

Audit and Risk Committee

4 July 2016

Time 2.00 pm **Public Meeting?** YES **Type of meeting** Regulatory

Venue Committee Room 3 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Membership

Chair Cllr Craig Collingswood (Lab)

Vice-chair Cllr Christine Mills (Con)

Labour

Cllr Harbans Bagri
Cllr Mary Bateman
Cllr Philip Bateman
Cllr Jasbir Jaspal
Cllr Martin Waite

Conservative

Cllr Andrew Wynne

Independent Member

Mr Mike Ager
Mr Terry Day

Quorum for this meeting is two Councillors.

Information for the Public

If you have any queries about this meeting, please contact the democratic support team:

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Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

Agenda

Part 1 – items open to the press and public

Item No. *Title*

MEETING BUSINESS ITEMS

Item No. *Title*

- 1 **Apologies for absence**
- 2 **Declaration of interests**
- 3 **Minutes of previous meetings - 14 March 2016** (Pages 5 - 14)
[For approval]
- 4 **Matters arising**
[To consider any matters arising from the minutes]

DECISION ITEMS

- 5 **External Audit update report** (Pages 15 - 28)
[To receive the update from the External Auditor]
- 6 **Summary-Place-Profile-Wolverhampton** (Pages 29 - 72)
[To receive a paper from the External Auditors on the Place Profile for Wolverhampton]
- 7 **Annual Governance Statement - 2015/16** (Pages 73 - 88)
[To review and comment upon the contents of the Annual Governance Statement for 2015/16]
- 8 **Annual Internal Audit Report 2015/16** (Pages 89 - 102)
[To note the content of the annual internal audit report]
- 9 **Strategic Risk Register and Strategic Assurance Map** (Pages 103 - 132)
[To keep the Committee aware of the key risks the Council faces, and how it can gain assurance that these risks are being mitigated]
- 10 **Audit and Risk Committee Annual Report - 2015/16** (Pages 133 - 142)
[To endorse the annual report and refer it to Full Council for approval]
- 11 **Business Rates Appeals** (Pages 143 - 146)
[To note the current position with regard to Valuation Office backlog of non-domestic valuation appeals]

- 12 **Audit Services - Counter Fraud Update** (Pages 147 - 160)
[To note the latest Audit Services Counter Fraud Update]
- 13 **Payment Transparency** (Pages 161 - 164)
[To note the Council's current position with regards to the publication of all its expenditure]
- 14 **CIPFA Audit Committee Update - Issue 19** (Pages 165 - 166)
[To note the contents of the latest CIPFA Audit Committee Update, Issue 19 – helping audit committees to be effective]
- 15 **Exclusion of the press and public**
[To pass the following resolution:

That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information on the grounds shown below]

Part 2 - exempt items, closed to press and public

<i>Item No</i>	<i>Title</i>	<i>Grounds for Exemption</i>
16	Audit Investigations Update (Pages 167 - 170) [To note the current position with regards to audit investigations]	Information relating to any individual. Information which is likely to reveal the identity of an individual. Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (1, 2, 3)

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Attendance

Members of the Audit and Risk Committee

Cllr Craig Collingswood (Chair)
Cllr Christine Mills (Vice-Chair)
Cllr Philip Bateman
Cllr Keith Inston
Cllr Jasbir Jaspal
Mike Ager

Employees

Ian Cotterill	Client Lead Auditor
Peter Farrow	Head of Audit
Dereck Francis	Democratic Support Officer
Julien Kramer	Director of Education
Claire Nye	Chief Accountant
Mark Wilkes	Client Lead Auditor
Mark Taylor	Director of Finance

External Auditors – Grant Thornton

Nicola Coombe
Mark Stocks
David Roper

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies for absence were submitted on behalf of Cllrs Harbans Singh Bagri, Patricia Patten and Stephen Simkins, and Terry Day (Independent Member).
- 2 Declaration of interests**
Cllr Christine Mills and Mike Ager (Independent Member) both declared an interest in agenda item 10 in so far as they are Governors of schools referred to in the report.
- 3 Minutes of the previous meeting (14 December 2015)**
Resolved:
That the minutes of the meeting held on 14 December 2015 be approved as a correct record and signed by the Chair.
- 4 Matters arising**
There were no matters arising from the minutes of the previous meeting.

5 **Audit and Risk Committee - Terms of Reference**

Peter Farrow, Head of Audit asked the Committee to undertake its annual review of the terms of reference to ensure they remained fit for purpose and reflected best practice . He reported that since the last review the name of the Committee had been changed to reflect the increased emphasis placed upon risk management across the Council. Following the recent formation of the new Corporate Assurance team, the terms of reference had also been amended to include regular assurance reports from the team.

Resolved:

That it be noted that the terms of reference for the Committee are in line with recognised best practice.

6 **External Audit Plan 2015/16**

Nicola Coombe from the Council's external auditors Grant Thornton presented an overview of their external audit plans for the Council for the year ending 31 March 2016.

During the ensuing discussion members of the Committee referred to the different approaches of the Council and Grant Thornton in terms of risk and the Council's strategic risk register and the External Auditor's risk assessments. They asked whether the Auditors worked with the Council's Internal Audit team in order to avoid duplication of effort. In response Nicola Coombe and Mark Stocks, Grant Thornton reported that all the work to assess risks is working to a common good. The Council's strategic risks were about looking at the Council delivering its strategic priorities. These risks would be picked up in the Auditors work on the Council's 'value for money' arrangements. They would also take note of risks the Committee flagged and feedback from the Council's Internal Audit team. During the external audit they are looking for errors (misstatements) and that they are below the materiality level in order to give the Council some assurance about its Financial Statements and that they complied with all relevant accounting standards and codes of practice. Grant Thornton also reported that they had regular contact with the Council's Internal Audit team to ensure anything flagged up by them was included in the external audit plans. In addition when Grant Thornton undertook their walk through of the Council's controls they used the work of Internal Audit to help them with their understanding of how the Council worked.

The Chair confirmed that the regular contact meetings between Internal Audit, the Council's External Auditors and himself had been formalised. He went on to ask how the External Auditor fees compared to previous years and the work involved in 'the non-audit services (income generation)'. Grant Thornton reported that the 2015/16 fees were lower than in the previous year. The non- audit services work would involve the recovery of money where the Council may have been mis-billed for its utilities; as well as work to assist the Council in finding income from other sources.

Resolved:

That the External Audit plan 2015/16 from the Council's External Auditors, PwC be noted

7 **Communications with the Audit and Risk Committee**

David Roper, Grant Thornton presented a report that aimed to contribute towards the effective two way communication between the Auditors and the Committee as 'those charged with governance'. The report covered some important areas of the auditor

risk assessment where they are required to make inquiries under auditing standards. It included responses from the Council's senior management to a series of questions that had been put to them as part of the Auditor's risk assessment procedures

The Committee was asked whether the responses were consistent with their understanding and whether there were any further responses it wished to make.

The Chair welcomed the report and asked whether it would be a regular item on the Committee's agenda. David Roper advised that it would be presented to the Committee about this time of the year on an annual basis.

Resolved:

That the report be received and noted.

8

External Audit Update

Nicola Coombe, Grant Thornton presented a report which included an update on progress made against their Audit Plan; a note on emerging national issues; and a number of challenge questions for the Committee to consider.

Following the presentation the Chair asked Mark Taylor, Director of Finance whether his team would be considering the issues raised in the challenge questions. The Director of Finance reported that Claire Nye, Chief Accountant and her team were mindful of the changes taking place this year and in the coming years and were working on the issues raised in the challenge questions. The Chief Accountant gave more detail on the activity taking place. Regarding on-going work relating to Network assets, the Chief Accountant indicated that this could be reported back to the Committee if so wished. The Chair asked that she liaise with the Head of Audit on the possibly of scheduling this as a future agenda item.

Cllr Phil Bateman commented that the non-domestic (Business) rate appeals were important for the Council, particularly with the diminishing grant the Council receives from central government. He asked about the scale of the non-domestic appeals in the city, the time it takes for an appeal to be determined and the monetary value of the appeals. The Chief Accountant advised that there was a delay at the Valuation Office. Cllr Bateman requested a report spelling out the way the slowness of the appeals process would affect the Council now and in the future. The Chair agreed with the request and asked that the report be presented to the next meeting.

Mike Ager, Independent Member asked whether there would be any value in the Committee gaining a better understanding of CFO insights (the online analysis tool). The Director of Finance reported that the tool was insightful and once his team got use to using the tool and understanding its capabilities he could arrange for members of the Committee to receive a demonstration if so wished.

Resolved:

1. That the report from Grant Thornton be noted.
2. That a report on the scale of the backlog of non-domestic evaluation appeals; the length of time the appeals process is taking and the effect this is having on the Council now and in the future be produced for the next meeting.

9 **Strategic Risk Register and Assurance Map**

Peter Farrow, Head of Audit, presented a report on the key risks the Council faced and how it could gain assurance that these risks are being mitigated.

In accordance with the request at the last meeting, Julien Kramer, Director of Education was in attendance and presented an update on strategic risk 14 – school improvement and the contribution his directorate make to strategic risk 2 – skills for work.

During the discussion on the Director's presentation Cllr Phil Bateman commented that the Council did not appear to put sufficient inference on its early years provision. Given that it was the main building block as a child moved into primary education he felt that not enough had been made of this in the paper tabled by the Director. He suggested that paragraph 2.3 of the Director's report could be expanded in terms of early years.

Members of the Committee expressed concern and disappointment that the Director's report indicated that schools in Wolverhampton were not taking up opportunities at Jaguar Land Rover Education Centre. They queried why the Head Teachers were not seeing the positives of the Education Centre located on the Council's doorstep. They asked what action was being taken to establish why Wolverhampton's schools were not making use of the Education Centre and action proposed to reverse the position.

In response to the Committee's questions and observations, the Director of Education reported that:

- The picture regarding early years' provision in the city was mixed with some outstanding provision and some not doing as well as the local authority needs them to. The Local Authority does have a link process to Key Stage 1 and the latest performance profile could be evidenced to the Committee.
- The pathway initiative was reinvigorating best practice.
- There are many different categories of schools in the city. The Council's approach is that they are all there to educate children and therefore there was a common cause. We all know what to do and we must go out and do it and find a way of delivering.
- All academies and Head Teachers have signed up to a way of working together in the interests of the City's young children.
- In terms of sixth form provision, the City does well for children who are able but there are other children who need post 16 education who are not getting the provision they should. Therefore, we are seeking to influence change in terms of the vision the Council has.
- He was looking into the reasons why every Wolverhampton secondary school were not taking up the opportunities at JLR Education Centre. He had met with secondary head teachers and made them aware of what the Centre was and what it offered.
- In term of the timescale for achieving the target of at least 85% of Wolverhampton's school being rated good, the Local Authority was in the hands of others such as OFSTED. However, on present predictions, by the end of this calendar year he believed that the Council would achieve the target of more than 85% of its school ratings being good.

As a result of managers not recording appraisals on Agresso correctly and due to adjustments required to the data used to calculate the performance indicator, such as the removal of apprentices and employees who have been with the Council for less than six months, there had been a delay in the managing of the Employee Management risk. Therefore, the Chair asked that a report on the latest position regarding performance appraisals be submitted to the next meeting. He also invited the Committee to identify if there were any further risks that they would like to discuss further at the next meeting. The Committee agreed that a report on risk 8 - Business Continuity management be submitted to the next meeting, as a result of delays in the progress made with the development of the service resilience incident management system, and that the risk owner Linda Sanders (Ros Jervis) be invited to attend the meeting.

Resolved:

1. That the strategic risk register at Appendix A be noted.
2. That the reduction in the assessment of Risk 3 – Information Governance be noted
3. That the changes to target dates for the reduction of the following risks be noted:
 - Risk 8 – Business Continuity Management from June to December 2016 as a result of delays in the progress made with the development of the service resilience incident management system.
 - Risk 16 - Equal Pay from March to September 2016 as a result of the revised timescales by when settlement for a significant number of first and second generation claims may be reached.
 - Risk 17 - Employee Management (from March to July 2016) as a result of managers not recording appraisals on Agresso correctly and due to adjustments required to the data used to calculate the performance indicator, such as the removal of apprentices and employees who have been with the Council for less than six months.
4. That the main sources of assurance available to the Council against its strategic risks be noted.
5. That a report on the latest position regarding performance appraisals (risk 17 Employee Management) be submitted to the next meeting.
6. That a detailed report on the risk 8 - Business Continuity management be submitted to the next meeting and the risk owner (Linda Sanders (Ros Jervis) be invited to attend the meeting.

10

Internal Audit Update - Quarter Three

Peter Farrow, Head of Audit presented a report on progress made against the 2015/16 audit plan and on recent audit work that had been completed.

Referring to the audit work at Palmers Cross Primary School, Cllr Christine Mills said that she was surprised, given the school had been supported by an Interim Executive Board since November 2014, that the issues had not been resolved. The Head of Audit reported that the Council had been working with the School in ensuring improvements were being made.

Mike Ager, Independent Member asked whether the number of external complaints received about the Agresso System had diminished. The Head of Audit reported that a Benefit Realisation of the Agresso system had been conducted which had identified that improvements were being made. Ian Cotterill, Client Lead Auditor went on to explain the two main key points arising from the benefit realisation exercise.

Resolved:

That the contents of the latest internal audit update as at the end of quarter three (30 December 2015) be noted.

11 **Internal Audit Plan 2016/17**

Peter Farrow, Head of Audit presented the proposed internal audit plan for 2015/16.

Referring to the risk auditable area 'WV Creative and Visitor Economy', Cllr Phil Bateman commented that he believed that the Council had yet to really get to grips with this area, particular when it came to collecting data on what provision exists in the city. The Head of Audit undertook to speak to Cllr Bateman and the Chair prior to scoping the audit review work proposed under the heading 'WV Creative and Visitor Economy'.

The Chair requested details on progress made against previous plans to promote the visitor economy or actions from scrutiny reviews into the visitor economy, and the strategy of the Council to promote the City of Wolverhampton. He also asked the Head of Audit whether he had sufficient staffing resources to cope with the audit work planned for 2016/17, particularly given the recent loss of a post in his Team. The Head of Audit informed the Committee that there had been a refocus on the higher/ medium areas of audit activity and he was confident that he could deliver the audit plan for 2016/17.

The Chair also asked about the frequency of audit reviews of schools. The Head of Audit advised that every local authority school was seen on a three year cycle but as the number of local authority school reduced, the frequency of Audit Team visits would have to be looked at again.

Resolved:

That the risk based internal audit plan for 2016/17 be approved.

12 **Counter Fraud Update**

Peter Farrow, Head of Audit outlined the salient points of the latest update on current counter fraud activities undertaken by Audit Services.

Referring to The European Institute for Combating Corruption and Fraud (TEICCAF) fraud survey, Cllr Phil Bateman queried the results for disabled parking (Blue badge) fraud that indicated only one case detected for Wolverhampton compared to the council average of 38 cases detected. The Head of Audit explained that if it was the year when an exercise on disabled parking (Blue badge) fraud was conducted you would find more cases of fraud. He reported that Audit were keen to look into blue badge fraud and would be putting some resource into it.

The Chair asked for an update on the introduction of the Fraud App. The Head of Audit explained that the Council was going through a third party to make changes to the app and there had been delays in getting the changes made. That said the

Council was nearly ready to launch the app. The Chair asked that once the app was up and running it be publicised widely. He welcomed that the fraud app would be available on Apple and Android devices.

The Chair asked members of the Committee whether they would like to receive training on fraud awareness later in the year and if so whether an invite should be extended to other members of the Council. He also asked whether an online version of the fraud awareness training was available. The Head of Audit reported that online learning was something his team had been considering. In concluding the Chair informed the Committee that Audit member training was something that he would be looking into during 2016//17.

Resolved:

1. That the contents of the latest Audit Services counter fraud update be noted.
2. That a training session be arranged for the Committee on Fraud Awareness later in the year and that an invitation to attend be extended to other members of the Council.

13 **Payment Transparency**

Peter Farrow, Head of Audit updated the Committee with the current position regarding the Council's publication of all its expenditure activity since the last meeting.

Resolved:

That the Council's current position with regards to the publication of all its expenditure be noted.

14 **Related Party Declarations**

Kevin O'Keefe, Director of Governance presented a report on his response to the Council's previous external auditors' findings in relation to completeness of related party declarations and their recommendations.

He reported that it was a Councillor's responsibility to disclose third party interests and dependents. To make new councillors aware of this responsibility it was highlighted in the new member induction process. All 60 councillors would be invited to the new member induction briefings taking place in May 2016 on the requirements for related party declarations. Moving forward he advised that there was a digital path whereby councillors could register their interests on an online version of the Register of Interests form and have them published instantly rather than having to fill in a paper copy.

Cllr Phil Bateman welcomed that all 60 councillors would be invited to refresher training as the declarations form was possibly one of the most important forms they would have to sign as a Councillor. He also suggested that if councillors' interests were more visible on the Council's web site councillors might be that more keen not to make mistakes.

In response the Director of Governance advised that the Council's website was constantly under review and in relation to the location of Councillors' Register of Interests forms on the Council's website it was not to dissimilar to many councils. It could be found within three/four clicks from the Council's homepage.

The Chair thanked the Director of Governance for his response. He also said that he did not believe that enough was being done to encourage councillors to keep their interests updated. The refresher briefing for all councillors would be key as well as the advent of the electronic Register of Interests form alongside the paper version.

In response to a question from Cllr Keith Inston on a related party declarations being above a threshold of £100,000, the Head of Audit explained that this related to a group delivering a welfare project. The Councillor had been appointed to the Group by the Council. The Director of Governance added that there was nothing untoward and the declaration related to an outside body to which a Councillor had been appointed. The outside body conducted its business through a company.

Resolved:

That the contents of the report be noted.

15 **Review of Fraud Related Policies**

The Committee was asked to review and approve updated fraud related policies and procedures.

In response to questions from the Chair, Peter Farrow, Head of Audit reported that the fraud related policies and procedures are promoted via the Council's intranet and at the seminars that the Audit team delivered in December 2015. He advised that another promotional exercise would be delivered later in the year. Regarding investigations into concerns raised through the whistleblowing policy, he informed the Committee that they are reported in the exempt report on updates on Audit investigations. For the next meeting he undertook to produce a more detailed report on activity undertaken under the whistleblowing policy.

Resolved:

1. That the following updated Council Fraud related policies and procedures be approved:
 - Anti-fraud and corruption policy and procedure
 - Whistleblowing policy and procedure
 - Anti-money laundering policy and procedure
 - Raising fraud awareness guide
2. That a more detailed report on activity undertaken under the Council's whistleblowing policy and procedures be submitted to the next meeting.

16 **Audit and Risk Committee Members: - Knowledge and Skills Framework**

Peter Farrow, Head of Audit asked members of the Committee to complete a self-assessment exercise form on knowledge and skills as part of stage two of the Committee's self-assessment process.

Mike Ager, Independent Member asked whether it would be helpful to use a sliding scale of 0 to 9 for responses to some of the questions.

The Chair reported that a good response had been received from members of the Committee to the last exercise (the stage one process). He noted that the membership of the Committee might change for the 2016/17 Municipal Year. With this in mind he invited members of the Committee, if they wished, to complete and return the survey. He also requested that the report be included on the agenda for

the first meeting of the Committee in the new Municipal Year to take forward the stage two review process with the 2016/17 membership.

Resolved:

That the report by submitted to the first meeting of the Committee in the 2016/17 Municipal Year.

17 **Exclusion of press and public**

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business as it involves the likely disclosure of exempt information falling within the paragraph 3 of Schedule 12A of the Act.

18 **Audit Investigations Update**

Mark Wilkes, Client Lead Auditor presented the update report on current audit investigations.

Referring to audit investigation IL1271, the Chair requested that, later in the year, the Committee be provided with an assurance that the recommendations relating to training of employees had been actioned.

Resolved:

1. That the current position with regard to audit investigations be noted.
2. That a note be included in a future report to the Committee to confirm that the recommendations from audit investigation IL1271 relating to training of employees have been actioned.

19 **Vote of thanks**

Cllr Christine Mills placed on record her thanks and appreciation to the Chair for the able and courteous manner in which he had conducted the meeting during the Municipal Year. In turn the Chair thanked the Committee and the officers for their support and hard work during the year

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Audit and Risk Committee Update City of Wolverhampton Council

Year ended 31 March 2016

July 2016

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Agenda Item No. 5

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Introduction

This paper provides the Audit and Risk Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Audit and Risk Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Better Together: Building a successful joint venture company <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>
- Knowing the Ropes – Audit Committee; Effectiveness Review ; www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/
- Making devolution work: A practical guide for local leaders (October 2015) www.grantthornton.co.uk/en/insights/making-devolution-work/

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead, Manager or Assistant Manager.

Progress to date

Work	Planned date	Complete?	Comments
<p>2015/16 Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on Council's 2015/16 financial statements.</p>	March 2016	Yes	<p>We continue to assess the risks facing your Council and meet with Senior Officers to ensure that these risks are fully understood and our audit work is appropriate.</p> <p>If there are any changes to our plan between our initial risk assessment and the delivery of your opinion we will discuss this with the Director of Finance before presenting to the Audit and Risk Committee.</p>
<p>Interim accounts audit</p> <p>Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • reviewing the Council's control environment • understanding and documenting the Council's financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing 	January 2016 – June 2016	Yes	<p>We have:</p> <ul style="list-style-type: none"> • engaged with the finance team to streamline and improve the audit approach for 2015/16 where possible, • discussed technical issues early including asset valuations and disclosure, • undertaken as much early testing as possible, • continued to meet with Senior officers to ensure our understanding of your business is up to date. <p>We have continued to work closely with Internal Audit in relation to risk, work on the financial statements and fraud.</p>
<p>2015/16 final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2015/16 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July – September 2016	Not started	<p>We will undertake work on your draft financial statements to provide an opinion by the statutory deadline. Our discussions with the finance team have agreed that we will aim to deliver this work ahead of the national timetable in preparation for the shorter deadlines in 2017/18.</p>

Progress to date (continued)

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance we are required to follow, as issued by the National Audit Office in November 2015, confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	January – July 2016	In progress	<p>We have set out the result of our risk assessment and the proposed focus of our work at pages 7 and 8.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report.</p> <p>We will include our conclusion as part of our report on your financial statements which we will give by 30 September 2016.</p>
<p>Annual Audit Letter</p> <p>A summary of all work completed as part of the 2015/16 audit.</p>	October 2016	Not started	We will summarise our findings from the 2015/16 audit and report to the November 2016 Audit and Risk Committee.

Progress to date (continued)

Work	Planned date	Complete?	Comments
<p>Grant work (PSAA regime) We plan to certify the following claim:</p> <ul style="list-style-type: none"> Housing Benefits Claim 2015/16 (BEN01) <p>This work is completed under the HBCOUNT methodology determined by DWP and we report directly to DWP in line with their timescales.</p>	June – November 2016	In progress	<p>We will not prepare a Certification Plan on the basis that there is only one claim now under the PSAA regime and the fee is communicated via the annual fee letter.</p> <p>We have held a planning meetings with officers to discuss the approach to this work in 2015/16.</p> <p>Testing of the initial sample of cases is underway.</p>

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Work	Comments
<p>Other areas of work We have been separately appointed by the Council to undertake a Cost Assurance Assignment.</p>	<p>The team carried out an independent audit review of the whole estate across all Council properties including both corporate and school sites. The results of our review highlighted combined rebate and savings opportunities in excess of £250k.</p> <p>We have continued to work closely with the Council and negotiated with suppliers on their behalf and have been able to successfully deliver these refunds.</p>
<p>Other areas of work We have been separately appointed by the Council to undertake work in relation to Income Generation.</p>	<p>This work is not yet underway.</p>

Value for Money

Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

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

This is supported by three sub-criteria as set out below:

Risk assessment

We have completed our initial risk assessment based on the NAO's guidance. In our initial risk assessment, we have considered:

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies where appropriate.
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We are now in a position to report our risk assessment which drives our planned work for 2015/16 to meet our duties in respect of the VfM conclusion. This includes any significant risks identified, along with details of the work we plan to carry out to address these risks.

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none">• Acting in the public interest, through demonstrating and applying the principles and values of good governance• Understanding and using appropriate cost and performance information to support informed decision making and performance management• Reliable and timely financial reporting that supports the delivery of strategic priorities• Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none">• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions• Managing assets effectively to support the delivery of strategic priorities• Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none">• Working with third parties effectively to deliver strategic priorities• Commissioning services effectively to support the delivery of strategic priorities• Procuring supplies and services effectively to support the delivery of strategic priorities.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion as part of our report on your financial statements which we will give by 30 September 2016.

Value for money (continued)

We set out below the significant risks we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
<p>Medium Term Financial Resilience</p> <p>The Council has historically managed its finances well, achieving financial targets and is on course to underspend against its 2015/16 budget. Nevertheless the scale and pace of change for local government will effect future projections, particularly following announcements from the Comprehensive Spending Review, Autumn Statement 2015 and then more recently the provisional Local Government Finance Settlement 2016/17 published in December 2015.</p>	<p>This links to the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.</p>	<p>We will review the Council's arrangements for identifying, agreeing and monitoring its financial sustainability and operational plans, and for communicating key findings to the Cabinet and Audit and Risk Committee.</p> <p>We will review the Council's updated medium term financial plan and monthly financial monitoring reports and assess the assumptions used. We will:</p> <ul style="list-style-type: none"> • review reporting of in-year financial position and forecast outturn. • consider progress made with 2016/17 financial plans and assess the key assumptions included in it. • identify progress with developing a deliverable medium term financial plan
<p>Schools effectiveness and attainment</p> <p>The most recent OFSTED report (2014) discusses what the regulator considers to be "unacceptable inspection outcomes" in that "Wolverhampton continues to have a higher proportion of pupils educated in schools that are not good than both the regional and national averages." At the time of the report, from the thirteen schools inspected, seven were graded good; five required improvement and one was judged to require special measures. There has been improvement from this position: it was reported to Audit and Risk Committee in March 2016 that eight schools were underperforming and 13 required improvement.</p>	<p>This links to the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.</p>	<p>We will review the plans put in place by the Director of Education and his team to improve the performance of the schools during the year.</p> <p>We will assess evidence of the Council meeting the improvement targets that it has set itself . We will also review the Council's plans for continuing to improve the levels of educational achievement for the City's young people.</p>

Value for money (continued)

We set out below the significant risks we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
<p>Adult and Children's Social Care</p> <p>The revenue budget monitoring reports during the year noted predicted overspends of £1.7 million across Older People budgets and £1.4 million on Disability & Mental Health. As at the year-end Older People budgets were underspent by £63k due to receipt of Better Care Fund monies of £1.9m from the CCG, and the Disability & Mental Health budget was overspent by £2.2 million.</p> <p>The Children & Young People Directorate, were predicting an underspend of £1.2 million as at March 2016. As at the year-end the underspend has now increased to £3.4 million. As at the time of our planning discussions, the number of Looked After Children was 676 against a target of 540. This has reduced since our initial discussions to 654, as reported in the quarter four performance indicators in the Corporate Performance Report.</p>	<p>This links to the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.</p>	<p>We will review the outturn in Adult's Social Care to understand the reasons for any continued overspends. We will review the actions that are being undertaken to control the level of overspend for future years as well as progress in addressing the red rated areas of performance in the Corporate Performance reports.</p> <p>We will review the actions being taken by the Council to control the numbers of Looked After Children.</p>
<p>Strategic Asset Management</p> <p>The Council's 2014/15 Annual Governance Statement noted that following the transfer of Corporate Landlord to City Assets within the Place Directorate in January 2015 the opportunity was being taken to further evaluate many of the management, operational and governance arrangements put in place when the Corporate Landlord model was first established. This process was intended to further embed the Strategic Asset Management function and was intended to ultimately establish a Strategic Asset Management Plan.</p>	<p>This links to the Council's arrangements for managing and utilising assets effectively to support the delivery of strategic priorities.</p>	<p>We will review the action taken against the risks identified in the prior year's AGS with regard to asset management.</p>

Better Together: Building a successful joint venture company

Grant Thornton reports

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

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'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

Our report, Better Together: Building a successful joint venture company, can be downloaded from our website:

<http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>

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ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together
Building a successful
joint venture company



Knowing the Ropes – Audit Committee Effectiveness Review

Grant Thornton reports

We have published our first cross-sector review of Audit Committee effectiveness encompassing the corporate, not for profit and public sectors.

It provides insight into the ways in which audit committees can create an effective role within an organisation's governance structure and understand how they are perceived more widely. The report is structured into four key issues:

- What is the status of the audit committee within the organisation?
- How should the audit committee be organised and operated?
- What skills and qualities are required in the audit committee members?
- How should the effectiveness of the audit committee be evaluated?

The detailed report is available here

<http://www.grantthornton.co.uk/en/insights/knowning-the-ropes--audit-committee-effectiveness-review-2015/>

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Fighting Fraud and Corruption Locally

CIPFA publication

Fighting Fraud and Corruption Locally is a strategy for English local authorities that is the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape .

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This strategy is the result of an intensive period of research, surveys, face-to-face meetings and workshops. Local authorities have spoken openly about risks, barriers and what they feel is required to help them improve and continue the fight against fraud and to tackle corruption locally.

Local authorities face a significant fraud challenge. Fraud costs local authorities an estimated £2.1bn a year. In addition to the scale of losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities will need to work with new agencies in a new national counter fraud landscape.

The strategy:

- calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment
- illustrates the financial benefits that can accrue from fighting fraud more effectively
- calls upon central government to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers to improvement
- updates and builds upon Fighting Fraud Locally 2011 in the light of developments such as The Serious and Organised Crime Strategy and the first UK Anti-Corruption Plan
- sets out a new strategic approach that is designed to feed into other areas of counter fraud and corruption work and support and strengthen the ability of the wider public sector to protect itself from the harm that fraud can cause.

The strategy can be downloaded from

<http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>





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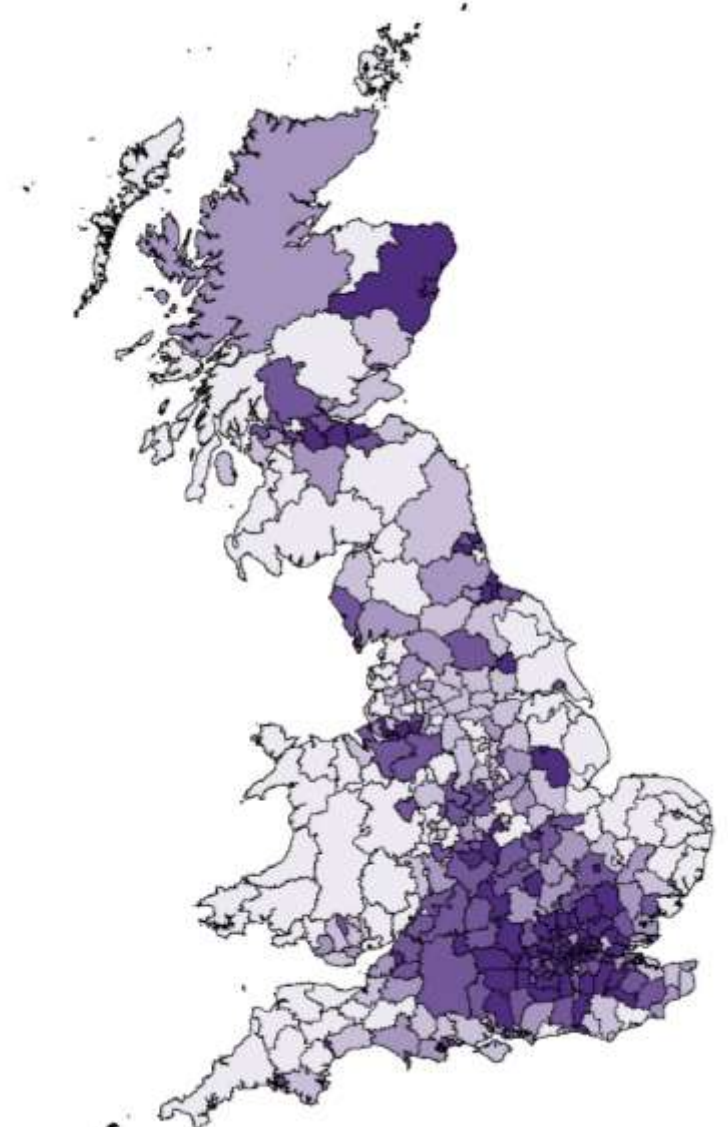
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May 2016

District Profile:
An Economic, Social and Environmental Summary Profile of
Wolverhampton



About Place Profiles

Place Profiles are computer generated reports that provide a high-level analysis of an area, telling a 'story of place'. The reports can be created at a range of different spatial levels and on a number of different topics, with Summary Place Profiles providing an overall assessment of economic, social and environmental conditions. Place Profiles set an area within its wider context, comparing performance with neighbouring areas, as well as regional and national averages. They are illustrated with maps and charts and include all supporting data. Using the very latest data at the time of creation, Place Profiles have a wide range of research and policy applications.

More information about the profiles and how to purchase further copies is available at the end of this report.

About Place Analytics

Place Analytics is a research and analysis service that helps organisations to understand the economic, social and environmental characteristics of people and places.

Our data, toolkits and resources are available online, providing organisations with an unrivalled set of decision support tools. Through our Place Insight and Customer Insight services we help them achieve a better understanding of places, customers and communities. Through our Places Profiles service, we provide a comprehensive analysis of an area, telling a 'story of place'.

Summary Profile Introduction

The summary report looks at the performance of Wolverhampton, according to how well the district scores on a range of selected benchmark indicators of economic, social and environmental well being. An important context for the analysis is the shift towards a more knowledge based economy in Britain. This concept, which is the Government's vision for spreading economic prosperity throughout the UK and for competing in the global economy, is reflected in regional economic strategies and local economic development strategies. One of the aims of this report is to relate thinking on the knowledge economy to wider social and environmental considerations; relating economic competitiveness to sustainable development and quality of life issues.

This summary profile can be used to inform policy development and to act it as a framework for monitoring and evaluating progress towards a district's various policy goals. The report can also be used as an evidence base to inform Total Place and the wider place shaping agenda. More detailed Place Profiles for each topic area are also available.

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Economy Introduction

This summary report assesses the present state of the local economy in Wolverhampton in terms of its competitiveness at the sub-regional, regional and national levels. Strong economic foundations are critical to the future success of an area, creating quality employment opportunities for local people. This profile examines five aspects of economic development that need to be 'joined-up' in the context of strategy, partnership and practical initiatives:

- Economic performance
- Industrial Structure
- Business and Enterprise
- Skills and Qualifications
- Labour Market

The report starts by presenting the data for the main composite measures for each aspect of the economy in Wolverhampton. Each one of these topics is then dealt with in turn. Finally, the composite measures form the basis of the spider chart analysis which sets out how Wolverhampton rates against the national median for the scores. The spider chart also forms the basis of the list of statistical nearest neighbours (those areas in the country with the most similar profiles on this combination of composite measures). Finally, a summary report card for each aspect of economic development is presented. This is based on the quintile where the district falls on each of the measures ('A' representing the strongest performance, ranging to 'E' representing the weakest).

Economy Summary Introduction

Areas	Economic scale: score (score) 2014	Productivity: score (score) 2014	Economic change: score (score) 2013	Industrial structure: score (score) 2014	Bus & enterprise: score (score) 2014	Skills and quals(res): score (score) January-December 2015	Labour market: score (score) January-December 2015
Dudley	138.41	83.52	39.96	55.87	86.35	85.28	94.84
Sandwell	162.41	85.17	69.6	69.98	94.38	73.63	91.03
Walsall	125.69	86.32	68.4	58.48	81.89	78.29	87.5
Wolverhampton	136.4	83.39	97.68	65.71	92.77	82.23	87.64
The Black Country	76.36	82.57	32.94	62.9	88.49	79.78	90.58
West Midlands	88.05	90.58	37.54	81.7	92.07	91.88	96.06
National Average	100	100	100	100	100	100	100

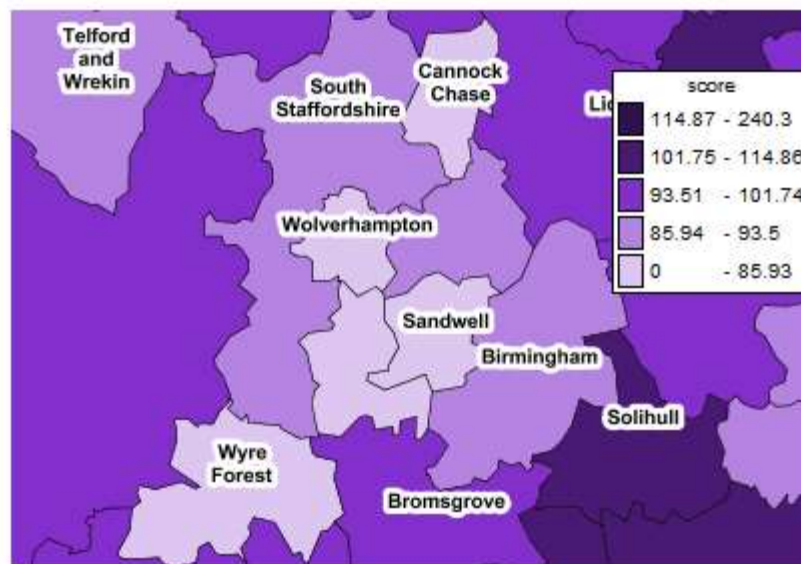
Economic Performance

Strong economic foundations are critical to the future success of an area, creating quality employment opportunities for local people. Our economic performance profile measures the productivity, scale and growth of the economy in Wolverhampton. Productivity measures the relative performance of the economy in an area, by combining Gross Value Added (GVA) per job with workplace earnings. In contrast, economic scale examines the absolute size of the economy and is derived from an area's share of Great Britain's total GVA and employment base. Finally, economic growth is assessed by an area's change in total employment, giving an indication of the growth/decline of the local economy.

Wolverhampton is ranked 329 out of 379 districts on our economic productivity score, placing it in the bottom 20% of districts nationally.

The map shows the performance of districts within The Black Country on our overall productivity score. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 83.39, Wolverhampton is in the bottom 20% of districts and is in the sub region that is in the bottom 20% of sub regions nationally.



Source: Annual Survey of Hours and Earnings; GVA by NUTS 3

Looking in more detail at Wolverhampton's economic performance we find that:

- Relative to other districts, the size of the economy in Wolverhampton is well above the national median, with an economic scale score of 136.4. By comparison, the The Black Country score is 76.36 and the national average is 100.
- The average gross weekly earnings of those working in Wolverhampton are average, with the district ranking in the middle 20% of districts nationally. Average gross weekly earnings in Wolverhampton are £447, compared with £441 in The Black Country and £510 nationally.
- Gross value added (GVA) per job in Wolverhampton is very low, with the area ranking in the bottom 20% of districts nationally. GVA per job in Wolverhampton is £43,124, compared with £43,739 in The Black Country and £55,659 nationally.
- Wolverhampton has a very large sized employment base, with the area ranking in the top 20% of districts nationally. It accounted for 0.39% of all employees in Great Britain.
- The share of national GVA in Wolverhampton is high by national standards, with the area ranking in the top 40% of districts nationally. It accounted for 0.3% of all GVA in Great Britain.
- Between 2012 and 2013, the total number of employees in Wolverhampton changed by 0.69%. This reflects a moderate level of economic growth by national standards, placing Wolverhampton in the middle 20% of districts nationally.

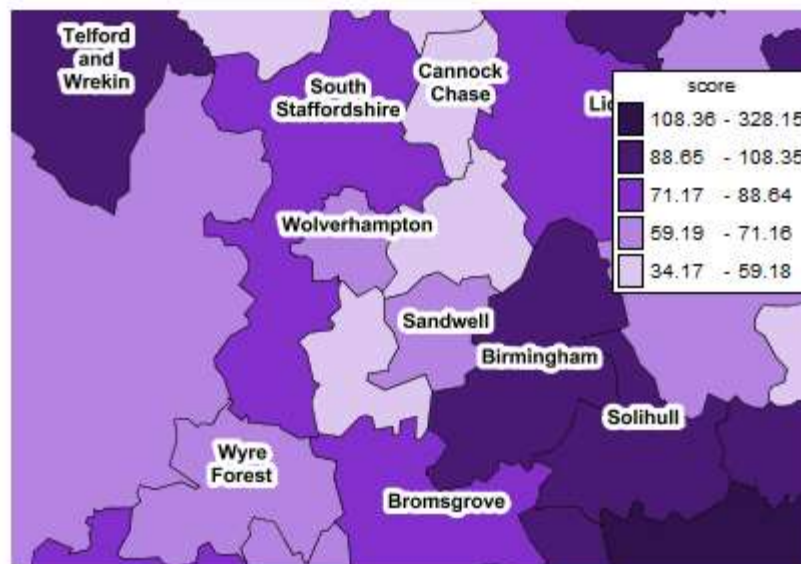
Industrial Structure

Throughout the global economy, the critical structural trend is the growth of the knowledge economy. Our industrial structure profile assesses Wolverhampton from this knowledge economy perspective. We distinguish between knowledge-based production (aerospace, electrical machinery manufacture, printing and publishing, and chemicals and energy) and knowledge-based services (telecommunications, computing, R & D, finance and business services, and recreational and cultural services). These industrial groupings are based on European Commission and OECD definitions, where individual industries are classified as knowledge-based if graduates make up at least 25 per cent of their workforce.

Wolverhampton is ranked 259 out of 380 districts on our industrial structure score, indicating a knowledge economy that performs in the bottom 40% of districts nationally.

The map shows the performance of districts within The Black Country. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 65.71, Wolverhampton is in the bottom 40% of districts and is in the sub region that is in the bottom 20% of sub regions nationally.



Source: The Business Register and Employment Survey (BRES)

Looking in more detail at Wolverhampton's industrial structure we find that:

- Knowledge intensive sectors in Wolverhampton accounted for 14.47% of total employment in 2014. By comparison, the The Black Country figure was 13.85%, the West Midlands figure was 17.99%, and the national figure was 22.02%.
- Employment in knowledge-driven production is above the national median, with the district ranking in the top 40% of districts. It has 3.13% of employment in this sector. This compares with 2.63% in The Black Country and 2.43% nationally.
- Employment in knowledge-driven services is below the national median, with the district ranking in the bottom 40% of districts. It has 11.34% of employment in this sector. This compares with 11.23% in The Black Country and 19.6% nationally.
- Wolverhampton has a very large public sector, with 33.5% of employment in this sector. This compares with 28.54% in The Black Country and 27.2% nationally.
- Between 2007 and 2014, employment in knowledge-driven sectors in Wolverhampton changed by 0.22%. This places Wolverhampton in the bottom 40% of districts nationally. By comparison the sector changed nationally by 1.88%.

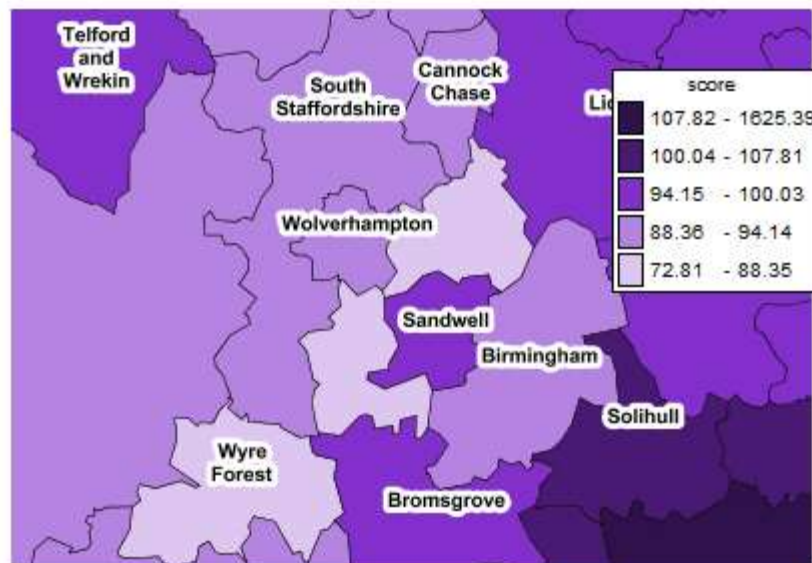
Business and Enterprise

A dynamic local enterprise culture is vital for the long-term competitiveness and overall success of any local economy. Our business and enterprise profile uses the Place Analytics Business and Enterprise Score to assess the extent of an enterprise culture in Wolverhampton. The score is composed of the new business formation rate, the business survival rate and the growth in business stock over the last 5 years. This profile also references other measures including the number of businesses per head of population and average business size.

Wolverhampton is ranked 249 out of 380 districts on our business and enterprise score, indicating an enterprise culture that performs in the bottom 40% of districts nationally.

The map shows the performance of districts within The Black Country on our business and enterprise score. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 92.77, Wolverhampton is in the bottom 40% of districts and is in the sub region (The Black Country) that is in the bottom 20% of sub regions nationally.



Source: Business Demography: Enterprise Births & Deaths, Local Units by Broad Industry Group: Urban/Rural

Looking in more detail at Wolverhampton's business and enterprise performance we find that:

- The business density of Wolverhampton is very low by national standards, with 40.05 businesses per 1000 head of population. By comparison, the The Black Country score is 39.77 and the national average is 55.05.
- The new business formation rate in Wolverhampton is high, with the area ranking in the top 40% of districts nationally. In 2014, 13.9% of all businesses registered for VAT compared with 13.69% in The Black Country and 13.86% nationally.
- The 24 month business survival rate in Wolverhampton is very low by national standards, with the district ranking in the bottom 20% of districts nationally. Of all of the VAT registered businesses in 2009, 70.39% were still trading in 2014.
- The self-employment rate in Wolverhampton is low by national standards, with the district ranking in the bottom 40% of districts nationally. In 2015, the self-employment rate was 7.92%, compared with 7.11% in The Black Country and 10.16% nationally.
- Between 1998 and 2015, the total business stock in Wolverhampton changed by 75.19%. This change places the area in the middle 20% of districts nationally. Over the same time period, the number of businesses in The Black Country changed by 60.89%.

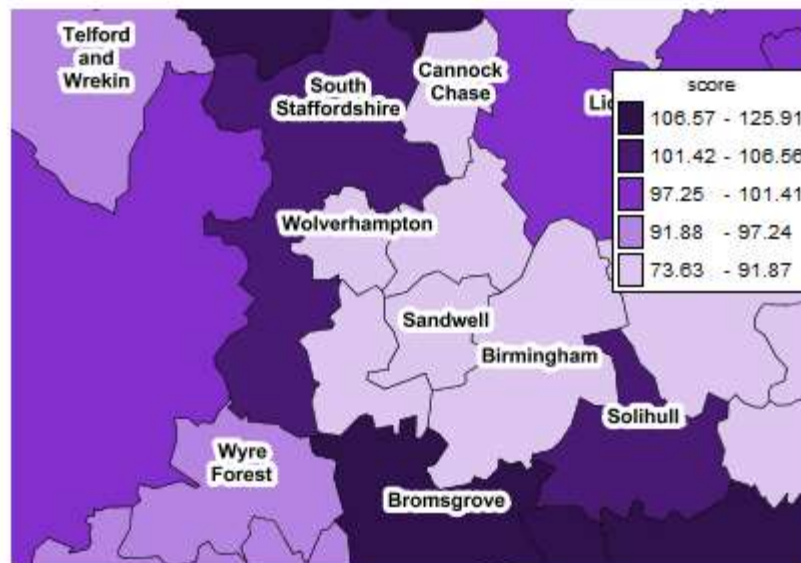
Skills and Qualifications

Human capital is a prerequisite of a successful knowledge economy. The resident workforce should ideally be characterised by a good blend of academic and vocational skills. In our overall assessment of skills and qualifications in Wolverhampton, we have used a composite measure based on each of the four NVQ levels, with greater weighting attached to the higher levels. We also provide GCSE rates, as a precursor to the future potential workforce and a measure of the quality of local schools.

Wolverhampton is ranked 328 out of 334 districts on our skills and qualifications score, indicating a resident workforce that performs in the bottom 20% of districts by national standards, in terms of human capital.

The map shows the performance of districts within The Black Country on our skills and qualifications score. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 82.23, Wolverhampton is in the bottom 20% of districts and is in the sub region that is in the bottom 20% of sub regions nationally.



Source: Annual Population Survey

Looking in more detail at Wolverhampton's skills and qualification's performance we find that:

- The proportion of the working age resident population qualified below NVQ level 2 in Wolverhampton is high, with the area ranking in the top 40% of districts nationally. In 2015, 17.26% of working age residents had either NVQ level 1 or no qualifications, compared with 18.24% in The Black Country and 14.93% nationally.
- The proportion of the working age resident population qualified to NVQ level 2 in Wolverhampton is average, with the area ranking in the middle 20% of districts nationally. In 2015, 20.56% of working age residents were qualified to NVQ level 2, compared with 22.37% in The Black Country and 20.09% nationally.
- The proportion of the working age resident population qualified to NVQ level 3 in Wolverhampton is average, with the area ranking in the middle 20% of districts nationally. In 2015, 19.17% of the working age population held 2 A-Levels or equivalent, compared with 17.95% in The Black Country and 19.34% nationally.
- The proportion of the working age resident population qualified to NVQ level 4 and above in Wolverhampton is very low, with the area ranking in the bottom 20% of districts nationally. In 2015, 23.9% held a degree or equivalent, compared with 22.39% in The Black Country and 37.08% nationally.

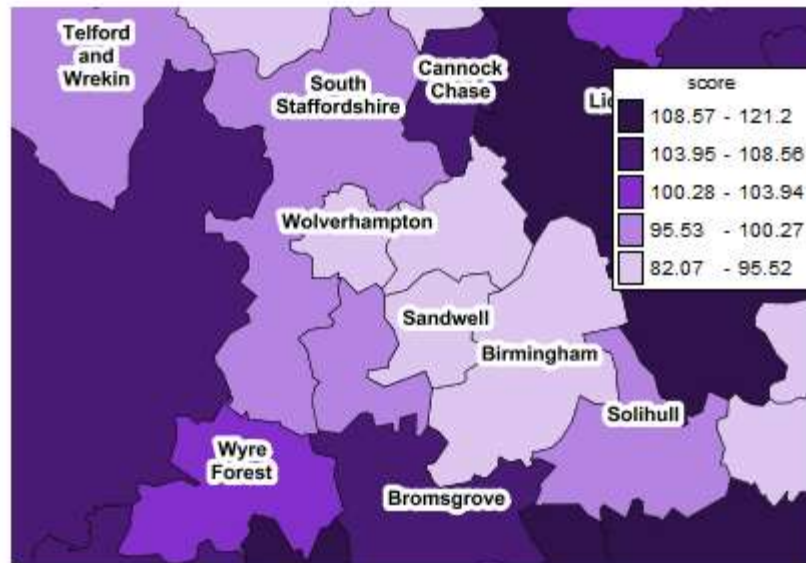
Labour Market

In this profile we use the employment rate as an overall measure of labour market performance in Wolverhampton, but also present a range of other measures, such as unemployment, youth unemployment and long-term unemployment rates to provide a fuller analysis of labour market conditions.

Wolverhampton is ranked 364 out of 379 districts on our labour market score, indicating participation rates within the resident working age population that are in the bottom 20% of districts nationally.

The map shows the performance of districts within The Black Country. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 87.64, Wolverhampton is in the bottom 20% of districts and is in the sub region that is in the bottom 20% of sub regions nationally.



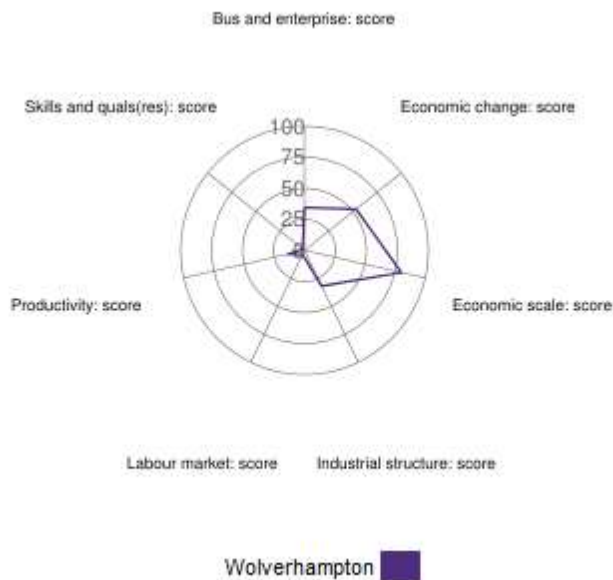
Source: Annual Population Survey

Looking in more detail at Wolverhampton's labour market performance we find that:

- The proportion of the resident working age population who are in employment in Wolverhampton is very low, with the area ranking in the bottom 20% of districts nationally. In Wolverhampton, 64.5% of the resident working age population are in employment, compared with 66.67% in The Black Country and 73.6% nationally.
- The proportion of the working age population who are unemployed in Wolverhampton is very high, with the district ranking in the top 20% of districts nationally. In Wolverhampton, 4% of people are claiming job seekers allowance in 2016, compared with 2.97% in The Black Country and 1.5% nationally.
- The proportion of the working age population who are in long-term unemployment in Wolverhampton is very high, with the district ranking in the top 20% of districts nationally. In Wolverhampton, 32.4% of people who are unemployed have been claiming job seekers allowance for at least 12 months, compared with 36.56% in The Black Country and 27.65% nationally.
- Between January and December 2015, the employment rate in Wolverhampton changed by - 5.43%. This places Wolverhampton in the bottom 20% of districts nationally. By comparison the employment rate changed nationally by 1.38%.

Economic Summary Indicators

The spider chart is a way of showing how Wolverhampton rates against the national median on the summary economic indicators. Data for every district in Great Britain is converted into a percentile score, with the top ranking area scoring 100 and the bottom zero. The national median is shown by the 50th percentile.



Nearest Neighbours

For the indicators in the spider chart shown above, the areas in the country with the most similar profiles area shown opposite. These are statistically the nearest neighbours to Wolverhampton, with Wakefield in West Yorkshire being the most similar on the summary economic indicators.

Rank	Place Name	Sub Region
1	Wakefield	West Yorkshire
2	Sunderland	Tyne & Wear
3	Blackburn	Lancashire
4	Sandwell	The Black Country
5	Swansea	West Wales and the Valleys
6	Stoke on Trent	Staffordshire
7	Leicester City	Leicestershire
8	St Helens	Greater Merseyside
9	Liverpool	Greater Merseyside
10	Bridgend	West Wales and the Valleys

Economic Scorecard

The economic 'scorecard', shows how Wolverhampton stands nationally, within its region and sub-region. The 'scorecard' assesses the state of Wolverhampton in terms of the composite economic development measures. The scores represent the quintile where the district falls on each of the measures ('A' representing the strongest performance, ranging to 'E' representing the weakest).

Composite measure	Sub-region score	Region score	National Score	Summary
Economic Scale An 'A' Represents areas with the largest economic scale	D	B	A	The share of national GVA in Wolverhampton is high by national standards, with the area ranking in the top 40% of districts nationally. It accounted for 0.3% of all GVA in Great Britain.
Productivity An 'A' Represents areas with the highest levels of productivity	E	E	E	Wolverhampton is ranked 329 out of 379 districts on our economic productivity score, placing it in the bottom 20% of districts nationally.
Economic change An 'A' Represents areas with the highest rates of growth	A	B	C	Between 2012 and 2013, the total number of employees in Wolverhampton changed by 0.69%. This reflects a moderate level of economic growth by national standards, placing Wolverhampton in the middle 20% of districts nationally.
Industrial Structure An 'A' Represents areas with the highest proportion of knowledge intensive employment	B	D	D	Wolverhampton is ranked 259 out of 380 districts on our industrial structure score, indicating a knowledge economy that performs in the bottom 40% of districts nationally.
Business & enterprise An 'A' Represents areas/ with the highest levels of business information, growth and survival	B	C	D	Wolverhampton is ranked 249 out of 380 districts on our business and enterprise score, indicating an enterprise culture that performs in the bottom 40% of districts nationally.
Skills & qualifications An 'A' Represents areas with the most skilled population	B	E	E	Wolverhampton is ranked 328 out of 334 districts on our skills and qualifications score, indicating a resident workforce that performs in the bottom 20% of districts by national standards, in terms of human capital.
Labour market An 'A' Represents areas with the highest employment rates	D	E	E	Wolverhampton is ranked 364 out of 379 districts on our labour market score, indicating participation rates within the resident working age population that are in the bottom 20% of districts nationally.

Glossary of terms

Economic change score	This score provides an index of the percentage short term change in the total number of employees (by workplace) in relation to the national average
Economic scale	Economic Scale indicates the size of an areas economy. It is created by weighting the areas GVA (Gross Value Added) by the areas employment. These two indicators are then indexed to the Great Britain average
Productivity score	This indicator shows the productive capacity of an area. It is generated from average gross weekly earnings and GVA per head. Both these indicators are indexed to the GB value, and then summed and averaged
Knowledge-driven production	This refers to manufacturing industries such as aerospace, electrical machinery manufacture, printing and publishing, and chemicals and energy.
Proportion of employment in Knowledge-driven services	This workplace based figure provides the proportion of all employed persons working in the following "Knowledge-driven" services: Telecomms, computer & related services, R&D (61, 53.20, 62, 72), Finance, business services (64, 66, 69.10, 69.20, 73.20, 70.22, 64.20, 71.1, 71.2, 73.1, 78.1-78.3, 80.30, 80.10, 74.20, 82.11,82.19,74.30, 82.20), Air transport services (51), & Recreational & cultural services (90, 93, 91). All figures in brackets are 2007 Standard Industrial Classification (SIC) codes. SIC Codes group similar industries together in a nationally recognised coding system
Proportion of employment in Public Services sectors	This workplace based figure provides the proportion of all employed persons working in Public Services. The "Public services" sector can be defined as: Public admin/defence (84); Education (85); Health and social work (86), residential care activities (87) and other human health activities (88). All figures in brackets are 2007 Standard Industrial Classification (SIC) codes. SIC Codes group similar industries together in a nationally recognised coding system.
Business and enterprise score	This is an indicator of the enterprise of businesses within the locality. The higher the score, the more business enterprise in an area. Business enterprise takes into consideration an areas business formation rate, the change of in VAT registered business stock, and new business survival rates. Each one of these 3 indicators was indexed to the GB value (business formation rates and new business survival rates were treble weighted), and then all 3 indices were summed and averaged
Skills and qualifications score GB=100 (residence based)	This composite presents an index of the qualifications of an areas workforce, relative to the GB value. A higher score indicates a high level of local area qualifications amongst the labour market. Skills and qualifications scores are generated from summing the weighted percentages of an areas workforce qualified below NVQ2, at NVQ2, NVQ3 and NVQ4 and above, with each indicator indexed to the GB value. The sum of these indices are then divided by 4 to gain an overall composite
Labour market score	This residence based indicator provides the proportion of people aged 16-59/64 (men/women) in employment indexed to the national average to provide a comparable figure in relation to the national trend

Data Sources and Definitions

Economic change score	This score provides an index of the percentage short term change in the total number of employees (by workplace) in relation to the national average
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Source: Place Insight; Annual Business Inquiry and Annual Survey of Hours and Earnings (National Statistics website (Nomis: www.nomisweb.co.uk) Crown copyright material is reproduced with the permission of the Controller Office of Public Sector Information (OPSI)); Business start-ups and closures: VAT registrations and de-registrations; GVA by NUTS3 (National Statistics website: www.statistics.gov.uk. Crown copyright material is reproduced with the permission of the Controller Office of Public Sector Information (OPSI)).

Society Introduction

This summary report provides a social profile of Wolverhampton in terms of the demographic characteristics of its local communities and the issues which affect them most. The report examines nine aspects of Wolverhampton's social profile:

- Age, Ethnicity, Households, and Migration and Change
- Occupational Structure
- Prosperity
- Deprivation and Inequality
- Health
- Crime

The report starts by presenting the data for the main composite measures for each aspect of the social profile of Wolverhampton. Each one of these topics is then dealt with in turn. Finally, the composite measures form the basis of the spider chart analysis which sets out how Wolverhampton rates against the national median for the scores. The spider chart also forms the basis of the list of statistical nearest neighbours (those areas in the country with the most similar profiles on this combination of composite measures). Finally, a summary report card for each aspect of economic development is presented. This is based on the quintile where the district falls on each of the measures ('A' representing the strongest performance, ranging to 'E' representing the weakest).

Social Summary Introduction

Areas	C- Age: mean (years) 2011	C- Hhld size: average (number) 2011	C- Ethnicity: non-White (%) 2011	C- Population: change (1991-2011) (%) 2011	Occ (res): k-driven (score) (score) January-December 2015	Prosperity: score (score) 2013/2014	IMD: Deprivation score (GB=100) (score) 2015	Health: score (score) 2012-2014	Crime: score (score) 2013/2014
Dudley	40.49	2.39	10.01	5.09	78.54	78.68	117.95	100	81.78
Sandwell	37.44	2.52	30.06	8.45	70.73	70.4	177.84	97.41	104.53
Walsall	38.81	2.48	21.11	6.21	73.76	77.41	156.03	98.78	106.4
Wolverhampton	38.51	2.4	31.98	5.92	67.97	75.18	170.49	98.08	117.15
The Black Country	38.84	2.45	22.86	6.45	73.05	77.32	134.65	98.6	101.52
West Midlands	39.3	2.4	17.28	11.4	91.23	91.89	160.83	99.6	94.96
National Average	39.4	2.36	14.03	15.12	100	100	100	100	100

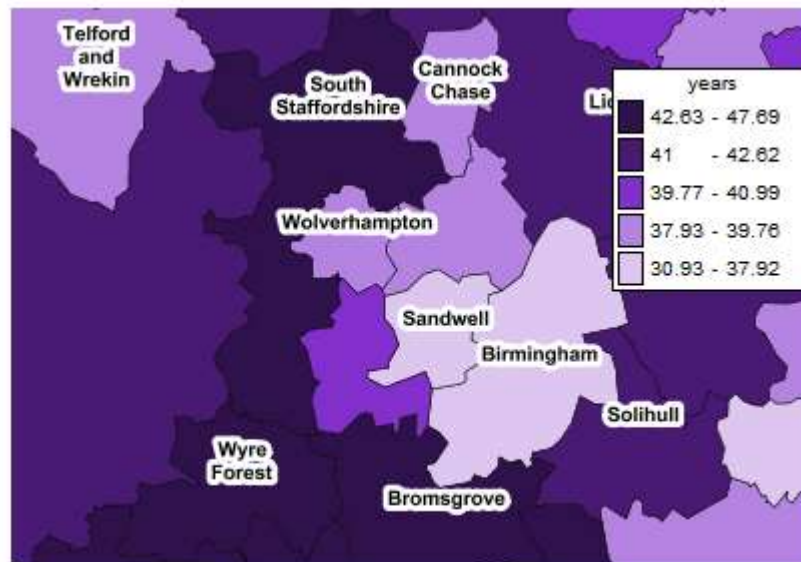
Age

Demographic characteristics have a fundamental influence on the social and economic development of an area. The age distribution of residents has implications for long-term economic activity rates and spending power (with a younger profile) or current and future social care resourcing (with an older or aging population). This age profile assesses Wolverhampton according to a number of indicators, including the age breakdown of residents, dependency ratios and birth rates.

Wolverhampton is ranked 265 out of 348 districts on the average age of residents, indicating an average age in the lowest 40% of districts nationally.

The map shows the average age of residents in districts within The Black Country. The areas with very dark shading have higher average ages and those with very light shading have lower average ages.

With an average age of 38.51 years, Wolverhampton is in the lowest 40% of districts nationally and is in a sub region that has an average age in the lowest 40% of sub regions nationally.



Source: Census 2011

Looking in more detail at Wolverhampton's age profile we find that:

- The proportion of the resident population aged 0-14 was estimated at 18.53% in 2011, which is high by national standards, with Wolverhampton ranking in the top 40% of districts. By comparison, the The Black Country figure was 18.98% and the national average was 17.64%.
- The proportion of the resident population aged 15-24 was estimated at 13.92% in 2011, which is very high by national standards, with Wolverhampton ranking in the top 20% of districts. By comparison, the The Black Country figure was 13.06% and the national average was 13.1%.
- The proportion of the resident population aged 25-44 was estimated at 27.8% in 2011, which is high by national standards, with Wolverhampton ranking in the top 40% of districts. By comparison, the The Black Country figure was 27.04% and the national average was 27.38%.
- The proportion of the resident population aged 45-64 was estimated at 23.47% in 2011, which is very low by national standards, with Wolverhampton ranking in the bottom 20% of districts. By comparison, the The Black Country figure was 24.12% and the national average was 25.44%.
- The proportion of the resident population aged 65 and over was estimated at 16.29% in 2011, which is low by national standards, with Wolverhampton ranking in the bottom 40% of districts. By comparison, the The Black Country figure was 16.8% and the national average was 16.45%.
- The number of live births per 1000 of the resident population was 14.72 in 2010, which is very high by national standards. This placed Wolverhampton in the top 20% of districts. By comparison, the The Black Country figure was 14.41 and the national figure was 12.93.
- The dependency ratio (the ratio of economically dependent people to those who are economically

active) in Wolverhampton is 0.56. This is average by national standards. By comparison, the The Black Country figure is 0.41 and the national figure is 0.52.

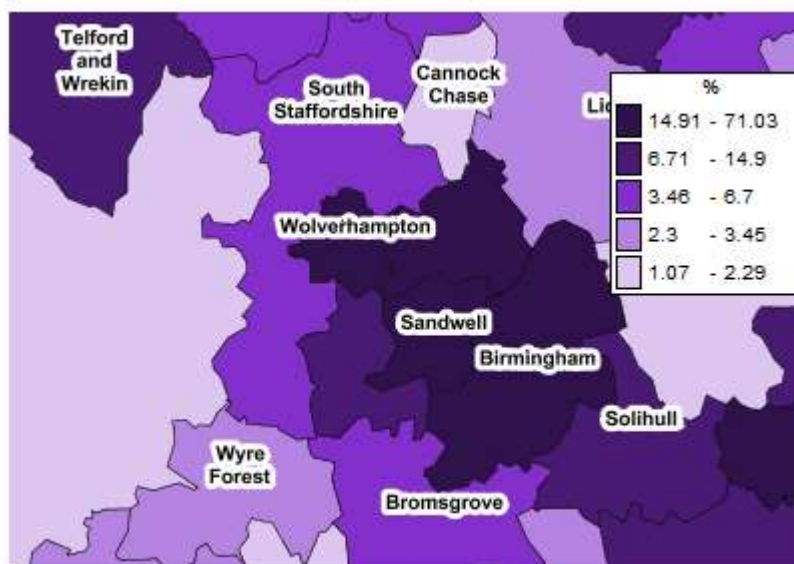
Ethnicity

Demographic characteristics have a fundamental influence on the social and economic development of an area. Understanding the extent of ethnic diversity is important both for being able to target policies at different communities and for the impact on community cohesion and involvement. This ethnicity profile assesses Wolverhampton according to the proportions of different ethnic groups and the extent of ethnic fractionalisation (a measure of ethnic diversity).

Wolverhampton is ranked 29 out of 348 districts on the proportion of its population classified as Non-White, placing the area in the highest 20% of districts nationally.

The map shows the proportion of the population classified as Non-White in districts within The Black Country. The areas with very dark shading have higher levels of Non-White residents and those with lighter shadings have lower levels.

With 31.98% of its residents classified as Non-White, Wolverhampton is in the top 20% of districts and is in a sub region that is in the top 20% of sub regions nationally on the proportion of the population that is Non-White.



Source: Census 2011

Looking in more detail at Wolverhampton's ethnicity profile we find that:

- The proportion of the population classified as White was 68.02%, which is very low by national standards, with Wolverhampton ranking in the bottom 20% of districts. By comparison, the The Black Country average was 77.14% and the national figure was 85.97%.
- The proportion of the population classified as from a Mixed background was 5.12%, which is very high by national standards, with Wolverhampton ranking in the top 20% of districts. By comparison, the The Black Country average was 3.16% and the national figure was 2.18%.
- The proportion of the population classified as Asian or British Asian was 17.47%, which is very high by national standards, with Wolverhampton ranking in the top 20% of districts. By comparison, the The Black Country average was 14.05% and the national figure was 6.81%.
- The proportion of the population classified as Black or Black British was 6.94%, which is very high by national standards, with Wolverhampton ranking in the top 20% of districts. By comparison, the The Black Country average was 4.1% and the national figure was 3.33%.
- The proportion of the population classified as Chinese or any other ethnic background was 2.45%, which is very high by national standards, with Wolverhampton ranking in the top 20% of districts. By comparison, the The Black Country average was 1.56% and the national figure was 1.71%.

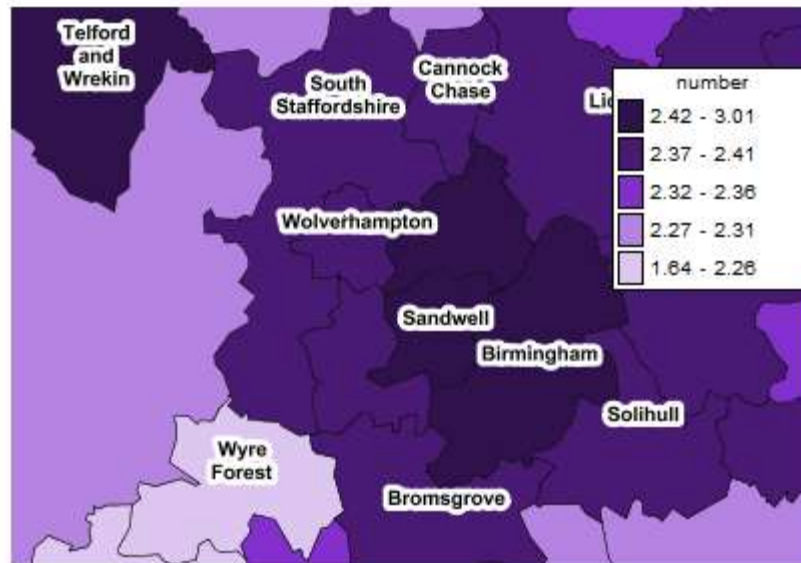
Household Structure

Demographic characteristics have a fundamental influence on the social and economic development of an area. The size and structure of households has implications for planning, housing demand and entitlement to benefits. This household structure profile assesses Wolverhampton according to household composition and overall average household size.

Wolverhampton is ranked 83 out of 348 districts on the average household size, placing the area in the highest 40% of districts nationally.

The map shows the average household size in districts within The Black Country. The areas with very dark shading have higher and those with very light shading have lower averages.

With an average household size of 2.4 people, Wolverhampton is in the highest 40% of districts and is in a sub region that has an average age in the highest 20% of sub regions nationally.



Source: Census 2011

Looking in more detail at Wolverhampton's household profile we find that:

- The proportion of one person households was 32.18% in 2011, which is high by national standards, with Wolverhampton ranking in the top 40% of districts. By comparison, the The Black Country average was 29.53% and the national figure was 30.25%.
- The proportion of households with married couples but no dependent children was 20.04% in 2011, which is very low by national standards, with Wolverhampton ranking in the bottom 20% of districts. By comparison, the The Black Country average was 22.38% and the national figure was 23.75%.
- The proportion of households with married couples and dependent children was 17.92% in 2011, which is low by national standards, with Wolverhampton ranking in the bottom 40% of districts. By comparison, the The Black Country average was 19.87% and the national figure was 19.29%.
- The proportion of lone parent households was 14.03% in 2011, which is very high by national standards, with Wolverhampton ranking in the top 20% of districts. By comparison, the The Black Country average was 12.44% and the national figure was 10.65%.

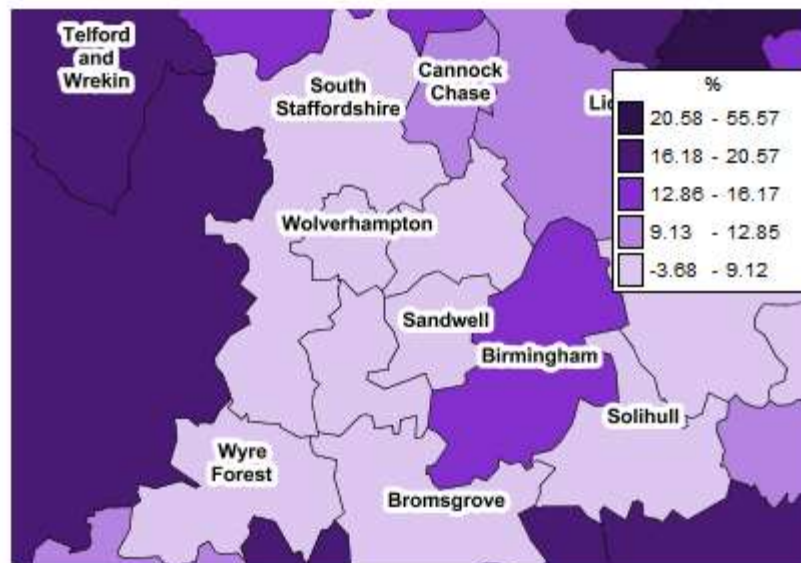
Migration and Change

Demographic characteristics have a fundamental influence on the social and economic development of an area. Population change has an impact on levels of economic growth through the size of the resident workforce and on the demand for services such as health, education and housing. This migration and change profile assesses Wolverhampton according to the long-term level of population change (based on mid-year population estimates), measures of population churn and in-migration. New National Insurance registrations are also used as a proxy for overseas immigration.

Wolverhampton is ranked 310 out of 348 districts on long-term change in its resident population, placing the area in the lowest 20% of districts nationally.

The map shows the change in population for districts within The Black Country. The areas with very dark shading have higher levels of population change and those with very light shading have lower levels.

With a change in population of 5.92%, Wolverhampton is in the bottom 20% of districts and is in the sub region that is in the bottom 20% of sub regions nationally.



Source: Census 1991, Census 2011

Looking in more detail at Wolverhampton's migration and change profile we find that:

- The proportion of residents who had moved into Wolverhampton from other parts of the UK was 2.61% in 2001, which was very low by national standards, with the area ranking in the bottom 20% of districts. By comparison, the The Black Country average was 2.46% and the West Midlands figure was 3.52%.
- According to the last Census, the proportion of residents who had moved into Wolverhampton from outside the UK was 0.47% in 2001, which was average by national standards, with the area ranking in the middle 20% of districts. By comparison, the The Black Country average was 0.27% and the West Midlands figure was 0.45%.
- The proportion of residents who had moved out of Wolverhampton at the last Census was 3.28%, which was low by national standards, with the area ranking in the bottom 40% of districts. By comparison, the The Black Country average was 2.97% and the West Midlands figure was 3.65%.
- The proportion of the working age population who were overseas nationals registered for National Insurance in Wolverhampton was 1.63% in 2012. This measure is a proxy for the proportion of the workforce who are economic migrants from overseas and provides a more recent figure on the level of in-migration from outside of the UK. For Wolverhampton, this reflected a very high level of immigration by national standards, with the area ranking in the top 20% of districts. By comparison, the The Black Country figure was 1.03%, the West Midlands figure was 1.13% and the national figure was 1.46%.

- The net level of migration in Wolverhampton in 2014 was -0.24%, which was low by national standards, with the area ranking in the bottom 40% of districts. By comparison, the The Black Country average was -0.32% and the West Midlands figure was -0.05%.

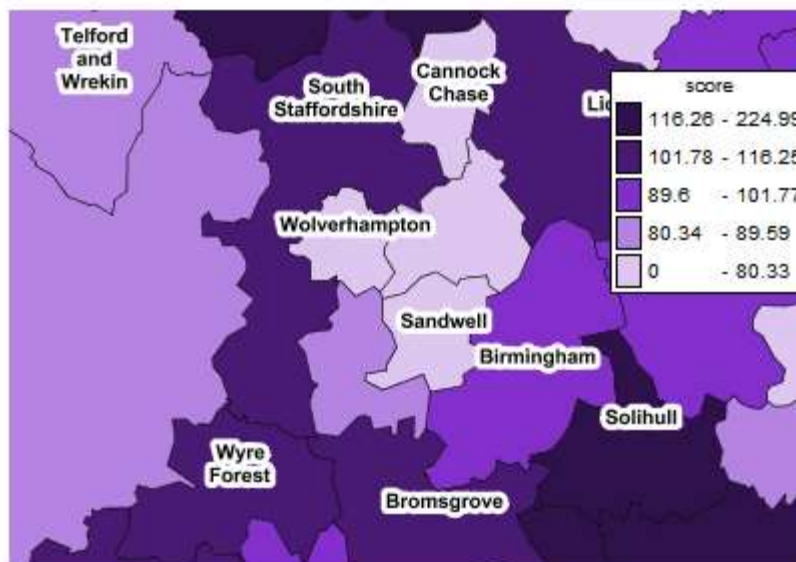
Occupations

The occupational structure of an area gives a useful indication of the progress being made towards developing a diverse, prosperous, knowledge-based economy. Knowledge-driven activities generate increased demand for 'higher end' occupations including managerial, professional and technical workers. In our assessment of the occupational profile of Wolverhampton we have considered the proportion of the working population employed in the four main NVQ-linked occupational groups (based on the standardised competences and skills requirements of each occupation). Our overall score, however, is based on the number of professional managerial and technical workers - or 'knowledge workers'.

Wolverhampton is ranked 363 out of 380 districts on our knowledge worker score, indicating a resident workforce that performs in the bottom 20% of districts nationally.

The map shows the performance of districts within The Black Country on our knowledge worker score. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 67.97, Wolverhampton is in the bottom 20% of districts and is in the sub region that is in the bottom 20% of sub regions nationally.



Source: Annual Population Survey

Looking in more detail at Wolverhampton's occupational profile we find that:

- The proportion of knowledge workers in Wolverhampton is very low by national standards, with 30.21% of the working population classified as professional, managerial or technical workers. By comparison, the The Black Country figure is 32.47%, the West Midlands figure is 40.55%, and the national figure is 44.45%.
- The proportion of the working population who are in elementary occupations in Wolverhampton is very high by national standards, with 14.53% in Level 1 Occupations. By comparison, the The Black Country figure is 12.86% and the national figure is 10.88%.
- The proportion of the working population who are in lower skilled occupations in Wolverhampton is very high by national standards, with 42.16% in Level 2 Occupations. By comparison, the The Black Country figure is 41.27% and the national figure is 34.03%.
- The proportion of the working population who are in skilled occupations in Wolverhampton is average by national standards, with 24.95% in Level 3 Occupations. By comparison, the The Black Country figure is 24.68% and the national figure is 24.8%.
- The proportion of the working population who are in managerial occupations in Wolverhampton is very low by national standards, with 18.36% in Level 4 Occupations. By comparison, the The Black Country figure is 21.19% and the national figure is 30.29%.

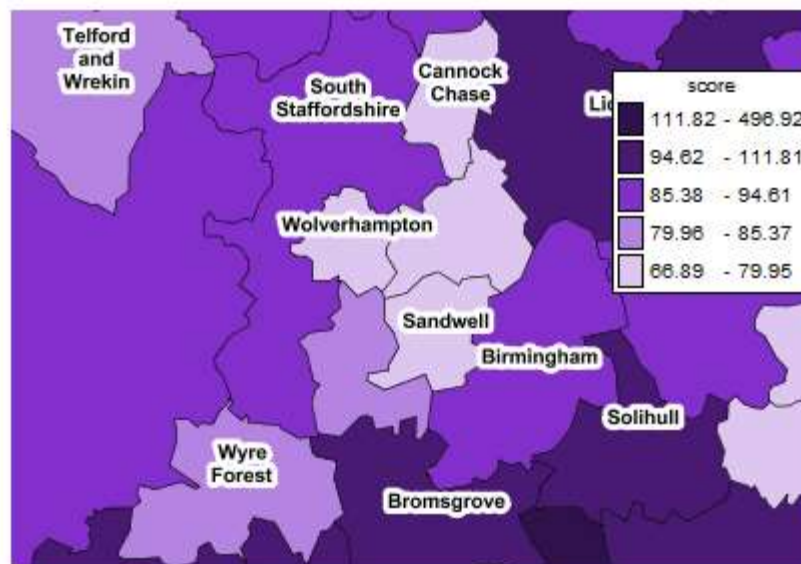
Prosperity

Nationally, there is a strong correlation between the presence of knowledge workers and levels of prosperity in the local population. This profile assesses levels of prosperity and wealth in Wolverhampton by measuring the average total income of residents. There is also a strong correlation nationally between income and house prices, and we therefore present data on average house prices in relation to Wolverhampton and its neighbours. The profile also looks at car ownership and the average number of rooms, although these are only proxy measures of wealth because they can also be affected by whether residents are in rural or urban locations.

Wolverhampton is ranked 364 out of 379 districts on our prosperity score, indicating incomes amongst the resident population in the bottom 20% of districts nationally.

The map shows the performance of districts within The Black Country. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 75.18, Wolverhampton is in the bottom 20% of districts and is in the sub region that is in the bottom 20% of sub regions nationally.



Source: Survey of Personal Incomes(SPI)

Looking in more detail at Wolverhampton's prosperity profile we find that:

- At £23,600, the average total income in Wolverhampton is below the national median, with the area ranking in the bottom 40% of districts nationally. By comparison, the The Black Country figure is £23,710 and the national figure is £31,363.
- At £145,877, the average house price in Wolverhampton is very low, with the area ranking in the bottom 20% of districts nationally. By comparison the The Black Country figure is £153,920 and the national figure is £283,176.
- Average annual incomes have increased at a very low rate between 2000 and 2010/2011. The growth of 39.64% in average incomes places the area in the bottom 20% of districts nationally. By comparison incomes grew nationally by 59.32%.
- The average number of rooms per household in Wolverhampton was low, with the district ranking in the bottom 40% of districts nationally. In 2011, the average number of rooms per household was 5.3, compared with 5.3 in The Black Country and 5.4 nationally.
- The number of households with two or more cars in Wolverhampton was very low, with the district ranking in the bottom 20% of districts nationally. In 2011, 25.25% of households had access to two or more cars, compared with 28.41% in The Black Country and 32.16% nationally.

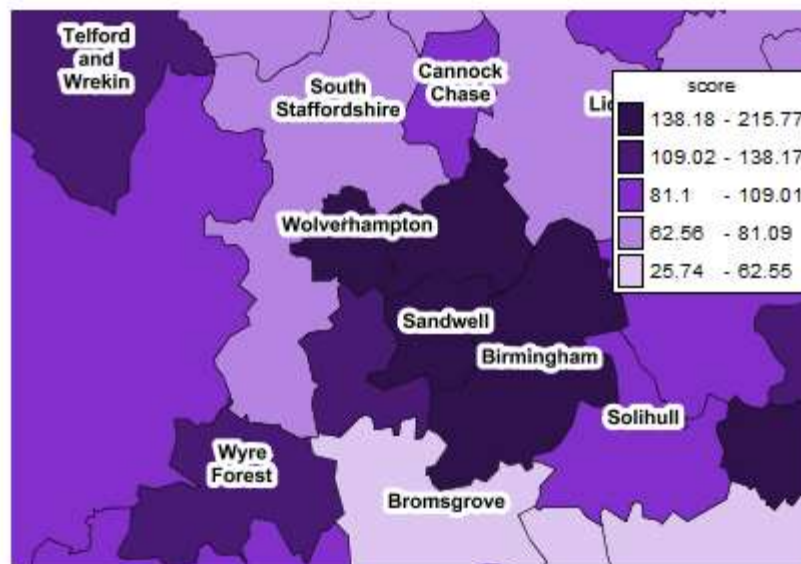
Deprivation

The Government's standard measure of deprivation and inequality in England is the Index of Multiple Deprivation (IMD). Our deprivation profile assesses conditions within Wolverhampton according to a number of aspects of deprivation, including disadvantage in education; income; employment; health; and housing. The Place Analytics inequality indicator is designed to highlight any large differences in deprivation; this can illuminate pockets of deprivation at the small area level within the wider area. The inequality indicator is measured as the difference between the highest and lowest ranking super output area (SOA) at each geographical level.

Wolverhampton is ranked 17 out of 326 districts on our deprivation score, putting it in the 20% most deprived districts nationally.

The map shows the performance of districts within The Black Country. The areas with very dark shading have higher levels of deprivation and those with very light shading have lower levels.

With a score of 170.49, Wolverhampton is in the 20% most deprived of districts and is in a sub region.



Source: LA Summaries IMD 2015

Looking in more detail at Wolverhampton's deprivation profile we find that:

- The inequality score highlights pockets of deprivation by calculating the difference between the highest and lowest scoring SOAs within the district. A higher score indicates higher levels of inequality. The inequality score for Wolverhampton is very high by national standards, with the district ranking in the 20% most deprived of districts on inequality.
- The employment domain score is very high by national standards, with the district ranking in the 20% most deprived districts.
- The education domain score is very high by national standards, with the district ranking in the 20% most deprived districts.
- For the income domain score, Wolverhampton is ranked in the 20% most deprived districts.
- The housing domain score is average by national standards, with the district ranking in the middle 20% of districts.
- The crime domain score is high by national standards, with the district ranking in the 40% most deprived districts.
- For the health domain score, Wolverhampton is ranked in the 20% most deprived districts.

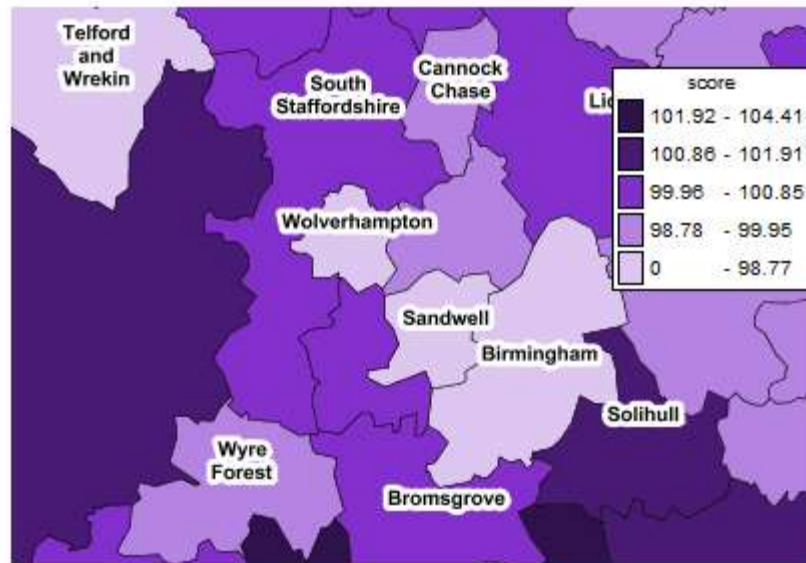
Health

Nationally, there have been major improvements in public health over the course of the last century, with big increases in life expectancy. However, this overall picture masks significant geographical variations and health inequality. Our health profile assesses Wolverhampton according to a number of health indicators, including life expectancy, expected prevalence of smoking and obesity, infant mortality and standardised mortality ratios.

Wolverhampton is ranked 311 out of 347 districts on our health score, indicating standards of health that are in the bottom 20% of districts nationally. Our health score indexes life expectancy at birth to the national average.

The map shows the performance of districts within The Black Country on our health score (life expectancy indexed to the national average). The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 98.08, Wolverhampton is in the bottom 20% of districts and is in the sub region that is in the bottom 20% of sub regions nationally.



Looking in more detail at Wolverhampton's health profile we find that:

- At 6.85 per 1000 population, the infant mortality rate in Wolverhampton is very high, with the area ranking in the top 20% of districts nationally. By comparison, the The Black Country figure is 6.08 and the national figure is 3.98.
- At 1098.4, the standardised mortality ratio in Wolverhampton is very high, with the area ranking in the top 20% of districts nationally. By comparison, the The Black Country figure is 1065.21 and the national figure is 1005.98.
- At 28.49%, the proportion of the population who are obese in Wolverhampton is estimated to be very high, with the area ranking in the top 20% of districts nationally. By comparison, the The Black Country figure is 27.94% and the national figure is 22.96%.
- At 22.01%, the proportion of the population who smoke in Wolverhampton is estimated to be very high, with the area ranking in the top 20% of districts nationally. By comparison, the The Black Country figure is 21.12% and the national figure is 18.45%.
- At 152.43 per 100,000 people, the cancer mortality rate in Wolverhampton is high, with the area ranking in the top 40% of districts nationally. By comparison, the The Black Country figure is 158.76 and the national figure is 144.36.

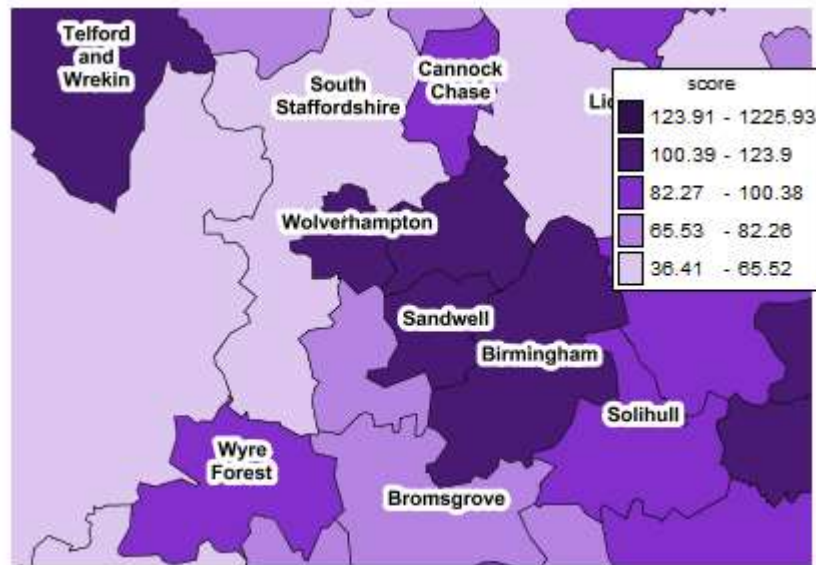
Crime

Crime levels affect an area's 'liveability', and reflect the socioeconomic conditions of the area and its surroundings. Nationally, there have been some reductions in crime over recent years, although the introduction of the National Crime Recording Standard in 2002 boosted national crime figures. This crime profile assesses Wolverhampton according to a number of crime related indicators, including total offences per 1000 residents, vehicle crime, violent crime, burglaries and the change in total offences over time.

Wolverhampton is ranked 92 out of 348 districts on our crime score, indicating levels of crime that are in the highest 40% of districts nationally.

The map shows the performance of districts within The Black Country. The areas with very dark shading have higher crime levels and those with very light shading have lower crime levels.

With a score of 117.15, Wolverhampton has crime levels that are in the highest 40% of districts and is in a sub region that has crime levels in the middle 20% of sub regions nationally.



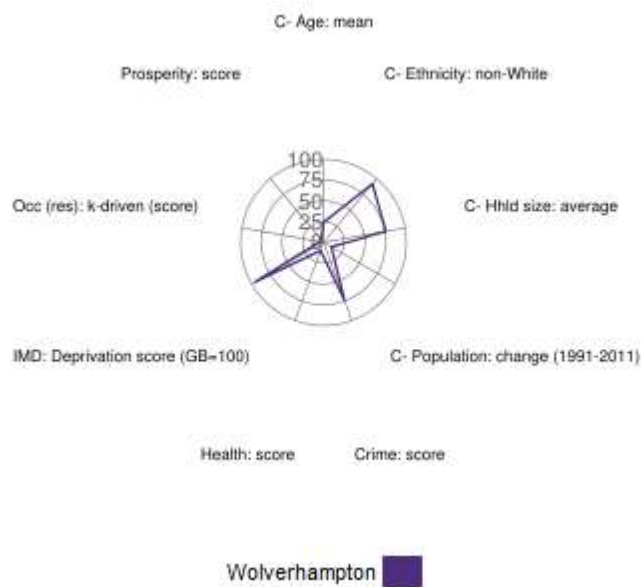
Source: Recorded crime for seven key offences and BCS comparator: Local Authorities

Looking in more detail at Wolverhampton's crime profile we find that:

- There were 67.17 offences per 1,000 residents in 2014 in Wolverhampton. By comparison the The Black Country figure was 58.21, the West Midlands figure was 56.3 and the national figure was 60.61.
- There were 14.31 violent crimes per 1,000 residents in 2014, which is high by national standards, with Wolverhampton ranking in the highest 40% of districts. By comparison the The Black Country figure was 11.15 and the national figure was 12.09.
- There were 6.98 vehicle crimes per 1,000 residents in 2014, which is high by national standards, with Wolverhampton ranking in the highest 40% of districts. By comparison the The Black Country figure was 7.99 and the national figure was 6.25.
- There were 4.13 dwelling burglaries per 1,000 residents in 2014, which is high by national standards, with Wolverhampton ranking in the highest 40% of districts. By comparison the The Black Country figure was 3.77 and the national figure was 3.59.
- Between 2002/2003 and 2013/2014, the total number of crimes in Wolverhampton changed by - 53.12%. Compared with the levels of change seen nationally, this is well below the national average placing Wolverhampton in the lowest 20% of districts.

Society Summary Indicators

The spider chart is a way of showing how Wolverhampton rates against the national median on the summary social indicators. Data for every district in Great Britain is converted into a percentile score, with the top ranking area scoring 100 and the bottom zero. The national median is shown by the 50th percentile.



Nearest Neighbours

For the indicators in the spider chart shown above, the areas in the country with the most similar profiles area shown opposite. These are statistically the nearest neighbours to Wolverhampton, with Walsall in The Black Country being the most similar on the summary social indicators.

Rank	Place Name	Sub Region
1	Walsall	The Black Country
2	Sandwell	The Black Country
3	Rochdale	Greater Manchester
4	Pendle	Lancashire
5	Oldham	Greater Manchester
6	Coventry	Coventry & Warwickshire
7	Hyndburn	Lancashire
8	Blackburn	Lancashire
9	Middlesbrough	Tees Valley
10	Bolton	Greater Manchester

Society Scorecard

The society 'scorecard', showing how Wolverhampton stands nationally, within its region and sub-region. The 'scorecard' assesses the state of Wolverhampton in terms of the composite social measures. The scores represent the quintile where the district falls on each of the measures ('A' representing the strongest performance, ranging to 'E' representing the weakest). For demographic data a score has not been included but the overall ranking on the main composite measure is known.

Composite measure	Sub-region score	Region score	National Score	Summary
Age		-		Wolverhampton is ranked 265 out of 348 districts on the average age of residents, indicating an average age in the lowest 40% of districts nationally.
Ethnicity		-		Wolverhampton is ranked 29 out of 348 districts on the proportion of its population classified as Non-White, placing the area in the highest 20% of districts nationally.
Average household size		-		Wolverhampton is ranked 83 out of 348 districts on the average household size, placing the area in the highest 40% of districts nationally.
Population Change		-		Wolverhampton is ranked 310 out of 348 districts on long-term change in its resident population, placing the area in the lowest 20% of districts nationally.
Occupations An 'A' Represents areas with the highest proportion of knowledge workers	E	E	E	Wolverhampton is ranked 363 out of 380 districts on our knowledge worker score, indicating a resident workforce that performs in the bottom 20% of districts nationally.
Prosperity An 'A' Represents areas with the highest average incomes	D	E	E	Wolverhampton is ranked 364 out of 379 districts on our prosperity score, indicating incomes amongst the resident population in the bottom 20% of districts nationally.
Deprivation An 'A' Represents areas with the lowest levels of deprivation	D	E	E	Wolverhampton is ranked 17 out of 326 districts on our deprivation score, putting it in the 20% most deprived districts nationally.
Health An 'A' Represents areas with the highest score for life expectancy	D	E	E	Wolverhampton is ranked 311 out of 347 districts on our health score, indicating standards of health that are in the bottom 20% of districts nationally. Our health score indexes life expectancy at birth to the national average.
Crime An 'A' Represents areas with the lowest crime rates	E	E	D	Wolverhampton is ranked 92 out of 348 districts on our crime score, indicating levels of crime that are in the highest 40% of districts nationally.

Glossary of terms

Average age	The mean age of the resident population
Proportion of population classified as non-White	The percentage of people classified as White and Black Caribbean, White and Black African, White and Asian, Other Mixed, Caribbean, African, Other Black, Indian, Pakistani, Bangladeshi, Other Asian, Chinese or Other Ethnic Group. Classifications are based
Average household size	The mean number of people living within a household
Long-term change in resident population	Percentage change in the number of residents within the area, between 1991-2011
Knowledge worker score	This residence based figure provides an index of proportion of the working age population who are employed in Knowledge occupations based on SOC groups (1) Managers and Senior Officials; (2) Professional occupations; (3) Associate Professional and Technical occupations, based on place of residence. The figures in brackets are Standard Occupational Classification 2000 (SOC) codes. SOC codes are nationally recognised occupational groupings designed to capture type of work and the associated skills necessary for the job. These major SOC groups include the following occupations Corporate & Senior Officials, Production managers, Functional managers Quality and Customer Care, Financial Institutions and Office, Distribution Storage and Retail, Protective Service Officers, Health and Social Services, Farming, Horticulture, Forestry and associated fields, Hospitality & Leisure and Other Service Industries managers; Science Professionals; Engineering; Info & Communication Technology; Health; Teaching; Research; Legal; Business & Statistical; Architects; Town Planners; Surveyors Public Service Professionals; Librarians and Related Professionals; Science and Engineering Technicians; Draughtspersons & Building Inspectors and IT Service Delivery Occupations; Health Associate Professionals; Therapists; Social Welfare Associate Professionals; Protective Service Occupations; Artistic and Literary Occupations; Design Associate Professionals; Media Associate Professionals; Sports and Fitness Occupations; Transport Associate Professionals; Legal Associate Professionals; Business & Finance Associate Professionals; Sales & Related Associate Professionals; Conservation Associate Professionals and Public Service Associate Professionals. This is in relation to the national average, providing an indication of the level of knowledge sector employment relative to the national trend
Prosperity score	The mean average total income indexed to the national average. Total income figures are based on taxable income including all employees; pension recipients and self-employed people. The figures are defined by local authority area and are residence based
Deprivation score	The deprivation score provides an index of the overall deprivation score, indexed to the national average. This provides a measure of relative deprivation in relation to the national average. The Index of Multiple Deprivation; average SOA score provides a weighted average figure for the levels of deprivation in a given area. The Index of Multiple Deprivation (IMD) is an overall relative measure of deprivation constructed by combining seven domains of deprivation according to their respective weights, as described below. The larger the score, the more deprived the area (and the lower its rank). The domains were combined using the following weights to produce the overall Index of

	Multiple Deprivation: Income Deprivation (22.5%), Employment Deprivation (22.5%), Education, Skills and Training Deprivation (13.5%), Health Deprivation and Disability (13.5%), Crime (9.3%), Barriers to Housing and Services (9.3%), Living Environment Deprivation (9.3%)
Health score	The health score provides an index of the average life expectancy at birth, of all residents in relation to the national average. This provides a figure of relative life expectancy within the national context
Crime score	This indicator provides an index of the total number of offences per 1,000 resident population. Total offences include theft from vehicles; dwelling burglary; robberies and violent offences. The index is to the GB average, providing a figure which is relative to the national trend

Data Sources and Definitions

Average age	The mean age of the resident population
Proportion of population classified as non-White	The percentage of people classified as White and Black Caribbean, White and Black African, White and Asian, Other Mixed, Caribbean, African, Other Black, Indian, Pakistani, Bangladeshi, Other Asian, Chinese or Other Ethnic Group. Classifications are based
Average household size	The mean number of people living within a household
Long-term change in resident population	Percentage change in the number of residents within the area, between 1991-2011
Knowledge worker score	This residence based figure provides an index of proportion of the working age population who are employed in Knowledge occupations based on SOC groups (1) Managers and Senior Officials; (2) Professional occupations; (3) Associate Professional and Technical occupations, based on place of residence. The figures in brackets are Standard Occupational Classification 2000 (SOC) codes. SOC codes are nationally recognised occupational groupings designed to capture type of work and the associated skills necessary for the job. These major SOC groups include the following occupations Corporate & Senior Officials, Production managers, Functional managers Quality and Customer Care, Financial Institutions and Office, Distribution Storage and Retail, Protective Service Officers, Health and Social Services, Farming, Horticulture, Forestry and associated fields, Hospitality & Leisure and Other Service Industries managers; Science Professionals; Engineering; Info & Communication Technology; Health; Teaching; Research; Legal; Business & Statistical; Architects; Town Planners; Surveyors Public Service Professionals; Librarians and Related Professionals; Science and Engineering Technicians; Draughtspersons & Building Inspectors and IT Service Delivery Occupations; Health Associate Professionals; Therapists; Social Welfare Associate Professionals; Protective Service Occupations; Artistic and Literary Occupations; Design Associate Professionals; Media Associate Professionals; Sports and Fitness Occupations; Transport Associate Professionals; Legal Associate Professionals; Business & Finance Associate Professionals; Sales & Related Associate Professionals; Conservation Associate Professionals and Public Service Associate Professionals. This is in relation to the national average, providing an indication of the level of knowledge sector employment relative to the national trend

Prosperity score	The mean average total income indexed to the national average. Total income figures are based on taxable income including all employees; pension recipients and self-employed people. The figures are defined by local authority area and are residence based
Deprivation score	The deprivation score provides an index of the overall deprivation score, indexed to the national average. This provides a measure of relative deprivation in relation to the national average. The Index of Multiple Deprivation; average SOA score provides a weighted average figure for the levels of deprivation in a given area. The Index of Multiple Deprivation (IMD) is an overall relative measure of deprivation constructed by combining seven domains of deprivation according to their respective weights, as described below. The larger the score, the more deprived the area (and the lower its rank). The domains were combined using the following weights to produce the overall Index of Multiple Deprivation: Income Deprivation (22.5%), Employment Deprivation (22.5%), Education, Skills and Training Deprivation (13.5%), Health Deprivation and Disability (13.5%), Crime (9.3%), Barriers to Housing and Services (9.3%), Living Environment Deprivation (9.3%)
Health score	The health score provides an index of the average life expectancy at birth, of all residents in relation to the national average. This provides a figure of relative life expectancy within the national context
Crime score	This indicator provides an index of the total number of offences per 1,000 resident population. Total offences include theft from vehicles; dwelling burglary; robberies and violent offences. The index is to the GB average, providing a figure which is relative to the national trend

Source: Place Insight; Midyear population estimates; Sub-national Population projections by sex and quinary age groups; 2001 Census (National Statistics website: www.statistics.gov.uk. Crown copyright material is reproduced with the permission of the Controller Office of Public Sector Information (OPSI)).

Environment Introduction

This summary report looks at a number of aspects of the environment and equality of life in Wolverhampton. In this profile, we consider the environment in terms of:

- Housing affordability
- Commercial and industrial property
- Transport and connectivity
- Amenities
- The natural environment

The report starts by presenting data for the main composite measures for each aspect of Wolverhampton's environment. Each one of these topics is then dealt with in turn. Finally, the composite measures form the basis of the spider chart analysis which sets out how Wolverhampton rates against the national median for the scores. The spider chart also forms the basis of the list of statistical nearest neighbours (those areas in the country with the most similar profiles on this combination of composite measures). Finally, a summary report card for each aspect of economic development is presented. This is based on the quintile where the district falls on each of the measures ('A' representing the strongest performance, ranging to 'E' representing the weakest).

Environmental Summary Introduction

Areas	Affordability: score (score) 2015	Floorspace: change (score) (score) 2012	Connectivity: score (score) 2005	Amenities: score (score) 2013	Natural environment: score (score) 2013
Dudley	112.22	87.81	32.46	414.03	27.08
Sandwell	116.92	84.52	104.05	317.18	21.48
Walsall	109.18	84.41	45.89	314.45	27.59
Wolverhampton	115.82	84.84	109.51	653.2	22.61
The Black Country	116.9	85.34	118.98	407.91	24.22
West Midlands	105.5	96.18	46.77	92.79	84.13
National Average	100	100	100	100	100

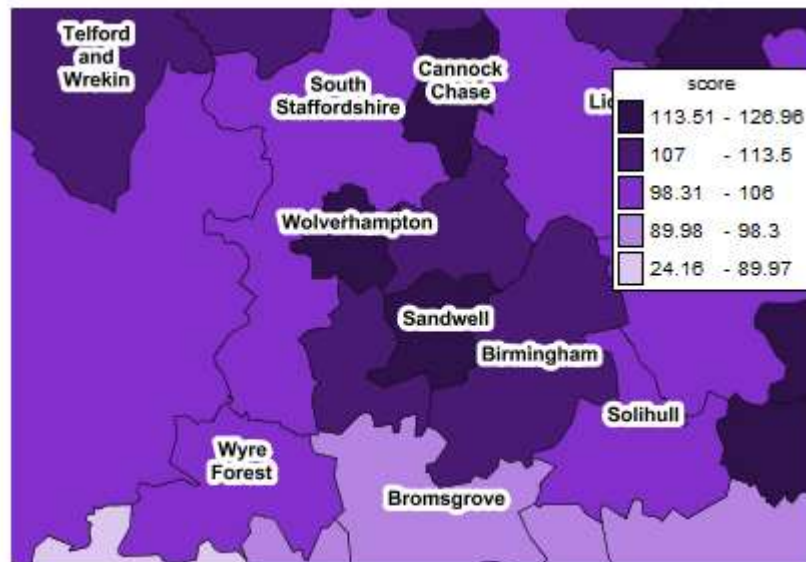
Housing

While housing affordability is a national problem, its impacts are not evenly spread. While the previous boom in house prices in London and the South East is well documented, some areas in the North and Midlands continued to suffer from persistent low demand. Within this housing profile, housing is considered in terms of affordability (assessed on the basis of the ratio between average earnings and average house prices), tenure and housing condition information.

Wolverhampton is ranked 50 out of 346 districts on our affordability score, indicating that the area is in the top 20% of districts nationally in terms of affordability.

The map shows the affordability score for districts within The Black Country. The areas with very dark shadings have greater housing affordability and those with very light shading are less affordable.

With a score of 115.82, Wolverhampton is in the top 20% of districts and is in a sub region that is in the top 40% of sub regions nationally.



Source: Property Prices; Annual Survey of Hours and Earnings

Looking in more detail at Wolverhampton's housing profile we find that:

- The proportion of households that were owner occupied within Wolverhampton was 56.58% in 2011. This places Wolverhampton in the bottom 20% of districts nationally. By comparison, the The Black Country figure was 61.45, the West Midlands figure was 64.89, and the national figure was 63.57%.
- The proportion of households that were rented within Wolverhampton was 41.21% in 2011. This places Wolverhampton in the top 20% of districts nationally. By comparison, the The Black Country figure was 36.3, the West Midlands figure was 32.98, and the national figure was 34.32%.
- The proportion of total housing stock declared as non-decent in Wolverhampton was 3.3% in . This places Wolverhampton in the top 40% of districts nationally. By comparison, the The Black Country figure was 5.14, the West Midlands figure was 3.94 and the national average was 4.18%.
- Wolverhampton has seen a low growth in average house prices between 2003 and 2013 of 16.85%. This places the area in the bottom 40% of districts nationally. By comparison, average prices changed nationally by 45.24%.

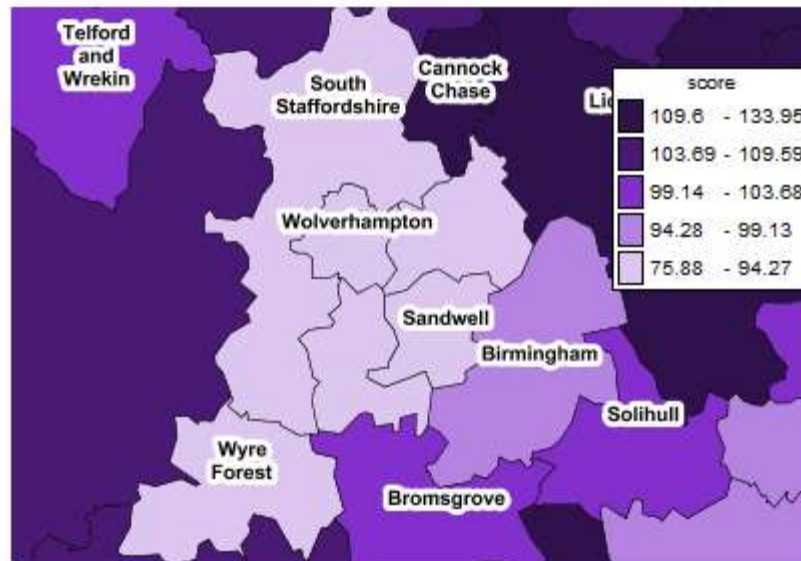
Commercial Floorspace

This commercial and industrial property profile assesses the type of floorspace within Wolverhampton and the rate of change that has occurred over recent years. The overall score is based on the net change in the amount of commercial and industrial floorspace since 2004. It presents an overall picture of the type of floorspace within the district and the extent of growth/decline according to type of floorspace.

Wolverhampton is ranked 341 out of 348 districts on our floorspace change score, indicating a level of growth in the bottom 20% of districts nationally.

The map shows the performance of districts within The Black Country. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 84.84, Wolverhampton is in the bottom 20% of districts and is in the sub region that is in the bottom 20% of sub regions nationally.



Source: Commercial and Industrial Floorspace and Rateable Value Statistics

Looking in more detail at Wolverhampton's commercial property profile we find that:

- The proportion of floorspace that is in industrial use is high, with the area ranking in the top 40% of districts nationally. In 2012, 73.37% of total floorspace was in industrial use, compared with 76.33% in The Black Country and 60.51% nationally.
- The proportion of floorspace that is in retail use is low, with the area ranking in the bottom 40% of districts nationally. In 2012, 18.47% of total floorspace was in retail use, compared with 16.66% in The Black Country and 22.13% nationally.
- The proportion of floorspace that is in office use is low, with the area ranking in the bottom 40% of districts nationally. In 2012, 8.16% of total floorspace was in office use, compared with 7% in The Black Country and 17.36% nationally.
- Wolverhampton has seen a growth of -19.58% in the amount of industrial floorspace between 2002 and 2012. This places it in the bottom 20% of districts nationally. By comparison the amount of industrial floorspace changed nationally by -4.86%.
- Wolverhampton has seen a growth of 0.4% in the amount of office floorspace between 2002 and 2012. This places it in the bottom 20% of districts nationally. By comparison the amount of office floorspace changed nationally by 10.95%.
- Wolverhampton has seen a growth of -2.05% in the amount of retail floorspace between 2002 and 2012. This places it in the bottom 20% of districts nationally. By comparison the amount of retail floorspace changed nationally by 5.17%.

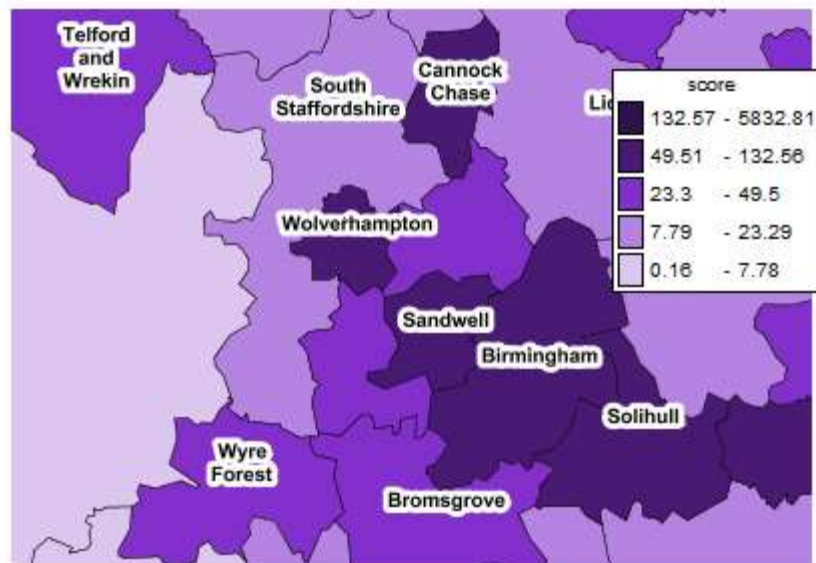
Transport and Connectivity

Accessibility and connectivity have a major influence on an area's ability to attract business and investment. This transport and connectivity profile assesses Wolverhampton using a composite of measures, including distance from London, a 'Local Hub' Index (the concentration of transport hubs such as motorway junctions, airports, ports and mainline railway stations), and the 'Contiguity Index' (a score based on an area's proximity to transport hubs in neighbouring places).

Wolverhampton is ranked 93 out of 379 districts for its overall connectivity score, indicating an area that performs in the top 40% of districts nationally on levels of connectivity to intercity rail, motorways and airports.

The map shows the performance of districts within The Black Country. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 109.51, Wolverhampton is in the top 40% of districts and is in a sub region that is in the top 20% of sub regions nationally.



Source: AA

Looking in more detail at Wolverhampton's transport and connectivity profile we find that:

- The national average for the proportion of people who travelled to work by car was 62.66% in 2011. By comparison the Wolverhampton figure of 67.47% placed it in the bottom 40% of districts nationally.
- The proportion of residents who travelled to work within Wolverhampton by public transport was 15.8% in 2011. This was high, placing the area in the top 40% of districts nationally. By comparison the national figure was 16.4%.
- The proportion of residents who travelled to work within Wolverhampton by foot or bicycle was 12.17% in 2011. This was average, placing the area in the middle 20% of districts nationally. By comparison the national figure was 13.61%.
- With a score of 104.03, net commuting in Wolverhampton was high in 2001, with the area ranking in the top 40% of districts. Net commuting reflects the relative levels of work being taken by residents in the area: a higher score implies that more workers coming into the area to work and a lower score implies that residents are travelling outside the area to work.
- The average travel to work time for residents in Wolverhampton is average, with the area ranking in the middle 20% of districts nationally. The average travel to work time of 20 minutes compares with a The Black Country average of 19 minutes and a national average of 20.32 minutes.
- The proportion of residents who work outside Wolverhampton was 35.84% in 2001. This was average, placing the area in the middle 20% of districts nationally.

- At 1512.04, the number of journeys per sq km in Wolverhampton is very high, with the area ranking in the top 20% of districts nationally.

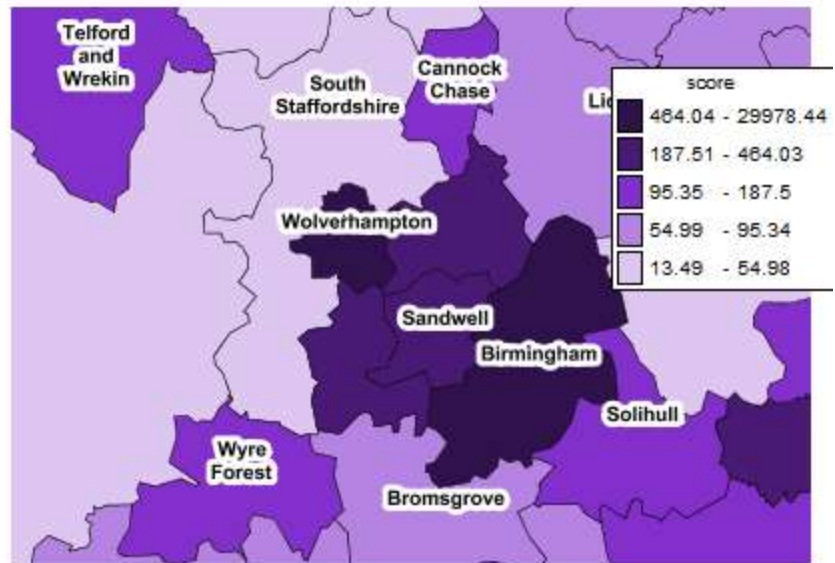
Amenities

The local amenities profile assesses Wolverhampton in terms of a combination of indicators, including the density of national heritage sites and listed buildings, the availability of cultural amenities (such as cinemas, theatres and libraries), café culture, retail floorspace and employment in hotels and restaurants. The level of local amenities is important for a good quality of life for local residents, making an area an attractive place to live and for tourists to visit. It should also be borne in mind that the local and cultural amenities scores are heavily skewed towards large cities, particularly London.

Wolverhampton is ranked 50 out of 348 districts on our overall score, indicating a standard of local amenities that is in the top 20% of districts nationally.

The map shows the local amenities score of districts within The Black Country. The areas with very dark shading score highly and those with very light shading score poorly.

With a score of 653.2, Wolverhampton is in the top 20% of districts and is in a sub region that is in the top 20% of sub regions nationally.



Source: Place Insight; Treasures of Britain; BFI Film & Television Handbook; UK Theatres Online; Michelin Guide to Hotels, Restaurants and Pubs; ArtGuide.co.uk; Annual Business Inquiry (National Statistics website (Nomis: www.nomisweb.co.uk) Crown copyright material is reproduced with the permission of the Controller Office of Public Sector Information (OPSI)); Commercial and Industrial Floorspace and Rateable Value Statistics, Green Flag awards.

Looking in more detail at Wolverhampton's amenities profile we find that:

- The cultural amenities score in Wolverhampton was 998.48. This places Wolverhampton in the top 20% of districts nationally. By comparison, the The Black Country score was 398.03, the West Midlands score was 78.52, and the national score was 100.
- The number of national heritage sites per 000 sq m in Wolverhampton was 14.49. This places Wolverhampton in the middle 20% of districts nationally. By comparison, the The Black Country average was 5.6, the West Midlands average was 12.54, and the national average was 65.37.
- The number of listed buildings per 000 sq m in Wolverhampton was 5.38. This places Wolverhampton in the top 20% of districts nationally. By comparison, the The Black Country average was 2.62, the West Midlands average was 2.6 and the national average was 2.64.
- The proportion of employment in hotels and restaurants in Wolverhampton is 4.17%. This places Wolverhampton in the bottom 20% of districts nationally on this measure. This compares with 4.14% in The Black Country, 5.71% in West Midlands and a national average of 7.06%.
- The amount of retail floorspace in Wolverhampton was 573 (in 000 sq m). This places Wolverhampton in the top 20% of districts nationally. By comparison, the amount of retail space in The Black Country was 2401 (000 sq m) and the amount in West Midlands was 11783 (000 sq m).

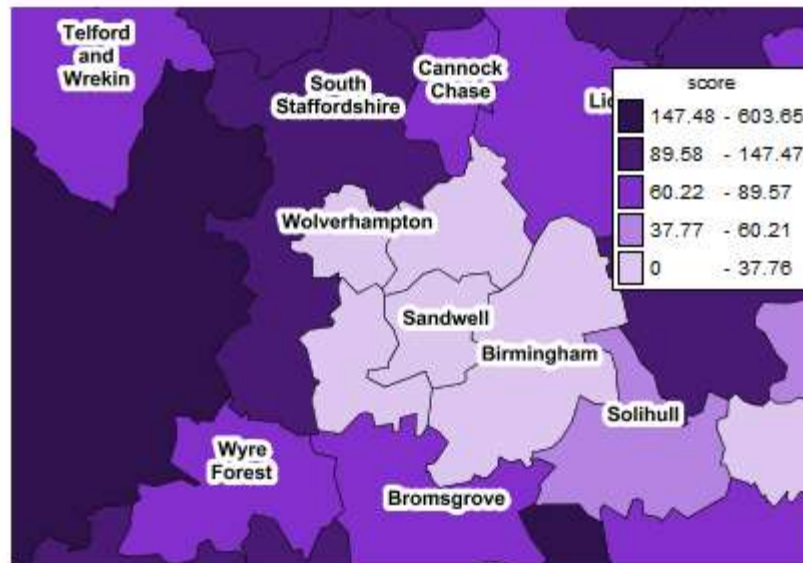
Environment

The natural environment is a subjective theme, which makes benchmarking problematic. This profile assesses the natural environment of Wolverhampton in terms of areas of outstanding natural beauty, green space, green belt and heritage coast. We also consider tranquillity and weather. The quality of the natural environment has implications for a modern knowledge economy, which is associated with a decentralised geography of employment as workers try to find a good work-life balance. Indicators are heavily skewed, with towns, cities and urban areas scoring poorly and rural areas scoring well.

Wolverhampton is ranked 301 out of 325 districts for its overall natural environment score, putting it in the bottom 20% of districts nationally.

The map shows the performance of districts within the The Black Country area. The areas with very dark shading score highly on our natural environment score and those with very light shading score poorly.

With a score of 22.61, Wolverhampton is in the bottom 20% of districts and is in a sub region that is in the bottom 20% of sub regions nationally.



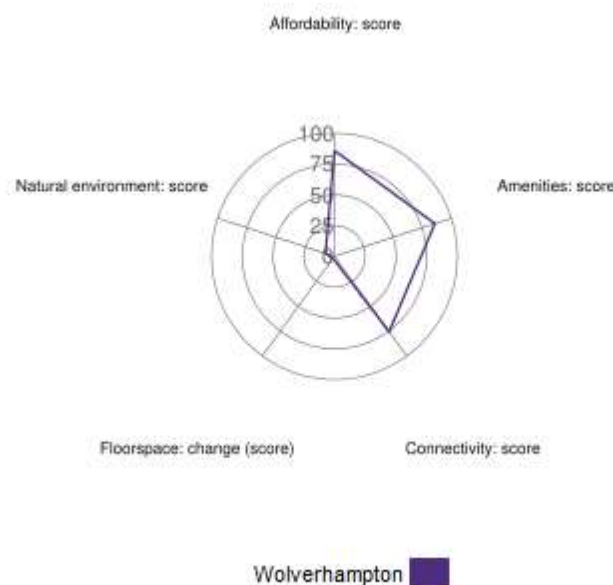
Source: Natural England; GreenFlag awards; Generalised Land Use Database; Indices of Deprivation; Met office average weather readings

Looking in more detail at Wolverhampton's environment profile we find that:

- The natural beauty score - comprising Areas of Outstanding Natural Beauty, Blue Flag Beaches, heritage coastlines, ancient woodland, nature reserves, national parks and environmentally sensitive areas - in Wolverhampton is 1.04. This places Wolverhampton in the bottom 20% of districts nationally. By comparison, the The Black Country score was 3.84, the West Midlands score was 53.62 and the national score was 100.
- The air quality score, measured as part of the Index of Multiple Deprivation, in Wolverhampton was 1.1. This placed Wolverhampton in the top 20% of districts nationally. By comparison, the The Black Country score was 1.21, the West Midlands score was 0.99 and the national score was 0.97.
- The tranquility score, as measured by population density, in Wolverhampton was 7.45. This places Wolverhampton in the bottom 20% of districts nationally. By comparison, the The Black Country score was 8.44, the West Midlands score was 62.54 and the national score was 100.
- The average weather score, as measured by average sunshine hours, average rainfall and average temperature in Wolverhampton was 103.12. This placed Wolverhampton in the bottom 40% of districts nationally. By comparison, the The Black Country score was 103.12, the West Midlands score was 103.12 and the national score was 100.

Environmental Summary Indicators

The spider chart is a way of showing how Wolverhampton rates against the national median on the summary environmental indicators. Data for every district in Great Britain is converted into a percentile score, with the top ranking area scoring 100 and the bottom zero. The national median is shown by the 50th percentile.



Nearest Neighbours

For the indicators in the spider chart shown above, the areas in the country with the most similar profiles area shown opposite. These are statistically the nearest neighbours to Wolverhampton, with Nottingham in Nottinghamshire being the most similar on the summary environmental indicators.

Rank	Place Name	Sub Region
1	Nottingham	Nottinghamshire
2	Sandwell	The Black Country
3	Middlesbrough	Tees Valley
4	Salford	Greater Manchester
5	Leicester City	Leicestershire
6	Stoke on Trent	Staffordshire
7	Bolton	Greater Manchester
8	Tameside	Greater Manchester
9	Bury	Greater Manchester
10	Manchester	Greater Manchester

Environment Scorecard

The environment 'scorecard', showing how Wolverhampton stands nationally, within its region and sub-region. The 'scorecard' assesses the state of Wolverhampton in terms of the composite environmental and quality of life measures. The scores represent the quintile where the district falls on each of the measures ('A' representing the strongest performance, ranging to 'E' representing the weakest).

Composite measure	Sub-region score	Region score	National Score	Summary
Housing affordability An 'A' Represents areas with the most affordable residential property	B	A	A	Wolverhampton is ranked 50 out of 346 districts on our affordability score, indicating that the area is in the top 20% of districts nationally in terms of affordability.
Commercial floorspace An 'A' Represents areas with the highest rate of growth in commercial and industrial property	B	E	E	Wolverhampton is ranked 341 out of 348 districts on our floorspace change score, indicating a level of growth in the bottom 20% of districts nationally.
Transport & connectivity An 'A' Represents areas with the most rail, motorway and transport links	A	A	B	Wolverhampton is ranked 93 out of 379 districts for its overall connectivity score, indicating an area that performs in the top 40% of districts nationally on levels of connectivity to intercity rail, motorways and airports.
Amenities An 'A' Represents areas with the highest access to local cultural and leisure amenities	A	A	A	Wolverhampton is ranked 50 out of 348 districts on our overall score, indicating a standard of local amenities that is in the top 20% of districts nationally.
Natural environment An 'A' Represents areas with the highest natural environment score	D	E	E	Wolverhampton is ranked 301 out of 325 districts for its overall natural environment score, putting it in the bottom 20% of districts nationally.

Glossary of terms

Affordability score	Property prices are an overall average of property prices covering detached; semi-detached; terraced and flats/maisonettes in a local authority area. The average house price is an average taken over four quarterly house price data releases. Earnings data is in the form of residence-based gross weekly. This indicator is an official Performance Indicator - QoL13 & ECR8b
Floorspace change score	This score provides an index of the percentage change in the area of floor space used in the commercial sector. Commercial floor space is defined as all floor space used for non-domestic purposes including retail, office and industrial activities. This provides a score showing the change in floor space in relation to the national floor space change
Connectivity Score GB=100	The connectivity index is based on proximity to and presence of airports; number of rail stations (excluding the underground); ports and motorway junctions. The resulting figure provides a indication of the areas connectivity, with figures over 100 indicating a higher than average level of connectivity
Local amenities score	This score measures the level of amenities provision in an area. A higher score indicates that an area has a greater level of provision.
Natural beauty score	This score measures how the beauty of an area's natural environment. A higher score indicates that an area has a more beautiful natural environment.

Data Sources and Definitions

Affordability score	Property prices are an overall average of property prices covering detached; semi-detached; terraced and flats/maisonettes in a local authority area. The average house price is an average taken over four quarterly house price data releases. The earnings data is workplace based and taken from the Survey of Hours and Earnings. Calculated by taking the ratio of average house price in the area to average gross weekly earnings as a proportion of the same ratio in England & Wales. All areas are then ranked and the score for each area reversed such that the area with the largest index score is attributed the lowest, and vice versa. This calculation was performed so that the most affordable areas would have the highest affordability score.
Floorspace change score	The difference between the total amount of commercial floorspace in most recent and start years as a proportion of that in the start year, indexed to the GB average. Commercial floor space is defined as all floor space used for non-domestic purposes including retail, office and industrial activities and 'other' bulk premises. This provides a score showing the change in floor space in relation to the national floor space change.
Connectivity Score GB=100	Based on proximity to and presence of airports; number of rail stations (excluding the underground); ports and motorway junctions. The number of these services in the area was calculated, weighted by proximity to major airports (Gatwick, Edinburgh, Glasgow, Bristol, Stansted, Birmingham) as a proportion of land area and indexed to the GB average (GB = 100).
Local amenities score	This indicator takes into consideration: cultural amenities (sports arenas; cinemas; zoos; theme parks; major event venues; Visit

	England attractions; Michelin starred restaurants; performing arts venues; cathedrals); national heritage sites; retail floorspace; employment in amenities-provision (as a proxy). Each are divided by the land area, then scored in relation to the national figure. The individual scores are then added, and scored again to give the overall figure.
Natural beauty score	The following datasets were all indexed to their component national average: Areas of Outstanding Natural Beauty; Blue Flag Beaches (denoting high quality beaches); heritage coastlines; ancient woodland; nature reserves; national park designations and designation as an environmentally sensitive area. The average of these indices is used to provide the final score.

Source: Place Insight; Commercial and Industrial Floorspace and Rateable Value Statistics; Previously Developed Land Survey.

Ordering further Place Profiles

Place Profiles are available at District and Ward level. The reports are produced using the latest information, with Summary Place Profiles providing a high level overview of local conditions. More detailed profiles are also available on the following topics:

Economy

Economic Performance
Industrial Structure
Business and Enterprise
Skills and Qualifications
Labour Market

Society

Age
Ethnicity
Households
Migration and Change
Occupations
Prosperity
Deprivation
Health
Crime

Environment

Housing
Commercial Property
Transport and Communications
Amenities
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Audit and Risk Committee

4 July 2016

Report title	Annual Governance Statement – 2015/16	
Accountable director	Mark Taylor, Finance	
Originating service	Audit	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	NA	

Recommendation(s) for action or decision:

The Committee is recommended to:

1. Review and comment upon the contents of the Council's Annual Governance Statement for 2015/16.

1.0 Purpose

- 1.1 That Members review and comment upon the content of the Annual Governance Statement for the year 2015/2016.
- 1.2 The Council is required under Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulation 2006 to produce an Annual Governance Statement to be included in the annual statement of accounts, which is signed by the Leader of the Council and the Managing Director.

2.0 Background

- 2.1 The Annual Governance Statement draws upon the management and internal control framework of the Council, especially the work of internal and external audit and the Council's risk management arrangements. In compiling the Annual Governance Statement assurance is obtained from a range of sources in order that the signatories to the statement can assure themselves that it reflects the governance arrangements for which they are responsible.

3.0 Progress, options, discussion

- 3.1 Progress on the implementation of the actions required in the key areas will be monitored by Audit Services and reported to the Audit and Risk Committee during the year.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. (21062016/N)

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. (TS/20162016/F)

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Environmental implications

- 7.1 There are no environmental implications arising from the recommendation in this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendations in this report

10.0 Schedule of background papers

10.1 Annual Governance Statement - 2015/16

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Scope of Responsibility

The City of Wolverhampton is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This code is incorporated within the Council's Constitution, which is available for review on the Council's website.

The Council is also responsible for the strategic management and administration of the *West Midlands Pension Fund* with the Council's Managing Director, Monitoring Officer and Section 151 Officer holding specific responsibilities for supporting both the members of the Pensions Committee and the Local Pension Board in their role.

Wolverhampton Homes is the Council's Arm's Length (Housing) Management Organisation (ALMO) and is a company wholly owned by the Council. The control of the ALMO is through the Board which has representatives drawn from 1/3 council, 1/3 tenants and 1/3 independent. There is a Management Agreement between the Council and Wolverhampton Homes which sets out the contractual and governance arrangements between the parties.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of risk management and internal control are based on an on-going process designed to identify and

prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework and Review of Effectiveness throughout 2015/16

The Council has a Corporate Plan with the following aims and themes

Place Stronger Economy

Delivering effective core services that people want
 An environment where new and existing businesses thrive
 People develop the skills to get and keep work

Keeping the city clean
 Keeping the city moving
 Improving the city housing offer
 Developing a vibrant city
 Supporting businesses, encouraging enterprise and attracting inward investment
 Improving our critical skills and employability approach

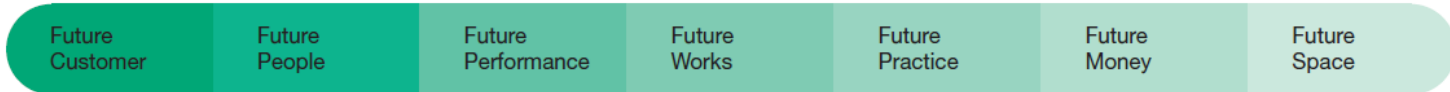
People Stronger Communities

People live longer, healthier lives
 Adults and children are supported in times of need
 People and communities achieve their full potential

Promoting and enabling healthy lifestyles
 Promoting independence for older people
 Promoting independence for people with disabilities
 Safeguarding people in vulnerable situations
 Strengthening families where children are at risk
 Challenging and supporting schools to provide the best education for children and young people
 Enabling communities to support themselves
 Keeping the city safe

Confident, Capable Council Stronger Organisation

Future Council - stronger council ready and able to deliver change



These are underpinned by the governance environment. This environment is consistent with the six core principles of the CIPFA/ SOLACE framework. In reviewing the Council's priorities and the implications for its governance arrangements, the Council carries out an annual review of the elements that make up the governance framework to ensure it remains effective.

The key elements of the systems and processes that comprise the Council's governance framework, and where assurance against these is required, are described below.

Core principles of the CIPFA/ SOLACE framework	Assurances required	Governance framework providing assurance	Review of Effectiveness	Issues identified
<p>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</p> <p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p> <p>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p> <p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p> <p>Developing the capacity and capability of members and officers to be effective</p> <p>Engaging with local people and other stakeholders to ensure robust public accountability</p>	<ul style="list-style-type: none"> • Delivery and communication of an agreed corporate plan • Quality services are delivered efficiently and effectively • Clearly defined roles and functions • Management of risk • Effectiveness of internal controls • Compliance with laws, regulation, internal policies and procedures • Value for money and efficient management of resources • High standards of conduct and behaviour • Public accountability • Published information is accurate and reliable • Implementation of previous governance issues 	<ul style="list-style-type: none"> • The Constitution (including Head of Paid Service, Chief Financial Officer and Monitoring Officer) • Council, Cabinet and Committees • Scrutiny function • Audit and Risk Committee • Standards Committee • Internal and External Audit • Strategic Executive Board • Wider Leadership Team • Directors Assurance Statements • Corporate and Business plans • Medium Term Financial Strategy • Corporate Risk Register and Assurance Map • Codes of Conduct • Business Planning and Performance Management Framework • Whistleblowing and other anti-fraud related policies • Complaints System • Financial Procedures Rules • Contract Procedure Rules • modern.gov (the council's committee management information system) 	<ul style="list-style-type: none"> • External Audit Report to Those Charged with Governance (ISA 260) Report • Annual Internal Audit Report • Annual Audit Committee Report • SIRO Annual Report • Statement of Accounts • Local Government Ombudsman Report • Scrutiny reviews • Annual Governance Statement – follow up of previous year issues 	<ul style="list-style-type: none"> • Savings Targets • Combined Authority • Procurement , Contract Management and Monitoring • Corporate Landlord • Partnership Governance

Key changes to the governance framework

During the year, the Chief Executive of Wolverhampton Homes took on an additional role within the Council as the Strategic Director of Housing. The Council also played an active role in the the establishment of the governance arrangements for the Combined Authority across the West Midlands region.

West Midlands Pension Fund

The West Midlands Pension Fund has completed its own “Assurance Framework – Supporting the Annual Governance Statement” which identified that there had been no adverse matters arising from the work behind their assurance framework.

Wolverhampton Homes

Wolverhampton Homes have included a Statement of Corporate Governance within the Company’s Financial Statements for 2015/16. This states that the control framework has been reviewed by the Company’s Audit Committee on behalf of the Board of Wolverhampton Homes and found to be effective. The review included an assurance statement from the Company’s internal auditors.

Managing the risk of Fraud and Corruption

With regards to the CIPFA Code of practice on managing the risk of fraud and corruption - having considered all the principles, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The activities undertaken in this area were primarily led during the year by the Audit and Risk Committee.

CIPFA’s Statement on the Role of the Chief Financial Officer in Local Government

The role of the Council’s Section 151 Officer has been assessed against the CIPFA Statement and found to be compliant.

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Members and senior officers within the Council who have responsibility for the development and maintenance of the governance framework, Internal Audit’s annual report, the Scrutiny function and also by reports made by the Council’s external auditors and other review agencies and inspectorates, as noted above.

Internal Audit has concluded that based on the work undertaken during the year of areas key risk, the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, it can provide reasonable assurance that the council has adequate and effective governance, risk management and internal control processes”. Key areas of concern have been included within the governance issues noted below.

A number of issues were identified in the 2014/5 Annual Governance Statement and an update of the progress made in implementing the actions to improve these areas is included below. Where sufficient progress has not been made, the issues have been included in the 2015/16 statement.

Progress on the Governance Issues from 2014/15

The table below describes the governance issues identified during 2014/15 and the progress made against these during 2015/16. While a number of issues from 2014/15 have been carried forward to 2015/16, these often relate to a range of on-going activities that develop as issues are addressed and programmes continue.

2014/15 - Key areas for Improvement	Update on position and implication for the 2015/16 Annual Governance Statement
<p><i>FutureSpace</i></p> <p>An updated business case for the works to the Civic Centre clarifying the scope and intention of the programme and the resources it wishes to deploy, will be prepared and submitted to Councillors in June 2015. Further work will be required to then develop the programme in line with the decision made by Councillors.</p>	<p>Work on the refurbishment and development of the Civic Centre is now underway, with a clear and timetabled project plan for completion.</p>
<p><i>Corporate Landlord</i></p> <p>The Corporate Landlord model continues to be embedded within the Council's policies. The proposed workplan to continue this is as below:</p> <ul style="list-style-type: none"> • Stabilising the service following changes in leadership and transition to the Place Directorate <ul style="list-style-type: none"> • Address the financial challenge and seek performance improvements within the existing scope, resources and operating model • Review the operating model for 2016/17 onwards • Present to SEB for comment • Develop a proposal which will be consulted upon and progressed through the decision making process to agree and then implement • Implement the agreed operating model and organisational structures • New model in place 	<p>Following the transfer of the service in January 2015 the opportunity was taken to further evaluate many of the management, operational and governance arrangements put in place when the Corporate Landlord model was first established. This process was intended to further embed the Strategic Asset Management function and will ultimately establish a Strategic Asset Management Plan.</p> <p>The management structure is now in place for all key operational areas/responsibilities now within the Corporate Landlord service, specifically with the Head of Corporate Landlord supported by the Head of Assets, Head of Facilities Management and Service Support and Head of Projects and Works.</p> <p>Governance has been established primarily through a dedicated monthly Corporate Landlord Board responsible for all corporate operational, commercial investment and schools land and property assets. The role of the Corporate Landlord is further endorsed through the Council's constitution and is accountable to the Confident Capable Council Scrutiny Panel (Corporate).</p> <p>Detailed service reviews are underway for various areas of operation to</p>

	<p>embed lean working practices, with a proposal to commission a company and former advisors in implementing the corporate landlord service delivery model, to ensure the new service delivery is relevant and effective in supporting the council's priorities and objectives. It is proposed to undertake this 'health check' by September 2016.</p> <p>The Strategic Asset Plan is currently under development and is the key focus for the recently established assets team (responsibility of the Head of Assets) for which a detailed structure is proposed to be developed with external advisors prior to the end of July 2016.</p> <p><i>Carried forward to 2016/17</i></p>
<p><i>Savings Targets</i></p> <p>This continues to be a key area for the Council to manage as it is faced with finding savings of £46 million over the next four years. As part of this process £20 million of additional savings is to be identified for 2016/17 and reported to Cabinet, in order to demonstrate that a balanced budget can be achieved in 2016/17.</p> <p>Also, the recommendations identified as on-going, made in the recent independent review of 'the process for the medium term financial strategy and budget report' will need to continue to be addressed.</p>	<p>The settlement figures included an overall reduction in funding of £3.6 million in 2016/17 in addition to that previously reported. The MTF5 assumptions as reported to Cabinet on 21 October included assumptions which were broadly in line with the confirmed cut in grant. As a result the Council was able to follow the strategy approved in October 2015 and on 3 March 2016 Council approved a balanced budget for 2016/17 without calling on reserves.</p> <p>The Council is now faced with finding further budget reductions estimated at £54.6 million over the next three years.</p> <p>Cabinet approved that work would start immediately to identify additional budget reductions to address the projected £22.2 million budget deficit for 2017/18 with an update on progress to be reported to Cabinet in July 2016.</p> <p>The July 2016 report will also include a high level strategy for tackling the estimated additional budget reductions totalling £32.4 million required between 2018/19 and 2019/20, taking the total additional budget reductions to be identified to £54.6 million, in order to address the projected budget deficit over the medium term to 2019/20.</p> <p>It is important to note that the updated projected budget deficit assumes the achievement of budget reduction proposals amounting to £37.4 million over the four year period to 2019/20.</p> <p><i>Carried forward to 2016/17</i></p>

<p><i>Procurement, Contract Management and Monitoring</i></p> <p>A revision of the 'Procurement Code' is in progress and will need completion in order to meet the requirements of the new Public Contracts Regulations and a standard approach to Contract Management will be implemented, with a programme of training developed to support a consistent approach to realising the benefits from contracts.</p>	<p>New Contract Procedure Rules were adopted into the Council's constitution in December 2015 and the contract management training programme commences in June 2016.</p> <p>A Service Director for Commercial Services post has been created including responsibility for contract management strategy and development.</p> <p><i>Carried forward to 2016/17</i></p>
<p><i>Better Care Fund</i></p> <p>There will be a range of on-going performance management/ governance / pooled budget financial management issues that will need close monitoring through the early stages of the Fund.</p>	<p>The Better Care Fund Programme Board monitors progress and performance on a monthly basis. A full progress report went to Senior Executive Board (SEB) on 27 October 2015 and the Cabinet Performance Management Panel on 23 November. Performance reports were prepared for the Health and Wellbeing board meetings through the business year, and robust joint governance arrangements covering Wolverhampton Clinical Commissioning Group, Royal Wolverhampton Trust, Black Country Partnership Foundation Trust, and the City Council were implemented to ensure the ongoing delivery of performance targets and associated financial targets.</p>
<p><i>FutureWorks</i></p> <p>Although the Agresso element of the Future Works Programme was formally closed in December 2014, the system and associated procedures and processes will continue to be developed and streamlined on an on-going basis in order to maximise the benefits from the investment. The next steps for Agresso future development is to implement an upgrade from Milestone 3 to Milestone 4 plus the added functionality of seven experience packs. This work is expected to be completed by December 2015 alongside the continual development and enhancement of reporting functionality.</p> <p>Following the formal closure the FutureWorks Programme was re-established in April 2015 as the governance board for the council's ICT programme of work. The programme will maintain an oversight of all the council's significant ICT initiatives including the development of the council's ICT and Digital Strategies in addition to the delivery of improved Business Intelligence capability, Master Data Management</p>	<p>A number of end user improvements have been implemented in the Agresso solution along with improvements in reporting. Further reporting enhancements have been provided to the Council's Budget Managers through the introduction of a financial dashboard using technology introduced by the Digital Transformation Programme.</p> <p>Upgrade planning for Agresso has commenced with an upgrade to Milestone 5 or Milestone 6 anticipated before the end of 2016. Consideration is being given to the use of Cloud hosting technologies as part of the upgrade so as to increase the availability of the solution.</p> <p>FutureWorks continues to oversee the delivery of the Council's Digital Transformation Programme. A new CRM solution to support the transformation of Customer Services has been introduced along with a single view of the citizen and improved reporting capability. Further digital deliverables through 2016 include the introduction of an authenticated citizen portal, redesigned digital citizen services, single views of employees and properties as well as further dashboards and</p>

<p>solutions and the continuing delivery of mobile and agile solutions such as Office 365 during 2015 /2016.</p>	<p>improved analytics capability.</p> <p>FutureWorks will focus on the provision of mobile and agile working solutions with the introduction of tablet devices with Windows 10, supporting the delivery of FutureSpace with network and wifi redesigns and the provision of audio visual solutions and the introduction of a Unified Communications solution to consolidate mobile, fixed line telephony, email and other digital communications.</p>
<p><i>Partnership Governance</i></p> <p>While the City Board, Growth Board and Inclusion Board, are now fully operating, a systematic approach to identifying all of the other significant partnerships and in determining the level of review of the governance arrangements alongside the 'health' of each partnership, is still being rolled out.</p>	<p>Work is continuing to codify governance arrangements across partnership arrangements and will continue in what is a dynamic and continually expanding area of work.</p> <p><i>Carried forward to 2016/17</i></p>
<p><i>Combined Authority</i></p> <p>The Council is in the process of establishing a Combined Authority (CA) with partners in the West Midlands and potentially other local authorities that make up the three Local Enterprise Partnerships that cover the area. The Council needs to ensure it plays a key part in the development of the CA, in order to ensure that the interests of, and the maximum benefit for the City of Wolverhampton, is achieved. At key points in the process of establishing the CA reports will be taken to either full Council or Cabinet as appropriate for approval.</p>	<p>The Combined Authority has now been established.</p> <p>As a platform for devolution, the Combined Authority arrangements enabled the Combined Authority Shadow Board to negotiate a devolution agreement, signed by the Leader on 17 November 2015, and ratified by Council on 2 March 2016.</p> <p>The Council continues to play a major role in the Combined Authority. The appointment of the Managing Director to the role of Monitoring Officer of the Combined Authority (on a part time basis) was confirmed at its AGM.</p> <p>The next steps are to process the required governance arrangements to deliver the devolution deal and preparing for an elected Mayor.</p> <p>The proposed governance arrangements are made up of two key structures - Officer Governance Structure and Councillors and LEPS Structure.</p> <p>These structures consist of a series of boards, committees, working groups and commissions, each of which has had their own governance statement prepared. The proposed structure and governance</p>

	<p>statements was discussed at the AGM on 10 June.</p> <p>Continuing officer and member involvement in the Combined Authority is crucial to delivering the first devolution deal, and developing future deals.</p>
<p><i>Corporate Peer Challenge</i></p> <p>The Council undertook a Corporate Peer Challenge in December 2014, and the final feedback provided to the council in March 2015. The focus of the peer review was strategic planning and there was both an internal focus around what organisation we want to be, and an external focus around what kind of role we want to have in the city.</p> <p>There was an acknowledgement of the enormous amount of change at rapid pace and that the organisation as a whole was supporting that journey. There was also recognition that there is an ambitious agenda to improve the city, and that stronger collective ownership on the savings challenges is required. It was also found that partnership working in Wolverhampton is a real strength to be built on.</p> <p>In 2015/16, we will continue to respond to the areas of feedback, including continuing to discuss our future role and purpose, review our governance structures and processes and continue to lead on the Combined Authority for the West Midlands region.</p>	<p>The Council continues to transform, using feedback from the Corporate Peer Challenge and other Peer Reviews and feedback. The Corporate Plan has been refreshed for 2016/19 and developed an outcomes based planning approach. 'Vision 2030' for the City of Wolverhampton has been launched, and outlines the shared vision for Wolverhampton amongst key partners in the City.</p> <p>The City of Wolverhampton Council has continued to lead on the creation of the West Midlands Combined Authority, and has worked across the region to progress important issues such as devolution.</p>

Action Plan for the Significant Governance Issues identified during 2015/16 which will need addressing in 2016/17

Based on the Council's established risk management approach, the following issues have been assessed as being "significant" for the purpose of the 2015/16 annual governance statement. Over the coming year appropriate actions to address these matters and further enhance governance arrangements will be taken.

2015/16 - Key areas and actions for implementation	Responsibility and expected implementation date
<p><i>Savings Targets</i></p> <p>This continues to be a key area for the Council to manage as it is faced with finding savings of £56.4 million by 2019/20. As part of this process £22.2 million of additional savings is to be identified for 2017/18 and reported to Cabinet, in order to demonstrate that a balanced budget can be achieved in 2017/18.</p>	<p>Director of Finance July 2016</p>
<p><i>Combined Authority</i></p> <p>The West Midlands Combined Authority (CA) has been formally vested. The Council needs to work effectively with its partners - including other local authorities and Local Enterprise Partnerships – to ensure that the CA is a success and that it benefits the City of Wolverhampton.</p> <p>Next steps include strengthening and embedding the governance arrangements required to deliver the first devolution deal and preparation for a West Midlands Metro Mayor in May 2017. This will include public consultation (in the Summer of 2016) on the powers to be conferred on the Mayor by Central Government.</p> <p>Continuing officer and member involvement in the Combined Authority is crucial to making it a success, in delivering the first devolution deal, and developing future deals.</p>	<p>Managing Director Ongoing</p>
<p><i>Corporate Landlord</i></p> <p>A Strategic Asset Plan for the Council is to be developed.</p> <p>Detailed service reviews to ensure the new service delivery is relevant and effective in supporting the Council's priorities and objectives are underway and due to be completed in-year.</p>	<p>Strategic Director – Place September 2016</p>

<p><i>Procurement, Contract Management and Monitoring</i></p> <p>A standard approach to Contract Management will be implemented, with a programme of training developed to support a consistent approach to realising the benefits from contracts.</p>	<p>Service Director for Commercial Services. Implementation from June 2016.</p>
<p><i>Partnership Governance</i></p> <p>Update to follow</p>	

Future Assurance

A progress report on the implementation of the above actions from the key areas will be produced by Audit Services and reported to the Audit and Risk Committee during 2016/17.

Certification

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.



Roger Lawrence, Leader of the Council

Date:



Keith Ireland, Managing Director

Date:

Audit and Risk Committee

4 July 2016

Report title	Annual Internal Audit Report 2015/16	
Accountable director	Mark Taylor, Finance	
Originating service	Audit	
Accountable employee(s)	Peter Farrow	Head of Audit
	Tel	01902 554460
	Email	peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendations for noting:

The Committee is asked to note:

1. The contents of the Annual Internal Audit Report and the overall opinion that “based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the council by other providers as well as directly by Internal Audit, Internal Audit can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes”

1.0 Purpose

- 1.1 The purpose of this report is to provide the Audit Committee with an annual internal audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control processes.

2.0 Background

- 2.1 This report gives a brief description of the role of Internal Audit, the control environment within which it operates, its compliance with the Public Sector Internal Audit Standards and a summary of the work carried out during the year to 31 March 2016.

3.0 Progress, options, discussion

- 3.1 Regular progress reports on the work of Internal Audit will continue to be presented to the Audit and Risk Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. (MK/21062016/N)

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. (TS/21062016/B)

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Environmental implications

- 7.1 There are no environmental implications arising from the recommendation in this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the recommendation in this report

10.0 Schedule of background papers – Annual Internal Audit Report

Internal Audit Annual Report 2015/16

CITY OF
WOLVERHAMPTON
COUNCIL



**Stronger
Economy**



**Stronger
Communities**



**Stronger
Organisation**

Introduction

Our internal audit work for the period from 1 April 2015 to 31 March 2016 was carried out in accordance with the approved Internal Audit Plan. The plan was constructed in such a way as to allow us to make a statement on the adequacy and effectiveness of the Council's governance, risk management and control processes. In this way our annual report provides one element of the evidence that underpins the Annual Governance Statement the council is required to make to accompany its annual financial statements. This is only one aspect of the assurances available to the Council as to the adequacy of governance, risk management and control processes. Other sources of assurance on which the council may rely, could include:

- The work of the External Auditors (GrantThornton)
- The result of any quality accreditation
- The outcome of any visits by Her Majesty's Revenues and Customs (HMRC)
- Other pieces of consultancy or third party work designed to alert the Council to areas of improvement
- Other external review agencies (i.e. Ofsted, the Information Commissioner's Office)

As stated above, the framework of assurance comprises a variety of sources and not only the Council's internal audit service. However, Internal Audit holds a unique role within a local authority as the only independent source of assurance on all internal controls. Internal Audit is therefore central to this framework of assurance and is required to acquire an understanding not only of the Council's risks and its overall whole control environment but also all sources of assurance. In this way, Internal Audit will be able to indicate whether key controls are adequately designed and effectively operated, regardless of the sources of that assurance.

The definition of internal audit, as described in the Public Sector Internal Audit Standards, is "Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

Internal audit activity is organisationally independent and further details behind the framework within which internal audit operates, can be found in the internal audit charter.

Overall Assurance

As the providers of internal audit to the council, we are required to provide the Managing Director and Section 151 Officer with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control processes. In giving our opinion it should be noted that assurance can never be absolute. The most that Internal Audit can provide to the Managing Director and Section 151 Officer is reasonable assurance that there are no major weaknesses in the council's governance, risk management and control processes. We have taken into account:

- All audits undertaken for the year ended 31 March 2016.
- Any follow-up action taken in respect of audits from previous periods.
- Any key recommendations not accepted by management and the consequent risks.
- Any limitations which may have been placed on the scope of internal audit.
- The extent to which any resource constraints may impinge on the ability to meet the full audit needs of the council.

Internal Audit Opinion

We have conducted our audits in accordance with the Public Sector Internal Audit Standards. Within the context of the parameters set out above, our opinion is as follows:

Based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the council by other providers as well as directly by Internal Audit, Internal Audit can provide **reasonable assurance** that the Council has adequate and effective governance, risk management and internal control processes.

However, throughout the year we did note a number of key control issues, either through our work or in the preparation of the Annual Governance Statement, and these are listed below.

While not fundamental to the overall opinion, we gave a 'limited' rating as a result of our internal audit work in the following areas:

Use of P-Cards: Systems Controls
Young Peoples Supported Living (YMCA) Contract Arrangements
Accounts Payable
Income Manager
Debt Recovery
Agresso Access Controls
Schools ICT Management
Black Country Gold
Bilston Urban Village Project
5 x School Audits

Governance issues arising from the Annual Governance Statement:

The Council recognises that the identification, evaluation and monitoring of risks is a key aspect in the governance of the organisation. The following matters represent the most significant current governance issues that are subject to attention in order to ensure that lessons are learnt and good practice is embedded:

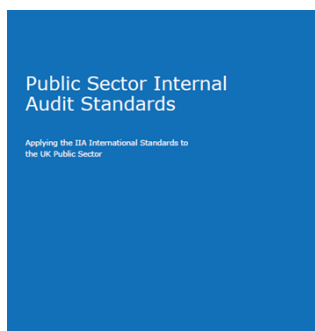
Savings Targets
Combined Authority
Corporate Landlord
Procurement, Contract Management and Monitoring
Partnership Governance

Further details on each of these can be found in the Annual Governance Statement.

In reaching our opinion, the following factors were taken into particular consideration:

- The need for management to plan appropriate and timely action to implement our and other assurance providers' recommendations.
- Key areas of significance, identified as a result of our audit work performed in year are detailed in section 4 of this report.

Compliance with the Public Sector Internal Audit Standards



During the year we complied with the Public Sector Internal Audit Standards which came into effect from 1 April 2013.

Summary of work completed

A detailed written report and action plan is prepared and issued for every review where appropriate. The responsible officer will be asked to respond to the report by completing and returning an action plan. This response must show what actions have been taken or are planned in relation to each recommendation.

Year on year comparison

A total of 62 pieces of audit work were completed during the year, where an audit opinion has been provided. A summary of these audit opinions, with a comparison over previous years is given below.

Opinion	2015/16	2014/15	2013/14
Substantial	13	7	18
Satisfactory	35	29	51
Limited	14	12	9

Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

Limited	Satisfactory	Substantial
There is a risk of objectives not being met due to serious control failings.	A framework of controls is in place, but controls need to be strengthened further.	There is a robust framework of controls which are applied continuously.

Summary of internal audit reviews completed in 2015/16

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Agreed	
<i>Previously reported:</i>							
Hill Avenue Primary School	Medium	-	7	6	13	13	Limited
Low Hill Nursery School	Medium	-	-	5	5	5	Substantial
Whitgreave Junior School	Medium	-	-	-	0	0	Substantial
Long Knowle Primary School	Medium	1	12	5	18	18	Limited
Senior Officers Remuneration and Officers > £50K	N/A*	-	-	-	-	-	N/A*
Coppice Performing Arts School	N/A*	1	-	-	1	1	Limited
Use of P-cards: System controls	N/A*	-	4	2	6	5**	Limited
Grove Primary School	Medium	-	6	-	6	6	Satisfactory
Warstones Primary Schools	Medium	-	-	6	6	6	Satisfactory
Graiseley Primary School	Medium	-	-	4	4	4	Satisfactory
New Park Community Special School	Medium	-	2	2	4	4	Satisfactory
Rakegate Primary School	Medium	-	2	3	5	5	Satisfactory
Penn Hall Special School	Medium	-	-	-	-	-	Substantial
Migration of Services into the Customer Contact Centre	Medium	-	-	4	4	4	Substantial
Street Lighting – Capital Programme	Medium	-	3	-	3	3	Satisfactory
Fleet Management – Hire and Replacement of Vehicles	Medium	-	2	3	5	5	Satisfactory
Budgetary Control Managed Audit	High	-	3	2	5	5	Satisfactory

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Agreed	
General Ledger	High	-	2	4	6	6	Satisfactory
Housing Benefits	High	-	1	3	4	4	Satisfactory
Carbon Reduction Commitment Assurance Review / Data Verification	High	-	-	1	1	1	Substantial
Young Peoples Supported Living (YMCA) Contract Arrangements	High	1	3	-	4	4	Limited
Villiers Primary School	Medium	-	-	3	3	3	Substantial
Palmers Cross Primary School	Medium	1	7	1	8	8	Limited
Claregate Primary School	Medium	-	2	1	3	3	Satisfactory
Accounts Receivable	High	-	5	7	12	11**	Satisfactory
Business Continuity / Resilience Management	High	-	3	6	9	9	Satisfactory
Transport Related Grant Certification	Medium	-	-	-	-	-	Satisfactory
Decent Homes Backlog Grant Certification	N/A*	-	-	-	-	-	Satisfactory
Corporate Landlord Charging and Income Collection (Project Costing and Billing System)	Medium	-	3	-	3	3	Satisfactory
Administration of Section 106 monies	N/A*	-	-	-	3	3	Substantial
Accounts Payable Full Systems Audit	High	-	10	5	15	15	Limited
Stowlawn Primary School	Medium	-	1	5	6	6	Satisfactory
Independent Reviewing Officer Service	Medium	-	3	3	6	6	Satisfactory
Pre-Paid Cards Implementation	High	-	2	-	2	2	Satisfactory
St Alban's CE Primary School	Medium	-	1	-	1	1	Substantial
Salary Sacrifice Schemes	Medium	-	5	1	6	6	Satisfactory

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Agreed	
Agresso Implementation Update	N/A*	-	2	1	3	3	Satisfactory
Income Manager	Medium	1	3	2	6	6	Limited
Governance's P-Card Usage	Medium	-	3	-	3	3	Satisfactory
Mayoral Office	Medium	-	-	4	4	4	Substantial
<i>Reported this quarter for the first time:</i>							
Debt Recovery Arrangements	Medium	3	5	5	13	13	Limited
Grant Accounting and Accountable Bodies	Medium	-	1	3	4	4	Satisfactory
Council Bank Changes	Medium	-	-	-	-	-	Substantial
Agresso Access Controls	Medium	1	5	2	8	8	Limited
Equalities and Diversity	Medium	-	3	6	9	9	Satisfactory
Main Accounting (incl. GL & Budgetary Control) - 2015/16 KFS Review	High	-	2	8	10	10	Satisfactory
Payroll	High	-	1	-	1	1	Satisfactory
Accounts Receivable	High	-	1	2	3	3	Satisfactory
Accounts Payable	High	-	2	4	6	6	Satisfactory
Fixed Assets	High	-	4	-	4	4	Satisfactory
Capital Expenditure	High	-	2	-	2	2	Satisfactory
Treasury Management	High	-	2	-	2	2	Satisfactory
Housing Benefits	High	-	-	1	1	1	Substantial
Local Taxes (including Council Tax and NNDR)	High	-	-	1	1	1	Substantial
External Placements	Medium	-	1	-	1	1	Substantial

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Agreed	
Transitions	Medium	-	4	2	6	6	Satisfactory
Safeguarding in Schools	Medium	-	4	2	6	6	Satisfactory
Schools ICT Management	Medium	-	5	-	5	5	Limited
School Improvement and Governance Strategy	Medium	-	-	5	5	5	Satisfactory
East Park Primary School	Medium	-	7	-	7	7	Limited
City Centre Development	Medium	-	6	6	12	12	Satisfactory
Black Country Gold	Medium	1	5	4	10	10	Limited
Bilston Urban Village Project	Medium	-	2	17	19	19	Limited

Key:

AAN Assessment of assurance need.

* One-off piece of work undertaken by request or certification/non-risk based reviews etc. – therefore an audit opinion may not always be provided.

** Recommendations were superseded.

Key issues arising from our work completed in Q4

(Key issues arising from our work up to quarter 3 have already been reported back to the Committee in our in-year update reports.)

Debt Recovery Arrangements

The Head of Revenues and Benefits had taken over the management of the Council's Debt Recovery Team in order to improve debt collection rates. Independent reviews were undertaken to identify potential changes to debt collection processes, which were formulated into an action plan and towards the end of the year, the Council's collection rate had significantly improved.

Agresso Access Controls

A high level review of the management of access within the Agresso system was undertaken as part of the annual review of key financial systems. We identified a number of issues around the processes for granting, monitoring, and revoking access to the various key financial systems operated within Agresso.

Schools ICT Management

A brief review of ICT asset management arrangements at a sample of schools was undertaken. We identified a number of issues including:

- Where schools dispose of, or transfer ICT equipment to another school, Governing Body or Headteacher approval was not always obtained and recorded, including details of equipment disposed of or transferred;
- Schools were not always completing or ensuring that an annual check of ICT equipment was completed.

An article reminding schools of their responsibilities in terms of the disposal / transfer of assets, recording and checking assets and the removal of assets off site was also included in the weekly Schools' Bulletin.

East Park Primary School

At the time of the review, the school had recently undergone a change of leadership. We identified a number of historical practices which were either in the process of being reviewed or had ceased since the change in leadership, but insufficient time had elapsed for evidence to be gathered to recognise the progress made in all instances. Some of the main issues identified during the course of our audit included:

- Up to date contracts of employment were not readily available at the school for all staff;
- Notifications effecting changes to employee contracts were not always authorised by the Headteacher and evidence that the Governing Body were informed of changes to employees' contracts could not be located.
- Testing of the approval of expenditure above the Headteacher's delegated limit identified a lack of transparency around the award of a two year contract.
- Details of quotations or the options available for the award of contracts above the Headteacher's delegated expenditure limit were not presented to governors for consideration.
- Orders being raised after receipt of the invoice.
- The Breakfast and After School Clubs records did not clearly record income due and collected.
- Virements had been processed prior to approval in a number of instances.

All of our recommendations were agreed for implementation with immediate effect by the Headteacher.

Bilston Urban Village Advanced Works Programme

Our review was undertaken at the request of the Service Director – City Economy on the following two areas:

- Bilston Urban Village Advance Works Programme (AWP) governance and project management arrangements
- Bilston Urban Village AWP procurement exercise

A number of issues were identified regarding the governance and project management arrangements as well as the procurement exercise undertaken for the Advanced Works Programme. The issues identified related to the period September 2013 to August 2015 and the programme has now reached practical completion.

The Service Director – City Economy who was responsible for the programme from September 2015 onwards as the Senior Responsible Officer has taken remedial action since this time in order to address issues around additional spend and strengthening of the governance and programme management arrangements. They have also advised us that the agreed actions detailed in the audit report will be addressed as part of a comprehensive programme of improvement to be completed by December 2016 which will be implemented within current and future programme / project delivery.

Black Country GOLD

An audit of the ERDF funded Black Country GOLD Project was undertaken in preparation for the Department of Communities and Local Government (DCLG) Project Assessment Visit that was scheduled for early January 2016, This reviewed covered compliance with the ERDF Monitoring Assurance Framework which included use of the Council's Financial System (Agresso), compliance with Financial Procedure Rules as well as governance and project management arrangements.

The project provided business assistance to small and medium enterprises based in the Black Country which resulted in the award of grant funding to support growth and achievement of outputs such as job creation through for example, the purchase of equipment / machinery. Outputs for each project are measurable up to 12 months after the end of the funding agreement period (30 June 2015). The Project was delivered under a collaboration agreement between Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Metropolitan Borough Council and the University of Wolverhampton Business Solutions Centre.

The Council undertook the accountable body role and lead authority for the Project. The Black Country GOLD Project ended on 30 June 2015 although final grant monies had not been received at the time of review. The Project Team are in the process of establishing a new project having successfully applied for ERDF monies of approximately £1.8m towards a total project value of £5.9m.

A number of areas were identified where improvements were required regarding use of the Council's Financial System (Agresso), compliance with Financial Procedure Rules as well as governance and project management arrangements. However, we understand that ERDF requirements had been met for the project and all grant monies have now been received from the DCLG. The Business Development and Investment Manager has provided details regarding progress that has been made with implementation of the agreed action in good time for the commencement of the new project.

Follow up of previous recommendations

We continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit and Risk Committee.

Counter Fraud Activities

We continue to investigate all allegations of suspected fraudulent activity, during the year. Details of these have will be presented to the Audit and Risk Committee in a separate report, along with details of initiatives put in place in order to both raise awareness of, and tackle fraud across the Council.

Key Financial Systems Audits

During the year we undertook detailed reviews of all of the Council’s key financial systems. These are agreed in advance with the External Auditors who use the results of our reviews to inform their work, where appropriate.

School Audits

During the year we maintained a strong audit presence in the City’s schools. Our annual school audit review programme focuses upon the adequacy and effectiveness of LA maintained schools’ governance, risk management and control processes.

Digital Transformation Programme/Equal Pay Project

We have provided on-going assurance throughout the year in respect of the Digital Transformation Programme (DTP) and Equal Pay project. Whilst no audit reports have been produced on-going advice and consultancy has been provided throughout the year by designated member of the team who has been embedded in each programme/project.

Audit and assurance effectiveness measures

Our performance against the following Audit and Assurance effectiveness measures, that were prepared around the successful delivery of the audit service, is as follows:

Audit Plan measures	
Audit reports identifying suggested areas for action, issued to auditees within two weeks of completion of fieldwork.	Approximately 60% of audit reports were issued within two weeks of the completion of audit fieldwork. A new protocol has been agreed with senior managers in order to help improve on this.
Number of audits where time taken to complete assignment is more than 10% longer than planned.	Approximately 50% of reviews took 10% longer than anticipated, with the others completed either on target or under. In the majority of instances, reasons for audit work exceeding budget is that unforeseen issues arise which take time to resolve.
Delivery of at least 80% of the audit plan, and an opinion which provides suitable assurance on the overall governance, risk management and control environment.	The audit plan was subject to revision during the course of the year in order to take account of emerging issues and a changing risk profile, during. However, key risk areas identified in the plan have been completed where appropriate.
Risk Based Audit Plan produced and available to the Council in advance of the year.	Yes, the Audit Plan was approved by the Audit and Risk Committee before the year commenced.

Recommendations measures	
90% of recommendations accepted by Council management.	Over 90% of our recommendations made in year were accepted by Council management.
Number of key recommendations followed up, implemented by the council by the target date.	The majority of previous key recommendations followed up had been implemented within the agreed date.
Relationships measure	
Positive feedback from completed client satisfaction surveys.	Yes, the vast majority of feedback was of a positive nature, and is available for review if required.
External Audit measure	
Full reliance placed on internal audit work by External Audit.	The External Auditors continue to comment favourably on work completed by Internal Audit.

Quality assurance and improvement programme

Internal audit has a quality assurance and improvement programme. During the year, the internal audit activity has followed this programme and there have been no significant areas of non-conformance or deviations from the standards as set out in the Public Sector Internal Audit Standards.

Audit and Risk Committee

4 July 2016

Report title	Strategic Risk Register and Strategic Assurance Map	
Accountable director	Mark Taylor, Finance	
Originating service	Audit	
Accountable employee(s)	Narinder Phagura Tel Email	Strategic Risk Manager 01902 554580 narinder.phagura@wolverhampton.gov.uk
Report has been considered by	SEB 21 June 2016	

Recommendations for noting:

The Committee is asked to note:

1. The strategic risk register at Appendix A.
2. The reduction in the assessment of risk 1 – Looked After Children from red to amber as a result of the progress made in 2015/16.
3. The closure of risk 19a in respect of the Devolution Deal, following the consent given by the Council on 2 March 2016.
4. The change in target date for the reduction of risk 17- Employee Management (from July to September 2016) and note the reasons for this as set out in Appendix B.
5. The main sources of assurance available to the Council against its strategic risks.

1.0 Purpose

- 1.1 To keep members of the Audit and Risk Committee aware of the key risks the Council faces, and how it can gain assurance that these risks are being mitigated.

2.0 Background

- 2.1 The Council is no different to any organisation, and will always face risks in achieving its objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 The strategic risk register report was last presented to the Committee in March 2016. Since this time we have met with the risk owners in order to review and update the risks and risk management action plans.
- 2.3 The strategic risk register does not include all of the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. Other risks are captured within operational, programme, project or partnership risk registers in line with the Council's corporate risk management framework and strategy.
- 2.4 A summary of the strategic risk register is included at Appendix A of this report which sets out the status of the risks as at June 2016. These risks are reviewed on an on-going basis and can be influenced by both external and internal factors and as such, may fluctuate over time.
- 2.5 Appendix C provides a summary of the Council's strategic assurance map which follows the three lines of defence model (shown below). The assurance map details where the Committee can gain assurance against the strategic risks. This too is a live document and is updated alongside the monitoring and reviewing of the strategic risk register.

The three lines of defence model:

First line	Second line	Third line
The first level of the control environment is the business operations which perform day to day risk management activity	Oversight functions such as Finance, HR and Risk Management set directions, define policy and provide assurance	Internal and external audit are the third line of defence, offering independent challenge to the levels of assurance provided by business operations and oversight functions

3.0 Progress, options, discussion

- 3.1 The strategic risk register will be updated as required, and presented at approximately quarterly intervals to the Committee. The Committee also takes the opportunity to 'call in' individual risks for further review from time to time. At the last meeting, the Committee requested risk 8 – Business Continuity Planning to be called in for the July 2016 meeting. Details of this risk are attached at Appendix D.

4.0 Financial implications

- 4.1 There are no financial implications associated with the recommendations in this report as Councillors are only requested to note the strategic risk register summary. Financial implications may arise from the implementation of strategies employed to mitigate individual corporate risks, but these will be evaluated and reported separately if required.

5.0 Legal implications

- 5.1 Although there may be some legal implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct legal implications arising from this report.

6.0 Equalities implications

- 6.1 Although there may be equalities implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct equalities implications arising from this report.

7.0 Environmental implications

- 7.1 Although there may be some environmental implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct environmental implications arising from this report.

8.0 Human resources implications

- 8.1 Although there may be some human resource implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct human resource implications arising from this report.

9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the recommendations made in this report.

10.0 Schedule of background papers

- 10.1 None

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Strategic Risk Register @June 2016

CITY OF
WOLVERHAMPTON
COUNCIL

Our mission:
Working as one to
serve our city


wolverhampton.gov.uk

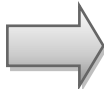
This report is PUBLIC [NOT PROTECTIVELY MARKED]

Red	2, 4,
Amber	1, 3, 7, 8, 9, 10, 12, 14, 15, 16, 17

The following are the reported strategic risks that are currently/ were previously assessed as high/medium (10 +) that the Council faces in delivering its corporate priorities

Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date	Comment																																													
1 01/14	<p>Looked After Children (LAC) If the number of LAC is not reduced this may result in an increase in costs, budget overspends and an increased demand on children's services.</p> <p>Risk owner: Linda Sanders (Emma Bennett) Cabinet Member: Cllr Val Gibson</p> <table border="1"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>4</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> </tr> <tr> <td>2</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>10</td> </tr> <tr> <td>1</td> <td>Green</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	Yellow	Yellow	10	1	Green	Green	Green	Yellow	Yellow			1	2	3	4	5			Impact					15 Red		10 Amber	5 Amber March 2017	<p>Overseen by the Transforming Children's Services Board, this risk continues to be managed through the Families r First work. The 2016/17 savings target for LAC is £2 million. £1.1 million of this target is expected to come through a LAC target for March 2017 in the range of 580 - 550 (currently 650) children, and the balance of £0.9 million expected from further reductions in the cost of placements.</p> <p>The actions being taken to achieve these targets include:</p> <ul style="list-style-type: none"> The Fostering for Wolverhampton Team taking part in foster care fortnight, the UK's biggest foster carer recruitment campaign during May and June 2016. The aim is for the Council to recruit an additional 30 carers during the year. The resource panel continues to review expensive placements and has extended its remit to looking at early intervention and edge of care services. A governance structure and revised Terms of Reference for the panel is currently being established. Legal Services continue to look at process improvements to shorten the timeframes for adoption hearings. This is against the backdrop of having no control over the time taken for courts to hear individual cases. The majority of the Multi Agency Safeguarding Hub's (MASH) work to date has concentrated on Children In Need and Child Protection cases, with any effect on LAC numbers more likely to be in the longer term. <p>The reduction in the risk score reflects the underspend achieved in Children and Young People in 2015/16, through the delivery of the children's transformation work and the associated reduction in LAC.</p>
Likelihood	5		Yellow	Yellow	Red	Red	Red																																												
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Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date	Comment																																												
2 01/14	<p>Skills for Work</p> <p>If the city residents do not have the appropriate skills that employers require then they will be unable to access the jobs and opportunities available resulting in high rates of unemployment and increased demand on Council services.</p> <p>Risk owner: Tim Johnson (Keren Jones) Cabinet Member: Cllr John Reynolds</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td>15</td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td colspan="7">Impact</td> </tr> </table>	Likelihood	5						4						3					15	2						1							1	2	3	4	5	Impact							15 Red		15 Red	10* Amber March 2017	<p>This risk is currently managed through the City Board. The Wolverhampton Skills and Employment Action Plan which is the City's response to the independent report and recommendations from the independent Skills and Employment Commission, chaired by Professor Tony Travers from the London School of Economics, has been completed and was presented to the City Board. Compilation of the Plan was led by the Council in collaboration with a range of local partners. The Plan consists of three programmes:</p> <ul style="list-style-type: none"> • The City Workplace: support to employers to obtain the skills and workforce they need to grow. • City Workbox: an on-line system providing information needs assessment, career choices and signposting local people to the right progression routes. • Learning City: focused on creating a dynamic learning environment across the city centre with strong connections into local communities. This will form an integral part of the City centre Regeneration programme, and as such is a longer term ambition. <p>The Plan will be reviewed in detail for its resource implications, and a report on resourcing will be presented to the City Board in due course. It is envisaged that a number of the actions can be delivered within existing resources. The report will also explore the opportunities for securing external funding and partner contributions in addition to re-prioritising existing Council resources.</p> <p>The West Midlands Devolution Agreement and in particular the devolution of the 19+ adult skills budget will be critical to the delivery of the Plan.</p> <p>The plan will be overseen and co-ordinated by the newly established Skills and Employment Board which will report into the City Board.</p> <p>A majority of the key actions within the Plan are deliverable by March 2017 and the target risk date reflects this position.</p>
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Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date	Comment																																												
4 01/14	<p>Medium Term Financial Strategy</p> <p>If the Council is unable to agree and operate within its medium term financial strategy (MTFS) this may exhaust reserves, result in the potential loss of democratic control and the inability of the Council to deliver essential services and discharge its statutory duties.</p> <p>Risk owner: Keith Ireland Cabinet Member: Cllr Andrew Johnson</p> <table border="1"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td>15</td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td colspan="7" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3					15	2						1							1	2	3	4	5	Impact							15 Red		15 Red	15* Red	<p>The MTFS 2016/17 to 2019/20 was presented to full Council in March. The report detailed the following matters:</p> <ul style="list-style-type: none"> A balanced budget for 2016/17 which does not necessitate the use of contingency reserves was approved. The budget is based upon a 3.99% increase in council tax, which includes the 2% precept for adult social care announced by the Chancellor in the last comprehensive spending review. At this stage, the Council is looking to accept in principle the government's offer of a four year settlement by October 2016 and will begin to prepare a financial plan and efficiency strategy for approval by Cabinet prior to accepting the offer. Savings of £54.6 million need to be identified for the three year period from 2017/18 to 2019/20 to address the projected budget deficit. Budget assumptions over the MTFS continue to be subject to significant change and are adjusted based upon the most up to date information available. Work has begun to identify savings of £22.2 million for 2017/18 and proposals will be presented to Cabinet on 20 July. <p>The Council has invited the Local Government Association (LGA) to carry out a Finance Peer review to provide some assurance over this risk. The review took place over three days in June and the findings will be reported to the Committee.</p> <p>The review looked at how the Council is setting financial strategies, making the relevant decisions required and implementing changes that will give it the best chance of balancing the books in the medium and long term.</p> <p>The risk assessment remains red as there continues to be significant financial challenge, uncertainty and risk for the Council.</p>
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Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date	Comment
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7
01/14

Safeguarding

If the Council's safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.

Risk owner: Linda Sanders
Cabinet Member: Cllr Val Gibson and Cllr Sandra Samuels




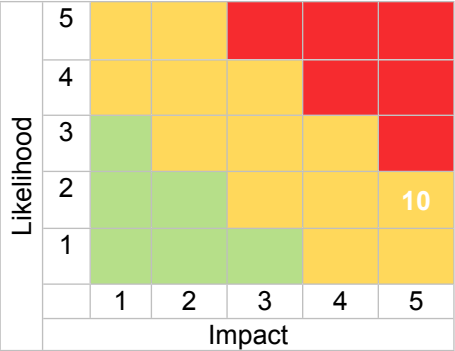
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	3	Green	Yellow	Yellow	Yellow	Red
	2	Green	Green	Yellow	Yellow	10
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Next Ofsted inspection


- A self - assessment has been completed for the Children's Safeguarding Board against the Ofsted descriptors. This has identified some improvements that are required in areas including challenge, audits and annual reporting. An action plan has been developed for approval by the Safeguarding Board in June who will also monitor progress in implementing the actions.
- Although the adults safeguarding board meets all statutory requirements, governance of the Board continues to be developed in terms of its constitution and sub committees, to reflect similar structures that are in place for the children's safeguarding board.
- Work continues to address the increases in Deprivation of Liberty Safeguards (DoLS) referrals and resulting assessments. As a result, the interim arrangement for a team of Best Interest Assessors which was created in July 2015 has been made a permanent arrangement since March 2016. Significant improvements have been made in clearing the backlog which is expected to be cleared by December 2016.
- The Wolverhampton's children Multi-Agency Safeguarding Hub (MASH) which was launched at the start of the year, is now firmly embedded and regular progress reported to the MASH Board which in turn reports to the Safeguarding Board. Audits and reports to date confirm that decision making is consistent, information is being readily shared and that there is a swifter response to referrals.
- A project is also underway to ensure that as of September 2016 those agencies providing support to adults become part of the MASH, resulting in the only MASH in the region which includes adults and children.
- The safeguarding schools officer contract has been extended as a result of a number of schools taking up the service through SLA's.
- The Council's safeguarding manager is starting a piece of work to raise safeguarding awareness amongst parents who use tutoring services. This is alongside work being done to develop a toolkit for safeguarding in Madrassahs.

Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date	Comment																																											
8 01/14	<p>Business Continuity Management (BCM)</p> <p>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p> <p>Risk owner: Linda Sanders (Ros Jervis) Cabinet Member: Cllr Paul Sweet</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td>10</td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3						2					10	1							1	2	3	4	5		Impact					10 Amber	→	10 Amber	8 Amber December 2016	See Appendix C for the update on this risk which will be presented to the Committee by the risk owner.
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Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date	Comment																																											
10 01/14	<p>Economic Inclusion</p> <p>If the Council and its partners do not work effectively together to promote and enable growth then the risk of economic exclusion will materialise and demand for Council services will continue to increase.</p> <p>Risk owner: Tim Johnson (Keren Jones) Cabinet Member: Cllr John Reynolds</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td>12</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3			12			2						1							1	2	3	4	5		Impact					12 Amber		12 Amber	8* Amber September 2017	<p>The measures to successfully manage this risk continue to be in place as noted previously and include:</p> <ul style="list-style-type: none"> The Inclusion Board which continues to manage the risks associated with unemployment, economic inactivity and the wider barriers for economic inclusion. The skills and employment action plan (set out under risk 2 Skills for Work) that includes the City Workbox. This is being developed as an on-line system providing information, needs assessment, career choices and signposting local people to the right progression routes. The focus will be on supporting those furthest away from the labour market and employment. European Union Strategic Investment Funds provide considerable resources for local partners and the Council to tackle youth unemployment. The establishment of the West Midlands Land Commission (WMLC), part of the West Midlands Combined Authority (WMCA) will identify and assist understanding of how to address the barriers to development across the region and deliver the WMCA's strategic economic plan. For Wolverhampton, the WMLC will provide important evidence to inform the development of a package of CA wide interventions that can help to unlock investment opportunities. The City has a pipeline of regeneration and development opportunities which have the potential to secure significant levels of growth over the next 10-15 years. The WMLC will provide an opportunity to raise the profile of our regeneration pipeline and City priorities through the development of CA programmes.
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

Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date	Comment
12 01/14	<p>Better Care Fund (BCF)</p> <p>If the Council and its partners fail to deliver the improved outcomes required by the Better Care Fund, demand on acute services will not be reduced, the reward money will not be received and the Council will not receive the additional resources promised by the Better Care Fund.</p> <p>Risk owner: Linda Sanders Cabinet Member: Cllr Sandra Samuels</p> 	10 Amber	➔	10 Amber	5 Amber April 2017	Awaiting update from risk owner



Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date	Comment																																											
14 01/14	<p>School Improvement</p> <p>If the Council does not provide effective support, challenge and appropriate intervention to raise standards in schools and school governance, then the Council and these schools are at risk of underperforming, receiving inadequate Ofsted judgements and a potential loss of control and influence.</p> <p>Risk owner: Julien Kramer Cabinet Member: Cllr Claire Darke</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td>10</td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3						2					10	1							1	2	3	4	5		Impact					10 Amber		10 Amber	5 Amber From July to September 2016	<p>The risk continues to be managed by the Assistant Director (School Standards). Since last reported, the following has been noted:</p> <ul style="list-style-type: none"> The Wolverhampton School Improvement and Governance Strategy 2014 has been reviewed and updated based on the experience gained from the first 12 months of the strategy being implemented and in consultation with headteachers and officers. The Strategy continues to have a positive impact on the improvements in Ofsted outcomes. As at April 2016 the City has 79% good or better schools (63% in September 2013). The aim is for this to increase to 83% and 95% by September 2016 and 2018 respectively. The date for the target risk score to be achieved reflects this. All of the schools at the highest risk are now working in strong local partnerships. Where schools 'Require Improvement' and have not demonstrated the capacity to improve themselves, these are being moved into local partnerships that can support school improvement and ensure that no schools in the City fall into Special Measures moving forward. A self- assessment of the Council's school improvement services has been carried out and reported to SEB in April. An action plan to address the key areas for development is being developed and progress against this plan will be monitored by the Assistant Director (School standards). The Council's Local Education Partnership Board- Inspire continues to fund and monitor the accredited programme of training and support that transforms the leadership of Wolverhampton schools. The programme runs parallel to the Council's School Improvement and Governance Strategy and positive outcomes can be demonstrated and evidenced after the first year of this programme. The feedback so far has been positive with clear impact already being seen in schools. The Council will continue to work with Schools to embed benefits in subsequent years. In terms of the performance of Academies in the City, the Council has now developed an Academies Protocol for the City which outlines the expectations for information sharing, admissions processes, etc.
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Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date	Comment																																												
16 01/14	<p>Equal Pay</p> <p>Significant equal pay liabilities have been dealt with over recent years. However, equal pay will remain a potentially significant risk until:</p> <ul style="list-style-type: none"> the second generation claims, from trade union members, have been dealt with. six years after the implementation of single status, until that time "Abdullah" type claims can still be brought. <p>Risk owner: Mark Taylor Cabinet Member: Cllr Andrew Johnson</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td>12</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td colspan="7">Impact</td> </tr> </table>	Likelihood	5						4						3			12			2						1							1	2	3	4	5	Impact							12 Amber		12 Amber	8 Amber September 2016	<p>This risk continues to be managed by the Equal Pay Project Group, which is chaired by the Director of Finance and has representation from Audit, Legal and HR services.</p> <p>The risk has two strands and relates to:</p> <ul style="list-style-type: none"> Second generation claims which involve additional claims made by claimants who had their original equal pay claim settled in 2007/08 on the basis that single status would be implemented by the Council within a year of this time. However delays encountered meant that single status was not implemented until April 2013. There is a risk in dealing with these claims that further claims from the 2007/08 group could be prompted. The Abdullah type claims which have been brought by employees following a Supreme Court ruling which allows claimants to bring equal pay claims for up to six years after the termination of their employment (as opposed to the previous case where the time limit for presenting an equal pay claim to an employment tribunal was, in the majority of cases, six months from the end of employment. In the Council's case therefore, despite the level of risk reducing with time, and there not being any recent activity evidencing additional claims being brought, equal pay claims may continue to be brought until March 2019 when six years will have lapsed from the implementation of single status. <p>In terms of mitigation, the Council is in dialogue with Thompsons who are negotiating settlements on behalf of a significant number of first and second generation claimants. The timescales reflect the time by which an agreement may be reached.</p> <p>In terms of finances, the Council has set aside an equal pay reserve to deal with any such claims, which is audited independently annually by the Council's external auditors as part of the Statement of Accounts.</p>
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- The following are/ were the medium/ low (assessed at less than 10) strategic risks that the Council faces in delivering its corporate priorities.

Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score June 2016)	Target score and date																																											
3 01/14	<p>Information Governance (IG)</p> <p>If the Council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> that the handling and protection of its data is undertaken in a secure manner and consistent with the provision of the Data Protection Act 1998; compliance with the Freedom of Information Act and Environmental Information Regulations <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p> <p>Risk owner: Kevin O' Keefe Cabinet Member: Cllr Milkinderpal Jaspal</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td>8</td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3						2			8			1							1	2	3	4	5		Impact					8 Amber		8 Amber	4 Amber March 2017
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Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score June 2016)	Target score and date																																												
9 01/14	<p>City Centre Regeneration</p> <p>If the city centre regeneration programme is not effectively managed in terms of project timings, costs and scope, then it will be unable to maximise opportunities including:</p> <ul style="list-style-type: none"> the attraction of private sector investment the creation of space to accommodate new businesses and economic growth the enhancement and creation of visitor attractions the creation of well paid employment retention of skilled workers the creation of residential opportunities a functioning city centre offer that serves the residents of the City increased prosperity and a reduced demand on Council services <p>Risk owner: Tim Johnson Cabinet Member: Cllr John Reynolds</p> <table border="1"> <tr> <td></td> <td>5</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>4</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>3</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>2</td> <td></td> <td></td> <td>8</td> <td></td> </tr> <tr> <td></td> <td>1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Likelihood</td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table>		5						4						3						2			8			1					Likelihood		1	2	3	4	5			Impact					8 Amber		8 Amber	8* Amber
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15 01/14	<p>Emergency Planning</p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of major a incident.</p> <p>Risk owner: Linda Sanders (Ros Jervis) Cabinet Member: Cllr Roger Lawrence and Cllr Paul Sweet</p>	6 Amber			4 Amber June 2016																																												

Risk ref	Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date																																											
17 10/14	<p>Employee Management</p> <p>If policies dealing with employee management and in particular appraisals are not effectively implemented and complied with then:</p> <ul style="list-style-type: none"> employees may not be fully aware of the Council's objectives and their contribution to the achievement of them, and employees may not have the appropriate training and support to achieve high standards of performance the Council may not have the required capability to deliver its objectives. <p>Risk owner: Kevin O' Keefe Cabinet Member: Cllr Milkinderpal Jaspal</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td>8</td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3						2			8			1							1	2	3	4	5		Impact					8 Amber		8 Amber (Appendix B)	4 Amber From July to Sept 2016
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19a 11/15	<p>Devolution Deal</p> <p>There is a risk that if issues arise or should the process leading up to formal consent of the devolution deal not include sufficient engagement with members and stakeholders then the Council may not be able to ratify the proposed deal and the Council's objectives in respect of growth in the regional economy, employment and skills, business investment and regeneration may not be fully realised.</p> <p>Risk owner: Keith Ireland Cabinet Member: Cllr Roger Lawrence</p>	8 Amber		Closed																																												

* The target assessment for these risks remains constant as they are risks which are likely to remain at their current level over the medium term and as such these risks may not have target dates.

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Update on Selected Risk for Review

Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date
<p>Employee Management</p> <p>If policies dealing with employee management and in particular appraisals are not effectively implemented and complied with then:</p> <ul style="list-style-type: none"> employees may not be fully aware of the Council's objectives and their contribution to the achievement of them, and employees may not have the appropriate training and support to achieve high standards of performance the Council may not have the required capability to deliver its objectives. <p>Risk owner: Kevin O' Keefe Cabinet Member: Cllr Milkinderpal Jaspal</p>	8 Amber		4 Green	Achieved Transfer to operational registers

Background

- 1.1 At the March 2016 meeting of the Audit and Risk Committee, members requested further information and assurances in respect of strategic risk 17 – employee management be provided to the Committee. This note updates the Committee on the progress made by the Council in this area and the further actions required to manage the risk and the corporate performance indicator in respect of the number of appraisals completed.
- 1.2 The risk was first identified for inclusion in the strategic risk register by the Committee in October 2014, following an internal audit review at the time which found that the completion rate of appraisals was very low. At this time, the risk was assessed as amber.
- 1.3 In February 2015 the Audit and Risk Committee was provided with a further update on the progress that had been made against the corporate performance indicator, which showed approximately 63% of appraisals had been carried out across the Council.

2 Current position

- 2.1 The Cabinet (Performance Management) Panel meeting of 8 June 2016 received an update on the progress made against this indicator. The following information was reported.

- 2.2 All line managers across the council are responsible for completing their individual employee appraisals and ensuring that they follow the current guidelines, processes and use the appropriate templates. They are also responsible for uploading and updating this information directly onto the council's system.
- 2.3 The system used to record appraisal activity and performance is Agresso. The performance management system used to extract data for the quarterly reporting is QlikView. Management and development of the Agresso system was the responsibility of the Hub, until 1 May 2016, when responsibility transferred to Finance. QlikView is currently being developed as part of the C3 Digital Transformation Programme and the Council's Transformation Team.
- 2.4 The performance against the corporate indicator at the end of 2015/16, Quarter 4 was 70.8% (73.4% previous year) of our eligible workforce who have a current appraisal. This is against an annual target of 100%.
- 2.5 Progress against the target earlier in 2015/16 was noticeably slow. This raised concerns at the time as managers were informally reporting more progress than the figures recorded on the system. This matter was investigated and identified a number of issues which the Transformation team believe have contributed to this as follows:
 - The performance indicator is reported as a cumulative figure over a set financial year i.e. April to March. However; appraisals are recorded on a rolling basis and therefore can produce a deficit figure as they exceed the 12 month period from the previous financial year.
 - Over recent years there have been a significant number of post and team changes across the Council. If an existing employee moves to a new post or has their current post (e.g. title) changed, the system automatically reset their appraisal timeline to start from that date. Unless the information is manually transferred to the new post, this remains the case. Equally, if the previous post is neither deleted nor modified for the new holder, it will register as overdue once the 12 month deadline originally set is reached. This could have added to the deficit figures.

3. Risk mitigation

- 3.1 To address the above issues the following actions have been/ are being taken:
 - Development of a facility to schedule future appraisals on the system. This will produce a baseline forecast for those appraisals due and produce a quarterly target to performance manage against. This means the outturn target of 100% can be used.
 - Regular reporting will be set up for managers to highlight how many employees are due a scheduled appraisal, whether appraisals have been carried out in accordance with the schedule and which ones are overdue.
 - Managers will be required to take responsibility for checking their reports and ensuring any highlighted issues are addressed. These reports will reflect data and information as recorded on Agresso. If the reports identify any issues with incorrect

establishment lists, it will be responsibility of managers to raise this with the Hub and ensure that they are addressed.

- Service Directors will receive regular reports, identifying the position by the different services within their area to enable them to proactively address any issues.
- Following feedback from managers there are modifications being considered to improve ease of use of the current systems.
- The entire appraisal process is being reviewed in conjunction with the Council's refresh of the Corporate Plan. The review will focus on the actual value of appraisals to the individual employee, the council and our communities and will take into account the completion rate alongside the quality and effectiveness of appraisals.
- The results of the recent employee survey demonstrated employees have a good understanding of the council's priorities.

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Strategic Risk Assurance Map – June 2016

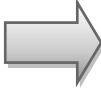
Risk Ref	Risk Title and Description	Current Score	Types of Assurance			Comments / Gaps in Assurance/Risk Exposure
			External/ Independent (Third Line of Defence)	Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	
1	<p>Looked After Children (LAC) If the number of LAC is not reduced this may result in an increase in costs, budget overspends and an increased demand on children's services.</p>	10 Amber	<p>Performance indicator- number of LAC per 10,000 population Audit and Risk Committee review of risk – September 2015 Internal audit review 2015/16 – External Placements (substantial assurance)</p>	<p>Scrutiny review of Corporate Parenting and Children in Care Council – September 2015 Resources panel reviews Update to Children's Trust Board- September 2014 Care pZanel reviews of placement costs Report to Cabinet (Performance Management Panel) September 2014 Scrutiny review of LAC February 2014</p>	<p>Children's Services self- assessment December 2015 Reports to LAC Budget Monitoring Group (every two months) Controls Assurance Statement</p>	<p>Present sources will continue to provide assurance regarding the changes in number of LAC and progress made against the Families r First programme. Assurances regarding the cost of LAC need to be continually provided to ensure effective management of the budgetary pressures associated with this risk.</p>
2	<p>Skills for Work If the city residents do not have the appropriate skills that employers require then they will be unable to access the jobs and opportunities available resulting in high rates of unemployment and increased demand on council services.</p>	15 Red	<p>Audit and Risk Committee review of risk – September 2015 Wolverhampton Skills Commission Review – November 2014 to April 2015 Internal audit review – City of Wolverhampton College- Learners with learning difficulties post 16, December 2014 Internal audit review - Employment Opportunities 2013/14 (Satisfactory assurance) Black Country performance management framework</p>	<p>Scrutiny review of "Employability and Skills in Wolverhampton" report to Cabinet 11 March 2015 Report to SEB – November 2015 Scrutiny review of "Employability and Skills" September 2014 – January 2015 Performance indicator - % of residents with no qualification Performance indicator - number of work experience/ volunteering/ apprenticeships opportunities provided Monthly unemployment briefings</p>	<p>Reports to the Wolverhampton Skills and Employment Board Controls Assurance Statement</p>	<p>In addition to the performance indicators in place, the review undertaken by the Wolverhampton Skills Commission and the successful monitoring and delivery of the city skills and employment action plan will provide suitable assurances over the effectiveness of the various measures and initiatives in place to manage this long term risk.</p>
3	<p>Information Governance If the council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> that the handling and protection of its data is undertaken in a secure manner and consistent with the provision of the Data Protection Act 1998; compliance with the Freedom of Information Act and Environmental Information risk Act <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p>	8 Amber	<p>Internal audit review 2014/15 – Information sharing agreements (Satisfactory assurance) Internal audit review– Protective marking compliance, September 2014 (Limited assurance) Internal audit review 2013/14 - Management of information sharing agreements (Satisfactory assurance) Information Commissioner audit (July 2012) Internal audit review 2015/16- Information Governance</p>	<p>Information risk register and reports to Information Governance Board Performance reports to Cabinet, Scrutiny Board and SEB Performance indicators reported to Cabinet- Number of data breaches Performance indicator - % of Freedom of Information (FOI) requests met within timescales Performance indicator- % of Subject Access Requests (SAR) met within timescales</p>	<p>Senior Risk Information Officer Annual Report 2014/15 Controls Assurance Statements</p>	<p>The Council's ongoing dialogue with the Information Commissioners Office, regular audits, performance against FOI and SAR requests and information incidence logs will all continue to provide assurance over this risk.</p>

4	<p>Medium Term Financial Strategy</p> <p>If the council is unable to agree and operate within its medium term financial strategy (MTFS) this may result in insufficient reserves to remain solvent, the potential loss of democratic control and the inability of the council to deliver essential services and discharge its statutory duties.</p>	15 Red	<p>PwC report: Report to those charged with governance (ISA 260) September 2015</p> <p>Independent review of process for MTFS and budget- E Sullivan, May 2014</p> <p>Internal audit review Budgetary Control - 2014/15 (Satisfactory assurance)</p> <p>Internal audit review – 2014/15 Assumptions of the MTFS</p> <p>Peer review- Financial Management June 2016</p> <p>Internal audit review- MTFS 2016/17</p>	<p>MTFS risk register</p> <p>Reports to Budget Working Party</p> <p>Reports to Cabinet</p>	<p>Management accounts</p> <p>Controls Assurance Statements</p>	<p>Ongoing internal and external reviews will continue to provide assurances over the achievement of efficiency savings and the resilience of the MTFS.</p>
7	<p>Safeguarding</p> <p>If the Council's safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.</p>	10 Amber	<p>West Midlands Association of Directors of Adult Social Services peer review – Adult safeguarding September 2014</p> <p>West Midlands Association of Directors of Children's Services peer review- children's safeguarding September 2014</p> <p>Peer review – Local safeguarding Children's board 2013</p> <p>Ofsted inspection safeguarding services- June 2011</p> <p>Internal audit review 2015/16 – Safeguarding in schools (satisfactory assurance)</p> <p>Internal audit review 2016/17 - MASH</p>	<p>Scrutiny review- Child Sexual Exploitation 2015/16</p> <p>Wolverhampton Local Safeguarding Adults Board Annual Report 2014/15</p> <p>Wolverhampton Local Children's Safeguarding Board Annual Report 2014/15</p> <p>Annual reports from adults and children's local safeguarding boards</p> <p>'Our Story' report to Cabinet Member for Children and Families</p> <p>National and local Wolverhampton performance indicators in relation to social care</p> <p>Self- audits confirmation by schools of s175 compliance</p>	<p>Children's Services self- assessment December 2015</p> <p>Children's safeguarding self - assessment- September 2014</p> <p>Adults safeguarding self- assessment – September 2014</p> <p>Quality Assurance Framework and assessments</p> <p>Controls Assurance Statement</p>	<p>Up to date assurance from Ofsted is required to confirm risk is being effectively managed.</p> <p>In addition, further assurances continue to be sought by the Wolverhampton Safeguarding Children's Board in respect of the adequacy and effectiveness of the safeguarding arrangements in schools.</p>
	<p>Business Continuity Management</p> <p>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p>	10 Amber	<p>Internal audit review 2015/16 – Business continuity and resilience management (satisfactory assurance)</p>	<p>Reports from Wolverhampton Resilience Board to SEB</p>	<p>Incident management: St Alban's Church of England School February 2015</p> <p>Incident management : e.g. industrial action July 2014</p> <p>Reports to Wolverhampton Resilience Board</p> <p>Controls Assurance Statement</p>	<p>The exercise and testing programme once developed and implemented will provide further assurances on the management of this risk.</p> <p>Given the continual reductions in the Council's workforce, ongoing testing will be required to provide assurance over the resilience of the provision of Council services.</p>
9	<p>City Centre Regeneration</p> <p>If the city centre regeneration programme is not effectively managed in terms of project timings, costs and scope, then it will be unable to maximise opportunities including:</p> <ul style="list-style-type: none"> • creation of well paid employment • retention of skilled workers • sector and economic growth • increased prosperity and • reduced demand on council services 	8 Amber	<p>Internal audit review 2015/16- City centre development (Satisfactory assurance)</p>	<p>Programme and project risk registers</p> <p>Project reports to Cabinet and Scrutiny</p> <p>Monthly reporting to the City Centre Regeneration Programme Board</p> <p>Monthly programme reports to Corporate Programme Office</p>	<p>Reports to Programme Board from project managers</p> <p>Controls Assurance Statement</p>	<p>Regular update reports to the Programme Board and Cabinet continue to provide assurance on the management of this risk.</p>
10	<p>Economic Inclusion</p> <p>If the Council and its partners do not work effectively together to promote and enable growth then the risk of economic exclusion will materialise and demand for Council services will continue to increase.</p>	12 Amber	<p>Reports to the Black Country Local Enterprise Partnership and City Board</p> <p>National performance indicators e.g. % residents unemployed, child deprivation, skills profile, etc.</p> <p>Wolverhampton Skills Commission Review – November 2014 to April 2015</p>	<p>Report to SEB – City Board –</p> <p>Monthly unemployment briefings</p>	<p>Controls Assurance Statement</p>	<p>National indicators will demonstrate the effectiveness of the measures in place to manage this long term risk.</p>

12	<p>Better Care Fund</p> <p>If the Council and its partners fail to deliver the improved outcomes required by the Better Care Fund, demand on acute services will not be reduced, the reward money will not be received and the Council will not receive the additional resources promised by the Better Care Fund.</p>	10 Amber	Submission of 2016/17 Plan to NHS England local area team March 2016	Regular update reports to the Health and Well Being Board (HWBB) Programme risk register Better Care Plan performance indicators	Monthly project reports Controls Assurance Statement	Assurance on the adequacy of the 2016/17 Better Care Plan will be provided by the level of assurance given by the NHS England local area team. Assurance on the management of the programme is provided by the HWBB, and the measure of key outcome based performance indicators. Following discussions with the Strategic Director, internal audit resource will focus on this area in 2016/17.
14	<p>School Improvement</p> <p>If the Council does not provide effective support, challenge and appropriate intervention to raise standards in schools, then the Council and these schools are at risk of underperforming, receiving inadequate Ofsted judgements and a potential loss of control and influence.</p>	10 Amber	Ofsted annual report – Schools 2014/15, December 2015 Ofsted inspections 2015/16 School internal audit reviews 2013/14 and 2014/15 and 2015/16 Internal audit review 2015/16 – Scholl Improvement and Governance Strategy (satisfactory assurance) Internal audit review 2016/17 – Vulnerable Pupils	Performance indicator – gaps in educational performance Performance indicator – end of key stage outcomes Report to Children and Young People and Families Scrutiny Panel- Primary School Organisation strategy July 2015 Report to Children and Young People and Families Scrutiny Panel- Academy Partnership Protocol April 2016 Report to Children and Young People and Families Scrutiny Panel – Secondary School Sufficiency Strategy April 2016 Report to Children and Young People and Families Scrutiny Panel – Improving Our Schools Annual Report 2016 April 2016 Audits carried out by School Support Advisors and External Governance reviews	Reports to Cabinet Controls Assurance Statement	The Ofsted inspections continue to be the primary source of assurance for this risk. A review on the effectiveness of the School Improvement Strategy in 2016 will provide further assurance on the measures in place to manage this risk.
15	<p>Emergency Planning</p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of major a incident.</p>	6 Amber	Follow up of internal audit recommendations, January 2014 Internal audit review - Resilience management and Business continuity planning August 2013 (Limited assurance)	Reports to Wolverhampton Resilience Board (WRB) Regular reports from WRB to SEB and C3 Scrutiny Panel	Incident management, e.g. weather incidences 2014, Public disorders Summer 2012, Hickman Avenue fire September 2014 Test exercise “Exercise Chillout” August 2014 Debrief report to SEB on mosque incident – 24 July 2013 Winter debrief report to WRB – June 2014 Controls Assurance Statement	The exercise and testing programme once developed and implemented will provide further assurances on the management of this risk. In the meantime, unplanned incidences and the lessons learned from these exercises continue to provide some level of assurance over this risk.
16	<p>Equal Pay</p> <p>If schools do not comply with the Collective agreement and agree local pay scales and conditions then there is a potential for significant equal pay claims to materialise.</p>	12 Amber	PwC report: Report to those charged with governance (ISA 260) September 2015 Ongoing Internal audit assurance in 2015/16 to Equal Pay Project. Internal audit review - Equal Pay claims, September 2014 (Substantial assurance) External legal advice from Browne Jacobson on claims Internal audit review 2016/17 – Equal Pay	Reports to Equal Pay Project Board	Controls Assurance Statement	Ongoing review by management of the level of claims continues to provide assurance on this risk, over which the Council has little control.

17	<p>Employee Management</p> <p>If policies dealing with employee management and in particular appraisals are not effectively implemented and complied with then:</p> <ul style="list-style-type: none"> employees may not be fully aware of the Council's objectives and their contribution to the achievement of them, and employees may not have the appropriate training and support to achieve high standards of performance <p>the Council may not have the required capability to deliver its objectives.</p>	<p>8 Amber</p>	<p>Update report to Cabinet (Performance Management) Panel June 2016</p> <p>Update report to Audit Sub Committee- February 2015</p> <p>Internal audit review – Performance Appraisal Scheme, September 2014 (Limited assurance)</p>	<p>Corporate performance indicator- re: appraisals completed</p>	<p>Controls Assurance Statement</p>	<p>Ongoing review of the corporate performance indicator by management continues to provide assurance over the management of this risk.</p>
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Update on Selected Risk for Review

Risk title and description	Previous score (Feb 2016)	Direction of travel	Current score (June 2016)	Target score and date
<p>Business Continuity Management (BCM) Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p> <p>Risk owner: Linda Sanders (Ros Jervis) Cabinet Member: Cllr Paul Sweet</p>	10 Amber		10 Amber	8 Amber December 2016

1. Background

- 1.1 At the March 2016 meeting of the Audit and Risk Committee, members requested further information and assurances in respect of strategic risk 8 – business continuity management (BCM) be provided to the Committee by the risk owner. This note updates the Committee on the progress made by the Council in this area and the further actions required to manage the risk. The Council’s resilience manager will also attend the meeting to address any further assurances that the Committee may require.
- 1.2 The BCM risk was first identified for inclusion in the strategic risk register by SEB in January 2014. At this time, the risk was assessed as 15 (red).

2. Definition and legal requirement

- 1.1 The Civil Contingencies Act 2004 requires the Council as a ‘Category 1’ responder to perform seven duties that seek to improve the resilience of the Council and our local community. One of these duties is to:

“maintain plans for the purpose of ensuring, so far as is reasonably practicable, that if an emergency occurs the person or body is able to continue to perform his or its functions” (Civil Contingencies Act 2004, Section 2(1)c.)
- 2.2 The plans to maintain functions are known as Business Continuity Plans and they are designed to be utilised when an emergency overwhelms the Council’s existing response arrangements and cannot be dealt with within normal resources or procedures.

3 Risk Mitigation

3.1 The following measures have been put in place by the Council to mitigate the risk:

Governance

3.2 In the Council, all work to meet the duties under the Civil Contingencies Act is overseen by the Resilience Board. This Board is chaired by the Director of Public Health and attended by senior representatives from key services such as ITC, Facilities and Communications. The board meets quarterly and reports to SEB twice a year.

Work Plan

3.3 Following a risk assessment and gap analysis conducted in Jan 2014, a Resilience Board work plan was produced to meet aims and objectives that address the key resilience capability gaps that were identified. The following aims, objectives and deliverables from the Resilience Board's work plan relate to business continuity.

Aim: To improve the Council's ability to maintain delivery of critical services during a disruptive event.

Objectives:

- To progress and improve the council's existing business continuity programme management.
- To sign off the existing Business Impact Analysis and rank the existing priority functions.
- To determine the Council's business continuity response strategy.
- To develop a programme for exercising, maintaining and reviewing the Council's business continuity arrangements.

Key Deliverables:

- A business continuity governance structure with appointed leads and accountable officers.
- A list of the Council's priority functions that has been signed off by the Resilience Board.
- A suite of plans ranging from the strategic to individual service level.
- Appropriate communications and coordination systems to manage disruption and recover services.
- A Wolverhampton City Council training and exercise programme.

4 Current position

1.3 Good progress has been made since the establishment of the Resilience Board with all but one (relating to strategic and service level plans) of the key deliverables now in place. While the council does have a Strategic BC plan the individual service level plans have

been delayed due to problems with ICT developing a planning system that integrates with the council's HR records.

- 1.4 However, this bespoke service level planning and response tool, Service Resilience, is now fully integrated with the council's HR records on Agresso so it will start to be used to prepare plans for our Priority 1 functions from June.
- 1.5 In addition to the planned key deliverables the following improvements have been achieved.
 - Council Business Continuity Plan significantly revised.
 - Major Incident Control Room built.
 - Electronic logging and coordination system developed.
 - All grades 11 and above have been trained in its use.
 - Business Continuity clauses signed off for addition to contracts with key suppliers.
 - Business continuity policy written to align the council with ISO 22301.

2 Future Work

- 2.1 At the last Resilience Board meeting in April 2016 overall progress with the work plan was discussed and the following new business continuity objectives were agreed.
 - To assist the preparation of service level plans (using Service Resilience) for the Council's Priority 1 functions.
 - To highlight resource/capability shortfalls that impede feasible BC plans.
 - To identify the council's critical suppliers and introduce BC clauses to their contracts.
 - To develop a programme for exercising, maintaining and reviewing the council's business continuity arrangements.
- 2.2 The separate aim to improve the council's cyber security and enhance our ability to invoke IT Disaster Recovery, is new for the 2016-18 Resilience Board work plan and complements efforts to improve business continuity.

3 The Assurance Framework

- 6.1 Additional assurances on the effective management of the strategic risks include:
 - a. Regular reporting to SEB.
 - b. Quarterly updates to the Resilience Board.
 - c. Regular internal audits.
- 6.2 An internal audit review of Resilience Management was last carried out in December 2015 and a 'Satisfactory' level of assurance was provided. The following amber issues were identified:
 - The feasibility of delivering service resilience plans by April 2016.
 - The delivery of significant training requirements by the Resilience team with limited resources.

- The integration of work undertaken by the Resilience team and the Public Health Emergency Planning Manager.

6.3 The Audit Report was discussed at the Resilience Board meeting in December 2015 where the issues were considered.



Audit and Risk Committee

4 July 2016

Report title	Audit and Risk Committee Annual Report – 2015/16	
Accountable director	Mark Taylor, Finance	
Originating service	Audit	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation(s) for action or decision:

The Committee is recommended to:

1. Endorse the Audit and Risk Committee Annual Report for 2015/16 and refer it to Full Council for approval.

1.1 This report summarises the main areas of work undertaken by the Audit and Risk Committee during 2015/16.

2.0 Background

2.1 The purpose of the Audit and Risk Committee is to provide independent assurance on the adequacy of the risk management framework and the internal control environment. It provides an independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

3.0 Progress, options, discussion

3.1 The Audit and Risk Committee work programme for 2016/17 will continue to be developed and presented at each meeting of the Committee.

4.0 Financial implications

4.1 There are no financial implications arising from the recommendation in this report. (MK/21062016/N)

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report. (TS/21062016/C)

6.0 Equalities implications

6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Environmental implications

7.1 There are no environmental implications arising from the recommendation in this report.

8.0 Human resources implications

8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendation in this report

10.0 Schedule of background papers – Audit and Risk Committee – Annual Report



Audit and Risk Committee Annual Report - 2015/16



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The Audit and Risk Committee at Wolverhampton

Councillor Craig Collingswood – Chair of the Audit and Risk Committee



The Audit and Risk Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Risk Committee is to provide independent assurance to the Council on the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.

It also oversees the work of both the internal and external auditors, helping to ensure that efficient and effective assurance arrangements are in place. The key benefits of the Committee can be seen as:

- increasing public confidence in the objectivity and fairness of financial and other reporting;
- reinforcing the importance and independence of internal and external audit and similar review processes;
- providing additional assurance through a process of independent review; and
- raising awareness of the need for internal control and the implementation of audit recommendations.

The Audit and Risk Committee agrees a work programme for each year. It is based on (but not limited to) the following main sources of assurance:

- Annual Governance Statement - this is the statutory report which the Committee approves in relation to the council's Statement of Accounts.
- Strategic Risk Register and Assurance Map - a regular review of the key risks the Council faces, and how and where the Committee can gain assurance that these risks are being well managed.
- Internal Audit - the ongoing work of, and reports from the Council's internal auditors.
- External Audit - the reports submitted to the Committee by the Council's external auditors Grant Thornton

I believe it has been another successful year for the Audit and Risk Committee and we look forward to building on this during 2016/17.

Finally, as the Chair of the Audit Committee I would like to thank all the Councillors who served on the Committee during the year, both the internal and external auditors and all of the other officers who have contributed towards its success.

Key developments by the Audit and Risk Committee during the year

In the last 12 months the Committee has put in place many initiatives, in what has been a productive year, helping to ensure that the City of Wolverhampton has a modern, effective and risk focussed Committee. During the year we:

- Increased the focus of the Committee on the Council's risk management arrangements, gaining an increased assurance that the Council is managing its risks well. This also involves the Committee 'calling-in' certain risks and their risk owners, for a more detailed review.
- Developed a strong working relationship, through regular progress meetings, with the new External Auditors Grant Thornton, our Internal Auditors, key Cabinet Members and Senior Officers. We also had further engagement with Grant Thornton, through regular consideration of their informative Audit Committee Update publications at Committee meetings.
- Attended several high profile Audit Committee Institute events run by top accountancy firms PWC and KPMG.
- Produced a new style Annual Audit Committee Report, which was presented to, and approved by Full Council.
- Arranged a training session for all Councillors on the final accounts processes, which was hosted by PWC.
- Obtained very strong local press coverage on a number of issues that were raised through, and discussed at the Committee, which portrayed the Council in a positive light.
- Promoted a series of fraud awareness seminars and surgeries for Members and employees, ran by the Council's Counter Fraud team.

Key Committee business during the year

Meeting	Activity
6 July 2015	<ul style="list-style-type: none"> • External Audit Progress Report 2014/15 • Annual Governance Statement 2014/5 • Annual Internal Audit Report 2014/15 • Audit Committee Annual Report 2014/15 • Review of the Effectiveness of Internal Audit • Strategic Risk Register and Assurance Map • Protecting the Public Purse – Fraud Briefing • CIPFA Audit Committee Update • Payment Transparency • P-Card Update
21 September 2015	<ul style="list-style-type: none"> • Audited Statement of Accounts 2014/15 • External Audit ISA 260 Report • Internal Audit Charter – Annual Review • Internal Audit Update • Counter Fraud Update • Payment Transparency • Audit Committee – Self Assessment of Good Practice and Effectiveness • Strategic Risk Register and Assurance Map • Audit Investigations Update
14 December 2015	<ul style="list-style-type: none"> • External Audit Annual Audit Letter • External Audit - Audit Committee Update • Strategic Risk Register and Assurance Map • Internal Audit Update • CIPFA Audit Committee Update • Payment Transparency • Counter Fraud Update • Budget Update and Review • Annual Governance Statement – Action Plan Update • Audit Committee – Self Assessment of Good Practice and Effectiveness Results • Audit Investigations Update
9 March 2015	<ul style="list-style-type: none"> • Audit and Risk Committee – Terms of Reference • External Audit Plan 2015/16 • External Audit Communications with the Committee • External Audit Update • Strategic Risk Register and Assurance Map • Internal Audit Update • Internal Audit Plan 2016/17 • Counter Fraud Update • Payment Transparency • Related Party Declarations • Review of Fraud Related Policies • Audit and Risk Committee Members Knowledge and Skills Framework • Investigations Update

The conclusion of the Audit and Risk Committee for 2015/16

As a result of their work throughout the year, the Committee was able to confirm:

- That the system of internal control, governance and risk management in the Council was adequate in identifying risks and allowing the Council to understand the appropriate management of these risks.
- That there were no areas of significant duplication or omission in the systems of internal control, governance and risk management that had come to the Committee's attention, and had not been adequately resolved.

The Committee believes that its key achievements during the year were:

- Providing assurance through a process of independent review and challenge.
- Raising the profile of internal control issues across the council and of the need to ensure that audit recommendations are implemented.
- Regular consideration and review of the risks that the council faces, through examination of the strategic risk register and accompanying assurance map.
- Maintaining a good working relationship with the council's internal and external auditors.
- Maintaining an awareness of the likely changes to the appointment of external auditors through the Local Audit and Accountability Act.
- Building the skills and knowledge of Committee members through regular technical updates and the consideration of related guidance issued by CIPFA.
- The continued presence of two independent members in order to broaden the Committee's experience and independent view point.
- Maintaining a detailed focus on the actions being taken to combat fraud.
- Reviewing the Committee's Terms of Reference in order to ensure they remain fit for purpose.

Statement of purpose

Our Audit and Risk Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit and Risk Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

To review the annual governance statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

To monitor the effective development and operation of risk management in the Council.

To monitor progress in addressing risk-related issues reported to the committee.

To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.

To monitor the counter-fraud strategy, actions and resources.

To receive additional assurance reports from the Corporate Assurance team (Insurance and Health & Safety)

Internal Audit

To approve the internal audit charter.

To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

To approve the risk based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based internal audit plan and resource requirements.

To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

- Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
- Regular reports on the results of the quality assurance and improvement programme;
- Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the annual governance statement.

To consider the head of internal audit's annual report:

- The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the quality assurance and improvement programme that supports the statement - these will indicate the reliability of the conclusions of internal audit.
- The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion - these will assist the committee in reviewing the annual governance statement.

To consider summaries of specific internal audit reports as requested.

To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the quality assurance and improvement programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

To consider a report on the effectiveness of internal audit to support the annual governance statement, where required to do so by the Accounts and Audit Regulations.

To support the development of effective communication with the head of internal audit.

External Audit

To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

To consider specific reports as agreed with the external auditor.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from internal and external audit.

To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

To receive detailed training in respect of the process associated with the preparation, sign off, audit and publication of the Council's annual statement of accounts.

To monitor the on-going progress towards publication of the Council's annual statement of accounts, ensuring the statutory deadlines are achieved.

To obtain explanations for all significant variances between planned and actual expenditure to the extent that it impacts on the annual statement of accounts.

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full Council on a regular basis on the committee's performance in relation to the terms of reference, and the effectiveness of the committee in meeting its purpose.

Audit Committee

4 July 2016

Report title	Business Rates Appeals	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor, Director of Finance	
Originating service	Revenues and Benefits	
Accountable employee(s)	Jayne Owens	Operations Manager- Revenues and Benefits
	Tel	01902 553532
	Email	Jayne.owens@wolverhampton.gov.uk
Report to be/has been considered by		

Recommendations for noting:

The Committee is asked to note:

1. There are business rates appeals outstanding with the Valuation Office. The Council has assessed the financial risk associated with these appeals and made a suitable provision for potential financial losses in its accounts.

1.0 Purpose

- 1.1 This report is to update the Committee on the Council's current position with regards to the Valuation Office backlog of non domestic valuation appeals.

2.0 Background

- 2.1 Business Rate payers may appeal to the Valuation Office against their business rates bill. If a successful appeal leads to funds having to be returned to a business, the council's income is directly affected.
- 2.2 Historically the Council bore none of the risk associated with changes in business rates as a result of appeals. However from April 2013 the business rate retention system means the costs of all successful valuation appeals are now shared equally between the Council and government. To mitigate this risk the council must set aside a sum of money that it may be required to repay to the ratepayer if the appeal is successful.

3.0 The National Picture

- 3.1 Statistics published by the Valuation Office show that at 31 March 2016 there were just over 300,000 unresolved challenges against the 2010 and 2005 rating lists in England and Wales.
- 3.2 There was a sharp increase in the number of challenges made in March 2015. This coincided with legislative changes stating that most challenges received after 31 March 2015 could only be backdated to 1 April 2015.
- 3.3 The rate at which the Valuation Office is clearing outstanding appeals has reduced recently as resources have been diverted to prepare for the forthcoming national revaluation.

4.0 The Local Picture

- 4.1 The council receives data from the Valuation Office each month detailing all appeals which have been lodged and whether they have been resolved or remain outstanding. This data is used to calculate the potential financial risk to the Council. Information about the outcome of past appeals is used to predict the likely outcome of those which are outstanding. This information is used to ensure that an appropriate provision has been made in the Council's accounts to mitigate this risk.
- 4.2 During 2015 the Valuation Office received an average of 39 appeals per month in respect of Wolverhampton properties, except for March 2015 when they received 1,057.
- 4.3 At 31 March 2016 there were 1,514 appeals for Wolverhampton outstanding with the Valuation Office.
- 4.4 The average time taken by the Valuation Office to process appeals has been 52 weeks.

4.5 Of all appeals lodged for Wolverhampton since April 2013 27% have been successful and the average loss of RV for these appeals has been 20%.

4.6 The appeals position in Wolverhampton is comparable to other similar councils throughout the country.

5.0 The Future

5.1 Looking ahead the next revaluation, which will come into effect in April 2017, is likely to bring a fresh wave of business rate appeals which will increase the financial volatility faced by all councils.

5.2 In October 2015 the government announced that they are proposing a move to 100% rates retention by the end of this parliament. This would mean that the Council would retain all of the business rates that it collects but also bear 100% of the costs of any successful appeals.

5.3 However the Government also plans to introduce a new appeals system, which it believes will reduce the number of long-term appeals in the system and discourage speculative appeals. Details are available in the consultation paper Check, challenge, appeal: reforming business rate appeals. This system is to be introduced as of 1 April 2017, under sections 31 and 32 of the Enterprise Act 2016.

6.0 Financial implications

6.1 The Council currently has an appeals provision of £12m which is based on the level of outstanding appeals at 31 March 2016.

7.0 Legal implications

7.1 There are no legal implications arising from the recommendation in this report.

8.0 Equalities implications

8.1 There are no equalities implications arising from the recommendation in this report.

9.0 Environmental implications

9.1 There are no environmental implications arising from the recommendation in this report.

10.0 Human resources implications

10.1 There are no human resources implications arising from the recommendation in this report.

11.0 Corporate landlord implications

11.1 The Council is able to appeal the rateable value of its own properties in the same way as any other business rates payer.

12.0 Schedule of background papers

12.1 Check, challenge, appeal: consultation on reforming business rate appeals
<https://www.gov.uk/government/consultations/reforming-business-rates-appeals-check-challenge-appeal>

12.2 October 2015 Chancellor unveils “Devolution Revolution”
<https://www.gov.uk/government/news/chancellor-unveils-devolution-revolution>



Audit and Risk Committee

4 July 2016

Report Title Audit Services –Counter Fraud Update

Accountable Director Mark Taylor, Finance

Accountable employee(s) Peter Farrow Head of Audit
Tel 01902 554460
Email peter.farrow@wolverhampton.gov.uk

Report to be/has been considered by Not applicable

Recommendations for noting:
The Committee is asked to note:

1. The contents of the latest Audit Services Counter Fraud Update.

1.0 Purpose

- 1.1 The purpose of this report is to provide Members with an update on current counter fraud activities undertaken by Audit Services.

2.0 Background

- 2.1 The cost of fraud to local government is estimated at £2.1 billion a year. This is money that could be used for local services.
- 2.2 The Counter Fraud Unit was set up within Audit Services, in response to the increased emphasis being placed upon both fraud prevention and detection by the Department for Communities and Local Government.

3.0 Progress, options, discussion, etc.

- 3.1 At the last meeting of the Audit Committee in March 2016, it was agreed that regular updates on the progress the Council was making in tackling fraud would continue to be brought before the Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. [MK/21062016/E]

5.0 Legal implications

- 5.1 Investigations by the Counter Fraud Unit may have legal implications depending upon what action is taken or decided against in respect of those investigations. [TS/20162016/D]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from this report.

7.0 Environmental implications

- 7.1 There are no environmental implications arising from this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from this report.

9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the implications in this report.

10.0 Schedule of background papers

- 10.1 None.

Counter Fraud Update @ June 2016

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1 Introduction

The counter fraud agenda is one that continues to hold significant prominence from Central Government who are promoting a wide range of counter fraud activities. The purpose of this report is to bring the Audit Committee up to date on the counter-fraud activities undertaken by the Counter Fraud Unit within Audit Services.

The Council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. This message is made clear within the Authority's Anti-Fraud and Corruption Policy, which states: "The Council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the Council."

2 The Counter Fraud Unit

The Counter Fraud Unit, which sits within Audit Services, is continuing to develop and lead in raising fraud awareness across the Council and in promoting an anti-fraud culture. The team carries out investigations into areas of suspected or reported fraudulent activity and organises a series of Council wide pro-active fraud activities, including the targeted testing of areas open to the potential of fraudulent activity. The team maintains the Council's fraud risk register, conducts raising fraud awareness seminars and holds fraud surgeries. In addition, they lead on the Cabinet Office's National Fraud Initiative (NFI) exercise.

3 Counter Fraud Update

Counter Fraud Plan

The latest status of progress against the counter fraud plan is shown at Appendix 1

Fraud App

The Department for Communities and Local Government (DCLG) has awarded funding to Intec, an application developer, to produce a Counter Fraud App for use by the public. The Council having supported the application for funding has the opportunity to use the App. The draft App has been produced and following review is being further tailored and branded to the Council's requirements. The App will be used to communicate the fraud awareness message to the public, including details of key fraud threats and success stories. The public will also be able to use the App to report potential frauds. The launch of the App has been delayed due to information governance issues regarding a third party agreement specifying data access, control and security. Once this is in place the App will be available to download through (amongst others) the Apple app store.

Fraud Advice and Reporting available on the Councils Web Site

Information relating to Fraud and Corruption has been extensively revised on the Council's website. A new menu has been created which provides links to information and advice about all the key areas of fraud and corruption that impact on the Council. The information can be accessed by anyone and there is also a facility to report frauds on line. Information is also provided about fraud types along with details of the Council's counter fraud activities. The new site also provides links and contact details for the DWP in connection with housing benefit frauds and Wolverhampton Homes in connection with tenancy frauds.



The new look fraud website front page

Whistleblowing Policy Review

Whistleblowing is the term used when someone who works in an organisation raises a concern that could threaten customers, colleagues, the public or the organisation's own reputation.

During 2015/16 a total of 18 concerns that could be classified as whistleblowing were received and investigated by Audit Services. The key concerns identified from these investigations have been reported to the Audit and Risk Committee as part of the regular Investigations Update.

The Council's Whistleblowing Policy and Procedure has been reviewed and was approved at the Audit and Risk Committee meeting on 12 March 2016. The Policy is available on the Council's Policy Portal and on the its web site. To assist anyone wishing to report a concern a new online whistleblowing reporting facility has been added to the website.

As part of the annual review of the Whistleblowing Policy and Procedure, 100 randomly selected Council employees were contacted and asked to complete a Whistleblowing survey. The survey was completed using Survey Monkey and the results are summarised at Appendix 3. The survey concluded that 78% of those who responded were aware of the Whistleblowing Policy. However, a number of comments received suggested that employees should be made more aware of when the Whistleblowing Policy can be used.

As a result of these findings, further information will be made available through, amongst other routes, City People, workshops, new employee induction and possibly e-learning.

National Anti-Fraud Network Intelligence Notifications

The National Anti-Fraud Network (NAFN) issues regular alerts which provide information on fraud attempts, trends and emerging threats. The information provided in the alerts has been notified to NAFN by other local authorities from across the country. These alerts are checked to the Council's systems to verify whether there have been any instances at Wolverhampton. Since October 2015 there have been 33 alerts issued by NAFN, of those 10 impacted on suppliers used by the Council. Seven of the alerts involved fraudulent requests to change bank mandate details and three involved unsolicited invoices for goods or services not provided. In all cases the Council had not been subject to any fraudulent activity.

The majority of the NAFN alerts concern Bank Mandate fraud where the fraudster attempts to get payments diverted from a legitimate organisation into their own bank account. This is most common in the construction industry where large payments are made. Other common frauds involve organisations issuing unsolicited invoices for goods or services not supplied. In other instances an organisation issues a document offering to provide goods and services but it is made to look like an invoice.

National Fraud Initiative

The Counter Fraud Unit co-ordinates the investigation of matches identified by the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Where matches are identified the ensuing investigations may detect instances of fraud, over or underpayments, and other errors. A match does not automatically mean there is a fraud. Often there is another explanation for a data match that prompts bodies to update their records and to improve their systems. The latest NFI exercise commenced during January 2015 and the current outcomes are shown below.

Description	Previous value (£)	Current value (£)
Housing benefit claimants to student loans	24,246	53,272
Housing Benefits Claimants to Pensions	0	8,420
Housing benefits claimants to in country immigration	42,224	42,224
Housing benefits claims to internal housing benefits claims	7,038	7,038
Housing benefits claims to external housing benefits claims	21,272	21,272
Waiting list to housing tenants	18,000	18,000
Housing benefit claimants to Council Tax Reduction	208	208
Council Tax to Electoral Register	579	579
Total	113,567	151,013

Action is being taken to recover the value of the fraud and error wherever possible.

Since June 2015 the Department of Works and Pensions (DWP) is now responsible for investigating Housing Benefit matches where fraud has occurred. Investigators at the DWP have been granted access to the NFI matches and have continued to investigate and take appropriate action where fraud has been proven. The results are included above.

Northgate has recently conducted a data matching exercise to identify people who are not eligible for a Council Tax discount. As a part of this exercise properties were identified where single person discount had been claimed while more than one person was living at the property. In addition, the exercise also validated properties where the Council Tax discount had been claimed correctly. During December 2015 the Council received, from Cabinet Office, the results of the latest Council Tax data match to the new Electoral Register. There were 2,554 matches plus a further 182 Council Tax rising 18 data matches. Now that the Northgate exercise has been completed the results will be compared to the NFI matches. This will ensure that work completed by Northgate is not repeated. Any remaining NFI matches will be reviewed and action taken if it is identified that ineligible Council Tax discounts are being claimed.

Annual Fraud and Error Survey

During April 2015 the Council's Counter Fraud Unit submitted the completed annual fraud and error survey response to the Chartered Institute of Public Finance Accountants (CIPFA's). The information contained in the survey will be used to produce a report which will be published later in 2016. The key survey results for Wolverhampton were:

Type of fraud and/or error	cases	Value £
Housing benefit – resulting in a caution, administrative penalty or prosecution. (Fraud investigation became the responsibility of the DWP from 1 June 2015)	9	£40,000
Tenancy sub-letting (Wolverhampton Homes) – Illegal subletting of properties	16	*£288,000
Other tenancy fraud (Wolverhampton Homes) – fraudulent application, succession, abandonment or non-occupation	38	*£684,000
Right to buy (Wolverhampton Homes)	1	£35,000
Council tax discount – single person discount as a result of fraud or error	931	£230,000
Council tax reduction scheme	7	£4,600
Personal Budgets	1	£1,800
Debt fraud – 10 x credit card chargebacks	10	£2,400
Payroll – claiming for excessive hours	2	£3,000

* based on the NFA average cost of £18,000 to house a family for a year.

Action is taken to attempt to recover the value of the fraud and/or error where appropriate.

Fraud Data Warehouse

As reported previously, Birmingham City Council has been operating a data warehouse for a number of years.

Data warehouse: storing data sets from across organisations and used for data matching purposes in order to identify and prevent potential fraud.

For the last five years their data warehouse has been used to hold tenancy data provided by 15 organisations including Wolverhampton Homes. The Council has been invited to participate in an initiative to expand the scope of the warehouse to include data which can be used to detect other types of fraud, starting with Council Tax fraud. To enable the data to be shared a draft data sharing agreement has been reviewed by the Council's Legal and Information Governance Teams and is due to be shortly signed. Once the data sharing agreement is in place access to the data warehouse will be established using a web based application. The extraction and transfer of Council Tax data will then take place on a regular basis. A progress meeting was recently hosted by Birmingham City Council, and further details of the progress made will be brought before the Committee as it becomes known.

Partnership Working

As part of the partnership arrangements with Sandwell Metropolitan Borough Council the Fraud Team at Sandwell continues to assist in the implementation of the Council's Counter Fraud Plan. This work began in September 2015 and has involved carrying out investigations, addressing National Fraud Initiative matches and hosting fraud awareness seminars and surgeries. This joint approach will see an increase in shared information, working practices and the introduction of new counter fraud initiatives.

Fraud Risk Register

The Counter Fraud Unit maintains the Council's fraud risk register. The register is used to help identify areas for testing and also to inform future audit assurance plans by focusing on the areas with the 'highest' risk of fraud. The latest fraud risk register is included at Appendix 2.

Midland Fraud Group

This group consists of fraud officers from across the Midland's local authorities. The purpose of the group is to identify and discuss the outcome of initiatives being used to tackle fraud. At the last meeting in May 2016, topics discussed included the future for Anti Money Laundering checks, data warehouses, data matching, risk registers and current trends and cases of interest.

Counter Fraud Plan Update

Issue	Action	Timescale
Raising counter fraud awareness across the Council	Develop and deliver Fraud Awareness seminars	Seminars completed December 2015 and January 2016
	Develop on line fraud training for staff.	To be refreshed early 2017
	Work with Workforce Development to develop and promote fraud training.	Fraud seminars and surgeries promoted through City People On-going use of online training package
	Establish measures for assessing the level of employee fraud awareness.	Early 2017
	Hold fraud surgeries to enable staff to report areas of suspected fraud.	Fraud surgeries undertaken in December 2015
	Use various forms of media to promote fraud awareness across the council including City People, the intranet and the internet.	Fraud seminars and surgeries promoted through City People
	In conjunction with the external provider Intec develop a fraud information and reporting App for use by the public.	Under development
	Work closely with Wolverhampton Homes and seek opportunities to promote joint fraud awareness.	On-going
Work with national, regional and local networks to identify current fraud risks and initiatives.	Maintain membership of the National Anti-Fraud Network (NAFN).	On-going
	Participate in the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Acting as key contact for the council, the West Midlands Pension Scheme and Wolverhampton Homes.	On-going
	Complete the annual TEICCAFI and CIPFA fraud surveys.	CIPFA Survey completed April 2016 TEICCAF survey expected July 2016
	Investigate opportunities to develop the use of NFI real time and near real time data matching.	Used for Housing Waiting Lists – Summer 2016
	Participate in CIPFA's technical information service.	On-going
	Maintain membership of the Midlands Fraud Group.	On-going – last meeting May 2016
	Attend external fraud seminars and courses.	On-going

Issue	Action	Timescale
Assess the counter fraud strategy against best practice	Complete national fraud self-assessments, for example:	
	<ul style="list-style-type: none"> • New CIPFA Code of Practice 	June 2015 (the last time required)
	<ul style="list-style-type: none"> • The European Institute for Combatting Corruption And Fraud TEICCAF's- Protecting the Public Purse 	Annually
	<ul style="list-style-type: none"> • Department for Communities and Local Government – ten actions to tackle fraud against the council. 	On-going
Identify and rank the fraud risks facing the council	Manage the council's fraud risk register to ensure key risks are identified and prioritised.	On-going
	Develop measures of potential fraud risk to help justify investment in counter fraud initiatives.	On-going
	Seek opportunities to integrate the fraud risk register with other corporate risk registers and also the Audit Services Audit Plan	On-going
Work with other fraud investigation teams at the council	Develop good communication links between the Counter Fraud Unit, Wolverhampton Homes, and Audit Services.	Corporate Fraud Group established
	Maintain an overview of the progress made with the tenancy data sharing agreement between Wolverhampton Homes and Birmingham City Council.	On-going
	Develop a fraud data sharing agreement between Wolverhampton Council and Birmingham City Council.	Summer 2016
Work with external organisations to share knowledge about frauds?	Establish formal joint working relationships with external bodies, for example Police, Health Service and Immigration Enforcement.	A number of joint investigations have been completed with the Police during 2015/16.
Participate in external initiatives and address requests for information	Implement industry best practice as identified in reports produced by external bodies, for example; The TEICCAFI Annual Protecting the Public Purse report and the National Fraud Initiative report.	Annual/on-going
	Encourage Service Areas to participate in initiatives to identify cases of fraud.	Corporate Fraud Group established
	Look for opportunities to use analytical techniques such as data matching to identify frauds perpetrated across bodies, for example other councils.	On-going

Issue	Action	Timescale
	Undertake a programme of proactive target testing.	On-going
	Respond to external requests for information or requests to take part in national initiatives.	On-going
All cases of reported fraud are identified, recorded and investigated in accordance with best practice and professional standards.	Work with Service Areas to develop methods of recognising, measuring and recording all forms of fraud.	Corporate Fraud Group established
	Manage and co-ordinate fraud investigations across the council.	On-going
	Implement and update the council's portfolio of fraud related policies in response to changes in legislation.	Latest version approved at Audit and Risk Committee – March 2016
	Where appropriate take sanctions against the perpetrators of fraud either internally in conjunction with Human Resources and Legal Services or externally by the Police.	On-going
Ensure responsibility for counter fraud activities is included in Partnership agreements with external bodies.	Embed responsibility for counter fraud activities in partnership agreements with the council's strategic partners.	On-going
	Partnership agreements to include the council's rights of access to conduct fraud investigations.	On-going
Provide the opportunity for employees and members of the public to report suspected fraud.	Manage and promote the Whistleblowing Hotline and record all reported allegations of fraud.	On-going
	Promote and hold fraud surgeries that provide the opportunity for staff to discuss any potential fraudulent activity at the council.	Fraud surgeries undertaken in December 2015
	Seek other methods of engaging with employees and the public to report fraud.	On-going – for example through the council's internet site
	Where appropriate ensure allegations are investigated and appropriate action taken.	On-going
	Work with and develop procedures for carrying out investigations with other service areas for example Human Resources, Legal Services and Wolverhampton Homes.	Corporate Fraud Group established
Inform members and senior officers of counter fraud activities.	Report quarterly to the Audit Committee on the implementation of Counter Fraud initiatives and the progress and outcome of fraud investigations.	On-going

Fraud Risk Register @ June 2016

Themes	Potential fraud type	Risk rating
Housing Tenancy	Subletting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home, right to buy. This risk is managed by Wolverhampton Homes.	Red
Council Tax	Fraudulently claiming for discounts and exemptions such as the single persons discount and Local Council Tax Support Schemes.	Red
Personal Budgets	Falsely claiming that care is needed, carers using direct payments for personal gain, carers continuing to receive direct payments after a person dies, duplicate applications submitted to multiple councils.	Red
Welfare Assistance	Fraudulent claims.	Amber
Procurement	Collusion (employees and bidders), false invoices, overcharging, inferior goods and services, duplicate invoices.	Amber
Business Rates	Evading payment, falsely claiming mandatory and discretionary rate relief, empty property exemption, charity status.	Amber
Payroll	'ghost' employees, expenses, claims, recruitment.	Amber
Blue Badge	Fraudulent applications, use and continuing to receive after a person dies.	Amber
Electoral	Postal voting, canvassing.	Amber
Schools	School accounts, expenses, procurement, finance leases.	Amber
Theft	Theft of council assets including cash.	Green
Insurance	Fraudulent and exaggerated claims.	Green
Manipulation of data	Amending financial records and performance information.	Green
Bank Mandate Fraud	Fraudulent request for change of bank details.	Green
Grants	False grant applications, failure to use for its intended purpose.	Green
Bribery	Awarding of contracts, decision making.	Green
Money Laundering	Accepting payments from the proceeds of crime.	Green

Results of Whistleblowing Employee Survey

100 employees were randomly selected and asked to complete a whistleblowing survey using Survey Monkey. A total of 45 completed surveys were received.

78% of those who responded were aware that the Council has a whistleblowing policy but only 40% had read the policy.

80% of those who answered were aware that whistleblowing can be used to raise concerns about Council employees but only 50% knew it could be used to raise concerns about contractors and Councillors.

The most popular method of reporting concerns was online (87%) closely followed by email (84%) and telephone Hotline (80%).

A sample of comments received were:

- *“Updated training/information sessions annually.”*
- *“More awareness needed and understanding what it includes and when it should be used.”*
- *“More visible on Intranet.”*
- *” Posters on Notice boards”*
- *“Make staff more aware.”*
- *“Regular workshops so that new employees are aware. This may also boost confidence of workers to whistleblow.”*
- *“You could perhaps raise its profile and remind people it is there.”*
- *“Perhaps make it a mandatory e learning course.”*
- *“Good that we have an accessible policy.”*
- *“Let staff know at induction.”*
- *“A City People article would be good, just to bring it to everyone’s attention again.”*
- *“Greater awareness.”*
- *“I would like to see a policy, as I have never seen one.”*
- *“To have a more visible link on the City People page that most employees have access to.”*
- *“More awareness as I’ve not heard of it until today. Posters, adverts on city people etc”*
- *“An update on City people would make this more common knowledge”*
- *“Produce a handout to keep - not always possible to keep checking on PC”*
- *“It needs to be accessible on the front page of City People and/or easy to locate by searching”*
- *“I would hope that I never have the cause to use the process”*
- *“Thanks for making me aware this was available”*

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Audit and Risk Committee

4 July 2016

Report title	Payment Transparency	
Accountable director	Mark Taylor, Finance	
Originating service	Audit	
Accountable employee(s)	Peter Farrow	Head of Audit
	Tel	01902 554460
	Email	peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendations for noting:

The Committee is asked to note:

1. The Council's current position with regards to the publication of all its expenditure.

1.0 Purpose

1.1 This report is to update the Committee on the Council's current position with regards to the publication of all its expenditure.

2.0 Background

2.1 The latest position on the Council's payment transparency activity is as follows:

- Following the introduction of Agresso, the Council now publishes its own spend data, instead of using a third party.
- The data is available on the Council's internet site under Transparency and Accountability (payments to suppliers) and is updated monthly.
- In addition, to the spend to date, the site also includes spend for the financial years from 2011.
- Since last reported to the Audit Committee in March 2016, there have been no requests for information from the public (as an 'armchair auditor').

3.0 Progress, options, discussion

3.1 We will continue to report back to the Audit and Risk Committee on the details of any 'armchair auditor' requests the council receives.

4.0 Financial implications

4.1 There are no financial implications arising from the recommendation in this report. (MK/21062016/C)

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report. (TS/2106/2016/E)

6.0 Equalities implications

6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Environmental implications

7.1 There are no environmental implications arising from the recommendation in this report.

8.0 Human resources implications

8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendation in this report.

10.0 Schedule of background papers - None

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Audit and Risk Committee

4 July 2016

Report title	CIPFA Audit Committee Update – Issue 19	
Accountable director	Mark Taylor, Finance	
Originating service	Audit	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendations for noting:

The Committee is asked to note:

1. The contents of the latest CIPFA Audit Committee Update, Issue 19 – helping audit committees to be effective.

1.0 Purpose

- 1.1 CIPFA issue regular briefings for audit committee members in public sector bodies. Their aim is to provide members of audit committees with direct access to relevant and topical information that will support them in their role.

2.0 Background

- 2.1 The latest edition of these briefings covers, amongst other topics, the 2016 Good Governance in Local Government Framework and appointing local auditors.

3.0 Progress, options, discussion

- 3.1 Further CIPFA updates will be brought before the Audit Committee, as and when they are published.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. (MK/21062016/I)

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report (TS/21062016/G)

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Environmental implications

- 7.1 There are no environmental implications arising from the recommendation in this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the recommendation in this report

10.0 Schedule of background papers

- 10.1 CIPFA Audit Committee Update – Issue 19

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