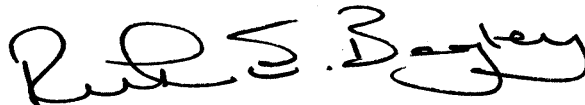


Date of issue: 15th September, 2014

MEETING:	AUDIT AND RISK COMMITTEE (Councillors Chohan (Chair), Dhaliwal, Dhillon, Mansoor, Sandhu and Zarait)
	CO-OPTED INDEPENDENT MEMBER Mr Ajay Kwatra
DATE AND TIME:	TUESDAY, 23RD SEPTEMBER, 2014 AT 6.30 PM
VENUE:	MEETING ROOM 2, CHALVEY COMMUNITY CENTRE, THE GREEN, CHALVEY, SLOUGH, SL1 2SP
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 01753 787503

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.



RUTH BAGLEY
Chief Executive

AGENDA

PART I

AGENDA
ITEM

REPORT TITLE

PAGE

WARD

Apologies for absence.

AGENDA
ITEM

REPORT TITLE

PAGE

WARD

- | | | | |
|----|--|-----------|-----|
| 1. | Declarations of Interest | | |
| | <i>All Members who believe they have a Disclosable Pecuniary or other Pecuniary or non pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 3 paragraphs 3.25 – 3.27 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 3.28 of the Code.</i> | | |
| | <i>That Chair will ask Members to confirm that they do not have a declarable interest.</i> | | |
| | <i>All Members making a declaration will be required to complete a Declaration of Interests at Meetings form detailing the nature of their interest.</i> | | |
| 2. | Minutes of the last Meeting held on 10th July 2014 | 1 - 4 | |
| 3. | Financial Statements | To Follow | All |
| 4. | External Auditors Report on the Financial Statements | To Follow | All |
| 5. | Audit and Risk Management Update: Quarter 1 2014/15 | 5 - 34 | All |
| 6. | Financial and Performance Report - Quarter 1 2014/15 | 35 - 50 | All |
| 7. | Member Attendance Record | 51 - 52 | - |
| 8. | Date of Next Meeting - 11 December 2014 | | |

Press and Public

You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before the Committee considers any items in the Part II agenda. Please contact the Democratic Services Officer shown above for further details.

The Council allows the filming, recording and photographing at its meetings that are open to the public. Anyone proposing to film, record or take photographs of a meeting is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.



Audit and Risk Committee – Meeting held on Thursday, 10th July, 2014.

Present:- Councillors Chohan (Chair), Dhaliwal, Dhillon, Mansoor, Zarait (Vice-Chair) and Mr Kwatra (from 6.39pm)

Apologies for Absence:- Councillor Sandhu

PART 1

1. Declarations of Interest

None.

2. Minutes of the last Meeting held on 13th March 2014

Resolved – That the minutes of the meeting held on 13th March 2014 be approved as a correct record.

3. Audit & Risk Committee - Terms of Reference

The Assistant Director, Finance & Audit provided Members with an overview of the remit of the Committee in relation to both internal and external audit; financial statements; value for money; and the wider governance framework of the Council. It was proposed and agreed that in future the Committee would consider the quarterly Finance and Performance monitoring report.

It was noted that the changes to the terms of the reference of the Committee had been agreed at Council on 22nd April 2014, therefore in future the Committee would take responsibility for the approval of the Annual Governance Statement and financial statements on behalf of the Council. The Committee felt that it was important for other Members to have the opportunity to raise questions and comment on the financial statements and it was therefore agreed that the process for doing this would be set out in the Members' Bulletin prior to the September meeting at which the financial statements would be approved.

Resolved –

- (a) That the Audit & Risk Committee's Terms of Reference be noted.
- (b) That the Committee receive Quarterly Finance & Performance Monitoring Reports at future meetings.
- (c) That all Members be advised of the opportunity to raise questions or comment upon the financial statements prior to the approval by the Committee in September 2014.

4. Audit and Risk Management Update - Quarter 4 2013/14

The Assistant Director, Finance & Audit introduced the Management Update for the fourth quarter of 2013/14 which set out the progress made against the 2013/14 Internal Audit Plan; the 2013/14 Internal Audit Annual Report; counter-fraud activity; and the Council's risk register.

Internal Audit Progress Report – 4th Quarter

Members were informed that internal audit reports continued to be completed at a more appropriate rate than had been the case in the previous financial year and that the comparative percentage of red and amber-red reports had decreased significantly. It was noted that 58% of 'high' and 'medium' recommendations made following internal audits had been implemented with 'no progress' being reported on only 3% of recommendations.

The Head of Internal Audit reported that 22 audits had been finalised since the last meeting of the Committee which included two 'red' and four 'amber-red' opinions. One report from 2012/13 remained outstanding – the Carbon Reduction Commitment Programme – and an internal audit would be conducted in the first quarter of 2014/15 for Carbon Reduction and the outstanding report would be finalised during this new review. Of the 52 audits conducted during the year, 42 had been finalised with 10 in draft, four of which were for schools.

Members discussed the process for selecting areas for internal audit and it was noted that the audit plan included core systems requiring regular review; follow ups if issues had arisen during previous reports; and areas identified by management as key areas of risk as set out in the Corporate Risk Register.

Internal Audit Annual Report 2013/14

The Head of Internal Audit reviewed the Annual Report for 2013/14 and it was noted that the Internal Audit Opinion for the year to 31st March 2014 was amber in relation to the adequacy and effectiveness of the Council's arrangements for governance, risk management and control. The number of green and amber-green reports had risen from 41% in 2012/13 to 54% in 2013/14. It was noted that at the Council's request, children's social services had not been included in the audit plan for the year due to the other external assurances and inspections undertaken in this area.

The Head of Internal Audit reported on their review of the Council's risk management activity which had been undertaken in an advisory capacity. The outcomes of the review were detailed on page 39 of the agenda and it was noted that further improvements were required to build upon the existing approach and governance arrangements relating to risk management.

Members also discussed the capital programme and the tracking of outcomes achieved. The Assistant Director highlighted that the Balanced Scorecard and Gold Project Updates detailed in the quarterly Finance and Performance

reports that had been agreed would come to future meetings would set this out fully. The Committee also raised a number of issues about the governance implications arising from the increasing number of academies and it was agreed to circulate further information to Members about the number of academies in the Borough at the present time.

Management Update

The Assistant Director updated Members on a variety of other matters including a summary of fraud activity over £10,000 and the Corporate Risk Register. The one significant update to the register was a change in the nature of risk for Children's Services with the new risk of 'Children's Services future delivery arrangements' being added to the register.

Contract Management and Procurement

In view of the fact that contract management had been highlighted as a significant risk in the Annual Governance Statement, the Interim Assistant Director, Commissioning & Procurement updated Members on the work being undertaken on the review of major contracts and activities to improve the governance and performance management of the Council's procurement processes.

Members were advised that a series of actions had been undertaken to better manage existing contracts and to find efficiencies. A departmental restructure had taking place which gave the Interim Assistant Director direct responsibility for some of the key contracts and 'dotted line' responsibility for others. The process and timeline of the major contracts review was outlined and Members discussed a number of issues including the contracts register, the measurement of value for money and the engagement of directorates across the Council in buying in to the new approach. The role of Members in the decision making process was also discussed and it was noted that some of the major contracts to be reviewed would be considered by Scrutiny at the appropriate time. It was also agreed that a co-ordinated approach between the Overview & Scrutiny Committee and Audit & Risk Committee be undertaken on the procurement strategy and review of major contracts to ensure appropriate Member oversight without undue duplication.

Resolved –

- (a) That the Internal Audit Progress Report be noted.
- (b) That the Internal Audit Annual Report for 2013/14 be noted.
- (c) That progress on the implementation of Internal Audit recommendations be noted.
- (d) That the Council's latest counter-fraud activity be noted.
- (e) That the Corporate Risk Register be noted.

- (f) That the update on contract management and procurement be noted, and that consideration be given to joint work with the Overview & Scrutiny Committee on this issue.

5. Annual Governance Statement

The Assistant Director, Finance & Audit reviewed the draft Annual Governance Statement (AGS) for 2013/14. Members attention was drawn to the actions taken in response to the issues reported in the 2012/13 AGS and to further significant issues highlighted by internal audit during the year, which included contract management and rent accounts. The future delivery arrangements for Children's Services had also been added to the Corporate Risk Register.

The External Auditor, Mr Grant, stated that the AGS would be part of the work programme for the external audit and he updated the Committee on the current position. The draft Statement of Accounts 2013/14 had been submitted and published by 30th June 2014 in line with statutory requirements and the auditors were currently planning their work based on key areas of risk. The external auditors had been working closely with officers to implement the improvement plan that had been agreed to address some of the issues previously experienced during the audit process and the Committee were assured that a number of improvements had been evident in the presentation of the draft accounts. Mr Grant stated that he would inform the Committee of any significant issues identified during the audit and that he intended to present his opinion to the Committee in September.

Members discussed a number of issues relating to the audit process and AGS including the Council's management structure and the level of confidence that the audit timetable would be met.

Resolved – That the Annual Governance Statement be noted and be considered for approval in September 2014 alongside the financial statements following the external audit.

6. Date of Next Meeting - 23rd September 2014

Members were reminded training would be held on 'Understanding the Accounts and Governance' on 16th September 2014, prior to the next meeting on the Committee on 23rd September.

Resolved – That the next meeting of the Committee be held on Tuesday 23rd September, 2014 at 6.30pm.

Chair

(Note: The Meeting opened at 6.32 pm and closed at 8.00 pm)

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Risk Committee **DATE:** 23rd September 2014

CONTACT OFFICER: Joseph Holmes; Assistant Director, Audit & Finance
(For all enquiries) (01753) 875368

WARD(S): All

PART I
FOR INFORMATION

Audit & Risk Management Update – Quarter 1 2014-15

1 Purpose of Report

The purpose of this report is to:

- Report to members on the progress against the 2013/14 and 2014/15 Internal Audit Plan up to Quarter 1
- Report to members on the progress of the implementation of Internal Audit recommendations
- Report to members the Council's latest counter-fraud activity
- Report to members the Council's Risk Register

2 Recommendation(s)/Proposed Action

That Audit & Risk Committee is requested to comment on and note the reports.

3 Sustainable Community Strategy Priorities

The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to all of the emerging Community Strategy Priorities

Priorities:

- *Economy and Skills*
- *Health and Wellbeing*
- *Regeneration and Environment*
- *Housing*
- *Safer Communities*

4 Other Implications

4.1 Financial

None other than those detailed in the internal audit reports

4.2 Risk Management

This report concerns risk management across the Council

4.3 Human Rights Act and Other Legal Implications

n/a

4.4 Equalities Impact Assessment

There is no identified need for an EIA

5 Supporting Information

5.1 Overview

5.1.1 Baker Tilley have completed a number of audits from their work during the first quarter of 2014-15.

5.1.2 The overall Internal audit reports have continued to be finalised at a more appropriate rate than in the previous financial year. Of the 2013-14 internal audits, none remain outstanding for the Council. Three reports in respect of schools remain outstanding and the Chairman of the Audit Committee has written to these schools requesting that these are finalised.

5.1.3 The Committee saw many of the reports summary in draft at the previous meeting. In the Annual Governance Statement that was approved at the previous meeting, many of these reports were highlighted as red and were included in the Statement as key issues, for example contract management. The Council is working to improve contract management arrangements and the respective assistant director attended the previous Audit & Risk Committee meeting to update the committee on progress with regards this. As with all internal audit reports that are finalised, there is an action plan to address any issues raised.

5.1.4 The corporate risk register has been updated to reflect the latest risks resulting from the Ofsted inspection earlier in the year and the subsequent Dept. For Education review.

5.2 Internal Audit Q1 2014-15 progress report

5.2.1 The full report is attached at appendix A.

5.2.2 The internal audit plan for 2014-15 was set very much with a focus on addressing identified risks. As Bakertilly have had two years of experience at the Council, management and the audit & risk committee have focussed the internal audit resource very much towards areas of risk; for example focussing increasingly around contract management and areas of weaker assurance from recent audits.

5.2.3 It is pleasing to note that in respect of the budget setting audit for 2014-15 that this has been assessed as green and can provide some strong assurances to members and senior management around the processes governing how the budget was set for 2014-15 in a time of increasingly scarce resources.

5.3 Finalising Internal Audit Reports

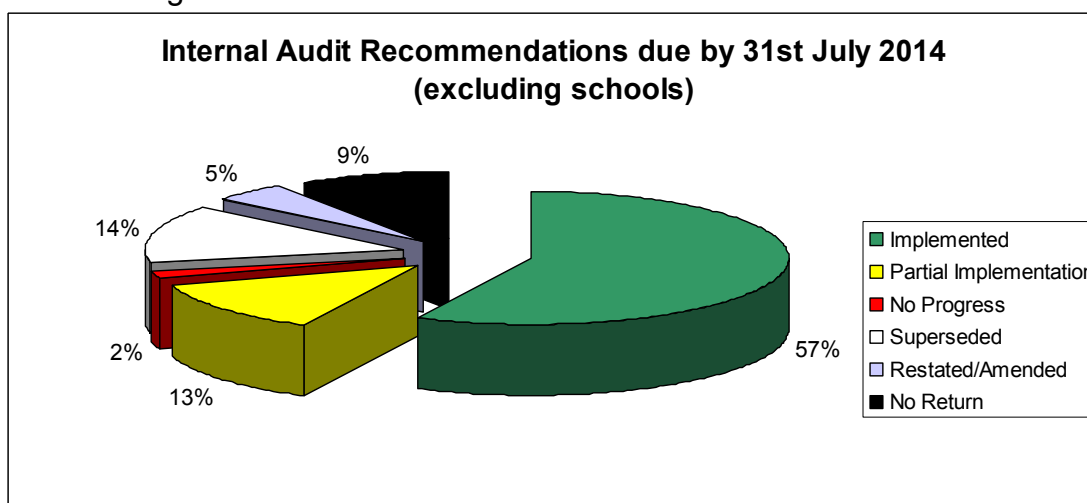
5.3.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 1st September 2014. This list of

Audit Title	Draft Issued	Responses due	Client sponsor
OLOP Junior 19 13.14	22 November 2013	07 December 2013	Head teacher
Claycots Primary 42 13 14	04 April 2014	18 April 2014	Head teacher
Pippins School 44 13 14	11 April 2014	25 April 2014	Head teacher
<i>Chalvey Early Years Centre 1 15 15</i>	<i>22 May 2014</i>	<i>05 June 2014</i>	<i>Chris Ashton</i>
<i>Lone Working Procedures</i>	<i>29th July 2014</i>	<i>12th August 2014</i>	<i>Kevin Gordon</i>
<i>Contract Management – SCL</i>	<i>26th August 2014</i>	<i>9th September 2014</i>	<i>Andrew Stevens</i>
<i>Data Quality</i>	<i>11th September 2014</i>	<i>25th September 2014</i>	<i>Julie Pickering / Joseph Holmes</i>
<i>Schools Financial Value Standards</i>	<i>4th August 2014</i>	<i>18th August 2014</i>	<i>Joseph Holmes</i>

5.3.2 The Risk and Insurance Officer regularly monitors the progress of the implementation of “high” or “medium” recommendations made following Internal Audit reports. Below is a graph that shows the percentage of recommendations that have either been implemented, are in progress, no action has been taken, or the recommendation has been superseded.

5.3.3 Bakertilly has received assurance that the Council’s Internal Audit recommendation tracking tool implemented by the Council is a useful tool for the Committee.

5.3.4 The number of implemented recommendations has now reached a plateau of just over half (it has stayed in a range between 52% and 62% over the past year). A further effort will be made to now move this figure to a higher number, accepting that sometimes the recommendations will be superseded or the environment changes.



5.3.5 The table below details those audits where recommendations are still outstanding or where requests for information has no been responded to.

Name of Audit	High Level rec's not Responded to	Medium Level rec's not Responded to
Corporate Reports		
Business Continuity Planning Arrangements 41 12/13	0	5
Children's Services Procurement 4 13 14	1	0
Contract Management 25 13.14	1	0
Contract Management and Third Party Procurement – Atkins Limited 22 13.14	1	0
Contractual Management Arrangements - Amey Plc. 23 13 14	0	1
Debtors and Cash Management 30 13.14	0	2
Declaration of Interest 49 13 14	1	0
Estates & Facilities Management 43 12.13	0	1
General Ledger 35 13 14	1	1
Housing Benefits 28 13.14	0	1
Procurement 50 13 14	0	1
Rent Accounts 36 13 14	1	0
Use of Agency & Workforce Planning 24 13 14	2	1
Sub Total	8	13
Schools		
Baylis Court Nursery School 16 13 14	0	1
Haybrook College 9 12 13	1	6
Littledown 7 13.14	0	1
Montem Primary 14 13.14	0	1
Parlaunt Park Primary School 17 13.14	0	3
Priory School 3.13/14	0	2
St Bernards 12 13.14	1	0
St Josephs	0	3
Wexham 20 13.14	1	1
Total	4	15

5.5 Fraud update

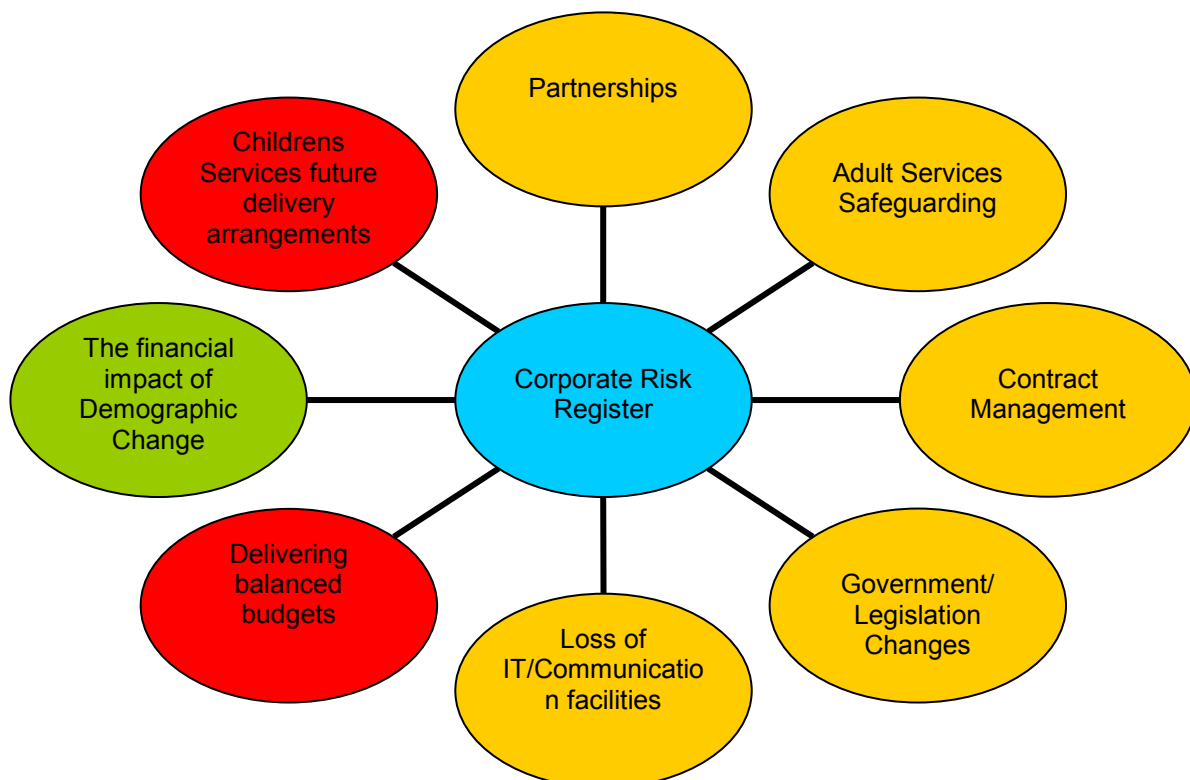
5.5.1 Every year the Council is required to report all fraud activity with a value over £10,000. The Council provides this summary on a quarterly basis to the Audit & Risk Committee. Below is a summary table of activity completed in the current year.

Type of Fraud	Amount	Recovery Action	Action Against Perpetrator
Benefit fraud	HBen - £11.4k Administration penalty - £3.4k	Administrative penalty and recovery through benefits of £500 per month.	Administrative Penalty offered under s115A of the Social Security Administration Act 1992 as amended. Accepted 11/08/14 .No further action required.
Total	£14.8k		

5.6 Corporate Risk Register

5.6.1 The Corporate Risk Register is included within appendix C. The Audit Committee are asked to review the risk register and provide any comments back through the CMT.

5.6.2 Below is a diagram that illustrates the make up of the corporate risk register and the risk ranking



5.6.3 Since the previous audit committee, the risk around the delivery of the curve has been removed as this has been replaced with a risk concerning partnership working with other elements of the public sector.

6 Comments of Other Committees

n/a

7 Conclusion

That the Audit Committee notes the latest updates from Internal Audit.

8 Appendices Attached

'A' - Internal Audit Q1 2014-15 progress report
'B' - Corporate Risk Register

9 Background Papers

Baker Tilley Audit Reports

Slough Borough Council

Internal Audit Progress Report

Corporate Management Team Meeting: September 2014

Audit & Risk Committee Meeting: 23rd September 2014

Introduction

The internal audit plan for 2014/15 was approved by the Audit and Risk Committee on the 13th March 2014. This report provides an update on progress against that plans and summarises the results of our work to date.

Since the last Audit and Risk Committee held in July 2014 the following 7 audit reports, relating to the 2013/14 plan have been finalised:

- Rent Accounts
- Contract Management – Amey plc
- Budgetary Control including Savings Plans Monitoring
- Risk Management
- St Ethelbert's Catholic Primary School
- Asset Register
- Payroll

The following 3 final audit reports have also been issued in respect of the 2014/15 Internal Audit plan:

- Budget Setting including Savings Plans
- Holy Family Catholic Primary School
- Troubled Families Programme – May 2014 review

The executive summaries and details of high priority recommendations for all red and amber red reports detailed above are contained within Appendix B below.

Key Issues

Outstanding audit report from 2012/13:

The Carbon Reduction Commitment Programme audit report remains outstanding. An Internal Audit is currently in progress for Carbon Reduction and during this review we will follow up all of the recommendations from the previous review and any outstanding will be included in the new report and action plan.

Outstanding audit reports from 2013/14:

As at the 11th September 2014, one audit (Safeguarding Operating Model for Adult Services) had been deferred until 2014/15, for the remaining 52 audits within the 2013/14 audit plan all reports had been issued to management. The table below shows how many have been finalised and those that remain in draft:

Directorate	Audits	Final	Draft
Customer & Community Services	15	15	0
Chief Executive	5	5	0
Wellbeing	2	2	0
Resources, Housing & Regeneration	13	13	0
Schools	16	13	3
Cross Directorate Review	1	1	0
TOTAL	52	49	3

The above table highlights that just over 5% of the audit plan remains in draft and all three reports still in draft relate to schools. Details of the reports outstanding are contained within Appendix A of this report.

Of the 7 final reports issued since the date of the last Audit and Risk Committee, three 'Red' reports have been issued and two 'Amber Red' reports have been issued in final. Within these reports, 9 high priority recommendations were raised. Detailed of these recommendations are contained within Appendix B below.

Outstanding Reports from 2014/15

As at the 11th September 2014, the following audit five reports remain outstanding in draft:

- Chalvey Early Years Centre
- Lone Working Procedures
- Schools Financial Value Standard
- Contract Management – Slough Community Leisure
- Data Quality – Performance Indicators within contracts

Of the above reports, only the Chalvey Early Years Centre and Lone Working Procedures reports have been outstanding for more than 30 days, and we are actively working with management to enable these reports to be finalised in a timely manner. The finalisation of the Lone Working Procedures report has been delayed by staff absence but is due to be finalised shortly.

Key Findings from 14/15 Internal Audit work

Of the 5 reports issued in 2014/15 where a formal opinion has been provided, three of these have resulted in a red opinion, two of which were schools audits (Holy Family Catholic Primary School and Chalvey Early Years Centre), with the other one being Data Quality, although it should be noted that the Chalvey and Data Quality reports remain in draft.

A response to the Chalvey report was received on 11th September 2014 and it is anticipated that this will be finalised shortly.

It is imperative that actions to address the weaknesses identified within these reports are undertaken on a timely basis to ensure that these systems can operate effectively in the future.

The results of the red opinion reviews to date will impact, but not qualify, our Head of Internal Audit Opinion for the year, and these highlight the need for continued review of the school's internal control environment to ensure that this is operating effectively in ensuring the effective utilisation of resources.

Other Matters

Planning and Liaison:

The timings for quarter three audits has been agreed for the majority of audits with management and audit planning sheets (scopes) have been issued.

Monthly meetings continue to be held with the Assistant Director - Finance and Audit, where progress against the plans, responses to draft reports and upcoming audits are discussed. In addition, we have continued to attend Risk Management Group meetings, together with regular attendance at Directorate SMT meetings to ensure that there is continued focus on Internal Audit issues within the Council.

Internal Audit Plan 2014/15 – Change Control:

Two proposed changes to timing of reviews been made to the Internal Audit plan since the previous Audit & Risk Committee are:

Action	Date	Agreed By
Delay the Educational Services review and Children's Services Procurement to Q4, as a result of uncertainty in relation to Children's services.	August 2014	Executive Director, Wellbeing

<p>We discussed this further with the AD Finance and Audit who suggested the Children's Services procurement review be undertaken in Nov/Dec 2014 to ensure the Council still has time to address any remaining issues prior to the year end.</p>		
---	--	--

APPENDIX A – SUMMARY OF PROGRESS AGAINST THE INTERNAL AUDIT PLAN

2013/14 Annual Plan (as at 11th September 2014 – note the table below only provides details of audit reports not finalised as at the time of the previous Audit and Risk Committee Meeting)

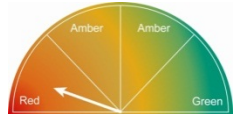
Assignment Reports finalised since the last RMG meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Customer & Community Services:					
Rent Accounts	Final Issued 15/7/14	RED	2	2	4
Payroll	Final Issued 11/09/14	AMBER GREEN	0	3	3
Resources, Housing & Regeneration:					
Contract Management Arrangements – Amey Plc	Final Issued 3/7/14	RED	3	4	2
Budgetary Control & Financial Reporting	Final Issued 10/7/14	AMBER RED	1	3	3
Asset Register	Final issued 10/09/14	AMBER RED	1	3	0
Risk Management	Final Issued 17/6/14	ADVISORY			
Schools:					
Our Lady of Peace Catholic Junior School	Draft issued 22/11/13	AMBER RED	1	6	2
St Ethelberts Catholic Primary School	Final Issued 30/6/14	RED	2	4	3
Claycots School	Draft issued 4/4/14	RED	2	5	5
Pippins School	Draft issued 11/4/14	AMBER RED	2	2	2
Cross Directorate Review:					
Follow Up Review	Final Issued 27/5/14	ADEQUATE PROGRESS	0	1	1

2014/15 Annual Plan (as at 11th September 2014 for quarters 1, 2 and 3)

Assignment Reports finalised since the last RMG meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Customer & Community Services:					
avarto phase 2 – IT& Customer Services	In Progress				
Data Security	In review				
Contract Management – Slough Community Leisure	Draft issued 26/08/14	ADVISORY	7		
Carbon Reduction Programme	In Progress				
Procurement	Commenced 8.9.14				
Purchase Cards	Commencing 29.9.14				
Direct Payments	to start in September 2014				
avarto performance management	Commencing 3.12.14				
Council Tax	Commencing 12.11.14				

Assignment Reports finalised since the last RMG meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Housing Benefit	Commencing 19.11.14				
Rent Accounts	Commencing 26.11.14				
Business Rates	Commencing 23.12.14				
Wellbeing:					
Troubled Families Review (May claim)	Final Issued 31/7/14	ADVISORY	-		
Troubled Families Review (August claim)	In Review				
Children's Services – Access to Records	Commencing 6.10.14				
Educational Services – Contract Management Arrangements	Commencing 27.10.14				
Safeguarding Operating Model	Commencing 24.11.14				
Chief Executive:					
Lone Working Procedures	Draft Issued 29/7/14	AMBER RED	1	4	3
Governance	Commencing 14.10.14				
Resources, Housing & Regeneration:					
Data Quality	Draft Issued 11/09/14	RED	3	5	1
Contract Management Arrangements – Atkins	In Review				
Schools Financial Value Standard	Draft Issued 4/8/14	ADVISORY			
Budget Setting inc Savings Plan	Final Issued 17/7/14	GREEN	0	0	2
Risk Management	Commencing 17.11.14				
Housing Arrangements	Commencing 6.10.14				
Contract Management Arrangements - Amey Plc Follow up	Commencing 3.11.14				
General Ledger	Commencing 17.11.14				
Cash Collection	Commencing 4.12.14				
Treasury Management	Commencing 8.12.14				
Income and Debt Management	Commencing 10.12.14				
Capital Expenditure	Commencing 15.12.14				
Budgetary Control and Savings Plans	Commencing 12.12.14				
Creditors	Commencing 17.12.14				
Schools:					
Holy Family Catholic Primary School	Final Issued 4/6/14	RED	2	5	2
Chalvey Early Years Centre	Draft Issued 22/5/14	RED	3	3	5
Wexham Court Primary School	In Review				
St Mary's CE School	In Review				
Khalsa School	In Review				
St Antony's Catholic Primary Care School	Commencing 24.9.14				
Our Lady of Peace Catholic	Commencing 30.9.14				

Appendix B – Key Findings from Red and Amber Red rated reports

Assignment: Contract Management – Amey Plc 23.13/14	Opinion: Red		
<p>Design of control framework</p> <p>We identified weaknesses in the design of the control framework which resulted in one high and two medium priority recommendations:</p> <ul style="list-style-type: none"> The high level Management accounts provided by Amey Plc. to facilitate the validation process of the profit share were not suitable to perform detailed analysis and therefore the Council could be failing to receive all relevant income if the provider had potentially understated their profits. (Medium) Based on the equation used in practice by the Council and the provider, our sample testing of the indexation applied to the Street Cleansing Contract (in determining the yearly price of the contract) identified an excessive uplift between 2005/06 and 2006/07. This increased the costs by £42,850 (in total for both years) and given the existing value is utilised to calculate all future year values (paid by the Council to the contractor). Evidence was available to demonstrate discussions on the uplift. However, there was no documentation available to verify the approval of these rates above the indexation. If the uplift was not appropriate then this has had an adverse effect on the subsequent fees to the sum of £61,458 up to the year end 2013/14. (High) No audit trail was maintained for the inspection of scheduled work completed by the provider. We were informed approximately 10% is checked due to the contract being set up as a self-monitoring contract. However, there is a reliance on complaints to inform poor performance. For unscheduled work sample testing identified that 14 out of 18 invoices were paid without a suitable audit trail to verify completion of the service. If confirmation of completion of works has not been obtained the Council could incur expenditure for works that have not been completed. Although it is noted that the works is through a self-monitoring contract, given the financial value of this contract it cannot be presumed to offer value for money without an appropriate level of validation of works in operation. (Medium) <p>Application of and compliance with control framework</p> <p>We identified the following weaknesses where the above controls were not adequately applied and complied with which resulted in two high and two medium priority recommendations:</p> <ul style="list-style-type: none"> An electronic version and hard copy of the signed contract was held by the Environmental Services department. However, neither copy included all schedules and appendices. The Council could be failing to receive the correct level of service without a final, signed version of the full contract from which the Council can effectively monitor the services received. We were informed that enquiries had been made with the service provider. However, given the acquisitions that had occurred throughout the lifetime of the contract this had not proven successful in obtaining a copy of the complete contract. (Medium) The KPIs Data list did not reflect any annual targets. The only comparator was previous month's and year's performance and no RAG rating was utilised to conclude whether the output performance was considered acceptable. Without sophisticated systems used to highlight areas of agreed underperformance for which a claw back could be assigned, the Council may fail to direct suitable corrective actions to combat sub-optimal performing services provided by Amey Plc. and subsequently fail to receive value for money. (High) Benchmarking had not been undertaken for some years across the service lines. Without sufficient benchmarking completed, the Council do not have sufficient assurance that they have been receiving value for money and a high level of service across all service lines of the Environmental Service contract. (High) Furthermore, in light of the Medium Term Financial Strategy (MTFS) to deliver savings, the Council had not challenged the provider on their indexation uplifts in the last three financial years to negotiate whether a favourable rate could be applied to the contract uplifts rather than RPIX. Without challenging contractors on annual uplifts to attempt to negotiate more favourable rates the Council could potentially fail to deliver their MTFS. (Medium) 			
High Risk Recommendation(s):	Management Response	Date	Responsible Officer
The Performance Measurement System needs evolving to ensure the provider is	The Council have used APSE to benchmark	31 st December	Ian Coventry, Environmental

<p>monitored against a set of indicators that determine the quality of service and value the Council is receiving across all services within their Environmental Services contract.</p> <p>Performance reporting should include targets for data and utilise directional trend arrows and a RAG rating to enable users to more clearly identify any potential areas of adverse performance.</p>	<p>the Services provided under the Amey Contract on an annual basis.</p> <p>The initial work is complete (APSE benchmarking)</p> <p>The initial Benchmarking was completed early in 2014 and this is to be further refined following the next submission in August 2014 .Performance is reviewed at monthly liaison meetings and the PMS is an Amey document and requires joint input to identify relevant new indicators which are SMART and tie in with the targets set from the APSE benchmarking exercise</p>	<p>2014</p>	<p>Services Manager</p>
<p>The Council should ensure that regular benchmarking is undertaken and where there is scope to challenge the provider to reduce costs, this is acted upon in a timely manner and where this proves unsuccessful alternative providers are procured.</p>	<p>Benchmarking is underway (see above)</p> <p>Contractor is challenged on costs. Exclusivity clause needs to be adhered to by the Council before considering alternative providers.</p>	<p>31st January 14</p>	<p>All Service Managers</p>
<p>The Council should:</p> <ul style="list-style-type: none"> • Seek a reimbursement from the contractor where the incorrect indexation increases have been applied (considering the RPIX utilised in 2005/06 and 2006/07). • Introduce a robust control for checking the Indexation uplift figures, which are subject to independent review by a second Officer. <p>Please note we have only reviewed the street cleansing uplifts, these errors may apply to other aspects of this contract with Amey PLC and should be further reviewed.</p>	<p>A sign off on the inflation sum and figure shall be drafted with the appropriate procedures. Once clarified and confirmed by the AD: Finance & Audit then a copy of the confirmation shall be placed in the Contract & respective finance files'</p> <p>Procedures and sign off process in the <i>'Indexation & Profit Share Protocol Environmental Services</i></p>	<p>1st May 2014</p>	<p>Nicholas Hannon, Waste & Environment Manager</p>

	<p><i>Contract 2014-15_DRAFT document'</i> authored by Nicholas Hannon, following sign off on draft by Finance.</p>		
--	---	--	--

<p>Assignment: Rent Accounts (36.13/14)</p>	<p>Opinion: Red</p>	
--	---------------------	---

Effectiveness

From 30th September 2013 to 30th December 2013, rent collection performance has remained above the rent collection performance target of 97.5% However, as at the 13th January 2014 the rent collection was at 97.36%

For the period spanning 2nd December 2013 to 21st January 2014, the number of households in arrears above £500 and below £750 increased from 181 households to 215 households. Despite such increases, at the time of our review, we were aware that due to structural changes in the service, the Head of Place Shaping alongside a dedicated project lead were due to establish a remedial action log and identify measures to reduce the increase in arrears in excess of £500. The Council is failing to receive income with increasing arrears and this income could become irrecoverable if it is not appropriately managed. Given the impending action plan, no recommendation has been raised in this instance.

Design of control framework

We identified one weakness in the design of the Rent Accounts Control Framework which resulted in a low priority recommendation that is expanded on further within the Action Plan and Findings and Recommendations sections that follow.

Application of and compliance with control framework


We identified the following weakness in the application and compliance of the Rent Accounts control framework which resulted in **two high priority** and **two medium priority** recommendations:

- In a sample of 25 Tenancy Agreements we found that the weekly charge as per the agreement was understated in five instances on the Capita system to a collective weekly sum of £18.81 for which the Council is failing to collect income. If this error was extrapolated across all properties/garages the Council could potentially be failing to collect £345,589 per annum. **(High)**
- Supporting documentation had not been retained for variances for reconciliations performed between the Capita system and the Housing Benefits system. Without retaining such documentation, arvato/Council management may be unable to identify if any variances are inappropriate. **(Medium)**
- Prompt rental recovery reports with decisions to reject arrears of over £500 were not reviewed by Rent Recovery Officers. If Prompts reports containing all rejected actions for arrears above £500 are not reviewed by the Arrears and Investigation manager/ Team Leader, arrears owing to the Council may fall irrecoverable. This was also an issue identified within our 2012/13 review of Rent Accounts. **(High)**
- Sample testing of refunds identified instances where requests were not date stamped (two instances) and not processed in a timely manner (a further three instances). The Council's reputation could be adversely affected if prompt refunds are not processed. **(Medium)**

We also identified a further four weaknesses which resulted in low priority recommendations that are expanded on further within the Action Plan and Findings and Recommendations sections that follow.

High Risk Recommendation(s):	Management Response	Date	Responsible Officer
The Council should undertake a reconciliation between weekly rental charges for Tenants on the Capita System and weekly rental	Agreed that this was a pressing matter that required addressing.	July 2014	Housing & Environment Services.

<p>charges as per Tenancy Agreement forms and investigate and correct where necessary the discrepancies that exist and request further payment from Tenants where necessary.</p>	<p>This will form as part of the Housing & Environmental Services Department 'Sign Up' Review. The Council endeavours to complete the 'Sign Up' Review in the next six months.</p>		
<p>The Council should ensure that the monitoring of Recovery Officers' decisions over £500 should be reviewed by Rent Recovery Officers so that arrears do not become irrecoverable.</p>	<p>Accepted. Customer & Business Support Manager agreed this was a pressing issue that required addressing. This matter is now being monitored by the Income Project Manager and officers actions monitored via BI Queries.</p>	<p>With intended immediate effect, but by July 2014</p>	<p>Arrears and Investigation Manager</p>

<p>Assignment: St Ethleberts Catholic Primary School (40.13/14)</p>	<p>Opinion: Red</p>	
---	---------------------	---

Design of control framework

We identified the following weakness in relation to the design of the School control framework which resulted in **two medium** priority recommendations:

- On reviewing the School's Finance Policy Scheme of Delegation we noted it did not state the authorisation requirements for disposals and write offs below £250. If the authorisation requirements for disposals and write offs below £250 are not clearly reflected in the School's Finance Policy Scheme of Delegation, items of equipment may be incorrectly disposed of or written off without receiving appropriate prior authorisation. **(Medium)**
- The annual inventory check had been performed by the School in July 2013, but had not been reviewed by an appropriate level of authority i.e. the Headteacher in line with the School Finance Policy. Furthermore, although discrepancies were identified by the School Site Controller in performing the inventory check, there was no evidence discrepancies had been reported and reviewed by an appropriate level of authority. If inventory checks and discrepancies identified are not reviewed by an appropriate level of authority, there is a risk that the School may fail to confirm if assets are still in the School and functioning appropriately. **(Medium)**

We also identified further weaknesses in relation to the design of the School control framework which resulted in **three low** categorised recommendations, which are expanded upon further within the Action Plan section below.

Application of and compliance with control framework

We identified the following weakness in relation to the application and compliance of the School control framework which resulted in **two high** priority recommendations:

- Sample testing of ten invoices processed in the current financial year 2013/14 found that in nine out of ten instances for purchase values above £1,000, but below £10,000 had not obtained competitive quotations for the purchase ordering of goods and services from suppliers in accordance with the School Finance Policy. Without obtaining competitive quotations prior to receipt of goods or services, the School cannot guarantee

<p>it is receiving value for money and quality in the goods or services received. (High)</p> <ul style="list-style-type: none"> In all ten invoices sampled a delivery or goods received note had not been retained by the School. We noted that all ten invoices had not been annotated to state that goods or services had been checked and received by separate staff to those originally raising purchase orders. If delivery or goods received notes are not retained or invoices annotated as goods and services checked as received by separate staff to those originally raising purchase orders, payments may be inappropriately made for goods or services that have not yet been received by the School. (High) 			
High Risk Recommendation(s):	Management Response	Date	Responsible Officer
<p>No orders of goods or services for a value above £1,000 should be made prior to obtaining a quotation. The quotation should be attached to the invoice and the purchase order for filing.</p>	<p>Yes, The School Finance Policy has been amended to state that competitive quotations will be obtained on goods over £3,000.</p> <p>In explanation of some of the nine instances PT/STE048 was for a server and our IT Contractor would have sought quotes for us. SLEIN/35016786 was for schools meals we purchase under central contract SLA. 13787 was for supply teachers, we do seek quotes from a number of Teaching Supply companies but it does depend on availability of supply staff. 445 was an annual subscription for software used by pupils. In many cases in the education sector there is only one provider, e.g. software.</p>	<p>June 2014.</p>	<p>Interim Executive Board (IEB)</p>
<p>All delivery notes should be attached to invoices for filing. When goods do not have a delivery note, the invoice must be annotated as goods or services checked and received.</p>	<p>Yes, The school have plans to implement a segregation of duties in respect of order and checked receipt of goods and this will be detailed in the Finance Policy.</p>	<p>June 2014</p>	<p>Sarah Murphy (Headteacher), Diane Wilson (Bursar).</p>

<p>Assignment: Budgetary Control including Savings Plans Monitoring (45.13.14)</p>	<p>Opinion: Amber Red</p>	
<p>Design of control framework</p> <p>Testing undertaken during this review identified three significant issues with the design of the control framework which have resulted in one high and one medium priority recommendations;</p> <ul style="list-style-type: none"> Review of the Financial Procedure Rules found that the rules around the authorisation of budget transfers (Virements) were deemed to not be practical. Testing undertaken later within this review found that there were serious compliance issues with this control. There is a risk that there is not sufficient guidance available to ensure that each virement receives the appropriate level of scrutiny. (High) As part of the quarterly Finance and Performance Report, each service provides an update of their performance against their 2013/14 savings target. Prior to 2013/14 there was no clear monitoring of the Savings Plan and a monitoring mechanism has been introduced. However, this only provides high level commentary on the Directorate or Services expected performance against the Savings Plan. There is a risk that if the savings plan is not monitored in sufficient detail that any adverse performance could have a detrimental effect on the achievement of the overall budget. (Medium) 		

Recommendations to resolve these issues and a further low priority recommendation have been made and are fully detailed within the Action Plan and Findings and Recommendations sections that follow.

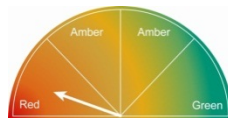
Application of and compliance with control framework

Testing undertaken during this review identified one significant issue with the application and compliance with the control framework which resulted in a **high** priority recommendation which has been consolidated within the high priority issue raised above.;

- Testing undertaken on 25 virements found that 15 had not been authorised in line with the financial procedure. Of these, 11 related to funding for schools, and a further 4 virements, in line with the Council's Financial Procedures, should have been presented to Cabinet and the Council for approval. We acknowledge that the procedure in practise is not reflected by the financial procedure and therefore there is a risk that inappropriate budget transfers are being undertaken which could be used to hide adverse performance which could result in a financial loss to the Council. **(High – consolidated above)**

Recommendations to resolve these issues and three low priority recommendations have been made and are fully detailed within the Action Plan and Findings and Recommendations sections that follow.

High Risk Recommendation(s):	Management Response	Date	Responsible Officer
<p>The Council should review their authorisation requirements for virements and consider whether authorisation from all currently listed individuals are appropriate.</p> <p>On revision of the Financial Procedure Rules to include these changes, the Council should ensure that where appropriate the document states the Section 151 Officer rather than the Strategic Director of Resources, Housing and Regeneration.</p> <p>As part of this, consideration needs to be given in relation to how schools funding virements are approved.</p>	Agreed – will review for next Constitution review	October 2014	Barry Stratfull
	Already updated	Completed	n/a
	Agreed - will review for next Constitution review	October 2014	Barry Stratfull
	Agreed – revised format and instructions to be issued	August 2014	Barry Stratfull

Assignment: Holy Family Catholic Primary School (2.14/15)	Opinion: Red	
--	--------------	---

Design of control framework

We identified the following weaknesses in relation to the design of the School's control framework, which resulted in **three medium priority** recommendations:

- The School asset register did not include the value of items of equipment or the date of acquisition. The make/model and serial number for certain items of equipment were not fully completed on the asset register. Without holding complete information for the School's assets it may be unable to identify the value of goods for insurance purposes in the event of loss. **(Medium)**

- A formal authorisation was not provided for equipment disposed of during the 2013/14 financial year. Without a formal report being presented to the Headteacher for authorisation, items of equipment may be disposed of inappropriately. **(Medium)**
- The Headteacher confirmed that staff members within the school do not have access to the Finance Manual and Schedule of Financial Delegation. If the documents are not communicated to staff members inappropriate processes may be followed if staff are unaware of the formal up to date procedures. **(Medium)**

We identified a further weakness in the design of the Control Framework which resulted in one low priority recommendation. This is detailed further in the Action Plan Section below.

Application of and compliance with control framework

We identified the following weaknesses in the application of and compliance of the School’s Control Framework, which resulted in **two high** and **two medium** priority recommendations:

- In eight out of ten sampled invoices, purchase orders were raised after the invoice date by the School. This may result in the School making orders with suppliers without adequate budgetary provision to pay for committed expenditure. **(High)**
- In eight out of ten sampled invoices, the School did not retain delivery notes or annotate invoices to state that goods had been checked as received. Without evidence of confirmation that the school has received the goods or services prior to payment; the School may inappropriately pay for goods or services that have not been received. **(High)**
- Of the sampled ten employees two did not have individual staff contracts in their employee personnel files and another two did not have a completed ‘new employee details form’ in their personnel files. Without holding employees’ contracts of employment and new employee details forms on School personnel files, there is a risk that the school will be unable to clarify employment conditions in the event that there is a dispute with the employee. **(Medium)**
- The School had not conducted a DBS re-check on an employee in the three year timeframe stated within the School’s policy and as recommended by the Council. Children and staff welfare could be jeopardised if the School does not conduct regular re-checks and fails to identify and manage any potential disclosures. **(Medium)**

High Risk Recommendation(s):	Management Response	Date	Responsible Officer
The School should ensure that all purchase orders are raised prior to making orders with suppliers for goods and services.	Agreed	30 th June 2014	Christine Condron (Finance Officer)
Payments should not be made for invoices prior to receipt of delivery notes are not available or confirmation that goods have been received by the School by annotating the invoice with ‘goods or services checked and received’ prior to a payment being made.	Agreed	30 th June 2014	Christine Condron (Finance Officer)

Assignment: Asset Register (2.14/15)	Opinion: Amber Red	
---	--------------------	---

Design of control framework

The following weaknesses in the design of the control framework were identified resulting in one high and three medium priority recommendations:

- Although the Council had procedures relating to the Asset Register, for instance system procedures, it did not have a procedure in place that clearly outlined the roles and responsibilities of the different teams involved in ensuring that the asset information within the Council is accurate and up to date. Without a clear procedure the Council may fail to appropriately communicate information between teams resulting in inaccuracies on the Asset Register. **(High)**

- Review of the 2012/13 reconciliation confirmed that discrepancies were identified between the asset register and the oracle system for land and buildings (£3,596k), PPE under construction (£9.7k) and surplus assets (-£416k). A journal was raised at the time and work was carried out during the year to make the necessary adjustments to ensure consistency between the ledger and the asset register. The reconciliation did not contain the supporting evidence to provide information to explain the discrepancies in the reconciliation. In addition although the reconciliation was sent to the Financial Controller there was no evidence to confirm that this had been reviewed and confirmed as accurate. Without a clear trail of supporting documentation and an independent peer review the Council may fail to identify and correct errors in the accounting systems. **(Medium)**
- The Council did not have a process in place where data in Land Terrier was reconciled against the Asset Register to confirm consistency and accuracy of assets held within the Council. Without a reconciliation between the Asset Management system and the Asset Register the Council may have an inconsistent record of assets and therefore inappropriately request revaluations on assets that are no longer owned by the Council. **(Medium)**
- The Council had 19 properties under construction. Review identified that there was an inconsistent method followed in the valuation of assets under construction as nine were valued at £0 while the remaining assets had a cumulative value of £5.7m based either on valuations carried out or transactions made on the cost code to date. Without a consistent method of valuing assets the Council may fail make decisions on inaccurate information. **(Medium)**

Application of and compliance with control framework

We did not identify any instances where the adequately designed controls stated above were not appropriately applied and complied with.

High Risk Recommendation(s):	Management Response	Date	Responsible Officer
<p>Recommendation restated: The Council should establish an Asset Management Procedure that clearly outlines the responsibilities of all involved departments and staff. The procedures should clearly outline:</p> <ul style="list-style-type: none"> • How to identify assets; • Responsibility of staff in reporting new assets and disposals to the finance team, the legal team and the asset management team; • Documentation to be held for assets owned by the Council; • Responsibility in recording all assets into the Land Terrier and • Timeliness and responsibility of reconciliations between the asset values in the asset register and the general ledger; • Timeliness and responsibilities for all involved teams within the asset revaluation process and updating of results. <p>The policy and procedure should be approved by the Council and communicated across all directorates.</p>	<p>Agreed; All reports to Cabinet now include a property section so this enables better monitoring and awareness of acquisitions and disposals</p>	<p>November 2014</p>	<p>Stephen Gibson, Investment and Regeneration Manager Andrew Pate, Senior Accountant</p>

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to our Client on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Baker Tilly Risk Advisory Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

© 2013 Baker Tilly Risk Advisory Services LLP

This page is intentionally left blank

Corporate Risk Register

9 September, 2014



Risk Ref	Nature of Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0033	Failure of partnership working	Government Public Sector reforms Financial Pressure on various public sector services	Lack of joined up working, leading to greater inefficiencies Lack of assistance an co-operation between public bodies and the Council increases public service risks	16 - Very High	Ensuring representation on key boards e.g. Wellbeing Board Utilising joint funding opportunities wherever possible	12 - High	Maximising financial benefit and managing risk through Better Care Fund Alan Sinclair	6 - Medium
ORG0021	Delivering Balanced Budgets	National Government's continued sustained reduction in public sector expenditure via Spending Review Government's funding of policy changes towards Adult Social Care and Local Economic Partnerships Government's welfare reform programme Government's reforms to Business rate retention	Continued reduction to the Council's budget leaving to increased levels of service reductions and organisational wide transformation The requirement for balanced corporate strategy that seeks to address the needs of vulnerable individuals whilst ensuring appropriate levels of service provision for the universal services Impact on Council Tax collection rates and / or higher take up of Council Tax Support leading to in year budget pressures Impact on achieving levels of fees and charges Reduced income due to Businesses moving away from Slough / increased level of demolitions of business buildings In year overspend leading to depletion of Council reserves and / or an increase to Council Tax the following year	20 - Very High	Requirement to set a balanced budget Regular reports to senior officers and members on the Medium Term Financial Strategy (MTFS) progress Regular in year budget monitoring to forecast the impact on general reserves Creation a 'financial volatility reserve' to buffer the impact of reduced Business Rate / CTX income or to re-profile savings programmes Ensuring that General Fund reserves are at least the minimum level set	15 - Very High	Balanced MTFS with identified savings areas over the life of the strategy Joseph Holmes Transformation Programmes for services to reduce costs and improve service delivery Joseph Holmes Regular collection rates and income monitoring Joseph Holmes 30/01/2015	10 - High

Risk Ref	Nature of Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0024	Failure to Manage Service Disruption	<p>There was an issue around the lack of Business Continuity Plans. These plans and the management of these plans are required to ensure that in the event of an "emergency" that the council and its suppliers maintain at least a minimum of service.</p> <p>A Business Continuity Working Group has been set up and the business critical services have been identified.</p> <p>The Business Continuity Plans have been submitted to CMT and approved</p>	<p>The lack of a robust business continuity plan that has been communicated to all that are involved could mean that in the event of an unexpected incident the Council or its contractors are unable to provide the required services. This would result in negative publicity and possibly put vulnerable service users at risk</p>	12 - High	<p>Business Continuity Plans have been submitted to CMT for approval.</p> <p>A Business Continuity Working group has been set up with representatives of all departments. This group is used to inform the plans and will continue to meet to update the plans as and when required.</p> <p>Provision of new Disaster Recovery capacity for the Council is included as a Project under the Transactional Services Phase 2 Service Improvement Plan.</p> <p>It has been provisionally costed by arvato and is funded from a capital bid</p> <p>All BIA's have been reviewed.</p> <p>Key service criteria been established for IT and accommodation, key suppliers identified</p> <p>We have shared our plans with Avarto</p>	6 - Medium	<p>Identification of realistic Recovery time Objectives Simon Pallett 30/09/2014</p> <p>Implementation of Disaster recovery Capacity Simon Pallett 31/03/2015</p>	6 - Medium

Risk Ref	Nature of Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0031	The Financial Impact of Demographic change	<p>Demographic Change</p> <p>Many factors may affect the population of Slough and generally this leads to an increase in the resident population.</p> <p>An increase in the population puts pressure on the vast majority of the services offered by the Council</p> <p>Schools places strategy</p>	<p>Housing: increase in demand for housing including temporary housing, and increases pressure on those regulating Housing standards</p> <p>Benefits: There are more people claiming benefits via the Council</p> <p>Education: An increase in population may have the affect of skewing the estimates of population made and therefore leading to a short fall in school place.</p> <p>Waste Disposal: An increasing population leads to more demand for waste disposal</p> <p>Education: Increased demand for school places and through increased children's social care and SEN costs</p>	9 - High	<p>Housing performance information</p> <p>Benefits caseloads monitoring</p> <p>School places project</p>	9 - High	<p>Creation of Free schools</p> <p>Jane Wood</p> <p>Waste Strategy</p> <p>Nick Hannon 29/08/2014</p>	3 - Low

Risk Ref	Nature of Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0034	Loss of IT / Communication facilities	<p>Delivery of an ICT function that is robust and has the capacity to meet the needs of the organisation.</p> <p>There is a staff /skills capacity issue which is affecting the section's ability to respond to the Council's Transformation and Change agenda and it's ability to deliver the ongoing IT programme of work.</p> <p>A full Disaster Recovery Plan is required for the Council's IT systems.</p> <p>There are a number of bespoke IT systems that require specialist niche skills to support and that are unable/costly to interface with each other.</p> <p>The Council's SAN is approaching full capacity due to an extraordinary growth in storage of data. The Council needs to procure a new SAN in order to cope with future demand. The Council's capacity to rollout DIP in support of the Accommodation Strategy is diminished due to this lack of storage space.</p>	<p>Information Commissioner will criticise and possibly impose fine Increased vulnerability to staff and clients Damage to reputation</p>	16 - Very High	<p>Council policies to be finalised and distributed to staff after approval from Info Governance Board.</p> <p>Mandatory Information Security E Learning module to be completed by all staff (SBC & avarto) and Members with annual refresher) It infrastructure improvement plan in place. avarto responsibility to upgrade systems and server network. Governance board established monthly meeting to be held to review progress.</p> <p>Procurement process initiated. In process of evaluating tenders. avarto looking to provide interim solution.</p> <p>The IT Strategy (incorporating IT Governance) was approved by CMT and published on July 18th. Bid for additional fixed term resource to tide over period of high transformational activity IT Governance Board to review and prioritise and control the size of the program</p>	8 - Medium	<p>Council policies to be finalised and distributed to staff after approval from Info Governance Board.</p> <p>Roger Parkin 31/03/2014</p> <p>SAN to be commissioned</p> <p>Roger Parkin 29/08/2014</p>	6 - Medium

Risk Ref	Nature of Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					Transfer responsibility for delivery of service to avarto ensuring required service is fully defined and KPIs set to measure performance. ICT Service specification 95% complete KPI's defined Financial info shared awaiting for first costed proposal 24th May 2013			
ORG0035	Adult Social Care Safeguarding	Serious safeguarding, public protection or other failure. Adult Safeguarding Board is going through a period of development in order for it to provide a strong governance for Safeguarding in Slough and in preparation for the incoming (draft) Care and Support Bill in which Statutory Partners will have a duty to co operate. In order to deliver effective safeguarding, agencies need to work within a context of agreed policies, procedures and practice and share information which informs the quality of care provision in Slough.	Serious failure in safeguarding has a devastating effect on the individual and the community and undermines organisational credibility	12 - High	Governance via Safeguarding Adults Board Business Plan - oversight of delivery via new Executive Group Enhanced care governance group Team put in place in 2013 to implement new ways of working.	8 - Medium	Safeguarding Action Plan Alan Sinclair 31/10/2014	3 - Low

Risk Ref	Nature of Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0037	Statutory & Regulatory Change	<p>The Government has introduced a raft of Welfare Reforms including universal credit, limiting benefit paid to allow for one bedroom per person in a household</p> <p>Impact of Governments reforms to Adult Social Care through Care Act 2014 and through the direction of the Better Care Fund</p>	<p>The current welfare reforms could lead to increased levels of poverty and debt amongst those claiming benefits tempting hard pressed families to go "loan sharks" increasing the spiral of poverty. It could also lead to increased levels of Housing Rent debt as benefit is paid to the claimant rather than the landlord. The reforms may also lead to London Borough's placing homeless people in Slough, thus reducing the capacity for Slough's own homeless persons, an increase in bed and Breakfast accommodation costs, and overcrowding in cheaper but smaller properties.</p> <p>There is thought to be an increased risk of fraud with the introduction of the universal credit IT system</p> <p>Increased pressure on the Welfare Rights section.</p> <p>Increased number of social care users and associated costs to the Council</p>	16 - Very High	<p>Pro Active measure by Welfare Unit</p> <p>Influencing the use of the Better Care Fund through working with partners</p> <p>Modelling the impact of the care Act on the social care services</p>	12 - High		12 - High

Risk Ref	Nature of Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0039	Contract Management	<p>Internal audits completed in 2013 identified that there are weaknesses in the Councils contract management arrangements. As a result some contracts are not adequately performance managed The latest internal audits on Procurement have been RED</p> <p>Copies of contracts are not always available and are not kept in a central repository. The system for amending contractor details or recording contractual changes is not sufficiently robust</p> <p>Copies of contracts are not always available and are not kept in a central repository. The system for amending contractor details or recording contractual changes is not sufficiently robust</p>	<p>Contractors/contracts are not monitored effectively. Contracts can not always demonstrate that they deliver Value for Money Copies of contracts mislaid and unable to be referred to in the event of a dispute with the contractor</p>	16 - Very High	<p>Action plans have been published for the audits and have recommendations for action . These have been allocated and assigned to the relevant Assistant Directors i.e. avarto – Neil Aves There are further action plans for Atkins which requires immediate attention avarto currently have a procedure in place for dealing with supplier request to change bank details. Procurement Business Case form to act as a mechanism to capture key details The draft Procurement Operating Procedures should be updated to reflect the process adopted for a request to a change to supplier Atkins audit finalised</p>	8 - Medium	<p>A procedure should be established to include guidance on assessing the risk related to contracts Julie Pickering 30/09/2014</p> <p>Those contracts defined as 'most strategic' should have stringent procedures defined to enable the contracts to be effectively m Julie Pickering 30/09/2014</p> <p>Training has already commenced and needs to continue Julie Pickering 30/12/2014</p> <p>The Council should prioritise the implementation of information gathering for its major contracts Julie Pickering 22/12/2014</p> <p>Legal Services should then be responsible for holding all original contracts and providing an electronic version to those charge Amardip Healy 30/06/2014</p> <p>The Council should run reports from their finance system on new suppliers Joseph Holmes 30/06/2014</p> <p>Finalise Amey contract management audit and confirm corrective actions and time scales Neil Aves 25/04/2014</p>	6 - Medium

Risk Ref	Nature of Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
ORG0040	Children's Services Risks	<p>Following the 2013 OFSTED inspection into Safeguarding where the Council were rated inadequate for the provision of Children's Services, a letter was issued from the DfE suggesting that the provision of children's services would be removed from the Council.</p> <p>The Government has clearly signalled their intent to move Children's Social Care away from the Council's direct management.</p>	<p>Greater pressure is put on all other Council services through having to make higher levels of saving on a much lower overall budget base</p> <p>The Council loses control over the delivery of this service.</p> <p>The council will need to re-organise its support services as these may also be transferred; this could lead to less resilience</p> <p>There is a strong possibility that once the service is delivered by a third party it may be a long time before it comes back "in-house"</p> <p>The transfer may be complicated by the fact that parts of the wider children's service provision has been outsourced to Cambridge Education</p> <p>In the time and the actual transfer the delivery of the service may suffer due to loss of staff and staff morale.</p> <p>Reputational damage to Council, Members, and staff</p>	20 - Very High	Influence the DfE through representations over the timescales and scope of the potentially transferred services	20 - Very High	<p>Ensure that through representations with the DfE, costs to the local taxpayer of transition are minimised and there is focus on improvement</p> <p>CMT 31/10/2014</p> <p>Need to establish a transition team to manage the move of this service to another provider with minimum disruption to the service</p> <p>CMTs 30/09/2014</p>	16 - Very High

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Risk Committee **DATE:** 23rd September 2014
CONTACT OFFICER: Joseph Holmes; Assistant Director, Finance & Audit & s151 Officer
(For all enquiries) (01753) 875358
WARD(S): All

PART I
FOR INFORMATION**FINANCIAL & PERFORMANCE REPORT – QUARTER 1 2014-15****1 Purpose of Report**

- To provide Members with the latest forecast financial information for the 14-15 financial year.
- To summarise the Council's performance against the balance scorecard indicators to date during 2014-15
- To summarise the Council's performance on 'Gold' projects during 2014-15
- To identify any changes to the Council's capital programme

2 Recommendation(s)/Proposed Action

The Committee is requested to note that the following aspects of the report:

- a) Recommendations to Cabinet meeting on 15th September 2014 to resolve the following changes to the capital programme:
 - ii) Investment of £50k in the Municipal Bonds Agency
 - ii) Increasing the budget for an Extra Care Housing scheme over the existing budget in 2014-15 by £400,000 and £500k in 2015-16, with £805k of funding coming from Adult Social Care grant
 - iii) Inclusion of a previously approved traffic light scheme that was funded from a revenue reserve to be included in the capital programme
 - iv) Cabinet is requested to approve the virements and write offs contained within this report
- b) To note the transfer of funds from the NHS to the Council in respect of the Better Care Fund
- c) To note the current financial forecast position, balanced scorecard and update on Gold projects.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Corporate Plan**

The Slough Joint Wellbeing Strategy (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

3a. **Slough Joint Wellbeing Strategy Priorities)**

The report indirectly supports all of the Community Strategy priorities and cross cutting themes. The maintenance of excellent governance within the Council to ensure that it is efficient, effective and economic in everything it does is achieved through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

Corporate Plan 2013/14

The report helps achieve the Corporate Plan objectives by detailing how the Council has performed against its priority outcomes, as evidenced in the performance balanced scorecard and Gold projects reporting, and in delivering the Council's budget in line with the approved budget.

4 **Other Implications**

(a) Financial

The financial implications are contained within this report.

The one specific item to bring to Members attention is the increase to the capital budget. Per the Council's constitution (part 4.6, section 7) any increase to the capital programme over 10% or £250,000 of a current scheme must be approved by Cabinet subject to the following three items. These have been considered to show that these respective approvals have occurred:

<i>Constitution</i>	<i>Investment in Municipal Bonds - £50k</i>	<i>Increase of existing extra care housing capital budget</i>	<i>Inclusion of traffic light scheme</i>
<i>1) No increase to the underlying revenue cost of the capital programme</i>	<i>Agreed – funded by the anticipated returns to the Treasury Management strategy and the risk mitigation around any losses to the £50k such as the agency having raised its expected capital requirement to create the agency</i>	<i>Agreed – funding to be sourced from ASC grant funding of £805k of the total £900k. The residual £95k will be added to the capital programme for 2015-16 for approval</i>	<i>Agreed – funding already in place; no increase in borrowing as capital programme is forecast to be 80% spent as so the revenue budget envelope for the programme will not be exceeded. Also mitigated by</i>

			<i>utilising the existing revenue reserve is required.</i>
<i>2) approved by CSB, s151 officer and commissioner</i>	<i>Agreed</i>	<i>Agreed</i>	<i>Agreed</i>
<i>3) Is reported to Cabinet</i>	<i>This report</i>	<i>This report</i>	<i>This report</i>

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal		
Property		
Human Rights		
Health and Safety		
Employment Issues		
Equalities Issues		
Community Support		
Communications		
Community Safety		
Financial – extra care housing	Nomination rights to the extra housing scheme	Revenue savings in future years via Extra Care housing of £500-600k per annum to be included in the MTFS
Municipal bonds agency		
Timetable for delivery		
Project Capacity		
Other		

(c) Human Rights Act and Other Legal Implications

None

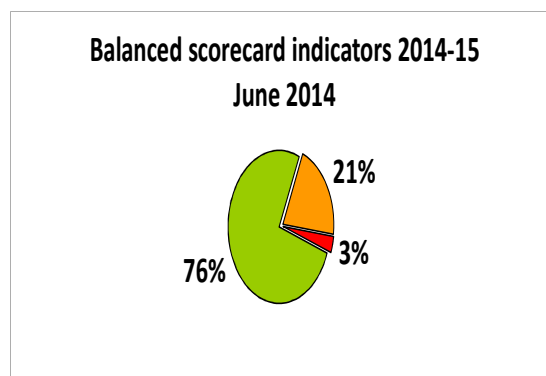
(d) Equalities Impact Assessment

There is no identified need for the completion of an EIA

5 Supporting Information

5.1 The Council is forecasting overspend of £0.98m as at month 3. Without remedial action this will have a significant impact on the Council's General Reserves. However, at this stage of the year the Council should be able to take appropriate action to ensure that this position is mitigated in full or in part by the end of the financial year. This is a deteriorating position compared to month 2 when the Council reported potential £0.6m overspend. The main area showing budget variances is the Adult Social Care and Health Partnerships with a forecast overspend of £595k. In period 2 this service area was predicting a breakeven position. The Council is anticipating spending 80% of its revised capital programme for 2014/15.

5.2 The latest position for the Council's balanced scorecard demonstrates that at the end of June 2014 the Council's performance is as below:

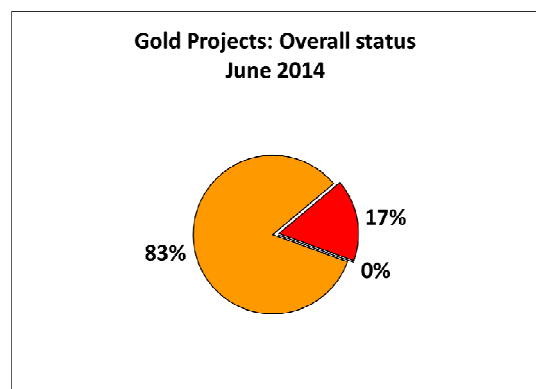


5.3 Key areas of noteworthy concerns flagged as 'Red' status are:

- Percentage of Single Assessments completed and authorised within 45 working days (in month).

5.4 One new indicator was added this month to the Council's balanced scorecard for 2014/15. Number of families placed in Bed & Breakfasts (B & B's).

5.5 The summary of the six Gold projects as at June 2014 indicates that the overall status of five have been assessed as **Amber** and one as **Red**. None have been assessed as **'Green'**.



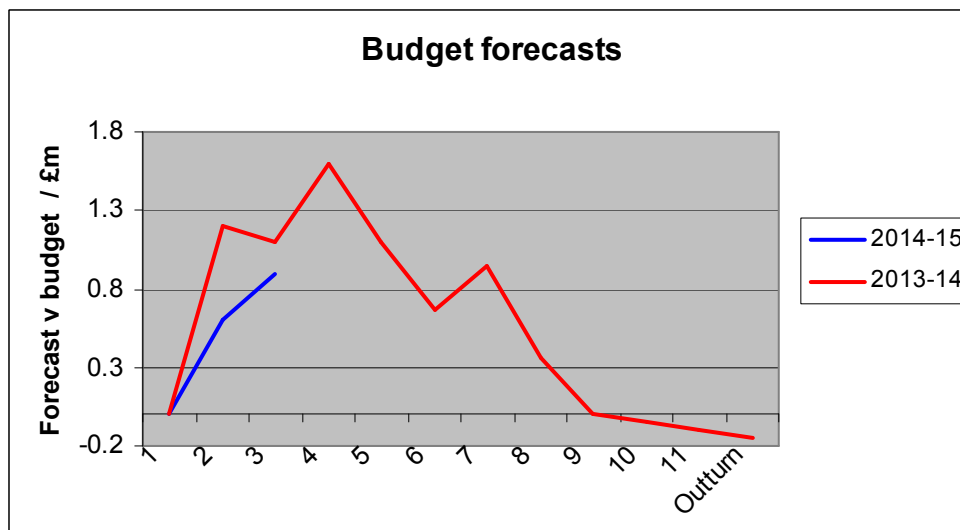
Executive Report

6 Introduction

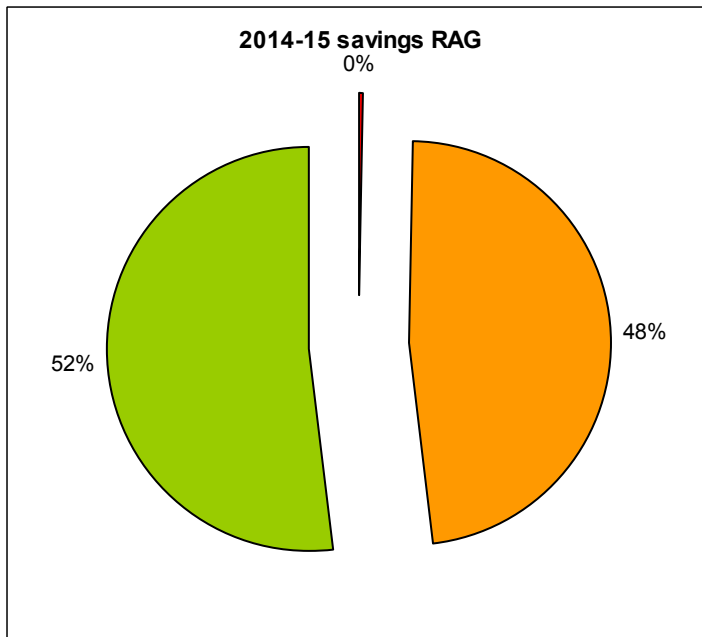
- 6.1 This is the first report to the Committee for the 2014-15 financial year in respect of the financial and performance position of the Council

7 Financial Performance

- 7.1 The Council is forecasting overspend of £0.98m as at month 3. The main service areas showing variation from budget is Adult Social Care and Health Partnerships.



- 7.2 As at June 2014 the Customer and Community Services Directorate is forecasting an over spend position of £233k, predominantly due to re-profiling in the savings target for Phase 2 of the arvato contract with £200k of the Medium Term Financial Volatility reserve to be utilised at year end to smooth out the profile of the arvato phase 2 savings.
- 7.3 The Regeneration, Housing and Resources Directorate is forecasting an over spend position of £24k. This is due to a mix of increases in premises running costs for the corporate buildings, pressures within Asset Management partially offset by increased recharges on capital projects, and early savings from an 'Invest to Save' project.
- 7.4 Adult Social Care is now predicting to overspend by £525k. The overspend is due to a Mental Health service pressure of £395k, a result of historical growth numbers from 13/14 above the cash limit for 14/15, and a 200K pressure arising from the LD Change Programme due to savings slippage. In addition there are also substantial savings to be realised this year. Budget managers are being consulted regarding service plans to better monitor their budgets and monthly monitoring against savings would lead to robust working papers to reflect future outturns.
- 7.5 The 2014-15 budget was set with over £12.5m of savings proposals included. Below is a graph summarising these savings proposals on a red, amber, green basis of their deliver. Even though it is only the end of quarter 1, just over half of the savings are on track to be delivered. Any amber or red savings will be monitored closely to ensure that they move towards green status, and where they are red, amendments will need to be made to ensure a balanced budget going forward.



8 Virements

8.1 Virements during the first quarter of the current financial year were as follows

Service Area		Amount £'000	Reason
From	To		
Wellbeing	Customer and Community Services	77,500	Realignment of RPP Budget
Wellbeing	Regeneration, Housing and Resources	38,000	Transfer of post from Wellbeing to RHR
Trading Accounts	Regeneration, Housing and Resources	510,210	Consolidation of Insurance Budgets
Wellbeing	Customer and Community Services	113,800	Transfer of Transport budgets under savings review
Wellbeing	Customer and Community Services	15,000	Transfer of Transport budgets under savings review
Customer and Community Services	Wellbeing	5,000	Transfer of C028 staffing budget to Healthy Living NONRECURRENT

9. Council Performance

9.1 The latest available validated performance positions have been ascertained. This month, 29 performance indicators have been RAG rated – the majority at **Green** (22; 76%) or **Amber** (6; 21%). Those rated as Green or Amber - taken together - account for 97% of measures. One measure this month (3%) is **Red** rated as being off target by more than 5% in this report.

9.2 Noteworthy Improvements

This month one of the indicators reported as **Red** in the previous report has improved to a **Green** target level of performance: this is the **number of stage 1 complaints made (across the council, including avarto)**. June 2014 saw 43 stage one complaints logged, a total for the year-to-date of 511, with a monthly average for this period of 42.6.

An increased number of complaints in April & May were linked to active canvassing and the local elections. The Council Tax service also saw a particularly pronounced

increase in complaints, linked to end-of-year collection processes and a delay in responding to emailed enquiries.

Following specific complaint training council wide over the last year, departments are recognising and logging complaints, these figures therefore represent a significant improvement over historic patterns in the quality of SBC services, and / or a much improved communication to residents and service users of what they can realistically expect from each service interaction. Detailed Directorate and service-level complaints figures are circulated to target attention on those areas generating highest volumes of complaints.

9.3 **Noteworthy Concerns**

The following indicator was rated **RED** this month as being more than 5% adrift of their currently defined target values:

9.4 **% of Single Assessments completed and authorised within 45 working days (in month) *Provisional data:***

Current performance of 80.0% is a vast improvement on the March 2013/14 position of 50.9%

From 14th October 2013 Children & Families moved to the Single Assessment (as per Working Together 2013) which has a timescale compliance of no more than 45 working days; at this point the previous dual approach of Initial and Core Assessments ceased.

Although we are seeing marked improvement in compliance with these timescales, almost 1-in-5 assessments were still not finalised within the 45 working day timescale. Target for this measure is demanding, at 100%.

The following 6 indicators were rated **AMBER** this month as being more than 5% adrift of their currently defined target values:

9.5 **Average staff sickness rate (days lost per FTE)**

Year to date (June 2014) the average staff sickness rate increased to 8.6 days. Data is provided as a 'rolling year' position. Managers and Staff encouraged to use overall Balanced Scorecard diagnostically to focus on areas of high sickness.

9.6 **Number of Slough primary schools in special measures or with notice to improve**

Four Slough Primary schools are in this category. Work is underway between the council and school leadership teams to address concerns raised and implement improvement activity at individual schools. Two of the schools have been deemed to be making 'satisfactory progress' towards improvement in follow-up Ofsted judgements (Colnbrook and St Ethelberts). Foxborough is deemed to still 'require improvement'. Our Lady of Peace Junior has recently been inspected as 'require improvement'.

9.7 **Unemployment: Overall unemployment rate: proportion of resident population of area aged 16-64 claiming Job Seekers Allowance (JSA)**

JSA claimant rate in June fell to 2.2%, comprising 2,088 people. Slough's rate has historically been lower (better) than the GB average, but these values are now close.

The council and partners are seeking to increase employment opportunities and improve skills to secure a reduction in overall unemployment. Local value is historically better than nationally but remains high for the South East of England. The Council is continuing its work with partners to support the unemployed off unemployment benefit and back into the labour market. Our current activity is being delivered through 'Aspire for You' which includes community based Jobs Clubs, careers information, advice and guidance, CV and interview preparation support. The Business Community Start Up project support individuals that wish to develop their business idea and set up in business.

9.8 **Prevalence of childhood obesity at start of primary school (Reception) as measured by the NCMP**

This has been previously reported.

9.9 **Speed of Processing of Housing Benefit and Council Tax Support (previously 'Council Tax Benefit') claims:**

(a) New Claims

(b) Change of Circumstances

Performance speeds within June have improved in comparison with May's position; however both measures remain in exception.

The cumulative performance for the year-to-date also misses the target for New Claims (target is 20 days) and for Changes of Circumstances (target is 10 days).

It is not unusual for the turnaround times to be higher at the beginning of the year as a large number of claims are submitted when main billing occurs.

The figures for this time last year at the end of June were 22 days for New Claims and 13 days for Change of Circumstance. The targets for last year of 20 days for New Claims and 10 days for change in circumstances' were achieved and we have no reason to suggest that they will not be achieved this year.

It must be noted that this is an annual target. SBC is working with our contracted deliverer of this service to improve Speed of Processing times.

9.10 **The percentage of household waste sent for reuse, recycling or composting.**

This has been previously reported.

9.11 **Council's Gold Project Update**

9.12 The summary below provides an update on the Council's Gold Projects as at the 30th June 2014. Individual project progress reports have been made by Project leads, with endorsement from the Project Sponsor.

9.13 **Monthly Period Summary**

9.14 This report covers six Gold Projects in total; highlight reports have been received in time for this report from all.

9.15 Of the six project highlight reports submitted, all have been confirmed as agreed and authorised by the Project Sponsors with the exception of 'Fit for the Future' which was submitted in draft format.

9.16 Of the six submitted highlight reports, five have been assessed to have an **overall** status of **Amber** and one at **Red**. None have been assessed at **Green**.

For *'Timeline'* one project has been evaluated at **Green** status, four at **Amber** and one at **Red**.

For *'Budget'* four are assessed at **Green** and two at **Amber**.

For *'Issues and Risks'* five has been evaluated at **Amber** and one at **Red**.

9.17 The *'Safeguarding Improvement Plan'* project has been assessed as **Red** for Issues and Risks, Timeline and for the Overall Status of the project. Fuller details are provided in the table beneath.

Project Manager / Sponsor assessed status of Gold Projects as at:30th June 2014

Gold Project Name	Overall status	Timeline	Budget	Issues + Risks	Sponsor approval status	CMT recommendations
Accommodation & Flexible Working	AMBER	Amber	Amber	Amber	Approved	To support the project board with the proposed changes to working practices and promote these within your service areas.
Fit for the Future Programme	AMBER	Amber	Green	Amber	Approved	To take appropriate actions to address the above risks.
Learning Disabilities Change Programme	AMBER	Green	Green	Amber	Approved	To note the update and the continued red status for risk 4. This is a national issue that could impact on delivery. This situation is being monitored and the risk will be escalated of it continues.
Safeguarding Improvement Plan	RED	Red	Green	Red	Approved	<ol style="list-style-type: none"> 1. CMT to discuss, challenge and support progress and proposed actions as appropriate. 2. CMT to discuss the more detailed data on agency /perm ratios , challenge actions to achieve good outcomes through the staff recruitment programme, and assist in problem solving as required. 3. CMT to ensure their respective areas of responsibility actively champion and support the delivery of cross council contribution to improvement, particularly though not exclusively in relation to corporate parenting responsibilities, LAC redesign, new workforce strategy and housing options and service experience for care leavers & corporate parenting duties, and the availability of management information to support continuous improvement across the service and LSCB partnership. 4. CMT endorse the improved risk status position of risk (4). 5. CMT to note and stay appraised about the impact of uncertainty arising from the Dfe review on the retention of staff at all levels.
School Places Programme	AMBER	Amber	Green	Amber	Approved	<ol style="list-style-type: none"> 1. There may be an urgent need to rent modular classrooms from September 2015 (subject to school

						approval) – this requires the support of resources to assist the delivery of these and CMT are asked to support this if required. 2. There is a capacity and delivery issue - the present team will not be able to deliver the strategy without some additional staff. PMO being promoted and Asset Management currently developing permanent staffing structure. Continued support requested for putting in place an additional project manager for delivery of school projects for the short to medium-term. 3. There are competing priorities for all non-school sites - there is a need to incorporate the allocation of sites into the overall Asset Management Strategy for the Council.
The Curve	AMBER	Amber	Amber	Amber	Approved	1. Note progress and activity on site. 2. Note management of risks to project timeline and budget.

N.B. Arrows show direction of change in Rag rating since the last Project Highlight report

↓ indicates a reduction in status

↑ indicates an improvement in status

No arrow indicates maintained status since last report

10 Write Offs

10.1 A net total of £181k has been written off during the first quarter of 2014/15. The majority of this total relates to NNDR debt although it has been offset by credit write offs. The write off across the council's services for the first quarter, including the reason for write off, can be summarised as follows

Reason	NNDR	Former Tenant Arrears	Sundry Debtors	Adult Social Care	Housing Benefits	Total
	£	£	£	£	£	£
Unable to trace	0	16,510	0	0	96,969	113,479
Uneconomical to pursue		3,953	1,635	533		6,121
Vulnerable Person		2,576		1,247	4,716	8,539
Deceased		857			27,464	28,321
Statute Barred		8,016		4,337	2,649	15,001
Bankruptcy					38,241	38,241
Absconded	178,549		4,997			183,546
Instruction from Client			2,573			2,573
Nulla Bona			274			274
Unable to Enforce			2,357	15,264		17,621
Dissolved	77,952					77,952
Proposal to Strike	95,206					95,206
Administration	251,859					251,859
Miscellaneous	193,957		560		4,155	198,672
Credit Balances	(856,455)					(856,455)
TOTAL	(58,932)	31,913	12,395	21,381	174,194	180,951

11 Capital

Capital forecasts

- 11.1 The summary of capital expenditure as at month 3 on a consolidated and directorate basis can be shown as follows:

	Expenditure	June 2014	Projection
Directorate	Budget	Actual £000s	£000s
Slough Regeneration Partnership	10,999	752	10,999
Resources	9,501	299	9,133
Wellbeing	7,937	828	7,561
Chief Executive	76	0	76
Customer & Community Services	13,311	676	7,293
Housing Revenue Account	19,155	2,525	13,965
Total	60,979	5,080	49,027

- 11.2 The council has spent 8.33% of its available 2014-15 Capital Budget in the first three months of the year. Spend is traditionally low in the first 3 months of the financial year and the position will be further distorted by accruals being processed at the end of 2013-14. The latest projection is capital expenditure in 2014/15 of £49.027m against a revised budget of £60.979m. The forecast spend is 80% of the overall capital programme.
- 11.3 The Council's capital programme has been revised to include re-profiling from the financial year into the 2014/15 financial year and the three changes below.

Changes to the Capital Programme

- 11.4 Cabinet are requested to recommend three key changes to the Council's capital programme. How this complies with the Council's constitution is detailed in the financial implications section of this report.

Municipal Bonds Agency

- 11.5 The first is the investment of £50,000 into the Municipal Bonds Agency (MBA). The Local Government Association (LGA) has been active in the past year in creating the MBA in response to perceived lack of capital funding sources available to Local Government. At present, the main source of capital funding for Local Government is the Public Works Loans Board (PWLB). The PWLB is part of Central Government and sets the rates at which it issues loans to Councils. In recent years, the PWLB rate has fluctuated in response to Government policy. To enable Local Government bodies to have greater certainty over their capital financing costs, the LGA have set up the MBA.
- 11.6 The MBA will issue bonds to the financial markets. These bonds will consist of the various capital financing requirements at the time of the different Councils. For example, ten Council may wish to each attract £20m of capital financing. At present, individually, £20m is not enough for the bond markets to be interesting in offering a good rate of return, and so these Councils would most likely turn to the PWLB. By

combining the various Council's financing requirements a much great bond can be issued. The MBA expects to offer bonds at below the prevailing PWLB rates and so Council's would receive lower capital financing costs, as so lower costs to the local taxpayer.

- 11.7 In order the finance the MBA start up, it is looking for Councils to provide start up funding. This expenditure would be capital in nature, and would be likely to see a return later in the decade. The benefit of the Council being part of the start up funding are twofold. Firstly, a successful MBA will mean lower capital financing rates available to Slough BC when it next refinances existing debt or uses new debt. Secondly, when, and if, the MBA becomes profitable, the Council will receive a dividend return on its investment.

Extra Care Housing

- 11.8 The August capital strategy board approved proposed capital expenditure of £1m towards extra care housing. There was originally £0.1m in the capital programme for this, but a final business case was approved outlining the requirement for a further £0.9m for an extra case housing scheme. The business highlighted ongoing revenue savings of £500-600k from 2016-17 from this capital investment. This meets the Capital Strategy principle of investing capital monies to generate ongoing revenue savings.
- 11.9 The Cabinet is being asked to contribute £500k capital funds in 2014/15 and a further £500k in 2015/16.
- 11.10 This scheme will be funded from £805k of grant funds from previous years allocated to Adult Social Care with the remaining £95k being funded from within the capital programme in 2015-16. As the capital programme is likely to spend 80% in total during the year there will not be an additional financial impact during the financial year. Also, the Council is identifying schemes that can be removed from the capital programme to make available additional scheme.

Movement of scheme into the Capital Programme for 2014-15

- 11.12 In 2012/13 the Cabinet made the decision to allocated £1m of funding to a traffic light and junction improvements scheme from an underspend. In order to make the best use of scarce revenue resources, it is proposed to move an additional £311k expenditure into the capital programme, where it will require funding through internal resources, and to then release the revenue reserve to assist with the current financial pressures that the Council faces.

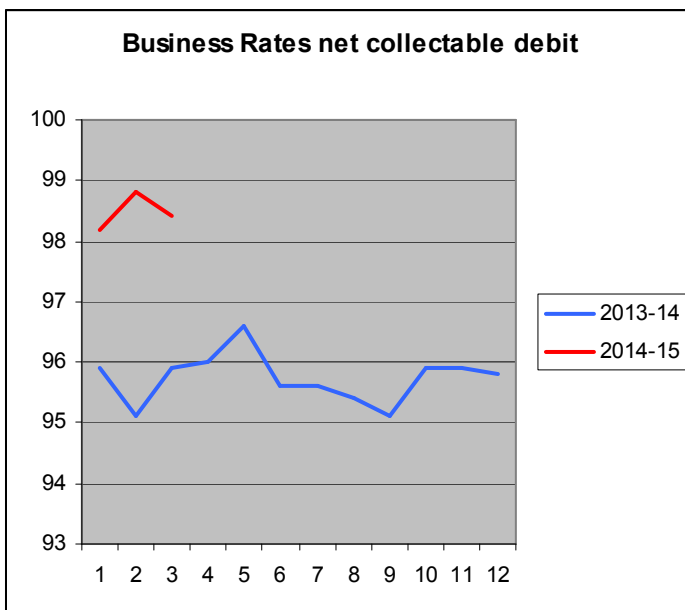
12 Income Monitoring

- 12.1 The Council set its budget in February 2014.

Funding	2014-15 budget setting / £m	2014-15 projection / £m	Variance / £m
Council Tax	43.85	44.08*	0.23*
Retained Business Rates	27.13	27.83	0.46*
Revenue Support Grant	32.47	32.47	0
Education services Grant	1.96	1.96	0
NHS monies to Support Social Care	2.36	2.36	0
New Homes Bonus	2.01	2.01	0
Other non-ringfenced grants	1.03	0.93	-0.1
Collection Fund	1.3	1.3	0

12.2 *It is important to note that due to the Collection Fund accounting arrangement in place within Local Government, any surplus on Council Tax income and retained Business Rates will be of benefit to the Council in the **next** financial year.

12.3 It is also important to note how volatile Business Rate income is, see the graph below



12.4 The Council is expected to receive £102k less Local Service Support Grant than the assumption at budget setting. This will be adjusted for in future years budget and the medium term financial strategy.

12.5 Members are also asked to note income being received in respect of the Better Care Fund. A part of the Better Care Fund agreement between SBC and Slough Clinical Commissioning Group is the transfer of funding between the NHS and the local authority under a section 256 of the NHS Act 2006. For 2014/15 this involves the transfer of £2.362m from NHS England to SBC for the purpose of providing health and social care services. This funding is already committed as part of adult social care service plans. The Section 256 agreement has to be approved by the Slough Wellbeing board and a report is being taken to the 24th September 2014 meeting to confirm what the funding will be used for, the agreed outcomes and monitoring arrangements.

12.6 The £2.362m forms part of SBCs overall contribution to the Slough Better Care Fund of £5.612m in 2014/15 and £9.762m in 2015/16.

13 **Comments of Other Committees**

None.

14 **Conclusion**

There are a number of items for Members to consider within this paper. In reference to the capital budget changes, these are anticipated to yield additional revenue savings to the Council in future years and assist with the use of capital monies to support ongoing revenue savings.

15 **Appendix Attached**

'A' - Summary revenue forecasts

16 **Background Papers**

'1' - Supporting working papers held in finance

Directorate	Net Current Budget	Projected Outturn	Variance: Over / (Under) Spend
	£'M	£'M	£'M
<u>Wellbeing</u>			
Adult Social Care and Health Partnerships	36.314	36.909	0.595
Central Management	0.361	0.361	0.000
Children and Families	18.895	18.895	0.000
Education (Non-Schools)	8.674	8.674	0.000
Public Health	(0.195)	(0.195)	0.000
Total Wellbeing	64.048	64.643	0.595
Total Schools	(0.337)	(0.337)	0.000
<u>Customer and Community Services</u>			
Customer Services and IT	0.229	0.229	0.000
Community and Skills	6.352	6.365	0.013
Enforcement and Regulation	1.950	2.020	0.070
Strategic Management	(0.126)	(0.126)	0.000
Transactional Services	8.227	8.377	0.150
Procurement	0.297	0.297	0.000
Total Customer and Community Services	16.929	17.162	0.233
<u>Regeneration, Housing and Resources</u>			
Strategic Management	(0.054)	(0.054)	0.000
Corporate Resources	2.109	2.089	(0.020)
Housing and Environment	14.961	14.990	0.029
Estates and Regeneration	11.252	11.267	0.015
Total Regeneration, Housing and Resources	28.267	28.291	0.024
<u>Chief Executive</u>			
Executive's Office	0.334	0.334	0.000
Communications	0.295	0.295	0.000
Policy	0.682	0.682	0.000
Professional Services	2.996	2.996	0.000
Total Chief Executive	4.307	4.307	0.000
Total Corporate	(0.150)	(0.150)	0.000
Total Net Cost of Services	113.064	113.916	0.852
% of revenue budget over/(under) spent by Services			0.8%
Total Non Departmental Costs	(0.950)	(0.823)	0.127
Total General Fund	112.114	113.093	0.979
% of revenue budget over/(under) spent in total			0.9%

This page is intentionally left blank

MEMBERS' ATTENDANCE RECORD 2014/2015**AUDIT AND RISK COMMITTEE**

COUNCILLOR	10 JULY	23 SEPTEMBER	11 DECEMBER	12 MARCH
Chohan	P			
Dhaliwal	P			
Dhillon	P			
Mansoor	P			
Sandhu	Ap			
Zarait	P			
Mr Kwatra	P* (from 6.39pm)			

P = Present for whole meeting
 Ap = Apologies given

P* = Present for part of meeting
 Ab = Absent, no apologies given

This page is intentionally left blank