next Meeting

It was reported that the next meeting would be held on 1 March 2021 at 11.00 am.

25. Chair's Concluding Remarks

The Chair took the opportunity to thank the Board for their contributions and to wish everyone a Merry Christmas and Happy New Year.

The meeting concluded at 13.10 pm.

CHAIR

SAFER HARTLEPOOL PARTNERSHIP

MINUTES AND DECISION RECORD

22 JANUARY 2021

The meeting commenced at 10.00 am and was an online remote meeting in compliance with the Council Procedure Rules Relating to the holding of Remote Meetings and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Present:

Responsible Authority Members:

Councillor Moore, Elected Member, Hartlepool Borough Council
Councillor Tennant, Elected Member, Hartlepool Borough Council
Denise McGuckin, Managing Director, Hartlepool Borough Council
Tony Hanson, Assistant Director, Environment and Neighbourhood Services, Hartlepool Borough Council
Sylvia Pinkney, Assistant Director, Regulatory Services, Hartlepool Borough Council
Chief Inspector Peter Graham, Chair of Youth Offending Board
Karen Hawkins, NHS Hartlepool and Stockton on Tees and Darlington Clinical Commissioning Group
Jo Foreman, Partnership Manager, Durham Tees Valley Community Rehabilitation Company
Nick Jones, Cleveland Fire Authority

Other Members:

Craig Blundred, Director of Public Health, Hartlepool Borough Council
Joanne Hodgkinson, Voluntary and Community Sector Representative, Chief Executive, Safe in Tees Valley
Angela Corner, Director of Customer Support, Thirteen Group
Sally Robinson, Director of Children's and Joint Commissioning Services, Hartlepool Borough Council

Also Present:

Neil Harrison, Head of Service, Safeguarding and Specialist Services as substitute for Jill Harrison Director of Adult and Community Based Services, Hartlepool Borough Council,
Sarah Wilson as substitute for Lisa Oldroyd, Office of Police and Crime Commissioner for Cleveland
Councillor Tony Richardson

Officers: Jane Young, Assistant Director, Children's and Families
Ian Harrison, Trading Standards and Licensing Manager
Roni Checksfield, Youth Offending Service Team Manager
Kelly Prescott, TFTC Development and Information Systems Officer
Rachel Parker, Community Safety Team Leader
David Cosgrove, Principal Democratic Services Officer

19. Apologies for Absence

Superintendent Sharon Cooney, Neighbourhood Partnership and Policing Command, Cleveland Police.

John Graham, Director of Operations, Durham Tees Valley Community Rehabilitation Company.

Jill Harrison, Director of Adult and Community Based Services, Hartlepool Borough Council

20. Declarations of Interest

None.

21. Minutes of the meeting held on 13 November 2020

Confirmed.

22. Cleveland Integrated Offender Management (IOM) Scheme Update Presentation *(Durham Tees Valley Community Rehabilitation Company)*

Purpose of report

To present the background to and an update on the Cleveland Integrated Offender Management (IOM) Scheme.

Issue(s) for consideration

The Durham Tees Valley Community Rehabilitation Company (CRC) representative gave a detailed presentation to the Partnership on the background to and the implementation of the Cleveland IOM.

Currently there were around 50 involved in the scheme with the majority of those being male offenders. Details of the specific numbers and gender breakdown would be shared with Partnership members. Some of the main indicators and common factors included lifestyle, known associations and drug use, though with female offenders 'relationships' were a predominant factor in their offending. Normally contact would be face to face with offenders in the programme but during the Covid-19 pandemic this had switched to online contact using mobile phones, the internet and games consoles.

It was highlighted that as the Probation Service moved back to the integrated national model, this model of offender management would be largely rolled out to other areas as there had been some diverging models across the independent regions.

A copy of the presentation slides would be shared with the Partnership membership.

The Chair noted that this linked with the Strategic Assessment being considered later on the agenda but was concerned that Home Office data was generally two years old. The cohort behind a large proportion of the recorded 'low level' crime in Hartlepool was small, less than 20, but the effect these individuals had on their community could not be underestimated. Hopefully the impact of this scheme would see benefits for the local community.

The CRC representative agreed that while much of the crime was classed as 'low level' it still had an impact in the community. The scheme was though considered to be targeting the right people now. There had been work undertaken with partners to ensure they were all aiming their services at the right cohort of offenders to target interventions and gain the maximum benefit from those interventions.

The Chair thanked the CRC representative for the very informative presentation and looked forward to future updates on the success of the Integrated Offender Management Scheme.

The Chair also highlighted that there had been a loss of audio earlier in the meeting and apologised to those that had been viewing the meeting.

Decision

That the presentation and update be noted.

23. Anti-Social Behaviour Action Plan *(Director of Neighbourhoods and Regulatory Services)*

Purpose of report

To seek the views of the partnership in relation to an Action Plan that has been developed in response to an investigation into Anti-Social Behaviour undertaken by Hartlepool Borough Council's Audit and Governance Committee which was presented to the meeting on 4 September 2020

Issue(s) for consideration

The Trading Standards and Licensing Manager referred to the submission of the Audit and Governance Committee report highlighting its findings and recommendations following an investigation into Anti-social Behaviour in Hartlepool. The partnership had accepted the recommendations and

determined that an Action Plan would be developed that would be brought back for consideration.

A draft action plan had been developed and was set out as an appendix to the report. The action set out some updates on the actions that had already taken place and it was proposed that monitoring and actioning the plan be tasked to the newly established Anti-Social Behaviour Working Group. The Trading Standards and Licensing Manager added that it would be key to the implementation of the plan that partners applied resources to completing their actions.

The Chair supported the action plan and reiterated that the crucial part of implementing the action plan would be partners buying into and delivering all the elements of the action plan.

The following recommendation was agreed without dissent.

Decision

That the Action Plan developed in response to the recommendations of the Audit and Governance Committee investigation into Anti-social Behaviour in Hartlepool be approved.

24. Think Family – Hartlepool Troubled Families Programme Update *(Director of Children's and Joint Commissioning Services)*

Purpose of report

The report provided an overview of the Troubled Families Programme, known locally as Think Family and the positive impact it had had on families with multiple and complex needs since its inception in 2012. Details on what is currently known about the extension of the programme to 2022 were also outlined.

Issue(s) for consideration

The Director of Children's and Joint Commissioning Services reported that the original Troubled Families Programme, also known as 'phase one' ran from April 2012 to March 2015. Hartlepool was mandated to identify 290 families that met two or more of the three headline criteria and support them to achieve positive outcomes.

Positive outcomes were evidenced by a reduction in negative behaviours sustained for a minimum of six months known as significant and sustained progress and offered a financial incentive of 'payment by results' (PBR) to the local authority. Also, supporting an adult in the family into employment for a minimum of 26 weeks was also a positive outcome which yielded a PBR payment.

Fifty-one of the highest performing areas, including Hartlepool, were invited to be early adopters of phase two of the programme in September 2014. This gave the opportunity to influence the operating model for the national rollout of the programme in April 2015. Phase two ended in March 2020.

The basic principles of the programme remained the same but with the addition of a requirement to develop a local Family Outcomes Plan which reflected the expanded six key headline issues and the focussed on adults as well as young people. Hartlepool was mandated to identify and secure positive outcomes for 1000 families. This would have been difficult for one team to manage so the Think Family Team were disbanded and former members returned to their substantive posts charged with disseminating learning from phase one as the programme was mainstreamed across Council services.

In order to ensure the efficacy of the programme, MHCLG implemented a robust performance monitoring system which formed part of the terms of the programme. Hartlepool exceeded all targets by identifying and supporting 1324 families to achieve positive outcomes. HBC was identified, through MHCLG's own performance monitoring, as being the top performing authority in the North East for positive outcomes.

The Chair welcomed the report and the positive outcomes reported and particularly highlighted the positive feedback from families involved in the programme. The Chair noted the report as also to be submitted to the Audit and Governance Committee.

Decision

That the report and contents be noted. The Partnership also noted the report would be presented to the next meeting of the Audit and Governance Committee as part of the action plan following their recent scrutiny investigation around anti-social behaviour.

25. Strategic Assessment October 2019 – September 2020 *(Director of Neighbourhoods and Regulatory Services)*

Purpose of report

To receive the Strategic Assessment October 2019 – September 2020.

Issue(s) for consideration

The Assistant Director, Regulatory Services, Hartlepool Borough Council reported that the findings from the Strategic Assessment will inform the development of the next Safer Hartlepool Partnership's statutory Community Safety Plan due in April 2021.

Due to the ongoing COVID-19 pandemic, it has not been possible to hold the annual Face the Public event this year. With this in mind, the Strategic Assessment 2019/20 included feedback from consultation already

undertaken with the public and other key stakeholders in relation to the current priorities identified in the Community Safety Plan 2020/21. Officers thanked all those that had been involved in the development of the strategic assessment and the consultation to date.

The Chair commented that the Executive Summary was now a much better read and easier for people to understand. It was suggested that due to the delays created by the Covid-19 pandemic the current plan had only been fully adopted in December and it would be beneficial to minimise consultation on the next plan so that it could be ready for adoption at a much earlier date. The Chair agreed this would be appropriate.

Decision

That the report be noted.

26. Any Other Items which the Chairman Considers are Urgent

None.

27. Date and Time of Next Meeting

The Chair reported that a date for the next meeting had not yet been established but would be communicated to Members as soon as it had been confirmed.

The meeting concluded at 10.42 am

CHAIR