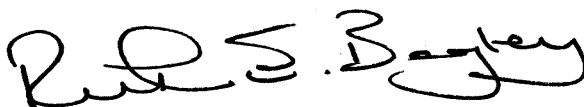


Date of issue: 3rd December, 2014

MEETING:	AUDIT AND RISK COMMITTEE (Councillors Chohan (Chair), Dhaliwal, Dhillon, Mansoor, Sandhu and Zarait) CO-OPTED INDEPENDENT MEMBER (Mr Ajay Kwatra)
DATE AND TIME:	THURSDAY, 11TH DECEMBER, 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>The Chair will ask Members to confirm that they do not have a declarable interest. 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 23rd September 2014 | 1 - 4 | - |
| 3. | Audit and Risk Management Update: Quarter 2 2014/15 | 5 - 54 | All |
| 4. | Financial and Performance Report - Quarter 2 2014/15 | 55 - 70 | All |
| 5. | Financial Statements 2013/14 | 71 - 84 | All |
| 6. | Update on Contracts and Improvements in Internal Approvals Processes | 85 - 106 | All |
| 7. | Members Attendance Record | 107 - 108 | - |
| 8. | Date of Next Meeting - 12 March 2015 | | |

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 Tuesday, 23rd September, 2014.

Present:- Councillors Chohan (Chair), Dhaliwal, Mansoor, Sandhu and Zarait (Vice-Chair)

Mr Kwatra, Co-opted Independent Member

Apologies for Absence:- Councillor Dhillon

PART 1

7. Declarations of Interest

None were declared.

8. Minutes of the last Meeting held on 10th July 2014

Resolved – That the minutes of the meeting held on 10th July 2014 be approved as a correct record.

9. Financial Statements

The Assistant Director, Finance & Audit introduced a report, the purpose of which was to provide Members with the opportunity to question the Council's external auditors concerning the audit of the 2013-14 financial statements, and to then approve the financial statements.

It was highlighted that this was the first time that the Audit deadlines had been met since 2009/10.

Resolved:

- a) That the External Auditors report on the Council's financial statements for the 2013-14 financial year and the accompanying recommendations going forward be noted.
- b) That the Council's financial statements for the 2013-14 financial year be approved.

10. External Auditors Report on the Financial Statements

The external auditor, Mr Grant of BDO LLP, presented his report on the financial statements which set out the findings of the external audit to date.

Mr Grant summarised the results of BDOs audit work as set out in the report, before advising Members on the topics of Significant Matters, Value for Money, and Next Steps.

Significant Matters:

Mr Grant was pleased to advise Members that the deadline had been met, but a review of the data had shown a high number of errors remaining in the draft report, though there were fewer material errors than in the previous year.

The material errors were confirmed as follows:

1. Page 118 of the report, item 1, showed an adjustment of £6.193 million (from £202.804 million to £196.611 million). However, it was confirmed that this had a nil affect on the bottom line figures.
2. Page 118 of the report, item 2, set out the material adjustments following a number of mis statements. It was confirmed that the overall deficit on provision of services had been reduced by £10.331 million (from £13.334 million to £3.003 million), though there was no impact on the bottom line figures.
3. Page 121 of the report showed that ten material misstatements had been identified as a result of the audit, which management had agreed to amend.
4. In addition, there were seven unadjusted audit differences identified, which would increase the revised deficit on the provision of services by £1.995 million to £4.998 million (from £3.003 million).

Value for Money

Mr Grant confirmed that in relation to significant risks, Ofsted reports published in December 2013 relating to child services had showed an inadequate response since the last Ofsted review in 2011. It was confirmed that it while some recent, positive outcomes had been reported, it was expected that a qualified value for money conclusion would be issued. The VFM conclusion would state that in all significant respects, the Council secures value for money in use of resources, except for this matter.

Next Steps:

It was acknowledged that the arrangements for preparing the financial statements required further strengthening, though Management believed it now had a more stable platform to achieve this. Further work alongside the Chief Finance Officer and his team would be carried out, to ensure that the recommendations from the audit would be implemented, and that the significant matters identified by auditors would be addressed in producing the 2014/15 statements. A revised report would be circulated to the Committee before an opinion was issued, to update the Committee on the results of the work completed since drafting the report.

Subject to satisfactory completion of the outstanding audit work, it was expected that BDO LLP would be able to issue an unqualified opinion on the financial statements.

Audit and Risk Committee - 23.09.14

Members asked a number of questions, including questions relating to the increase of the deficit by £1.995 million. Members were informed that these figures did not affect the bottom line, and had no impact on the Council's general fund position.

Members were concerned that the report stated that additional issues may arise. The Committee was advised that although no material issues were expected, in such an event a communication to all Committee Members would be forwarded highlighting the issue(s).

Members were also informed that discussions with management were ongoing regarding a potential increase of the audit fee due to the number of errors found, with an expectation that the audit needed improving moving forward. A Member was concerned that weaknesses had been identified which had arisen in 2011 and 2012 and he suggested that poor management had not been eradicated. Mr Grant advised that the Council had made progress and in comparison at this stage in the previous year he was not in a position to sign off the accounts. Only minor issues remained outstanding and he stated that the accounts were 98% complete. He also pointed out that the level of fee increase was smaller than the previous year. The Director, Finance and Audit, confirmed that the key points regarding the completion of the audit were that Officers and Auditors continued to learn and improve year on year. Improvements versus the previous could be seen in the fact that the audit was completed to deadline this year. A request was made for a report on the problems identified, and solutions instigated, be brought to the next Committee meeting.

Resolved – (a) that the financial statements be approved.
(b) that a report be brought to the next Committee meeting highlighting the problems identified and solutions implemented.

11. Audit and Risk Management Update - Quarter 1 2014/15

The Assistant Director, Finance & Audit, introduced a report which included the Internal Audit Plan up to Quarter 1, progress on the implementation of Internal Audit recommendations, an update on counter fraud activity, and an update on the Council's Risk Register.

The Committee was advised that contract management remained a key risk, though upon review, BDO was satisfied with the current arrangements. Nevertheless, the topic would remain on the agenda for the Committee.

The Officer referred the Committee to Appendix A which confirmed the progress in implementing the internal audit recommendations. The Committee was advised that approximately 60% of the recommended actions had been completed, though there remained a directive from management to further increase this number.

Audit and Risk Committee - 23.09.14

Further detail was given by Mr Harris, Baker Tilly, who confirmed that there remained three reports in draft form from 2013/14, which related to Slough schools. There also remained five reports from 2014/15 still in draft and updates to these reports would be brought to the next Committee meeting.

Members discussed the measures that could be put in place for those schools not fulfilling their obligations such as forwarding a letter of concern or an invitation to attend a future meeting of the Committee, and the feasibility of this was to be looked into, with the findings delivered at the next Committee meeting.

Resolved – (a) That the report be noted.
(b) To review and feedback to the Committee the feasibility of inviting those Head teachers/ Chair of governors not completing recommended actions to a future meeting.

12. Financial and Performance Report - Quarter 1 2014/15

The report was considered together with agenda item 5.

Resolved- That the report be noted.

13. Member Attendance Record

Resolved – That the Members Attendance Record be noted.

14. Date of Next Meeting - 11 December 2014

Resolved – That the next meeting of the Committee be held on Thursday 11th December, 2014 at 6.30pm.

Chair

(Note: The Meeting opened at 6.40 pm and closed at 7.39 pm)

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Risk Committee **DATE:** 11th December 2014

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

WARD(S): All

PART I
FOR COMMENT AND CONSIDERATION

Audit & Risk Management Update – Quarter 2 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 2
- 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 the Committee comment on and note the Quarter 2 Management Update and that Members note the ability to call in respective Chair of Governors in relation to school audits.

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 comparatively low number of audits from their work during the second quarter of 2014-15 due to many of the core systems audits being completed in quarters 3 and 4 to fit with external audit requirements.

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 now. Two reports in respect of schools remain outstanding. The chair of the audit committee has recently written to those schools who had outstanding audits going back a number of months requesting that these are finalised; responses have been received from all schools following this letter.

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 Q2 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 There is a mix of Red, Amber-red, amber-green and Green reports so far to date. Until more reports have been completed, it is difficult to draw a comparison with the overall level of audit quality. However, this year the audits have been focussed more to areas of weaker governance, such as in contract management, and so it is expected to see some areas of lower assurance to provide a greater focus on areas the Council needs to improve upon in the future.

5.3 Finalising Internal Audit Reports

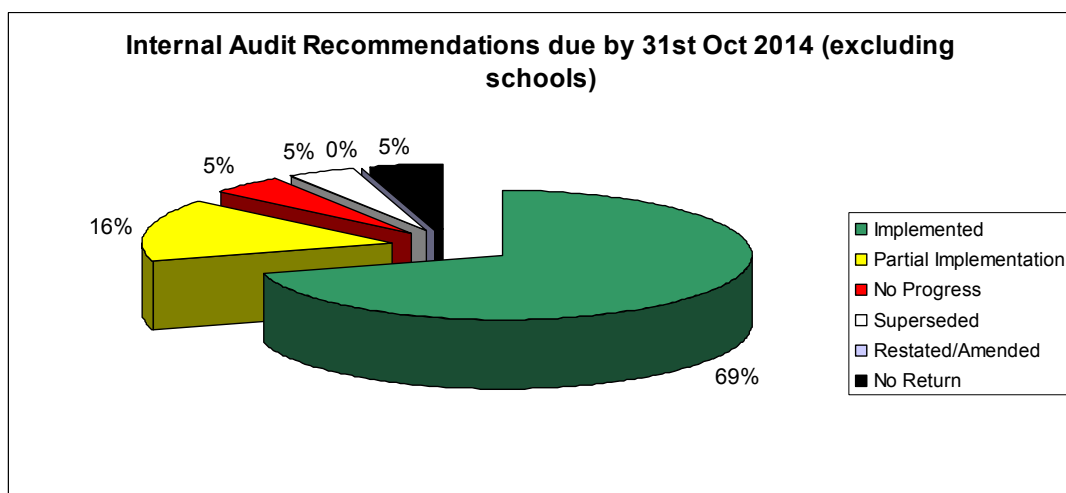
5.3.1 The table below shows those Internal Audits that remain in draft and are yet to be finalised as at 31st October 2014. The Council's internal processes of finalising audit reports in a timely manner continues to improve with no outstanding reports awaiting finalisation. The Committee has raised concerns about the speed of school's audits being finalised on time. The schools with a long response time were written to by the Chair of the Committee. Where the Committee feels responses are still lacking, the Committee can request that the Chair of Governors attend the committee to respond to the Committee's concern. A draft protocol has been collated and shared with the Chair of the Audit Committee to enable an escalation process for school's audits to be finalised more promptly.

Audit Title	Draft Issued	Responses due	Client sponsor	Rating
<i>OLOP Junior 19 13.14</i>	<i>22 November 2013</i>	<i>07 December 2013</i> <i>Final Report issued</i> <i>2.12.14</i>	<i>Chris Aston</i>	
<i>Claycots Primary 42 13 14</i>	<i>04 April 2014</i>	<i>18 April 2014 -</i> <i>revised draft to be</i> <i>issued</i>	<i>Chris Aston</i>	<i>Red</i>
<i>Slough Community Leisure 7 14 15</i>	<i>26 August 2014</i>	<i>09 September 2014</i> <i>-revised draft to be</i> <i>issued</i>	<i>Julie Pickering</i>	<i>Advisory</i>
<i>Khalsa Primary 9 14 15</i>	<i>15 September 2014</i>	<i>29 September 2014</i>	<i>Chris Aston</i>	<i>Red</i>
<i>St Mary's Primary 10 14 15</i>	<i>15 September 2014</i>	<i>29 September 2014</i>	<i>Chris Aston</i>	<i>Amber Green</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.

- 5.3.4 The number of implemented recommendations had reached a plateau of just over half (it has stayed in a range between 52% and 62% over the past year). In the past three months, the Council's improvement in implementing recommendations has moved now to 69%, which shows a positive direction of travel.



- 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		
Data Quality: Corporate Balanced Scorecard 19.13/14	0	1
Contractual Management Arrangements - Amey Plc. 23 13 14	0	1
Use of Agency & Workforce Planning 24 13 14	2	1
Creditors 38 13 14	0	1
Troubled Families Programme: May 2014 Submission 3.14/15	0	1
Sub Total	2	5
Schools		
Baylis Court Nursery School 16 13 14	0	1
Haybrook College 9 12 13	1	6
Littledown 7 13.14	0	1
Lea Nursery School 6 13 14	0	2
Montem Primary 14 13.14	0	1
Parlaunt Park Primary School 17 13.14	0	3
Priory School 3.13/14	0	2

Name of Audit	High Level rec's not Responded to	Medium Level rec's not Responded to
St Bernards 12 13.14	1	0
St Josephs	1	0
Wexham 20 13.14	1	1
Chalvey Early Years 1 14 15	2	3
Holy Family Catholic Primary 2 14 15	0	1
Total	8	26

5.5 Fraud update

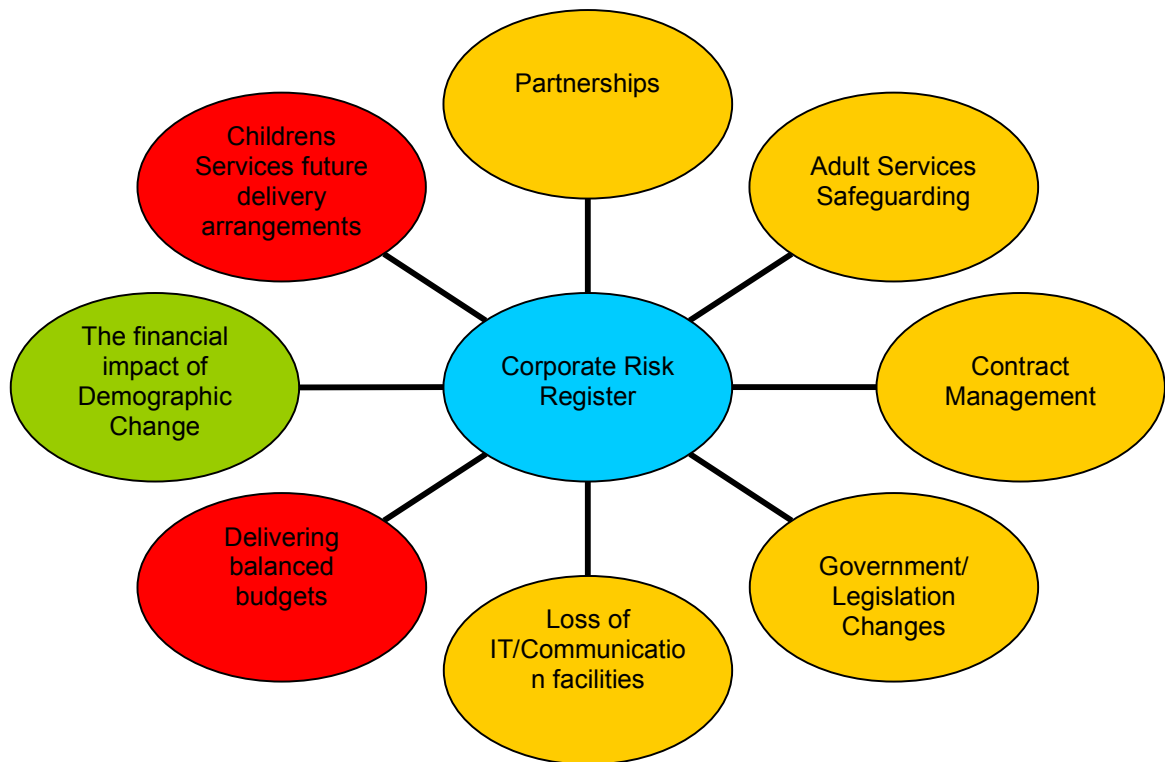
5.5.1 Every year the Council is required to report all fraud activity with a value over £10,000. The Council provides this summary on a quarterly basis to the Audit & Risk Committee. Below is a summary table of activity completed in the current year.

Type of Fraud	Amount	Recovery Action	Action Against Perpetrator
Benefit fraud -	H Benefit – £15, 761.00 Administration penalty – £4, 728.00	Administrative penalty and recovery	Administrative Penalty offered under s115A of the Social Security Administration Act 1992 as amended. Accepted 08/09/14 Offered due to ill health. No further action required.

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 concerning resources and capacity to manage change has been added

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
- 'C' - Risk Management Strategy

9 Background Papers

Baker Tilley Audit Reports

Slough Borough Council

Internal Audit Progress Report

21st November 2014

Introduction

This report summarises the work completed up to 21st November 2014 in relation to the 2014/15 internal audit plan and also provide an update on the remaining 2013/14 reports.

Outstanding audit reports from 2013/14:

As at 21st November 2014 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	14	2
Cross Directorate Review	1	1	0
TOTAL	52	50	2

Only two reports remain in draft and both relate to schools. Both Schools have been chased by the Council for responses to the draft reports and we have received responses for one of these reports and a revised draft will be issued shortly.

2014/15 Internal Audit plan update

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 meeting of the Audit and Risk Committee held in September 2014, the following seven final audit reports have been issued in respect of the 2014/15 Internal Audit plan:

- Atkins Limited – Contract Management
- Chalvey Early Years Centre
- Schools Financial Value Standard
- Lone Working
- Data Quality – KPI's within Contracts
- VAT – Follow up of previous recommendations
- Mobile Data Security

Of these seven final reports, two cannot take assurance (Red) and three some (Amber Red) assurance opinion reports have been issued in final. In addition, one of these six reports was a follow up of previous recommendations where we concluded poor progress had been made to implement previous recommendations, while the remaining report (SFVS) was undertaken on an advisory basis. Within these reports, eight high priority recommendations were raised.

Outstanding Reports from 2014/15

As at the 21st November 2014, the following audit eight reports remain outstanding in draft:

- Carbon Reduction Commitment
- Contract Management – Slough Community Leisure
- Khalsa Primary School

- St Mary's CE Primary School
- Troubled Families (Aug 2014 submission)
- Troubled Families (Oct 2014 submission)
- Wexham School
- St Anthony's School

Of the above reports, five of these were issued within the previous two weeks and we are actively working with management in relation to comments received in relation to the SCL audit.

Key Findings from 2014/15 Internal Audit work

We have issued

Of the 6 final reports issued for the 2014/15 plan where a formal opinion has been provided, two of these have resulted in a red opinion, which were Data Quality – KPI's within Contracts and Chalvey Early Years Centre.

A summary of the main findings:

Data Quality – Contract KPI's

- Key Performance Indicators, while they had been documented, had not been defined in relation to how the indicators were calculated and the methodology to be utilised in the calculation of these KPI's.
- For the sample of contracts reviewed, there was no documentation to demonstrate the processes undertaken to validate data received from the service providers.
- At the time of audit, as operational performance indicators had been documented, but not approved, operational performance in relation to these specific indicators were not being discussed at monthly Operational Service Board meetings.
- For the First Beeline Buses contract and the Nottingham Rehab contracts, we found no evidence to demonstrate that penalty clauses had been inserted within the contract to allow the Council to 'claw-back' expenditure on the basis of poor performance from the contractors.

While this audit was undertaken on a sample of contracts, the issues identified could be representative of the wider contracts which the Council has with other providers.

Chalvey Early Years Centre

- For 80% of our sample (10), we found that purchase orders had not been raised prior to goods being ordered.
- We found that the Asset Register did not include the individual values of assets on the register, nor the date when the assets were acquired.
- For 90% of our sample (10), we found that when goods were received, either the delivery not was not retained, or annotate the invoices to demonstrate to confirm receipt of goods.
- No disposal report was presented to the Headteacher of the school for authorisation, in line with the School's Finance policy and procedure.
- 20% (2/10) of our sample of staff selected had valid staff contracts held within their employee personnel files.

We will undertake a further audit of these areas as part of the 2015/16 Internal Audit Plan, subject to agreement with the S151 Officer.

Contract Management: Slough Community Leisure

In addition, we have issued an advisory report in relation to the Council's contract with Slough Community Leisure where we concluded that:

“the Council may be exposed to potential claims and unidentified liabilities, there is lack of validation and transparency over the current cost base and operating surplus, the current leisure contract may not be delivering value for money and opportunities exist for improvements through managing the current contract more robustly. Significant improvement opportunities exist through designing, constructing and implementing robust contract, contract deployment and contract management beyond 2017.”

While we acknowledge that the Council has begun to take steps to address some of the issues identified within the report, there are still opportunities to ensure that the contract is managed more robustly.

VAT Follow Up

We have also issued a follow up in relation to the recommendations made as part of our VAT review where we identified that the Council had made poor progress in relation to the implementation of recommendations, and whilst we recognise that the Council is in the process of implementing these recommendations, this is a process that has recently started, there is still further work to do in relation to this area.

It is imperative that actions to address the weaknesses identified within the above 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 and contract management arrangements to ensure that these areas are operating effectively, managing risk and safeguarding assets.

Other Matters

Planning and Liaison:

The timings the remainder of the audits in the 14/15 plan have been agreed for the majority of audits with management and audit planning sheets (scopes) have been issued.

Regular 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.

APPENDIX A – SUMMARY OF PROGRESS AGAINST THE INTERNAL AUDIT PLAN

2013/14 Annual Plan (as at 21st November 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 ARC meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Schools:					
Our Lady of Peace Catholic Junior School	Draft issued 22/11/13	AMBER RED	1	6	2
Claycots School	Draft issued 4/4/14 Meeting held with school, revised draft to be issued.	AMBER RED	2	5	5
Pippins School	Final Issued 7/11/14	AMBER RED	2	2	2
Cross Directorate Review:					

2014/15 Annual Plan (as at 21st November 2014)

Assignment Reports finalised since the last meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Customer & Community Services:					
avarto phase 2 – IT & Customer Services	In review (debrief 21/11/14)	ADVISORY	-		
Mobile Data Security	Final Issued 20/11/14	AMBER RED	0	5	0
Contract Management – Slough Community Leisure	Draft issued 26/08/14	ADVISORY	-		
Carbon Reduction Programme	Draft Issued 6/11/14	ADVISORY	-		
Procurement	Commencing 12.1.15				
Purchase Cards	In progress				
Direct Payments	commencing 9.2.15				
arvato performance management	Commencing 20.2.15				
Council Tax	In Progress				
Housing Benefit	Commencing 19.1.15				
Rent Accounts	Commencing 15.12.14				
Business Rates	Commencing 8.12.14				
Payroll	Commencing 10.3.15				
Wellbeing:					
Troubled Families Review (May claim)	Final Issued 31/7/14	ADVISORY	-		
Troubled Families Review (August claim)	Draft issued 20.11.14	ADVISORY	-		
Troubled Families Review (October claim)	Draft issued 20.11.14	ADVISORY	-		
Children's Services – Access to Records	Awaiting confirmation on scope sent to Strategic Director, Wellbeing.				

Assignment Reports finalised since the last meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Educational Services – Contract Management Arrangements	Commencing 30.1.15				
Children's Services Procurement	Commencing 2.2.15				
Safeguarding Operating Model	Commencing 19.1.15				
Chief Executive:					
Lone Working Procedures	Final Issued 30/10/14	AMBER RED	1	4	3
Governance	Commencing 19.1.15				
Annual Governance Statement	Commencing 9.2.15				
Resources, Housing & Regeneration:					
Data Quality – KPI's within Contracts	Final Issued 12/11/14	RED	3	5	1
Contract Management Arrangements – Atkins	Final Issued 30/09/14	AMBER RED	1	5	0
Schools Financial Value Standard	Final Issued 13/10/14	ADVISORY			
Budget Setting inc Savings Plan	Final Issued 17/7/14	GREEN	0	0	2
Risk Management	In Progress				
Housing Arrangements	Commencing 5.1.15				
Contract Management Arrangements - Amey Plc Follow up	In Progress				
General Ledger	Commencing 18.12.14				
Cash Collection	Commencing 27.1.15				
Treasury Management	Commencing 24.11.15				
Income and Debt Management	Commencing 10.12.14				
Capital Expenditure	Commencing 15.12.14				
Budgetary Control and Savings Plans	Commencing 2.3.15				
Creditors	Commencing 17.12.14				
Counter Fraud Arrangements	In Progress				
Asset Register	Commencing 12.1.15				
VAT	Final Issued 30/10/14	Poor Progress	1	13	0
Schools:					
Holy Family Catholic Primary School	Final Issued 4/6/14	RED	2	5	2
Chalvey Early Years Centre	Final Issued 18/09/14	RED	2	3	6
Wexham Court Primary School	Draft issued 20.11.14	GREEN	0	0	1
St Mary's CE School	Draft Issued 12/09/14	AMBER GREEN	0	2	2
Khalsa School	Draft Issued 12/09/14	RED	2	6	6
St Antony's Catholic Primary Care School	Draft issued 20.11.14	AMBER GREEN	0	0	5
Our Lady of Peace Catholic	Commencing 24/11/14				
Other Internal Audit Activity:					

Assignment Reports finalised since the last meeting are shown in bold	Status	Opinion	Actions Agreed (by priority)		
			High	Med	Low
Follow Up	Commencing 2.3.15				

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

Assignment: Lone Working (5.14/15)	Opinion: Amber Red	
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The key findings from this review are as follows:

Effectiveness

The Council does not have a defined target for the attendance and completion of CMS lone working training course workshops. We have therefore utilised an attendance and completion target of 80% to measure attendance and completion rates against.

	Education	Resources, Housing & Regeneration	Wellbeing	Chief Executive	Customer & Community Services
Lone work training completion to 31/3/14 (assumed 80% target)	67%	57%	33%	100%	81%

The Council is failing to ensure that Council staff attend CMS lone working training course workshops, which could result in high risk 'client facing' Council staff not being sufficiently trained and the Council not achieving full value for money for CMS lone working training course workshop expenditure incurred.

Design of control framework

We found that the following controls were designed adequately:

- The Council's overarching Health and Safety - Corporate Code of Practice for Personal Safety & Lone Working detailed the Council's lone working procedures and guidelines.
- Personal Safety and Lone Working training online e-module courses are accessible to Council staff through the Council intranet Learning Pool web page.
- A CMS Training Personal Safety for Lone Workers Delegate Handbook is in place and provided to 'high risk – client facing' lone workers attending CMS lone working training course workshops.
- Health & Safety Advisors utilise the Central Government Health & Safety Executive Working Alone Guidance to assess Council staff's suitability for attending CMS lone working training course workshops and completing online e-module lone working training courses.
- A local lone working training assessment record sheet is utilised by Council staff to record the assessment of Council staff's lone worker status and those Council staff as appropriate users of the Careline System.
- Council staff's completion of CMS lone working training course workshops are recorded by the Senior Administrator, Learning & Development within the Council staff's CHRIS HR & Payroll system training record.
- Regular Council team meetings were held by four sampled Council teams' where lone working was a prominent feature to discuss common lone working themes and issues.
- Lone working arrangements and issues agreed and identified by four sampled Council teams were documented in local Council team risk assessments.
- Four sampled Council teams utilised different methods to monitor lone working Council staff through either electronic diaries, timetable whiteboard records, paper diaries or other methods.
- Quarterly Health & Safety Departmental Consultative Forum (DCF) meetings are held to discuss

actions to be taken to address lone working issues.

- The Council are in the process of implementing the INTEC InCheck, Caution before Contact System.

We identified the following weaknesses in the design of the Lone Working Procedure control framework which resulted in **two medium priority** recommendations:

- Sample testing of 20 Council staff identified as 'high risk' client facing lone workers found that 9/20 employees had completed the '*lone working training course workshops*', and therefore had a 45% attendance rate. 0/15 sampled Council staff identified as lone workers, required to complete '*Personal Safety and Lone Working training*' online e-module courses had completed the online e-module courses. '*Personal Safety and Lone Working training*' online e-module courses are only required to be completed once by Council staff following being identified as lone workers by Health & Safety Advisors. If Council staff do not complete lone working training courses there is a risk that Council staff may not be sufficiently trained to work safely in a lone environment. **Medium**
- Our review found that lone working course attendance and completion rates were not being presented to Corporate Consultative Forum (CCF) or Corporate Management Team (CMT) for overview and scrutiny on a regular quarterly basis. Without Council staff's course attendance and completion rates being produced and presented to CMT or CCF meetings through the Balanced Scorecard, the Council may be hindered in its ability to effectively record and monitor Council staff's attendance and completion rates of CMS and online e-module lone working training courses. **Medium**

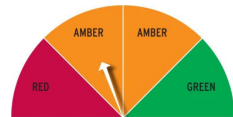
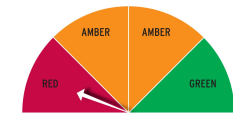
We identified further weaknesses in the design of the control framework which resulted in **one low** priority recommendation. This is expanded upon further below in the Action Plan and Findings and Recommendations section of the report.

Application of and compliance with control framework

We identified the following weaknesses in the application of and compliance of the Lone Working Procedure control framework which resulted in **one high** and **two medium priority** recommendations:

- Sample testing of 20 Council staff identified as required users of the Careline System found that in 16 instances Council staff had registered with but were not utilising the Careline System (who should have been). If Council staff identified as appropriate users of the Careline system are not fully utilising the Careline System, there is a risk that Council staff may be unsafely lone working and not receive attention when experiencing potentially dangerous incidents. **High**
- Although CCF meeting minutes were held for 25th July 2013 and 19th December 2013 meetings and common lone working themes and issues reports were noted with the meeting minutes, there was no evidence of meeting minutes held 24th October 2013 and fourth quarter meeting minutes held in March 2014. The Corporate Health & Safety Manager informed us that the previous two CCF meetings had been cancelled. If CCF meetings are not held on a regular quarterly basis to discuss reports of major lone working issues and common themes identified in the Borough of Slough, major issues and common themes may be unidentified and therefore continue without receiving appropriate remedial actions. **Medium**
- When reviewing how Risk Assessments in relation to lone working are completed, the Building Control team risk assessments had a previous review date of August 2012. We also noted risk assessments were not signed as reviewed by the Building Control Team or Service Manager. Without Building Control team risk assessments receiving a more up-to-date review from an appropriate level of authority, new lone working 'hazards' identified since August 2012 may not have been fully reflected in risk assessments. **Medium**

High Risk Recommendation(s):	Management Response	Date	Responsible Officer
Council Departmental Managers should ensure that all Council staff identified as appropriate users of the Careline System are fully registered and reminded of the importance of utilising the Careline System until alternative solutions are fully implemented.	The Corporate Health & Safety Action Plan has a target for all managers to have relevant lone working monitoring mechanisms in place by July 2014	October 2014	Council Departmental Managers

Assignment: Atkins Limited – Contract Management (11.14/15)	Opinion: Amber Red		
Design of control framework <p>Weaknesses in the design of the control framework were identified which resulted in three medium priority recommendations:</p> <ul style="list-style-type: none">There were no Terms of Reference in place which outlined the roles and responsibilities, the frequency of meetings as well as the quorum for decision making for the Management Meetings and Board Meetings with Atkins. We were informed by the Acting Head of Transport following the audit that the Terms of Reference could not be found at the time of audit, however were produced for Board meetings. Without clarity of the roles and responsibilities the Council cannot be assured that there are appropriate governance arrangements in place.The Council did not have validation procedures in place to clearly show how supporting documentation was to be reviewed against the key performance indicator summaries to ensure the accuracy of performance being reported. Without validation of performance indicators reported the Council may make decisions on inaccurate information.The Council had not yet established a benchmarking programme to ensure that there are regular benchmarking activities carried out against services that are provided by Atkins. We were informed by the Acting Head of Transport following the audit that benchmarking has not been conducted as this is not currently part of the governance arrangements surrounding Long Term Contracts, however this will be undertaken for the Atkins contract going forward. Without regular benchmarking being carried out the Council may fail to gain value for money in its contracting activities.			
Application of and compliance with control framework <p>Weaknesses were identified in the application of the controls identified above which resulted in one high and two medium priority recommendations:</p> <ul style="list-style-type: none">Through review of the supporting documentation against the 2013/14 KPI Summary we noted that there were inconsistencies between the information presented on the KPI report and the supporting documentation in four out of nine instances. If validation checks are not carried out and discrepancies queried this may result in decisions being made based on inaccurate information. (Medium)We noted that there were no KPI reports presented to the Council for the period commencing April 2014/15. We were informed by the Acting Head of Transport that this was as a result of proposed changes to the KPI's, which has resulted in the reports being delayed. Without regular reporting of performance against the KPIs the Council may fail to effectively monitor the Atkins contract and address underperformance. (High)During review we could not confirm where the 70% KPI target to be achieved by Atkins for their annual performance was documented and agreed between the Council and the service provider, although following the audit, we were informed by the Acting Head of Transport that this had been clarified and would be held. There is a risk that performance thresholds are not clearly understood and defined within the contract, which could result in possible future contractual disputes. (Medium)			
High Risk Recommendation(s):	Management Response	Date	Responsible Officer
The Council should ensure that it receives KPI reports more regularly from Atkins Limited to ensure that performance against the contract is appropriately monitored.	Agreed. This will be done on a quarterly basis from December 2014.	31 st December 2014	Savio DeCruz, Acting Head of Transport Kam Hothi, Team Leader
Assignment: Data Quality: Performance Indicators within Contracts (8.14/15)	Opinion: Red		

Design of control framework

We identified the following weaknesses in the design of the Data Quality control framework which resulted in **two high** and **two medium priority** recommendations:

- Contracts between the Council and First Beeline Bus service and Mott Macdonald did not have any documentation in place to clearly define key/operational performance indicators and the methodology to be utilised in the calculation of such performance indicators. Without clear definitions and methodology for the calculation of key performance indicators performance results may be misinterpreted and incorrectly calculated, resulting in reporting of inaccurate performance reporting. **(Medium)**
- Written validation procedures were not in place that outlined the process to be adhered to in ensuring that performance information reported by service providers was adequately reviewed and validated. Without clearly documented validation procedures in place, the Council may fail to ensure that performance information reported is correctly reviewed and validated in the absence of designated Council officers. **(High)**
- Performance indicator targets were not reported by Mott MacDonald in termly reports and therefore operational performance was not discussed at Operational Service Board meetings with the service provider. If performance indicator reports are not presented at Operational Service Board meetings, the Council may fail to identify reasons for underperformance and ensure that an action plan is put in place to address it. **(High)**
- Through review of the First Beeline contract and the Nottingham Rehab contracts we confirmed that there were no penalty clauses included in the contract to claw back when the contractor failed to meet agreed performance targets. This may result in the Council failing to obtain value for money in its contracting activity. **(Medium)**

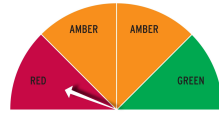
Application of and compliance with control framework

We identified the following weakness in the application and compliance of the Data Quality control framework which resulted in **one high** and **three medium** priority recommendations:

- Discussion with the Strategic Commissioning Manager for Mott Macdonald confirmed that due to the Council's intention for the contract to commence in September they had not managed to formally agree on a set of key performance indicators to be reported periodically. A suite of performance indicators were reported by the service provider however these had not been agreed with the Council. **(High)**
- In addition we noted that key performance indicators had not been agreed with the service provider for the First Beeline Contract-the only information received and monitored by the Council were the patronage figures. Without key performance indicators receiving formal agreement between the Council and service provider, the Council will be hindered in its ability to effectively monitor service delivery and result in non-achievement of the Council's intended performance delivery outcomes. **(Medium)**
- Review of quarterly First Beeline Bus Service meeting minutes found there was no clear evidence of discussions around performance to reflect identification of increases or decreases in bus service patronage over the reporting period, which considering performance indicators have not been agreed, may have an impact on the Council's ability to recover expenditure on the basis of poor performance **(Medium)**
- In addition to the above, review of the Slough Library Service contracts we confirmed that there was no clear evidence to show if performance was discussed during review meetings. Without setting performance as a regular agenda item for the review meetings the Council may fail to identify and recommend improvements to the bus service. **(Medium)**

High Risk Recommendation(s):	Management Response	Date	Responsible Officer
<u>Mott MacDonald</u> The Council should review its contractual key performance indicators to ensure these align with intended service provider performance outcomes. Operational performance indicators should be formally agreed between the Council and service provider.	Formally there is joint responsibility between operational leads from both parties. This should be completed by the end of September ready for the beginning of Year 2 of the contract.	End of September 2014	Members of the Operational Service Board
The Council should ensure that clear written performance indicator validation	Agreed	December 2014	Trish Guest, Commissioning

<p>procedures are established.</p> <p>Written validation procedures should:</p> <ul style="list-style-type: none"> Outline the validation process performed by Council staff for the calculation of all performance indicators; Specify the requirement for validations to receive signed confirmation of performance; Outline instances where data cannot be validated; Assign responsibility for data validation; and Outline how to sample test data to be validated. <p>Procedures should be reviewed periodically and be made accessible to appropriate staff.</p>			<p>of Adults</p> <p>Rub Nawaz, Transport Manager</p> <p>Matt Gamble, Atkins contractor</p> <p>Claire Skeates, Service Development Manager</p>
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Assignment: Chalvey Early Years Centre (1.14/15)	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 one medium priority recommendation: <ul style="list-style-type: none">The School asset register did not reflect the value of assets and the date that assets were acquired. Without a record of the value and date of acquisition of assets the School maybe unable to identify the value of goods for insurance purposes in the event of loss. (Medium)			
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: <ul style="list-style-type: none">In eight out of ten sampled invoices, purchase orders were not raised by the School before making orders with suppliers. This may result in the School making orders with suppliers without adequate budgetary provision to pay for committed expenditure. (High)In nine out of ten sampled invoices, the School did not retain delivery notes or annotate invoices to state that goods had been checked as received prior to payment. Without evidenced confirmation of receipt of goods or services prior to invoice payment the School may inappropriately pay for goods or services that have not been received by the School. (High)A formal disposal report for items of equipment was not presented for authorisation to the Headteacher in line with Finance Policy and Procedures. Without a formal disposals report being presented for authorisation to the Headteacher, items of equipment may be disposed of inappropriately. (Medium)Two out of ten of the sampled employees did not have individual staff contracts in their employee personnel files. The Bursar and Headteacher confirmed that one of the staff members was employed on an as-and-when zero hour's basis and therefore did not have a formal contract in place and the other staff member commenced employment with the School on 1st September 2004, but did not have a formal contract in place. Without holding employees' contracts of employment 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)			
High Risk Recommendation(s):	Management Response	Date	Responsible Officer

The School should ensure that purchase orders are raised and authorised prior to orders being made with the supplier.	Agreed	Immediate	Karen Jones (Bursar)
All delivery notes should be attached to invoices for filing. When goods do not have a delivery note the invoice must be annotated with 'goods checked and received'	Agreed	Immediate	Karen Jones (Bursar)

Assignment: VAT Follow Up	Opinion: Poor Progress	1 High 13 Medium
<p>Introduction</p> <p>As part of the approved internal audit periodic plan for 2014/15 we have undertaken a review to follow up progress made by Slough Borough Council to implement previous internal audit recommendations made within the advisory audit of the Council's VAT Return procedures. The previous VAT review was carried out in November 2012.</p> <p>The Council previously employed a VAT specialist who had responsibility for VAT compliance matters. In 2011, as a consequence of budget cuts, the VAT specialist position became redundant and the responsibility for VAT compliance matters was passed temporarily to the Senior Treasury Accountant. The Senior Treasury Accountant is due to retire later this year. In the meantime, the Council has sought to outsource the completion of its VAT return to an external company although responsibility for checking the accuracy of the return and actual submission to HMRC will remain with the Council.</p> <p>The Council submits monthly VAT returns and reclaims approximately £20 - £25 million from HMRC each year. The focus of this review was, to provide assurance that all recommendations previously made have been adequately implemented. Staff members responsible for the implementation of recommendations were interviewed to determine the status of agreed actions. Where appropriate, audit testing has been completed to assess the level of compliance with this status and the controls in place.</p> <p>Conclusion</p> <p>Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Slough Borough Council has demonstrated poor progress in implementing actions agreed to address internal audit recommendations. Our review was undertaken as follow up work, covering all 14 medium and low priority recommendations made as part of our previous VAT review in April 2012, and as such we have not provided a formal opinion on the VAT Return process.</p> <p>For the 14 recommendations reviewed, we concluded the following progress has been made:</p> <ul style="list-style-type: none"> ▪ 1 recommendation fully implemented ▪ 1 recommendation superceeded ▪ 9 not implemented ▪ 3 in the process of being implemented <p>Improvements are therefore still required in this area to ensure that all of the weaknesses identified are addressed in a timely manner and to reduce the likelihood of further errors which could result in financial penalties. There may also be scope to claim VAT on bad debt relief and business mileage.</p> <p>The VAT Return procedure remains complex, however, robust validation checks are performed by arvato each month which indicate that, where VAT has been posted to the various accounting systems, they will be reflected in the month end reconciliation which are reported to Finance staff at the Council, from which the VAT Return is prepared.</p>		

There are a number of high or medium recommendations that we consider need to be pursued if the possibility of further errors, which could render the Council liable to financial penalties, are to be reduced. We have reiterated recommendations where these have not yet been implemented and where appropriate reconsidered the classification of the recommendations.

In addition, we have made a new recommendation where appropriate and we now have a total of 14 recommendations, of which one of these is categorised as 'High', with the other 13 recommendations categorised as 'Medium'. We have made a new high priority recommendation in relation to the accounting of VAT in land acquisitions and disposals.

High Risk Recommendation(s):	Management Response	Date	Responsible Officer
<p><u>Option to Tax 'Register':</u></p> <p>A manual folder of 'opted' properties is maintained, but as a recent land deal involving some of this portfolio resulted in significant VAT errors the register should be improved to ensure that the consequential transactions are considered from a VAT perspective and an adequate audit trail exists to track the use of the property from acquisition to disposal. The option to tax portfolio is currently being looked at. The review will be both backward and forward looking and a report will follow this outlining the updated current position. The option to tax position is both challenging and time consuming. It is essential that we get the review right so will take a little more time.</p>	<p>The option to tax portfolio is currently being looked at. The review will be both backward and forward looking and a report will follow this outlining the updated current position. The option to tax position is both challenging and time consuming. It is essential that we get the review right so will take a little more time.</p>	<p>March 2015</p>	<p>Barry Stratfull (Corporate Financial Controller)</p>

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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.

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

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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 / Council Tax 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	Performance Management	<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 it's suppliers maintains 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 Corporate Management Team and approved</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 it's contractors are unable to provide the required services. this would result in negative publicity and possibly put vulnerable service users at risk	12 - High	<p>Business Continuity Plans have been submitted to Corporate Management Team 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 31/03/2015</p> <p>Implementation of Disaster recovery Capacity Simon Pallett 31/03/2016</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 Special Education Needs costs</p>	9 - High	Housing performance information Benefits caseloads monitoring	9 - High	<p>Creation of Free schools</p> <p>Jane Wood</p> <p>Re-procurement to be led by Waste Strategy & Contracts Manager to incorporate issues identified. To commence after sign off on Wa</p> <p>Nick Hannon 31/03/2015</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 Information and Communication Technology 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 Information Technology programme of work.</p> <p>A full Disaster Recovery Plan is required for the Council's Information Technology systems.</p> <p>There are a number of bespoke Information Technology systems that require specialist niche skills to support and that are unable/costly to interface with each other.</p> <p>The Council's Storage Area Network (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 Document Image Processing, (DIP) in support of the Accommodation Strategy is diminished due to this lack of storage space.</p>	Information Commissioner will criticise and possibly impose fine Increased vulnerability to staff and clients damage to reputation	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>	6 - Medium	<p>Council policies to be finalised and distributed to staff after approval from Info Governance Board.</p> <p>Roger Parkin 31/03/2015</p> <p>Large SAN as Phase 2 avarto project</p> <p>Simon Pallett 31/03/2015</p> <p>IT Technical Strategy to be reviewed and agreed with avarto</p> <p>Simon Pallett 31/03/2015</p> <p>Key Performance Indicators, for service area to be baselined 1st year. Monitoring tools to be implemented as phase 2 activity</p> <p>Simon Pallett 31/03/2015</p> <p>SAN to be commissioned</p> <p>Roger Parkin 29/08/2014</p>	2 - Low

Risk Ref	Nature of Risk	Cause	Effect	Initial Risk Rating	Control	Current Risk Rating	Action	Target Risk Rating
					<p>Transfer responsibility for delivery of service to avarto ensuring required service is fully defined and KPIs set to measure performance.</p> <p>Key policies updated and distributed Governance Board now created Interim SAN now commissioned and implemented</p>			
ORG0035	Adult Social Care Safeguarding	<p>Serious safeguarding, public protection or other failure.</p> <p>Adult Safeguarding Board is going through a period of development in order for it to provide 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.</p> <p>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.</p>	Serious failure in safeguarding has a devastating effect on the individual and the community and undermines organisational credibility	12 - High	<p>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.</p>	8 - Medium	<p>Safeguarding Action Plan</p> <p>Alan Sinclair 31/10/2014</p>	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</p> <p>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.</p> <p>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.</p> <p>The system for amending contractor details or recording contractual changes is not sufficiently robust</p>	<p>Contractors/contracts are not monitored effectively.</p> <p>Contracts can not always demonstrate that they deliver Value for Money</p> <p>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 .</p> <p>These have been allocated and assigned to the relevant Assistant Directors i.e. avarto – Neil Aves</p> <p>There are further action plans for Atkins which requires immediate attention</p> <p>avarto currently have a procedure in place for dealing with supplier request to change bank details.</p> <p>Procurement Business Case form to act as a mechanism to capture key details</p> <p>The draft Procurement Operating Procedures should be updated to reflect the process adopted for a request to a change to supplier</p> <p>Atkins audit finalised</p>	8 - Medium	<p>A procedure should be established to include guidance on assessing the risk related to contracts</p> <p>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</p> <p>Julie Pickering 30/09/2014</p> <p>Training has already commenced and needs to continue</p> <p>Julie Pickering 30/12/2014</p> <p>The Council should prioritise the implementation of information gathering for its major contracts</p> <p>Julie Pickering 31/12/2014</p> <p>Legal Services should then be responsible for holding all original contracts and providing an electronic version to those charge</p> <p>Amardip Healy 30/06/2014</p> <p>The Council should run reports from their finance system on new suppliers</p> <p>Joseph Holmes 30/06/2014</p> <p>Finalise Amey contract management audit and confirm corrective actions and time scales</p> <p>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 Department for Education through representations over the timescales and scope of the potentially transferred services	20 - Very High	<p>Ensure that through representations with the DfE, the cost to the local taxpayer of the transition is minimised and there is foc</p> <p>CMTMembers 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>CMTMembers 30/09/2014</p>	16 - Very High
ORG0041	Insufficient staff resources/capacity	The organisations capacity to deliver current operations and "conduct major change activities"	<p>Inability to deliver the required organisational and operational changes to meet the financial challenges from the Government and changing expectations from the 5 year plan.</p> <p>Work Related consequences:</p> <ul style="list-style-type: none"> Stress related illnesses/behaviours Resentment Departure of best talent Poor performance Failures of judgement 	20 - Very High	<p>Clearly articulated 5 year plan and outcomes focus</p> <p>Increased collection rates and tax bases mitigate some of the financial pressures</p>	9 - High	<p>Effective workforce strategy and action plan articulated across the organisation</p> <p>CMTMembers 30/01/2015</p> <p>Assess the capacity for both normal operations and carrying key organisational change initiatives</p> <p>CMTMembers 31/12/2014</p>	6 - Medium

Appendix C

Risk Management Strategy

2013 to 2015

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Introduction

The Risk Management Strategy now includes the Risk Management Policy

The Risk Management Strategy will assist and direct the in the management of its risks. Many of the risks facing the Council are known but some are not. The implementation of the Risk Management Strategy will assist the Council in:

- Reducing risks
- Maximizing opportunities
- Improving the effectiveness of our partnerships
- Enhance our procurement processes
- Support the delivery of the council's Gold Projects.

Benefits of Risk Management

Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the Council as a whole, e.g.

- **Improved Strategic Management**
 - Greater ability to deliver against objectives and targets
 - A sound system of corporate governance
 - Confidence in the rigour of the Annual Governance Statement
 - More likely that new developments can be delivered on time and on budget
 - Delivery of innovative projects
- **Improved Operational Management**
 - Reduction in interruptions to service delivery
 - Reduction in managerial time spent dealing with the consequences of a risk event having occurred
 - Improved health & safety of those employed, and those affected, by the Council's undertaking
 - Improved prevention of fraud, bribery and corruption
 - Allows managers to focus on issues that really matter
 - Delivery of change management and organisational change
- **Improved Financial Management**
 - Better informed financial decision-making
 - Enhanced financial control
 - Reduction in financial costs associated with losses due to service interruption, litigation, etc.
 - Reduction in insurance premiums and claim related costs
- **Improved Customer Service**
 - Minimal service disruption to customers
 - Protection of reputation and reduced risk of misinterpretation by media

Objectives

Below are the risk management objectives.

Objectives:

- Embed a risk management ethos throughout the Council that ensures the regular and systematic identification, prioritizing, treatment and monitoring of risks.
- The production of strategic and departmental risk registers that highlight the key risks facing the council that informs and inform the annual audit plan.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Raise awareness of the need for risk management by all those connected with the Council's delivery of service

These objectives will be achieved by:

- Defining roles, responsibilities, and reporting lines.
- Including risk management issues when writing Cabinet reports
- Maintaining registers of risks
- Holding regular meetings of the Risk Management group that involves Senior Managers.
- Provide appropriate training to all members of staff

Guide for Identification, Prioritizing, and Management of Risk

To ensure the systematic management of risks it is recommended that risks are recorded and communicated. This is done by completing a risk register.

There are four steps to completing a risk register. These are:

1. Gather together the appropriate group of people
2. Use pre-determined risk categories
3. Collate and describe a list of risks and score, decide upon further risk control measures, responsibility for implementing the control measures and by when
4. Maintain risk register of JCAD Risk and review regularly

Step 1 - Gather together the appropriate group of people

Each Risk register will require a different group of people to be gathered.

- Strategic Risk Register - Corporate Management Team
Concerned with the corporate vision, gold projects.

- Service Risk Registers – Assistant Director and Management Team
Concerned with operational effectiveness
- Project Risk Registers
Concerned with the effective and efficient outcome of a project

Step 2 - Use pre-determined risk categories to prompt discussion

Different Types of Risk

To help identify risks more easily it has been decided to create a number of categories which will typically fall. Please note that risks can fall into more than one category.

Type of Risk	
Economic/ Financial	Events or lost opportunities that have a detrimental affect on the finances of the authority.
Political	Risks that affect the Council's ability to deliver it's strategic objectives.
Health & Safety	Events that lead to the physical/mental harm of employees and/or stakeholders.
Environment	Events that may have a detrimental affect on the physical environment
Legal/Regulatory	Actions or events that breach regulations, civil or criminal law
Management inc contractual	Events, actions or proposed actions that lead to increased management effort

Step 3 – Collate and describe a list of risks.

When describing a risk ensure that the description states the risk – not an outcome. E.g. Loss of staff is an outcome of a risk – Swine flu leading to loss of staff is a risk

Once a draft list of risks has been identified the same/similar need to be grouped together this ensures that the risk register is focused and not too unwieldy.

The final lists of risks require to be scored in a consistent manner. The scoring system is based upon a 5 x 5 matrix

Prob abilit	Very High	6	12	18	24
	High	5	10	15	20
	Significant	4	8	12	16

	Low	3	6	9	12
	Very Low	2	4	6	8
	Almost impossible	1	2	3	4
		Negligible	Marginal	Critical	Catastrophic
		Severity			

The scoring of the “probability” and the “severity”, is divided into 4 categories

Low	
Medium	
High	
Very High	

The descriptors for both ”Probability” and ”Impact” are shown below

Severity

	Negligible	Marginal	Critical	Catastrophic
Economic/Financial	Financial impact up to £50,000 requiring virement or additional funds	Financial impact between £50,000 and £500,00 requiring virement or additional funds	Financial impact between £500,000 and £1,000,000 requiring virement or additional funds	Financial impact in excess of £1m requiring virement or additional funds
Political	Could have a major impact one departmental objective but no impact on a Council strategic objective	Could have a major impact on a Departments objective with some impact on a Council strategic objective	Council severely impact the delivery of a Council strategic objective	Council would not be able to meet multiple strategic objectives.
Health & Safety	Reduced safety regime which if left unresolved may result in minor injury	Minor injuries	1 death or multiple serious injuries	Multiple deaths
Environment	Minimal short-term/temporary environmental damage	Borough-wide environmental damage	Major long term environmental damage	Very severe long term environmental damage.
Legal/Regulatory	Minor breach resulting in small fines and minor disruption for an short period	Regulatory breach resulting in small fines and short term disruption for an short period	Minimal CMT but major departmental management effort required	Very severe regulatory impact that threatens the strategic objectives of the Council
Management inc Contractual	Minimal contract management required	Minimal departmental but major contract management required	Minimal CMT but major departmental management effort required	Major CMT management effort would be required

PROBABILITY

	Almost Impossible	Very Low	Low	Significant	High	Very High
	Less than 10%	10 – 30%	30 -50%	50-70%	70 – 90%	More than 90%
	Event may occur only in exceptional circumstances	Event will occur in exception circumstances	Event should occur at sometime	Event will occur at sometime	Event may occur only in most circumstances	Event will occur only in most circumstances

Assessment of Risks

It is important to recognize that risks are assessed twice. Risks are assessed on the basis that there are no controls in place. This is known as the **Current Risk**.

The risk is then considered again considering what controls are in place or are proposed and assessed again. This is known as the **Controlled Risk**.

Where an action or course of actions have been decided upon to mitigate the effect of a risk then an officer needs to be identified so assume responsibility for ensuring that the control measure or measures are completed.

Risks should be mitigated to a level where **Controlled Risk** is at or below the **Risk Appetite**. The **Risk Appetite** is the maximum amount of risk that the organization does not wish to go beyond.

Ways to Mitigate Risks

The vast majority of risks can be mitigated in some way or other but most risks cannot be eliminated altogether and risk management is about determining what level of risk is acceptable.

There are four basic responses to the mitigation of risk. These are:

- Transfer
- Control
- Terminate
- Tolerate

Response	
Transfer	Some risks can be transferred – legal liability can be transferred to an insurer, or service delivery can be transferred to a third party provider.
Control	Some risks will require additional control measures to reduce their probability or impact.
Terminate	Some activities present risks that are so disproportionate to the benefits derived from carrying out that activity that consideration should be given to terminating the activity – it should be noted that this is not always possible.
Tolerate	This response is acceptable if The risk is already managed to its lowest level of impact and/or probability

--	--

Control Measures

Control measures are the actions taken to “mitigate” the probability and impact of a risk

Control measures can take many guises and below is a list of control measures and how they mitigate a risk.

Control Measure	How it Mitigates
Project Plan	The discipline of completing and maintaining a project plan is a good way of identifying and planning the management of issues that may arise.
Monitoring	This can take the form of a 121, appraisal, service meeting with a contractor or provider. Monitoring to a set of defined performance indicators helps ensure that actions are performed to a prescribed level in a timely manner.
Reporting	Regular reporting of performance to senior officer/ member groups encourages the completion of actions especially reports that highlight non-performance.
Auditing	This ensures the veracity of claims that actions are in progress or have been completed.
Action	Action proposed to mitigate a risk. These, when completed should affect the probability and/or impact of a risk.

Risk Registers and Their Maintenance

Below is a list of the information that is contained with a risk register.

- Reference Number
- Risk including possible outcomes and the risk appetite is explicitly expressed.
- Assessment of current probability
- Assessment of current impact
- Current risk assessment score
- Current Control measures
- Future control measures
- Officer responsible
- Assessment of controlled probability
- Assessment of controlled impact
- Controlled risk assessment score.

The risk registers are maintained on the JCAD Risk system.

How Risk Management in Slough Borough Council is organised.

The next section deal with how risk management is organised in Slough Borough Council. This includes:

- Roles and Responsibilities
- Training
- Pyramid of Risk Registers
- Terminology

Roles & Responsibilities

To help ensure that the risk management is embedded in the day to day function of all staff

Officer/Group	Responsibility	Frequency
Audit & Risk Committee	Refer to Terms of reference	Every Three months
Corporate Management Team.	Update Strategic Risk Register.	Every six months
	Undergo relevant training	As and when
Asst. Directors	Update Risk Register	Every three months
	Discuss risk at departmental meetings	Standing Item on CMT agenda every month
	Undergo relevant training	As and when
	Cascade risks down to individual teams	Standing Item on Team Meeting Agendas. At 1 2 1 supervision meetings monthly As part of PDA process annually
Team Leaders	Report and advise Asst. Director of any emerging risks	Standing Item on Team Meeting Agendas. At 1 2 1 supervision meetings monthly As part of PDA process

Officer/Group	Responsibility	Frequency
		annually
	Undergo relevant training	As and when
All other staff	Bring risk issues to the attention of their manager. Undertake relevant training	On-going
Risk & Insurance Officer	Maintain and facilitate updating of Risk registers	On-going
	Produce overview of departmental risks for Directors	Every Three Months
	Organise Risk Management Training	On-going
	Review and update Risk Management Policy	Annually

Training

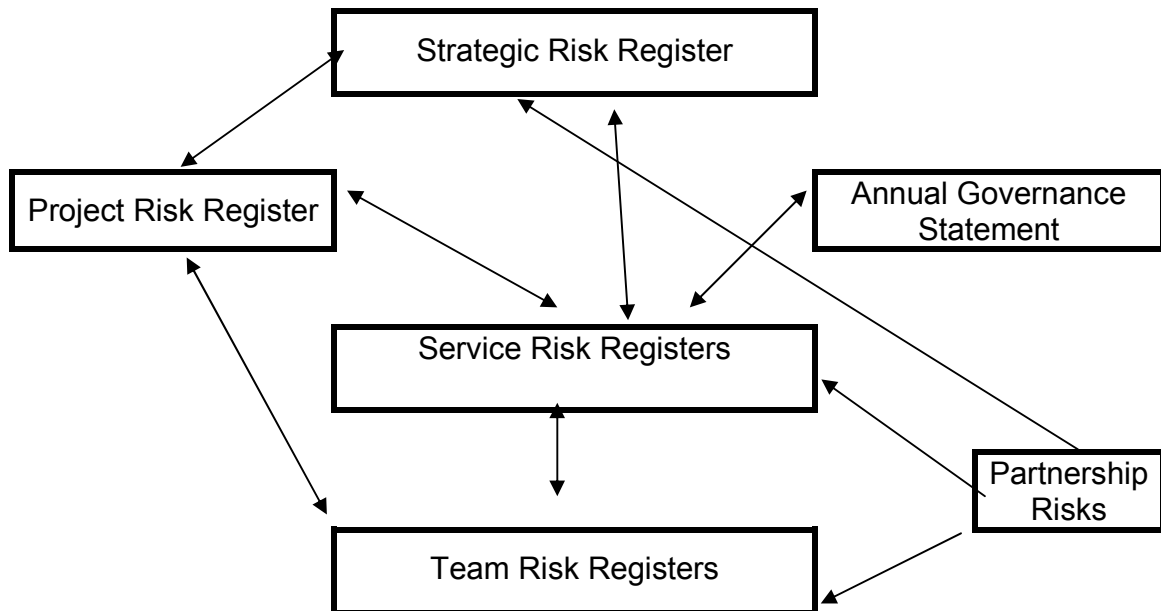
The Council has launched an on-line training package to show all staff the basics of risk management. The course includes a short test and the results are recorded although not published.

www.meritec.co.uk/FoRM password is **SBCUser**

Other more focused training will be arranged and delivered throughout the year.

Risk Registers

Below is a diagram that shows the links between the various risk registers and other elements that feed into the risk registers



Definitions

To ensure that risk management is embedded into the organisation. Below is a list of terms with definitions.

Risk Register – A document that contains details of a risk, current risk assessment, controlled risk assessment, proposed control measures and responsible officer

Probability – Also known as Likelihood – is the estimated chance of a risk transpiring.

Impact – The estimated severity of a risk transpiring

Risk Management Improvements

Below are the planned improvements to the risk management strategy over the coming 24 months.

- Move from the current 3x3 scoring matrix to a more sophisticated 5x5 matrix as described above
- The JCAD risk management system is upgraded to a web based system hosted by JC Applications.
- Once the system has been upgraded guidance notes will be issued on how to use the upgraded system
- Each departmental risk register will be quality assured by the Risk Management Group on a rolling basis.

Appendix

- Risk & Audit Committee Terms of Reference
- Risk Management Group Terms of Reference

Appendix 1 Audit and Risk Committee – Terms of Reference

ARTICLE 10 – AUDIT AND RISK COMMITTEE

The Council will appoint an Audit and Risk Committee

1. Statement of Purpose

The purpose of this Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority framework and nonfinancial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

Terms of Reference

2. Within the Terms of Reference of the Committee it will be
 - a. the member forum for external auditors matters, recommending to council the approval of the audited statement of accounts, formal approval will remain a full council responsibility.
 - b. the member forum for internal audit matters,
 - c. a key element of the internal control framework for the Council and take responsibility for the Annual Governance Statement,
 - d. be the member forum for risk management matters,
 - e. be the member forum for corporate governance matters.

General Role/Membership

3. The Committee is advisory and therefore not subject to the provisions of the local Government Access to Information Act 1985.
4. The Committee will comprise 7 people (6 Councillors on a proportional basis, and one co-opted member from outside the Council with suitable experience). The quorum for the Committee is three members.
5. That Committee will meet four or more times per year.
6. In order to promote the independence of the Committee there should be limited cross membership between Overview and Scrutiny Committee and the Audit Committee limited to a maximum of 2 members. Also Cabinet membership of the Committee is limited to one member.

Specific Functions

7. The Committee's specific functions shall include but not be limited to
 - (a) External Audit
 - To consider the external audit report to those charged with governance on issues arising from the audit of the accounts, and ensure that appropriate action is taken in relation to the issues raised

- To consider the external auditor's annual letter and ensure that appropriate action is taken in relation to the issues raised
 - To consider and comment on any plans of the external auditors
 - To comment on the scope and depth of the external audit work and to ensure it gives value for money
 - To consider any other reports by the external auditors
 - To liaise with the appointed body over the appointment of the Council's external auditor
- (b) Internal Audit
- To consider the Chief Internal Auditor's annual audit opinion and the level of assurance given over the Councils Corporate governance arrangements
 - To consider regular reports, including statistics, abstracts and performance of the work of internal audit as presented by the Chief Internal Auditor
 - To consider and approve the annual Internal Audit plan, ensuring that there is sufficient and appropriate coverage
 - To consider reports from Internal Audit on agreed recommendations not implemented in accordance within the agreed timescale
 - To contribute to the annual audit plan
 - To comment on the scope and depth of the internal audit work and to ensure it gives value for money
 - To consider any other reports the Chief Internal Auditor may make to the Panel.
- (c) Internal Control
- To recommend the adoption of the Annual Governance Statement to the Council
 - To ensure that an appropriate action is taken with respect the issues raised in the Annual Governance Statement.
- (d) Risk Management
- To approve the risk management strategy and review the effectiveness of risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and seek assurances that action is being taken on risk related issues
 - To ensure that assurance statements, including the Annual Governance Statement properly reflect the risk environment
 - To review the Council's risk register
- (e) Governance
- To consider the arrangements for Corporate Governance and to make appropriate recommendations to ensure Corporate Governance meets appropriate standards
 - To consider the Council's compliance with its own and other published standards and controls
 - To review any issues of governance referred to the Committee by internal or external audit.
 - To take ownership of the Protocol on referring Matters to the External Auditor
 - To review the Anti-Fraud and Corruption policy
- (f) Other
- To liaise with the Overview and Scrutiny Committee to ensure that the work of the two committees is complementary
 - To promote effective relationships between external audit, internal audit, inspection agencies and other relevant bodies to ensure that the value of the audit and inspection processes are enhanced and actively

promoted

- To consider financial and non-financial performance issues to the extent that this impacts upon financial management and governance.

8. The Committee shall report annually to the Council and report on an exception basis through the Performance Report produced by the Strategic Director of Resources, Housing and Regeneration for Cabinet.

9. The Terms of Reference shall be reviewed annually.

Appendix 2 Risk Management Group Terms of Reference

A Risk Management Group has been set up by the Council to represent the view and interests of all departments in developing and maintaining a corporate approach to risk management issues.

Aims

The aims of the Corporate Risk Management Group are to:

- Act as a forum to report on the progress made in mitigating risk as per departmental risk registers Departmental Risk Registers.
- Provide challenge on the risks and mitigating measures identified.
- Identify and agree suitable risk management training methods for both members and officers.
- Consider relevant recommendations emanating from inspections, reviews etc so that concerns are adequately reflected in risk registers.
- Publish departmental risk registers on the intranet
- examine and comment on the business continuity plans of departments and key suppliers
- Review Corporate Risk Register every 6 months

Membership

The meetings will be chaired by The Risk and Insurance Officer and will consist of:

- An Assistant Director from each department
- A member Internal Audit

Meetings

Meetings will be held quarterly and the Minutes from the meetings will be circulated to CMT.

All matters discussed and papers submitted for the meeting including Minutes of previous meetings must be treated as confidential

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Risk Committee **DATE:** 11th December 2014

CONTACT OFFICER: Joseph Holmes; Assistant Director, Finance & Audit & s151 officer

(For all enquiries) (01753) 875358

WARD(S): All

PART I
FOR COMMENT AND CONSIDERATION

FINANCIAL & PERFORMANCE REPORT – QUARTER 2 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 note the write offs contained within this report
- To note the virements contained within this report

2 Recommendation(s)/Proposed Action

The Committee is requested 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 2014/15

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.

(b) Risk Management

These are contained within this report.

(c) Human Rights Act and Other Legal Implications

None

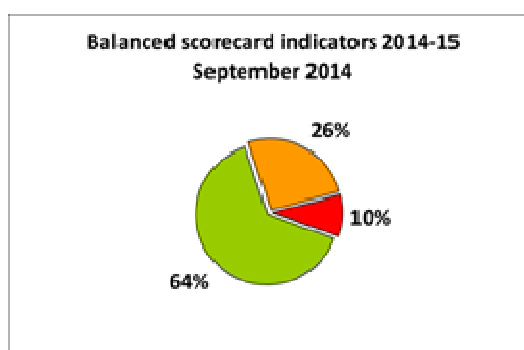
(d) Equalities Impact Assessment

There is no identified need for the completion of an EIA

5 Supporting Information

5.1 The Council is forecasting to overspend by £0.76m as at month 6. Although the overspend continues to reduce, without remedial action this will have an impact on the Council's General Reserves. The Council remains positive that it will be able to take appropriate action to ensure that this position is mitigated as much as possible by the end of the financial year. This is a better position compared to month 5 when the Council reported a potential £1.55M overspend and continues a gradual reduction of the forecasted overspend down to the budgeted position. The main area showing an overspend is the children's and families service area with a forecast overspend of £0.65M. The Budget Monitoring summary for September 2014 is shown in appendix A.

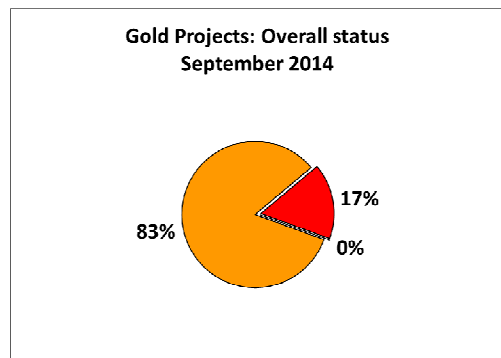
5.2 The latest position for the Council's balanced scorecard demonstrates that at the end of September 2014 the Council's performance is as below:



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

- Average staff sickness rate (days lost per FTE);
- Percentage of Single Assessments completed and authorised within 45 working days (in month);
- Number (and %) of Adult Safeguarding Alerts that led to a strategy meeting per month.

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



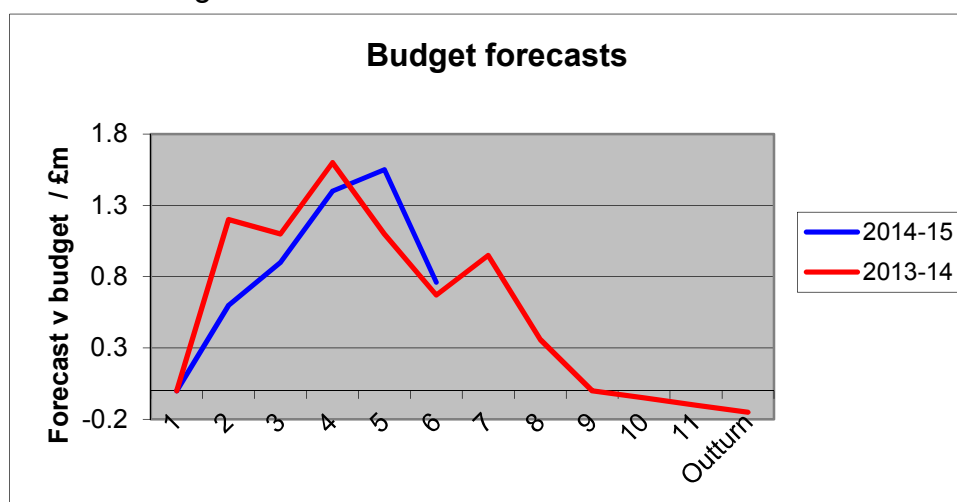
Executive Report

6 Introduction

6.1 This is the month 6 report to Cabinet for the 2014-15 financial year in respect of the financial and performance position of the Council

7 Financial Performance

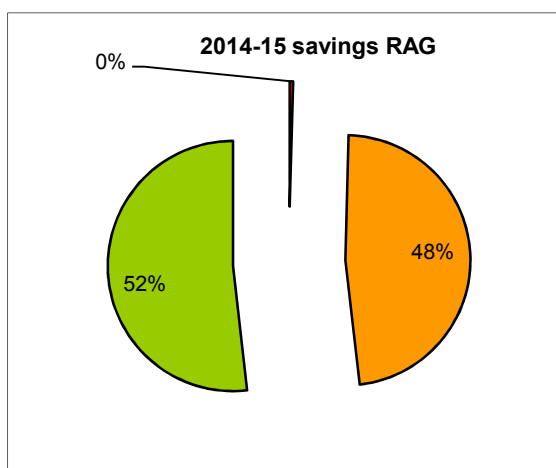
7.1 The Council is forecasting an overspend of £0.76m as at month 6. The main service area showing variation from budget is the Children and families services within the Wellbeing directorate.



7.2 Overall the pressure within the Wellbeing directorate has reduced by £446k. This is due to favourable movement on the Children Social Care (CSC) services. As part of the recovery plan there has been a successful review of eight high cost

placements that have been accommodated at a significantly lower cost. This review is ongoing and it is hoped that further reductions will be identified.

- 7.2.1 The reduction in the Adult Social Care pressure is due to the assumption that the recovery plan to save £568k will be fully realised. Since then further pressures of £334k has been identified and included in the forecast. This is due to eight additional clients on the Older People budget in the past two months. This has been offset by identifying additional one off reduction relating to expenditure on Carers and use of Winter Pressure funds. However it must be noted that many of the areas identified to deal with the original pressure of £568k is yet to have any impact on reducing costs. The service however remains optimistic that these will yet have the desired effect and this is being closely monitored.
- 7.2.2 The remaining pressure within Children is largely due to the increase in court mandated mother and babies placements. These cost over £3k per week and are typically for 12 week periods. We have made an allowance in the forecast for up to 6 additional new cases at an anticipated cost of £200k. There is also the overspend on Legal Fees of £170k; although this pressure has eased on the £360k overspend from last year. The pressure on the Early Help Budgets has eased. It is now expected to overspend by £134k due to a revision in the likely Grant Income on the Troubled Families Programme.
- 7.3 The 2014-15 budgets were 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. As at the end of quarter 2, 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.



7.4 Housing Revenue Account

- 7.4.1 For period 6, the forecast Housing Revenue Account underspend is £1.9m. Projected underspends within the Repairs & Maintenance service is going to be offset by pension and staffing pressures as well as slightly reduced rental income. The position is shown in the table below:

HRA	Revised Budget	Outturn £'000	Variance £'000	%	Change in month
-----	----------------	------------------	-------------------	---	--------------------

	£'000				
Expenditure	39,754	37,804	(1,950)	(4.9%)	(1,950)
Income	(36,161)	(36,111)	50	0.1%	50
Total	3,593	1,693	(1,900)	(52.9%)	(1,900)

7.4.2 The HRA capital programme is forecasting underspends of £0.225m on the Decent Homes and Planned Maintenance elements of the HRA capital programme, £3.5m on the Affordable Homes programme, £1.225m on the Britwell regeneration project and £0.359m on Environmental Improvements.

8 Capital Expenditure

Capital forecasts

8.1 The summary of capital expenditure as at month 6 on a consolidated and directorate basis can be shown as follows:

	Expenditure	September 2014	Projection
Directorate	Budget	Actual £000s	£000s
Resources	20,861	4,003	18,213
Wellbeing	7,622	2,132	7,895
Chief Executive	76	0	76
Customer & Community Services	12,280	1,533	7,762
Housing Revenue Account	19,155	5,766	14,146
Total	59,994	13,434	48,092

8.2 The council has spent 22% of its available 2014-15 Capital Budget in the first half of the year. Spend is traditionally low in the first 6 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 £48.092m against a revised budget of £59.994m. More detailed directorate narrative is attached as appendix B. The forecast spend is 80% of the overall capital programme.

9 Council Performance

9.1 This month, 31 performance indicators have been RAG rated – the majority at **Green** (20; 64%) or **Amber** (8; 26%). Those rated as Green or Amber - taken together - account for 91% of measures. Three measures this month (10%) are **Red** rated as being off target by more than 5% in this report.

9.2. Noteworthy Improvements

This month none of the indicators reported previously as **Red** or **Amber** have improved to a **Green** target level of performance.

9.2.1 **Noteworthy Concerns**

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

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

Data is provided as a 'rolling year' position.

Year to date sickness rate of 8.9 days is above the current target of 6.5 days.

Managers and Staff encouraged to use overall Balanced Scorecard diagnostically to focus on areas of high sickness. Work still required to reduce sickness in Wellbeing Directorate. Pockets of rises in other areas of the council are emerging, rise in sickness in Housing services.

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

Provisional data

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 there was marked improvement in compliance with these timescales (85%+ in July), the performance in past two months has fallen from this level. The nationally set target for this measure is demanding, at 100%.

9.2.1.3 **Number (and %) of Adult Safeguarding Alerts that led to a strategy meeting per month**

PROVISIONAL DATA

This month the proportion of safeguarding alerts requiring progression to strategy meetings is below the target tolerance.

Across the whole of the 2014-15 period to date, this value is above the target tolerance (at 43.6%). Performance has been flagged to Safeguarding team, and data accuracy investigations are underway.

Activities underway to ensure this is maintained include:

All safeguarding alerts are triaged by a Designated Safeguarding Manager (DSM) to determine whether they need to progress through the safeguarding process. The levels of response guidance has been reissued to all DSMs enabling them to determine the need for a safeguarding response to keep individuals safe or whether other processes are more appropriate e.g. care management review, referral to other agencies e.g. woman's Aid, Anti-Social Behaviour Team.

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

9.2.1.4 **Business Rates collection rate:**

Percentage of total amount due for 2013-14 collected to date

A collection profile has now been agreed and the collection rate for September is 0.8% below the target, however during August a number of new properties came into charge increasing the Net Collectable debit, however no collection will be made on these accounts until September/ October as we are legally obliged to provide the Customer with 14 days' notice before we can make a collection and the collection date is 1st of the month. The collection rate when compared

to 2013-14 is slightly down but this is because there was a change in legislation which allows Customers to pay over 12 instalments in this financial year as opposed to 10 instalments in previous years and 23% of the debt is now being paid over 12 instalments.

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

Work is underway between the council and school leadership teams to address concerns raised and implement improvement activity at individual schools.

St Ethelbert's has been deemed to be making 'reasonable progress towards the removal of special measures' at the third monitoring inspection.

Marish has been deemed as making 'reasonable progress' at the first monitoring inspection since the school was judged to have serious weaknesses.

Our Lady of Peace Junior has recently been inspected as subject to 'special measures'.

Both Colnbrook and Foxborough are awaiting their first Ofsted inspection since converting to academy status.

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

JSA claimant rate in August fell to 2.0%, comprising 1,885 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.

9.2.1.7 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 September have improved in comparison with August's position, with 'New Claims' within target however 'Change of Circumstances' was above target of 10 days, mainly due to staff concentrating on new claims. Please note that that target is an annual target and will fluctuate monthly.

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.

As the year progresses and the number of new claims and changes reduced it usually evens out the overall figure.

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.

SBC is working with our contracted deliverer of this service to improve Speed of Processing times.

9.2.1.8 Number of households in temporary accommodation including hostels

The number of households increased from 99 from August to 101 in September 2014.

Homelessness is increasing both locally, regionally and nationally, and targets for 2014/15 are being reviewed in light of this national change. The demand for temporary accommodation is predicted to increase. We are increasing our permanent offers to those cases on the housing register but have a significant fall in the number of vacancies that we get in each year. SBC have created a new social lettings agency to discharge our duty into the private rented sector.

9.2.1.9 Number of families placed in Bed & Breakfasts (B & B's).

The number of families placed in B & B's has increased from 6 in August 2014 to 9 in September 2014.

We have had an increase in the Homeless Approaches. The Housing Demand team are short of staff and decisions on homelessness are exceeding the 33 day KPI. As a result households are remaining in TA for longer without a homeless decision. We have also had several families that have been served with NTQ's requesting Reviews on the decisions. This means that households are remaining in TA once a decision is made pending the outcome of a Review.

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

This has been previously reported.

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

This has been previously reported.

Council's Gold Project Update

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

9.4 Please note that the highlight reports are submitted using the standardised format requested by the Chief Executive. The intention of this format was to ensure that the really pertinent points are drawn to CMT's attention, particularly any recommendations or requests that require CMT action to support project delivery.

9.5 Monthly Period Summary

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

9.7 Of the six project highlight reports submitted, all have been confirmed as agreed and authorised by the Project Sponsors with the exception of the following submitted in draft format:

- *Safeguarding Improvement Board;*

9.8 Of the six submitted highlight reports, five have been assessed to have an **overall** status of '**Amber**' and one at '**Red**'.

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

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

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

9.10 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 September 2014**

Gold Project Name	Overall status	Timeline	Budget	Issues + Risks	Sponsor approval status	CMT recommendations
Accommodation & Flexible Working	AMBER	Amber	Amber	Amber	Approved	1. To support the project board with the proposed changes to working practices and promote these within your service areas, including flexible working, clear desk policy, general tidiness etc. 2. Confirm priority location for Video Conferencing. 3. Reliance on Partners – Where CMT members have management of partners under their area, support this project by ensuring the provider delivers as required i.e. Arvato, Interserve etc. 4. Further funding required to cover unexpected costs as per above notes to fund roof replacement, upgrade of the intruder and fire alarm etc. CMT asked to support this additional requirement.
Fit for the Future Programme	AMBER	Amber	Green	Amber	Approved	1. Leadership and management development: <ul style="list-style-type: none"> • Support development opportunities for MDP participants to take part in corporate projects. • Support take up and facilitation of MDP. • Support review of Scheme of Delegation via SMTs. 2. Governance: <ul style="list-style-type: none"> • CMT to consider how to acquire or develop project,

						<p>programme management and transformation capacity.</p> <p>3. Staff engagement</p> <ul style="list-style-type: none"> All SLT to commit to team visits, effective communication and to build communication plans into any change programme. <p>4. Customer Focus:</p> <ul style="list-style-type: none"> SD CCS to review current operation of the CFPB. <p>5. Staff sickness:</p> <ul style="list-style-type: none"> None for CMT. <p>6. IT infrastructure:</p> <ul style="list-style-type: none"> CMT to ask that ICT strategy and delivery to ensure infrastructure supports modern E learning methods including decision on video and audio being made available.
Learning Disabilities Change Programme	AMBER	Green	Green	Amber	Approved	<p>To note the update and the on-going risk in relation to the court of protection applications, the current underachievement of savings, the impact of delays in securing appropriate housing and the impact on the project of temporary reduction in project support.</p>
Safeguarding Improvement Plan	RED	Red	Green	Red	Draft	<p>1. CMT to discuss, challenge and support progress and proposed actions as appropriate.</p> <p>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.</p> <p>3. CMT note and challenge the performance outcomes.</p> <p>4. CMT to stay appraised of and be involved in identifying key transition work programmes/issues, to ensure readiness for a trust and redress the impact of a trust on the Council.</p> <p>5. 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.</p>

School Places Programme	AMBER	Amber	Green	Amber	Approved	1. To support the project team by ensuring there is sufficient capacity and capability to plan and deliver the strategy. 2. To support the project team by ensuring there is sufficient capacity and capability to plan, drive and accelerate the provision of SEN places. 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. 3. Take appropriate action to address risks as indicated above.

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 £453k has been written off during the second quarter of 2014/15. As in the previous quarter the majority of this total relates to NNDR debt (£310k). The write off across the council's services for the second quarter, including the reason for write off, can be summarised as follows. The write offs below are requested for approval.

Reason	NNDR	Council Tax	Former Tenant Arrears	Sundry Debtors	Adult Social Care	Housing Benefits	Total
	Value £	Value £	Value £	Value £	Value £	Value £	Value £
Unable to trace		1,101.93	21,080.50	231.54			22,413.97
Uneconomical to pursue			44.87	1,086.25			1,131.12
Vulnerable persons		775.30					775.30
Deceased		2,368.66	6,347.59	1,547.28			10,263.53
Statute Barred		1,972.76	574.74	1,221.53			3,769.03
Absconded	68,271.28	7,663.71		2,002.65			77,937.64
Instruction from Client				33,711.77			33,711.77
Nulla Bona (Returned from Bailiff)				53,241.73			53,241.73
Unable to Enforce				6,950.81			6,950.81
Dissolved	41,144.53						41,144.53
Proposal to Strike	90,318.84						90,318.84
Liquidation	94,722.19						94,722.19
Receivership	1,446.55						1,446.55
Misc.	13,627.12	1,303.91	514.07				15,445.10
	309,530.51	15,186.27	28,561.77	99,993.56			453,272.11
Pre April 2012	112,863.76	7,170.31	3,783.51	56,613.77			180,431.35
Post April 2012	196,666.75	8,015.96	24,778.26	43,379.79			272,840.76
	309,530.51	15,186.27	28,561.77	99,993.56			453,272.11

11 Virements

11.1 Virements during the first quarter of the current financial year requiring approval are as follows

Service Area		Amount £'000	Reason
From	To		
Regeneration, Housing and Resources	Customer and Community Services	51,960	Transfer of post.
Regeneration, Housing and Resources	Customer and Community Services	116,070	transfer of premises budgets
Regeneration, Housing and Resources	Customer and Community Services	16,000	Transfer of Transport budgets
Reserves	Customer and Community Services	252,200	Release of 2013/14 Carry Forwards
Reserves	Regeneration, Housing and Resources	263,810	Release of 2013/14 Carry Forwards
Reserves	Chief Executive	80,500	Release of 2013/14 Carry Forwards

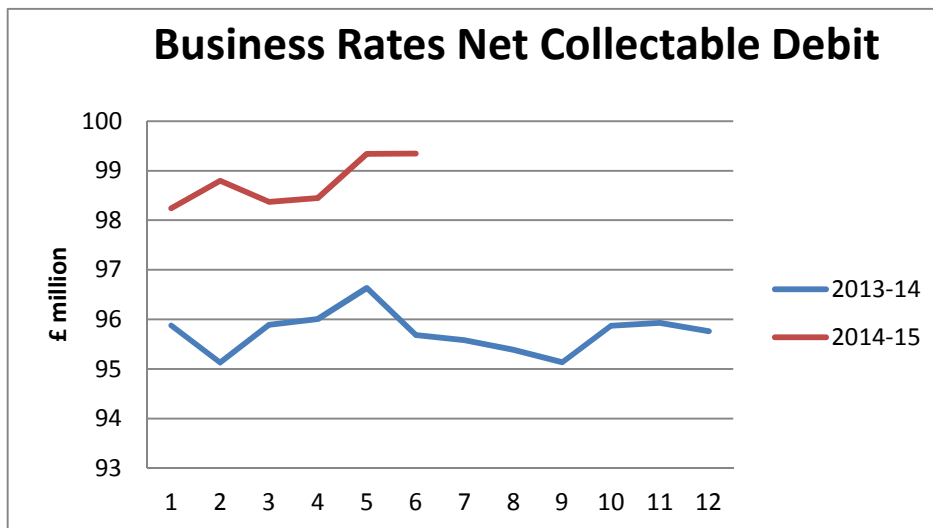
12 Income Monitoring

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	28.8	1.67
Revenue Support Grant	32.47	32.47	0.00
Education Services Grant	1.96	1.80	(0.16)
NHS Monies to Support Social Care	2.36	2.36	0.00
New Homes Bonus	2.01	2.01	0.00
Other Non-Ringfenced Grants	1.03	0.93	(0.10)
Collection Fund	1.30	1.30	0.00

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 year's budget and the medium term financial strategy.
- 12.5 Cabinet 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 SBC's 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

This report was considered by Overview & Scrutiny Committee in November 2014.

14 Conclusion

- 14.1 The Council overspend continues to reduce and the Council remains positive that it will 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. The summary of the six Gold projects as at September 2014 indicates that the overall status of five have been assessed as **Amber** and one as **Red**. None have been assessed as **'Green'**.

15 Appendices Attached

'A' - Summary revenue forecasts

16 Background Papers

'1' - Supporting working papers held in finance

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Directorate	Net Current Budget	Projected Outturn	Variance: Over / (Under) Spend
	£'M	£'M	£'M
<u>Wellbeing</u>			
Adult Social Care and Health Partnerships	36.405	36.405	0.000
Central Management	0.270	0.237	(0.033)
Children and Families	20.906	21.560	0.654
Education (Non-Schools)	6.662	6.557	(0.105)
Public Health	(0.195)	(0.110)	0.085
Total Wellbeing	64.048	64.649	0.601
Total Schools	(0.337)	(0.337)	0.000
<u>Customer and Community Services</u>			
Customer Services and IT	0.547	0.547	0.000
Community and Skills	6.514	6.443	(0.071)
Enforcement and Regulation	2.004	2.019	0.015
Strategic Management	(0.126)	(0.126)	0.000
Transactional Services	8.068	8.218	0.150
Procurement	0.606	0.606	0.000
Total Customer and Community Services	17.612	17.706	0.094
<u>Regeneration, Housing and Resources</u>			
Strategic Management	0.046	0.146	0.100
Corporate Resources	2.109	2.084	(0.025)
Housing and Environment	14.698	14.844	0.146
Estates and Regeneration	11.247	11.039	(0.208)
Total Regeneration, Housing and Resources	28.100	28.113	0.013
<u>Chief Executive</u>			
Executive's Office	0.334	0.334	0.000
Communications	0.300	0.300	0.000
Policy	0.703	0.693	(0.010)
Professional Services	3.051	2.946	(0.105)
Total Chief Executive	4.388	4.273	(0.115)
Total Corporate	(0.150)	(0.150)	0.000
Total Net Cost of Services	113.661	114.254	0.593
% of revenue budget over/(under) spent by Services			0.5%
Total Non Departmental Costs	(1.546)	(1.381)	0.165
Total General Fund	112.114	112.872	0.758
% of revenue budget over/(under) spent in total			0.7%

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Risk Committee **DATE:** 11th December 2014

CONTACT OFFICER: Barry Stratfull, Corporate Financial Controller; Deputy Section 151 Officer

(For all enquiries) (01753) 875748

WARD(S): All

PART I
FOR COMMENT AND CONSIDERATION

2013-14 Financial Statements

1 Purpose of Report

To provide members of the Audit & Risk Committee with an overview of the closedown process for the 2013-14 financial year, highlighting the issues identified by BDO (our external auditors) during the audit of the statements and the solutions implemented.

2 Recommendation(s)/Proposed Action

Members are invited to note the report.

3 The Sustainable Community Strategy, the JSNA and the Corporate Plan

3.1 Sustainable Community Strategy Priorities

The report indirectly supports all of the Community Strategy priorities and cross cutting themes. The maintenance of good 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.

3.2 Corporate Plan 2014/15

The report helps achieve the Corporate Plan objectives by detailing how the Council and Audit Committee can deliver good governance in Local Government.

4 Other Implications

4.1 Financial

The Financial implications are contained within this report.

4.2 Risk Management

Risk	Mitigating action	Opportunities
Legal	None	None
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	none
Communications	None	none
Community Safety	None	None
Financial; Detailed in the report and above	As identified	Deliver reduction in Audit Fees in line with Audit Commission consultation
Timetable for delivery;	None	Opportunity to deliver the 2014/15 financial statements for review before the statutory deadline
Project Capacity	None	None
Other	None	None

4.2.1 Human Rights Act and Other Legal Implications

None identified

4.2.2 Equalities Impact Assessment)

No identified need for the completion of an EIA.

Executive Report

5 Introduction and Background

- 5.1 A report was provided to members at the Audit and Risk Committee on Tuesday 23rd September 2014 with the opportunity to question the Council's external auditors concerning the audit of the 2013-14 financial statements.
- 5.2 It was highlighted in this report that 2013/14 was the first year that the audit deadlines for submitting both the draft and the final statement of accounts had been met since 2009/10. The Council's financial statements for the 2013/14 financial year were approved and the external auditors report on the Council's financial statements for the same year and the accompanying recommendations going forward noted.

- 5.3 External Audit reports over a number of years have highlighted that the accounts have historically been prepared late, with inadequate working papers, and this has led to a delay in the external auditor's opinion being issued in two of the past three financial years. The response in 2013-14 had been, with a new team overseeing the production of the financial statements, to review and revise the procedures in place to produce the financial statements. The external auditors advised the committee that the Council had made and continued to make progress.
- 5.4 It was acknowledged that even though the deadlines for submitting the statements had been met the arrangements for preparing the financial statements in future years required further strengthening. It was requested that a report be brought to the next committee meeting highlighting the problems identified during the audit and the solutions implemented.

6 Main Issues during the audit

- 6.1 As a result of the 2013/14 audit plan the Council established an accounts closedown project group in to oversee the preparation for and delivery of the 2013/14 accounts closedown process. The opinion on the 2012/13 financial statements was given on the 31 October 2013 and included a significant number of issues arising from the audit and a high number of amendments required to the financial statements. Although the improvement project group started in November 2013 time was already short to ensure that supporting working papers were adequate and all recommendations shown in the report were implemented. BDO have reported that they believed the arrangements for preparing effective audit working papers in 2013-14 were significantly deficient. The council will continue to work with BDO to improve the quality for the 14/15 statements. The 2015/15 closedown process has already begun and meetings with the external auditors have been scheduled for the beginning of December 2014. We are waiting for BDO's records required listing but anticipate this information being available in December. This is earlier than in previous years and will help with the timeliness and quality of the working papers.
- 6.2 The audit did identify a number of material errors in the presentation of the financial statements. These misstatements were one off issues that arose during the audit. The changes to the accounts have been made to the satisfaction of the external auditors and should not be an ongoing issue in future years. The finance section in the Council is committed to continue to improve the processes and arrangements for producing the financial statements in 2014-15. This will provide greater assurance to members of the Risk & Audit Committee concerning the financial stewardship and accountability of the Council's financial affairs. This year we are going to perform a month 9 closedown. This will include looking at the following:
- Updating the Asset register.
 - Depreciation policy for assets
 - Debtors and creditors.
 - Expenditure and Income transactions
 - Overall Balance sheet
 - Movement of Reserves
 - Movement of provisions
 - School information available

This will enable us to identify any issues that may arise during the year and give us more time to seek a solution. We will be able to ensure that previous BDO recommendations and actions have been completed

- 6.3 Of the ten material misstatements identified in the BDO report that the Council agreed to amend it should be noted that four of these relate to disclosures in the financial statements notes rather than the primary statements. The amendments relate to either reclassifications of transactions or balances, or capital items which are subsequently reversed through reserves and therefore there is no impact on the closing general fund balance. It should also be noted that BDO issued an unqualified true and fair opinion on the financial statements for the year. The actual external audit fees for the past few years and the indicative 14/15 fee are as follows:

- 2009/10 401K
- 2010/11 401K
- 2011/12 329K
- 2012/13 260K
- 2013/14 202K
- 2014/15 169K

7 Audit Recommendations and Action Plan

- 7.1 One of the main tasks associated with the Closedown project group was the implementation of actions contained within the BDO's audit report to the audit & Risk Committee in October 2013. Updates on this plan were reported to Audit and Risk committee in March 2014. As part of the audit of the 2013/14 statements BDO have produced a follow up of the recommendations and an action plan that has been agreed with management.
- 7.2 The recommendations and progress against these actions can be seen in detail in Appendix A

Appendices Attached

- 'A' - Audit Recommendations and Action Plan
'B' - Completed 12/13 Audit Recommendations

Background Papers

Statement of Accounts 2013/14

Appendix A

Statement of Accounts Recommendations and Action Plan

Prior Year Recommendation	Current Year Recommendation	Action Taken	Proposed Action
Working Papers Management should carry out a detailed review of its 2012/13 closedown process to identify how improvements can be made. This should include a critical evaluation of working papers against audit requirements. BDO will assist in this process to ensure that our requirements continue to be appropriately tailored to the Council and fully understood by all relevant staff.	Whilst there has been improvement in the quality of the Council's working papers since the prior year, there remains Significant scope for improvement. Management should carry out a critical review of the outcomes of the 2013/14 audit to identify the areas where further improvements need to be made in closing down the accounts and producing effective working papers.	A complete review was undertaken after the 2013/14 audit to inform 2014-15 accounts closedown. Improvements have been made since the previous year and these will continue to be built upon.	The Council has once again set up an accounts closedown project group to oversee the preparation for and delivery of the 2014/15 accounts closedown process. The project plan has set out the processes and arrangements that needed to be put in place by the finance team, service areas and third party provider to effectively produce the financial statements for 2014/15 in light of the external auditors recommendations. The project plan also included actions to ensure that

			supporting working papers were adequate and produced on a timely basis. A soft. month 9 closedown will be completed to assist in preparing some of the areas mentioned in this report earlier. Receiving BDO.s working paper requirements during the preparation for closedown will greatly assist this process.
Property valuations Management should more fully document its thought process and evidence to support the representation that the carrying values of all assets remain materially accurate as fair value at year end.	Management should more fully document its thought process and evidence to support the representation that the carrying values of non-current assets that have not been formally revalued in the year remain materially accurate as fair value at year end.	There remains scope for improvement in the Council's evidence supporting the carrying value of properties that have not been revalued in the year.	Dialogue has already begun with our valuers and this recommendation will be built into the timetable and closedown plan. Wilks, Head and Eve have been commissioned to carry out impairment reviews for General Fund and HRA assets each year but asset management will be incorporated into this work.
Depreciation of non-current assets : Useful economic lives (a) Management should more fully	Management should more fully document its annual review of useful lives, depreciation methods and residual values of	Additional resource was used to produce a detailed review of the asset register. The majority of	All assets will be reviewed and discussed with BDO to ensure this recommendation is fully

<p>document its annual review of useful lives, depreciation methods and residual values of all classes of assets.</p> <p>(b) The fixed assets register should be updated to ensure that all assets are appropriately depreciated in accordance with the Code requirements.</p> <p>(c) The fixed assets register should be updated to ensure that leased assets are being depreciated over the shorter of the lease life or the expected life of the asset.</p>	<p>all classes of assets, particularly where assets have not been formally revalued.</p>	<p>the work produced was too late to impact on the 2013/14 statements but will help to resolve these issues during 14/15.</p>	<p>met.</p>
<p>Accrual for special education needs (SEN)</p> <p>Management should ensure that the year end accrual for out-of-borough special education need placements is estimated by taking account of the actual number of placements and the expected cost for each; in the light of the accuracy of the prior year accrual.</p>	<p>Management should carry out a critical review of the working papers produced to support the year end SEN accrual to ensure that they fully evidence all assumptions made and any impact from prior year under/over accruals.</p>	<p>There were a number of issues regarding the working papers provided to support the year end SEN accrual. In addition these do not clearly show how the prior year accrual compared to the actual payments made post year end and therefore the extent of any under/over accrual from the prior year impacting on the current year.</p>	<p>This recommendation will be given high priority within the closure of accounts group. A new resource and additional resource has been allocated to this task to ensure that the Council work with the schools to produce the necessary figures for the accounts and the working papers to enable the figures to be audited.</p>
<p>Fixed assets register</p> <p>Management should ensure that the following recommendations</p>	<p>Management should ensure that Internal Audit's recommendations on the asset</p>	<p>Internal Audit's conclusion on the asset register in 2013/14 was rated amber as</p>	<p>Work is ongoing to implement all the internal audit</p>

<p>raised by Internal Audit on the fixed asset register are implemented:</p> <p>□ the Council should carry out an exercise to ensure the accuracy of the asset register. The Council should embed a process whereby all assets for disposals are clearly communicated to the Principal Capital Accountant through the use of a form that this officer is required to sign to confirm removal of disposed assets from the Asset Register or justification is documented to explain why nil value assets remain recorded. The Council should carry out a full review of its fully depreciated assets to determine whether they are still in use and have a value to the Council or whether they should be removed from the fixed assets register and the accounts. In addition, the Council should seek legal advice as to whether or not it needs to formally transfer title for its properties that are still registered in the name of the previous Berkshire County Council.</p>	<p>register review in 2013/14 are fully implemented in accordance with agreed timelines</p>	<p>the majority of its previously stated recommendations in this area have not been fully implemented.</p> <p>The Council has reviewed its fixed asset register and written out a number of assets that are no longer in use of held by the Council. Work is in progress to determine whether the Council needs to formally transfer title for its properties that are still registered in the name of the previous Berkshire County Council.</p>	<p>recommendations in line with the action plan.</p>
<p>Purchase orders</p> <p>Management should remind staff that all purchase requisitions should be raised and approved</p>	<p>Management should monitor compliance with its new .No Purchase Order, No Pay. policy as failure to comply with this</p>	<p>In September 2013 the Assistant Director, Finance & Audit gave a presentation to the Council's senior</p>	<p>Monthly reports are being run to see progress against this policy and which services are</p>

prior to orders being made for goods or services, in accordance with the Council's policies. Management should monitor compliance with these procedures.	policy could result in the Council committing itself to inappropriate expenditure or incurring expenditure in excess of allocated budgets.	leadership team which included the issue of purchase requisitions being raised retrospectively of receiving invoices. Throughout 2013/14 a number of purchase requisitions have continued to be raised retrospectively (16 out of 25 tested by Internal Audit), however management believes that the Council's new .No Purchase Order, No Pay. Policy has been fully in place from 1 April 2014.	improving performance. Training is also being rolled out to improve Compliance.
N/A	Transactions posted to the general ledger should be fully reconciled to underlying schools returns. Management should complete a review of the consolidation of schools transactions into the CIES and balance sheet as part of the accounts closedown process.	This will be reviewed as part of the closedown review.	
N/A	The Council's closedown procedures should include a process to calculate a reasonable carrying value for replaced components of council	This will be included in the management review of assets and as part of the month 9 closedown.	The Council currently depreciate dwellings over 50 years. Our external valuers estimate the weighted

	<p>dwellings, which takes account of any accumulated depreciation and impairment, rather than derecognising the components at the same value as the capital expenditure incurred.</p>		<p>average life for flats is 42 years and 46 for houses. Based on work done during the 13/14 audit and discussions with BDO it is believed a move to depreciating over the weighted average life will be a closer approximation to the value of depreciation if the council fully componentised its council dwellings. The council will therefore amend its Accounting policy on the depreciation of dwellings to reflect this</p>
N/A	<p>Employment Taxes As part of our risk assessment procedures for the audit, our employment taxes specialist has carried out a review of the Council's arrangements in respect of employment taxes and raised a number of recommendations for improvement. Management should monitor the implementation of the</p>	<p>An action plan is in the process of being agreed.</p>	

	recommendations raised by BDO.s employment tax specialist.		
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Appendix B

Statement of Accounts

Closure of Accounts 12/13 - Recommendations Completed

Prior Year Recommendation	Outcome of Follow Up
Related party disclosures As part of the accounts closedown processes, finance officers should review the general ledger for any transactions with entities with whom officers and Councillors have declared interests. The value of the transactions should be considered from the viewpoint of both the Council and the related party in deciding whether or not the transactions should be disclosed in the related parties note	Minor amendments have been made to the related parties note in the financial statements as a result of our audit, to disclose the value of transactions with related parties. The recommendation is considered implemented.
HRA share of corporate and democratic core costs The Council should review its recharges and recalculate the HRA share of corporate and democratic core costs on an appropriate basis. This calculation should be reviewed regularly.	Finance officers have reviewed the calculation and amended the charge to the HRA in 2013/14. Recommendation implemented.
Business rates reliefs Management should ensure that the following recommendations raised by Internal Audit on business rates processes are implemented as a high priority: <input type="checkbox"/> an inspector should be put in place and regularly investigate empty properties and small businesses to ensure that these are still eligible for the reliefs and deductions they receive. An inspection timetable should be	Internal Audits review of business rates for 2013/14 found that considerable efforts had been made in implementing recommendations raised at the last audit review, although the appointment of a permanent inspector remained outstanding. Management had stated that an inspector is been in place since February 2014 (after Internal Audit's review), therefore recommendation is implemented

<p>created to ensure that all properties in receipt of exemptions are inspected cyclically. The transactional hub contractor should create a review timetable to ensure that regular checks are undertaken to confirm continued eligibility to reliefs and exemptions.</p>	
<p>Register of interests The Council should issue further guidance to Councillors and officers to clarify that all directorships should be declared, including those where the post is held as a result of the individual's role in the Council.</p>	<p>Our audit found that one interest for councillors and senior officers was not declared in the current year, although it was declared in the prior year. Internal Audit has reviewed the new online system of declaring interests for all staff members and found that whilst it has yet to be implemented across all of the Council's Directorates, it is considered that progress is being made in embedding the new system and ensuring that staff are aware of how to use the system. It was noted, however, that further work is required to ensure that the declarations are completed by all members of staff. Internal Audit has raised recommendations in this area which management is working to address. Recommendation considered to be largely implemented.</p>
<p>Schools returns Management should work with the schools that failed to return all four of their quarterly certified returns on time for 2012/13, to ensure a clear timetable is agreed with the schools and implemented in future years.</p>	<p>Our audit in 2013/14 has not found any significant issues with regards to the receipt of schools returns. Recommendation considered to be largely implemented.</p>
<p>NNDR journals Management should ensure that refunds to business ratepayers are appropriately authorised by an NNDR manager before being processed.</p>	<p>Internal Audit's sample testing confirmed that when a credit arises on a business account refunds are authorised by a different officer to the one which requested the refund to ensure appropriate segregation of duty.</p>

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Risk Committee

DATE: 11th December 2014

CONTACT OFFICER: Julie Pickering - Interim Assistant Director (Contracts, Commissioning and Procurement)

(For all Enquiries) (01753) 875285

WARD(S): All.

PART I **CONSIDERATION & COMMENT**

Update on Contracts and Improvements in Internal Approvals Processes

1. Purpose of Report

- 1.1. To provide an update on the contracts and improvements made in internal approval processes which will include an overview of the performance management and benchmarking activity that is now in place.
- 1.2. The report will not cover the programme delivery structure for Contracts Re- provision as this has been covered in the November workshop.

2. Recommendation

That the Committee note the progress that has been made through this update on contracts and improvements in internal approvals processes over the past twelve months.

3. Slough Joint Wellbeing Strategy Priorities

Priorities:

- Housing – A number of our Major Contracts relate to and are around the wellbeing strategy in the borough as part of our strategic priority around social housing
- Regeneration and Environment- A number of our Major Contracts relate to and are around the wellbeing strategy in the borough as part of our strategic priority around the environment in particular waste and recycling ,street cleansing and grounds maintenance
- Safer Communities – our Highways and Vinci Park Contracts as part of their focus consider improving safety as well as reducing the fear of crime in our communities.

4. Other Implications

(a) Financial

Details of the financial implications relating to this report are not highlighted in this report as the report responds to a specific request in relation to an update on

contracts and improvements in internal approvals processes in the last twelve months.

(b) Risk Management

There are a number of risks that should be managed as part of both the wider Contract Management and Procurement agenda which should be managed under the scope of partnership working, performance and contract management, continuous development and capacity building. There is also a risk relating the councils overarching contract management and procurement functions which must be managed that this Committee recognises.

Risk	Mitigating action	Opportunities
Property	This encompasses joint working including corporate and housing stock properties.	The Council requires all its properties to be maintained at a good standard linked to the Corporate Landlord function.
Health and Safety	Regular reviews of health and safety including safety audits and rigorous investigation of any incidents.	The Council is committed to a high standard of Health and Safety for its employees and residents and as such good health and safety regimes are essential in all its Contracts
Financial	Good Standards in Contract Management including performance analysis.	Improvements to the Procurement and Contract Management regimes require value for money assessments (including rigorous benchmarking activity) and an agreed proportion of any savings to be planned and reviewed.

c) Human Rights Act and Other Legal Implications

There are no Human Rights Implications arising from this report that need to be considered.

d) Equalities Impact Assessment

There is no identified need for the completion of an EIA relating to the content of this report. In relation to the Housing elements of our contracts we must by law allude to s149 Equalities Act 2010 in ensuring all voids are identified and stock modelled for potential adaptation

5. Supporting Information

There are a number of factors under this heading and it is essential that the effectiveness and robustness of governance and accountability are regularly reviewed and improvements are seen as an on- going cycle. The focus of activity over the past twelve months has been in the following areas;

5.1 Contract Procedure rules

The Council reviewed its Financial Procedure Rules earlier this year. Accordingly it was appropriate to update the Contract Procedure Rules and Procurement Operating Procedures (POP). The Contract Procedure Rules are complete but awaiting formal sign off. The objective is for these to be used as a specific tool for those involved in any Procurement activity in the future.

5.2 Use of In- tend

The Council now uses an e-tendering portal to advertise and carry out the tender process via SE Shared Services. There are many advantages of using this process both from a supplier and internal perspective e.g.

- Contracts transparency and register
- Documents can be easily downloaded
- Online communication and clarifications
- Placeholders make responding nearly fool-proof – no more missing documents

Training for users and 'super users' was carried out earlier this year and all procurement activity is now expected to go via this route.

5.3 Procurement Review Board

Procurement Review Board has focused over the last twelve months on ensuring compliance with Council Procedures and the robustness of the business cases that come to the Board for approval. Approval is required from the Board for requests to tender over £50k, exemptions for contracts not requiring selective or competitive tender and contract award. The Board now meets every three weeks and has an agreed terms of reference that defines its role. Spend data has now been complied according to spend on Place and People based Major Contracts and this is now a key area for further work and exploration.

5.4 Strategic Governance for Major Contracts

Members have already recognised that effective procurement and contract management requires strong and dynamic leadership from the top. The Contract Re-provision workshop held in November 2014 was extremely well attended and it is proposed to run additional workshops on this theme quarterly. As part of this process members commented on what they required as outcomes from Contract Re-provision of Corporate building maintenance and cleaning Contract as well as how they saw their role supporting or as members of the Contract Re-provision Board.

Governance has been a major area of focus and this has been reinforced by setting a requirement that for Place based Contracts the Strategic Contract Meetings take place with either a Strategic Director (ideally) or an Assistant Director. An integral part of this process has been to send out a strong message to Major Contract Managers about Contract Documentation and the recording of variations or contract extensions and where legal or procurement advice is required and must be complied with.

The Communication with Major Contracts Managers as to what their role is and what is required of them is on-going. At the start this took the form of monthly briefings led

by Interim Assistant Director (Contracts ,Commissioning and Procurement) and Strategic Director (Customer and Community Services) and Performance workshops led by the former. In recent months this focus has changed to understanding the lessons learnt from previous procurement activity as well as learning and understanding their role in the Strategic Commissioning Cycle being used for Contract Re- provision. The Strategic Commissioning Cycle is attached at Appendix 1 and highlights the four phases of training that is being run under the leadership of Interim Assistant Director Contracts, Commissioning and Procurement. The initial Contract Managers Group has also expanded and consideration needs to be given to further training of other managers in the council who have a responsibility for smaller contracts as well as Wellbeing/People based contracts.

5.5 Performance and Benchmarking

Performance and Benchmarking has been a key area of focus over the last twelve months with a concern that was endorsed from internal audit reports that the performance and benchmarking activity across the range of Place based Major Contracts was not always robust and consistency of approach varied from Contract to Contract .To build on the performance measures that were measured it was agreed that the Council would use Association of Public Sector Excellence (APSE) Performance Networks to ensure that appropriate performance measures were not only being used but benchmarked and targets set for improvements .Data was initially completed in January 2014 and the second submission was processed during the summer months. The second round of performance data and benchmarking is currently being published. Worthy of note was that Highways and Winter Maintenance was noted as one of the best performing services in UK for 2012/13 and Building Maintenance is currently being moderated as it has been shortlisted as a best performing service for the current year.

In terms of performance data available to the Council APSE's full list of services is:

- Building cleaning
- Building maintenance
- Cemetery and crematorium
- Civic, cultural and community venues
- Education catering
- Environmental Health
- Roads / highways
- Other (civic and commercial) catering
- Parks, open spaces and horticultural services
- Refuse collection
- Sports and leisure facility management
- Street cleansing
- Street lighting
- Transport operations and vehicle maintenance

The Council have provided data to date on:

- Building cleaning
- Building maintenance
- Parks
- Highways

- Refuse collection
- Street cleansing
- Street lighting
- Sports and leisure
- Cemeteries and crematoria

It is recognised that measuring supplier key performance is a significant component in achieving value for money. It is essential that the measures used are fit for purpose and used as an integral part of the contract managers duties and responsibilities. To demonstrate how data is used at the varying levels, including Slough residents, attached at Appendix 2 is the Waste Performance Framework which is part of the Amy Contract. The proposals for Street Cleansing are currently in the Committee process to improve performance review. The APSE data referred to above is being used to supplement the 'contractually agreed' measures for Grounds Maintenance and Highways.

5.6 Internal Audit Reports

Internal audit reports are a useful tool in reviewing any Contract Management and Procurement procedure or process.

In recent months the division has had a review of the Procurement Audit which resulted in an amber green outcome (previously a red) and implementation of the recommendations from the audit on the Amey Contract. There has been significant progress in the latter. Internal Audit as part of their on-going Contract review prepared a report on the Leisure Contract and the action plan following this audit is currently being finalised. There have been other follow up audits that have been completed over the period e.g. Atkins and Children's Services Procurement but these are currently reported and monitored by the relevant Assistant Director. It is recognised that progress on internal audit reports is covered as part of this committee's agenda.

5.7 Contracts, Commissioning and Procurement Division

The divisional structure went out to consultation in July 2014 and the structure was amended following this process with effect from 17th August 2014.

It was agreed that the Head of Major Contracts post would be put on hold for a period of three months and that the other vacant posts would be advertised.

The Council has not received any applications for the posts of Head of Contract Re-provision or Major Contracts Manager and Head of Procurement post is still vacant. Interim arrangements are currently in place for two Procurement Specialists and Assistant Director (Contracts, Commissioning and Procurement) posts, however one of the interim Procurement Specialists and the interim Assistant Director Contracts, Commissioning and Procurement contracts are due to terminate on 19th December 2014. The Avarto, Amey and Interserve Contract now report in via Contracts and Commissioning and Procurement Division and there are proposals for other Contracts as well in the future e.g. Leisure.

6. Comments of Other Committees

None.

7. Conclusion

It is recognised as part of this process that there is a requirement for a consistent, robust, skilled contract managers who understand how significant their role is in both ensuring the council can deliver efficiencies and value for money services that meet the needs of our residents accepting that budgets are diminishing. It is essential that Contract Management and Procurement skills are retained and continue to be developed by the Council to ensure that our aspirations are met.

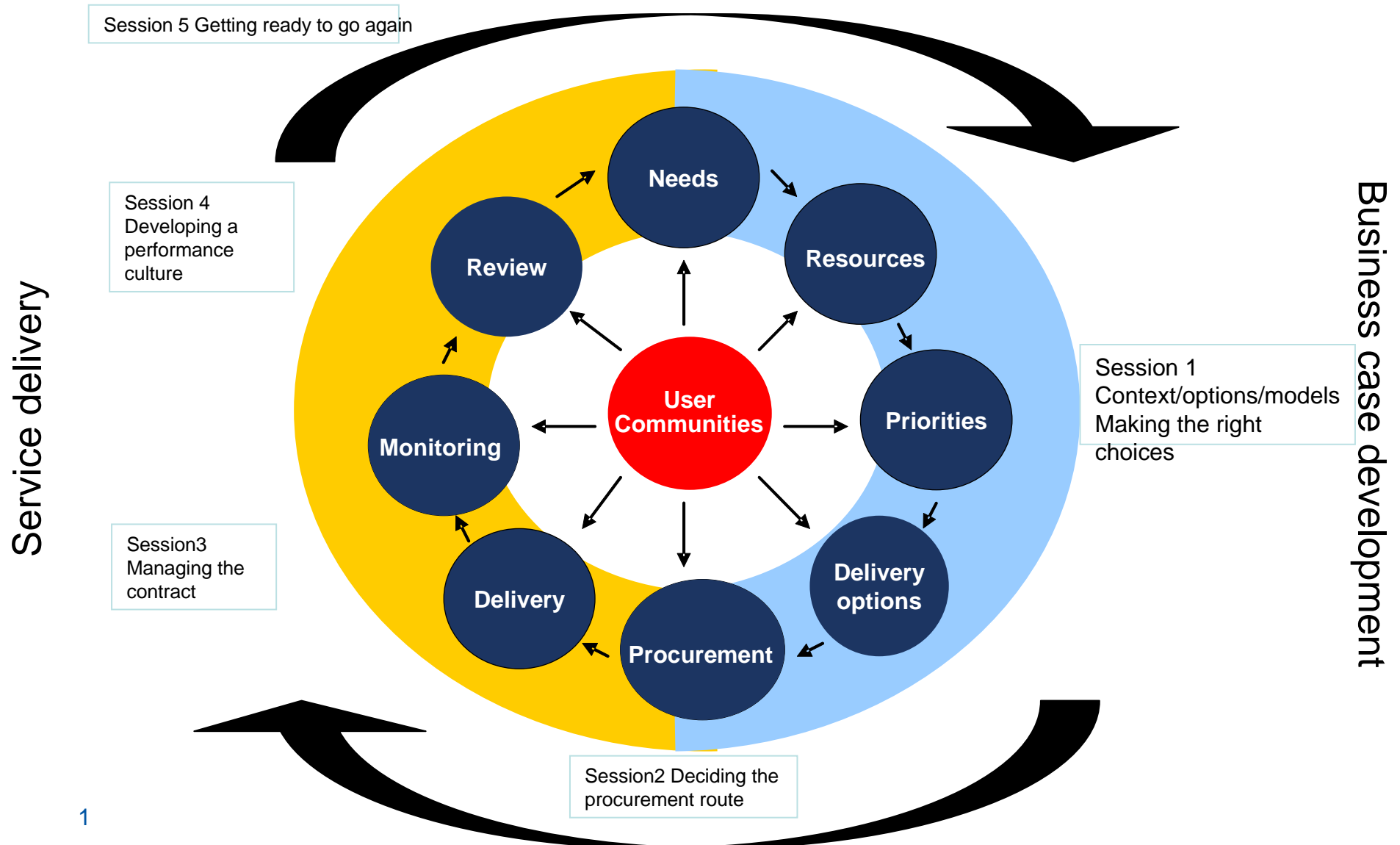
8. Appendices Attached

- 1 – Strategic Commissioning Cycle
- 2 – Waste and Streets Performance Framework
- 3 – Contracts, Commissioning & Procurement structure chart

9. Background Papers

None.

Strategic commissioning model



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Waste Performance Framework

Section 1: Benchmarking Performance

Waste collection and disposal has some of the most stringent regulations and legislation governing the performance reporting. As the Councils third largest service by spend and the service principally regarding as the most important service that the Council provides to residents then the compilation and reporting of these figures is key in terms of audit, transparency and accountability of performance.

Benchmarking is a crucial part of ensuring and guaranteeing that services are delivered in a way that maximises transparency of service provision against 'similar' boroughs, areas and profiles. The following details all of the data that is available to Slough and which data shall be used for reporting for measuring against the outputs of Waste Strategy 2015 - 2030.

1.1 APSE Benchmarking

Slough Borough Council has adopted the 'Association for Public Service Excellence' Benchmarking profiles for refuse services. 176 Authorities are registered with the Performance Networks and Benchmarking Services although there is a succinct deficit of members in the South East.

Benchmarking is compiled through the input of data within a 'Direct Cost Allocation Data Collection Template' (DCADCT) then data can be collected and collated to display results which are comparative against a 'family group'. These key performance indicators are below in Table 1.1. The table also demonstrates where some of the original data is compiled from between WasteDataFlow, the DCADCT and other organisations such as CIPHA (Chartered Institute for Public Finance Accounting). .

Table 1.1: APSE Key Performance Indicators for Refuse Services

# I.D.	Key performance indicators	Dataset
PI 01a	Cost of refuse collection service per household (including CEC)	WasteDataFlow / DCADCT
PI 01c	Cost of refuse collection service per household (excluding landfill tax & waste disposal)	WasteDataFlow / DCADCT
PI 03a	Net cost of recycling per household	WasteDataFlow / CIPHA
PI 03b	Tonnes of domestic waste sent for recycling per household	WasteDataFlow
PI 03c	Kg of domestic waste sent for recycling per head of population	WasteDataFlow
PI 03d	Cost of recycling per household covered by kerbside recycling collections (including CEC)	WasteDataFlow / CIPHA
PI 03e	Tonnes of domestic waste recycled per household	WasteDataFlow
PI 03f	Kg of domestic waste recycled per head of population	WasteDataFlow
PI 11	Percentage of households covered by kerbside recycling collections	WasteDataFlow
PI 12a	Percentage of total waste collected which is sent for recycling	WasteDataFlow
PI 12b	Percentage of household waste collected which is composted	WasteDataFlow
PI 12c	Percentage recovery of energy from waste collected (England and Scotland only)	WasteDataFlow
PI 12g	Percentage recovery of energy from waste collected (Wales only)	WasteDataFlow
PI 12f	Percentage of total waste collected which is recycled	WasteDataFlow

PI 17	Customer satisfaction surveys: no parameters	Council Survey
Band A Performance Indicators		
PI 01b	Cost of refuse collection service per head of population (including CEC)	WasteDataFlow / DCADCT
PI 01d	Cost of refuse collection service per head of population (excluding landfill tax & waste disposal)	WasteDataFlow / DCADCT
PI 08	Total labour costs as a percentage of total expenditure	Contract Management / DCADCT
PI 10	Transport cost as a percentage of total expenditure	DCADCT
PI 15	Quality assurance and consultation process	DCADCT
PI 16	Human resources and people management	DCADCT
PI 18	Front line labour costs as a percentage of total expenditure	DCADCT
PI 20a	Staff absence (all employees)	DCADCT
PI 22	Missed collections per 100,000 collections	DCADCT
PI 29	Central establishment charges as a percentage of total expenditure	DCADCT
PI 30	Average cost per front line vehicle	CIPHA
PI 31a	Cost of recycling per tonne (tonnes sent for recycling)	WasteDataFlow / CIPHA
PI 31b	Cost of recycling per tonne (tonnes actually recycled)	WasteDataFlow / CIPHA
PI 32a	Kg of residual waste sent to landfill per annum per head of population	WasteDataFlow
PI 32b	Percentage of household waste sent to landfill per annum (England and Scotland only)	WasteDataFlow
PI 32c	Percentage of municipal waste sent to landfill per annum (Wales only)	WasteDataFlow
PI 33	Community / customer surveys undertaken	Council Survey
PI 35	Litres of fuel used annually in refuse collection vehicles per 1, 000 head of population	DCADCT
Band B Performance Indicators		
PI 04	Trade waste contracts as a percentage of available market	DCADCT
PI 07	Trade waste – operational recovery ratio	DCADCT
PI 26	Kerbside recycling recovered per property (kgs)	WasteDataFlow
PI 27	Cost per household excluding trade waste cost	WasteDataFlow
PI 28	Cost of waste disposal per tonne of municipal waste	WasteDataFlow
PI 34	Average number of lifts per collection round	Contract Management
PI 12d	Percentage of recycled organic waste which constitutes garden waste	WasteDataFlow
PI 12e	Percentage of recycled kerbside collected organic waste which constitutes food waste	WasteDataFlow
PI 36	Percentage of street cleansing arisings which are recycled	WasteDataFlow

This information is compiled into a Performance Indicator Standing Family Group Report and this compiles performance against the comparative boroughs, Councils or areas which are deemed to be similar to Slough. The family group is comprised of boroughs which are deemed 'similar to Slough'. The methodology for compilation is through comparison of demographics, housing property tenure, urbanity, population and population transience.

The process for how these family groups have been compiled has been challenged by Slough to ensure that the Authority which is recognised to have a unique demographic outside of London can receive a benchmarking group which is similar to

those discussed below for ongoing consistency in benchmarking outside of the scope of those performance indicators covered by APSE.

1.2 WasteDataFlow

WasteDataFlow is the web based system for municipal waste data reporting by UK local authorities to government. The system went live on 30 April 2004 and is routinely updated accordingly with various user groups around the country of which Slough is a representative for the South East.

WasteDataFlow was designed to replace the various and often repetitive waste questionnaires issued to local authorities by government, departments, agencies, institutions and organisations with one essential data set. WasteDataFlow has replaced the current DEFRA Municipal Waste Management Survey in England and similar surveys in Wales, Northern Ireland and Scotland.

WasteDataFlow is designed for local authorities:

- to allow faster and more accurate data collection of municipal waste statistics, more regularly and efficiently;
- to enhance their local data management for reporting and strategic planning purposes;
- to offer them streamlined access to performance benchmarking with other authorities; and

WasteDataFlow allows government:

- to monitor progress towards national and local targets;
- to produce National Statistics on municipal waste;
- in particular to enable local authorities to meet the requirement to report quarterly data to the Monitoring authority under Landfill Allowances Schemes regulations;
- to monitor progress towards national and local targets;
- to provide an evidence base to guide government policy.

Information entered by local authorities to the individual questions in WasteDataFlow can be downloaded by the general public. Questions are completed quarterly and the data are made available to the public once this information has been validated by the WasteDataFlow team and the Environment Agency. Data is further verified by DEFRA and then Eurostat where all of the stages of validation are referred to a 'Levels'. The responsibility for input, compilation and composition of all of the questions and accounts (both the WCA & WDA figures) are by the Lead Advisor for waste management at Slough Borough Council. The return of data is statutory and is subject to ongoing and sustained audit by any of the aforementioned agencies.

Benchmarking is compiled through the input of data via WasteDataFlow. Once data has been validated then the following information can be collated for benchmarking against any Local Authority, any group or region through the production of reports. The performance indicators that can be collated through the WasteDataFlow tool are demonstrated below in Table 1.2.

Table 1.2: WasteDataFlow Key Performance Indicators for Waste Management

WasteDataFlow	
Household Waste sent for Recycling	Any Local Authority / Group / Region
Household Waste sent for Composting	Any Local Authority / Group / Region
Household Waste sent for Energy Recovery	Any Local Authority / Group / Region
Household Waste sent for Landfill	Any Local Authority / Group / Region
Household Waste collected per Household	Any Local Authority / Group / Region
Household Waste Collection % Change on Previous Year	Any Local Authority / Group / Region
Kerbside Collection of 1 recyclable	Any Local Authority / Group / Region
Kerbside Collection of 2 recyclable	Any Local Authority / Group / Region
Cost of household waste collection per household (WCA/UAs only)	Any Local Authority / Group / Region
Cost of municipal waste disposal per tonne	Any Local Authority / Group / Region
National Indicator NI191 - Household Waste per Household	Any Local Authority / Group / Region
National Indicator NI192 - Percentage of Household Waste sent for Recycling, Reuse or Composting	Any Local Authority / Group / Region
National Indicator NI193	Any Local Authority / Group / Region
The method of collection and tonnage of waste (e.g. kerbside, civic amenity site, fly tipped etc)	Any Local Authority / Group / Region
Tonnage of waste sent for recycling, composting and reuse split by material type	Any Local Authority / Group / Region
The method of disposal and tonnage of waste (e.g. landfill, incineration etc)	Any Local Authority / Group / Region

The list of performance indicators are provided through the quarterly submissions. The financial indicators are annual. The information returned from WDF can be used for comparison against any group or can be submitted for rolling reporting to Cabinet, Senior Management or as an update within contract management or service reporting as the result of a service change.

The WDF figures are as accurate as can be reasonably expected due to the auditing and processing levels in place for the data.

1.3 Central Government Benchmarking

Central Government Agencies such as DEFRA and WRAP have collated a host of key performance indicators that are related to very specific performance elements of waste collection and disposal services. Slough Borough Council feed into all of these processes as delivered by the Lead Advisor for Environmental Services (the Environmental Strategy & Governance Manager).

These are often bespoke to an issue which has arisen within the industry (such as contamination) or as a way of measuring where areas should be targeted for performance improvement using various communication methods (such as participation and capture rates). The performance indicators that can be collated using WRAP and DEFRA service tools are demonstrated below in Table 1.3.

Table 1.3: WRAP & DEFRA Key Performance Indicators for Waste Performance

Key performance indicators	Benchmarking Group - Regional / ONS
Capture Rate - Recyclable Materials (Yield (kg/hhd/yr)	Outer London & Thriving London Periphery UK
Participation Monitoring rates	Any Local Authority / Group / Region
Set out rates	Any Local Authority / Group / Region
Recognition rates	Any Local Authority / Group / Region
Capture rates	Any Local Authority / Group / Region
Contamination rates	Any Local Authority / Group / Region
National Compost benchmark	Any Local Authority / Group / Region
Benchmarks for kerbside dry recycling collections	Outer London & Thriving London Periphery UK
Benchmarks for kerbside residual collections	Outer London & Thriving London Periphery UK
Performance Indicators - percentage of household waste sent for recycling	Outer London & Thriving London Periphery UK
Performance Indicators - percentage of household waste sent for composting	Outer London & Thriving London Periphery UK
Kerbside Dry Benchmarking	Outer London & Thriving London Periphery UK
Recycling Carbon Index	National
Urban-Rural IMD Classification: six -part classification combining rurality and deprivation level. ONS Area Classification: assigns authorities into groups which have key population characteristics in common such as housing type and age distribution. These groups are Regional Centres, Centres with Industry, Prospering Smaller Towns, New and Growing Towns, Prospering Southern England, Coastal and Countryside, Industrial Hinterlands, Mining and Manufacturing and Northern Ireland Countryside. There are 4 categories to categorise London and near-London authorities. WRAP have condensed these categories into Inner London and Outer London & Thriving London Periphery.	

Table 1.3 demonstrates that the way that WRAP and DEFRA benchmark or compare various performing Authorities is through both ONS and IMD classifications. It is imperative that there is no overlap between the two benchmarking sets and that the benchmarking groups are kept consistent else the comparative improvements in service will not be able to be made.

1.4 Contract Management Key Performance Indicators

The current contractor provides monthly figures for the outputs of the Environmental Services contract as below. In June 2012 the change was made from graphical presentation to tabular which has lost the information as cited below. All of the information is presented through both monthly liaison and continuous quarterly meetings. Table 1.4 demonstrates all of the KPIS that have been collected by the contractor.

Table 1.4: Contractor Key Performance Indicators for Service Performance

Key performance indicators	Using	Data Availability
Domestic Waste Tonnages	Yes	December 2002 – present
Domestic Recycling Tonnages	Yes	December 2002 – present
Domestic Green Waste Tonnages	Yes	December 2002 – present
Missed residual waste bins	Yes	December 2002 – present
Missed recycling bins	Yes	December 2002 – present
Bulky Collection Calls made	Yes	December 2002 – present
Fridges Collected	Yes	December 2002 – present
Street Cleaning Litter Tonnages	Yes	December 2002 – present

Street Mechanical Sweeping Tonnages	Yes	December 2002 – present
Average Tonnes per load (Refuse efficiency)	No	January 2003 – June 2012
Average Tonnes per load (Recycling efficiency)	No	January 2003 – June 2012
Percentage of bin missed per 100,000 properties	No	January 2003 – June 2012
Number of items collected through Bulky Waste Service / items	No	January 2003 – June 2012
Chalvey Transfer Station – Tonnage throughput	No	January 2003 – June 2012
Chalvey Transfer Station – Percentage Recycled	No	January 2003 – June 2012
Chalvey Transfer Station – Recycling Tonnage	No	January 2003 – June 2012
Linear Trending	No	January 2003 – June 2012
Street Cleansing requests – number	No	January 2003 – June 2012
Street Cleansing requests – percentage handled within time	No	January 2003 – June 2012
Street Cleansing productivity – Average Tonnes per load	No	January 2003 – June 2012
Recycling Tonnages (including material stream breakdown)	No	January 2003 – June 2012
Bin lifts per round (refuse)	No	Potential
Bin lifts per round (recycling)	No	Potential
Bin lifts per round (green)	No	Potential
Average Start & Finish times (refuse)	No	Potential
Average Start & Finish times (recycling & green)	No	Potential
Fuel Usage – reductions	No	Potential

1.5 National Benchmarking Performance Indicators

WasteDataFlow operates as the major Central Government benchmarking scheme which is information collected on behalf of DEFRA and audited by the Environment Agency. There are several other national performance indicators collected by other Government agencies as outlined below. These will be integrated into the monitoring and evaluation of the delivery of the Waste Strategy 2015 – 2030 and also for elements to be integrated into the aggregated scorecards.

The following league tables are available to demonstrate the performance on a national scale against both Unitary and Two Tier Government structures.

Table 1.5: Contractor Key Performance Indicators for Service Performance

National League table	Slough Position (in 2014)	Number of Positions
Waste per capita & Yearly change (England)	69	172
Recycling Rate & Yearly change (England)	69	172
UK Regional Performance charts for residual waste per person	98	212

Recycling Rate (UK)	311	352
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Local Government Inform (LGA)

The Local Government Association (LGA) request two Service Performance Benchmarks which are supplied quarterly by Waste Management directly to the LGA. Since Q2 SBC have been reporting into the LGA Service Performance Benchmarks.

Table 1.6: Local Government Inform (LGA) Service Performance Benchmarks

Service Performance Benchmarks	Submitted
Percentage of household waste sent for reuse, recycling and composting	Quarterly
Kg of residual waste per household	Quarterly

Section 2: Performance Reporting

In order to compile all of the available data that is collected and collated through the various reporting and benchmarking datasets above it is suggested that the most relevant data is presented to the Monitoring & Evaluation team to demonstrate progress, direction of travel and areas of concern / shortfall at political, corporate, senior management and service based levels.

Figure 1.1: Extract from 2013-14 Corporate Scorecard

Regeneration and the Environment							Comments
Performance Indicator	Date updated	Baseline	2013-14 target	Actual	Direction of travel	RAG rating	
Improve bus punctuality: Non-frequent bus services running on time (formerly NI 178a)	Oct-13	77.5% [2009/10] 83.0% [2011/12]	increasing	91.0% [2012/13]	↑	Green	Data is collated and reported annually by Department for Transport. There was an 8% improvement from the previous year [83% 2011/12]. Local punctuality is above the England value for 2012/13 (82.8%).
The percentage of household waste sent for reuse, recycling or composting.	21-May-14	30.7% [2011-12] 29.9% [2012-13]	>30.7%	29.4% [year to Dec 2013]	↑	Amber	Latest results show a 1.7% reduction in the whole year recycling rate due to loss of green waste service in December. Quarter 3 of 2013-14 saw 26.0% of all waste recycled or reused. Data is available on a quarterly basis only (some months in arrears), and is subject to stringent validations by Defra and Eurostat before release.
Percentage of municipal waste sent to landfill.	21-May-14	6.4% [2011-12] 9.9% [2012-13]	<6.4%	6.6% [year to Dec 2013]	↑	Amber	Latest results show an improved position (lower percentage of waste disposed by landfill) on previous report. This annual figure includes an exceptional performance for quarter 1 but also includes a period of greater than anticipated usage in September, resulting from a three week closure of the Energy from Waste plant. The Waste & Environment Manager has taken up this issue with the contracted plant operators. Quarter 3 of 2013-14 saw 4.2% of municipal waste sent to landfill.

The presentation of data through the various political and managerial levels ensures that there is a degree of governance and accountability in the delivery of the Waste Strategy 2015 – 2030. This means that where anomalies or shortfalls in delivery are identified then they can be highlighted through a transparent reporting process which disseminates information both horizontally and vertically within the organisation and to the residents

Information that is presented must be relevant to either a short term or long term target that is relevant to that particular management or political grouping. As some of the target dates are over quite a long period of time then 'positional targets' relevant to where it deemed that the Council should be in the year in relation to meeting the target shall be presented.

Tables 1.7 – 1.9 demonstrates the figures that will be presented in the proposed 'Corporate Scorecard'. Some of the figures can be presented on a quartile basis (such as the recycling rate & missed bins). However, some figures are only available annually and these have been recorded with an (a) next to the respective source.

Proposed Political Waste Strategy Scorecard 2015/16

Table 1.7: Proposed Political Waste Strategy Scorecard 2015/16

Performance Indicator – Political & Corporate Scorecard (annual)	Date Updated	Baseline (2014-2015)	2015-16 target	Long term target (2028)	Direction of travel	RAG Rating	Source:
Missed domestic residual waste bins	31/03/2015	391	360	300	↑		APSE Benchmarking
Missed domestic recycling bins	31/03/2015	334	310	260	↓		APSE Benchmarking
Missed collections per 100,000	31/03/2015	10 in 100,000	7 in 100,000	5 in 100,000			APSE Benchmarking
The percentage of household waste sent for reuse, recycling or composting	31/03/2015	30%	33%	60% by 2028			WasteDataFlow
Percentage of municipal waste sent to landfill	31/03/2015	6.50%	6%	0.5% by 2020			WasteDataFlow
Reduction in amount of household residual waste generated within Slough	31/03/2015	49,887.79	49,388.91	-1% year on year			WasteDataFlow
Household Waste Collection (kilograms per head)	31/03/2015	351.72 kg/head	348.20 kg/head	-1% year on year			WasteDataFlow / APSE
Number of material streams collected through red bin service	31/03/2015	4	4	6			WasteDataFlow
Number of Bring Sites in borough	31/03/2015	14	15	20 by 2020			Waste Management

Table 1.7 was discussed at Neighbourhoods and Community Services Scrutiny Panel on the 4 September 2014. The recommendations to be provided by the Chair and the committee were to include the additional performance indicators in Table 1.8 below.

Table 1.8: Proposed amends to Political Waste Strategy Scorecard 2015/16 from NCS Panel

Performance Indicator – Political & Corporate Scorecard (annual)	Date Updated	Baseline (2014-2015)	2015-16 target	Long term target (2028)	Direction of travel	RAG Rating	Source:
Number of bins not returned to property curtilage per month	31/03/2015						Contract Management
Percentage of bins not returned to property curtilage per month	31/03/2015	50%	40%	<10%			Contract Management

Proposed Political Street Cleansing Scorecard 2015/16

Table 1.9: Proposed Political Street Cleansing Scorecard 2015/16 EXAMPLE

Performance Indicator - Senior Management Waste Scorecard (annual)	Date Updated	Baseline (2014-2015)	2015-16 target	Long term target (2028)	Direction of travel	RAG Rating	Source:
Flytipping incidents	31/03/2015	700	680	650	↓		Contract Management
Flytipping incidents responded to within 48 hours	31/03/2015	100%	100%	100%			Contract Management
Street Cleansing requests handled within time	31/03/2015	100%	100%	100%			Contract Management
Street Cleaning requests (number)	31/03/2015	1,589	1,500	1,000	↑		Contract Management
NI195 Progress – Areas completed for cleanliness grading	31/03/2015	5	5	5			Contract Management
Local Environmental Quality (LEQ) Cleanliness Grades*	31/03/2015	B+	B+	A			Contract Management

Table 1.9 was discussed at Neighbourhoods and Community Services Scrutiny Panel on the 2 December 2014. The recommendations to be provided by the Chair and the committee are currently being compiled at the time of this report being written.

This demonstrates following the democratic process to link benchmarking and contract performance to an accountable tender and reporting mechanism. The final versions of these scorecards will be presented with the Waste Strategy.

This process also meets the findings of the auditors and their recommendations presented in the audit of the Amey contract in April 2014.

Any questions, comments or queries:

Nicholas Hannon

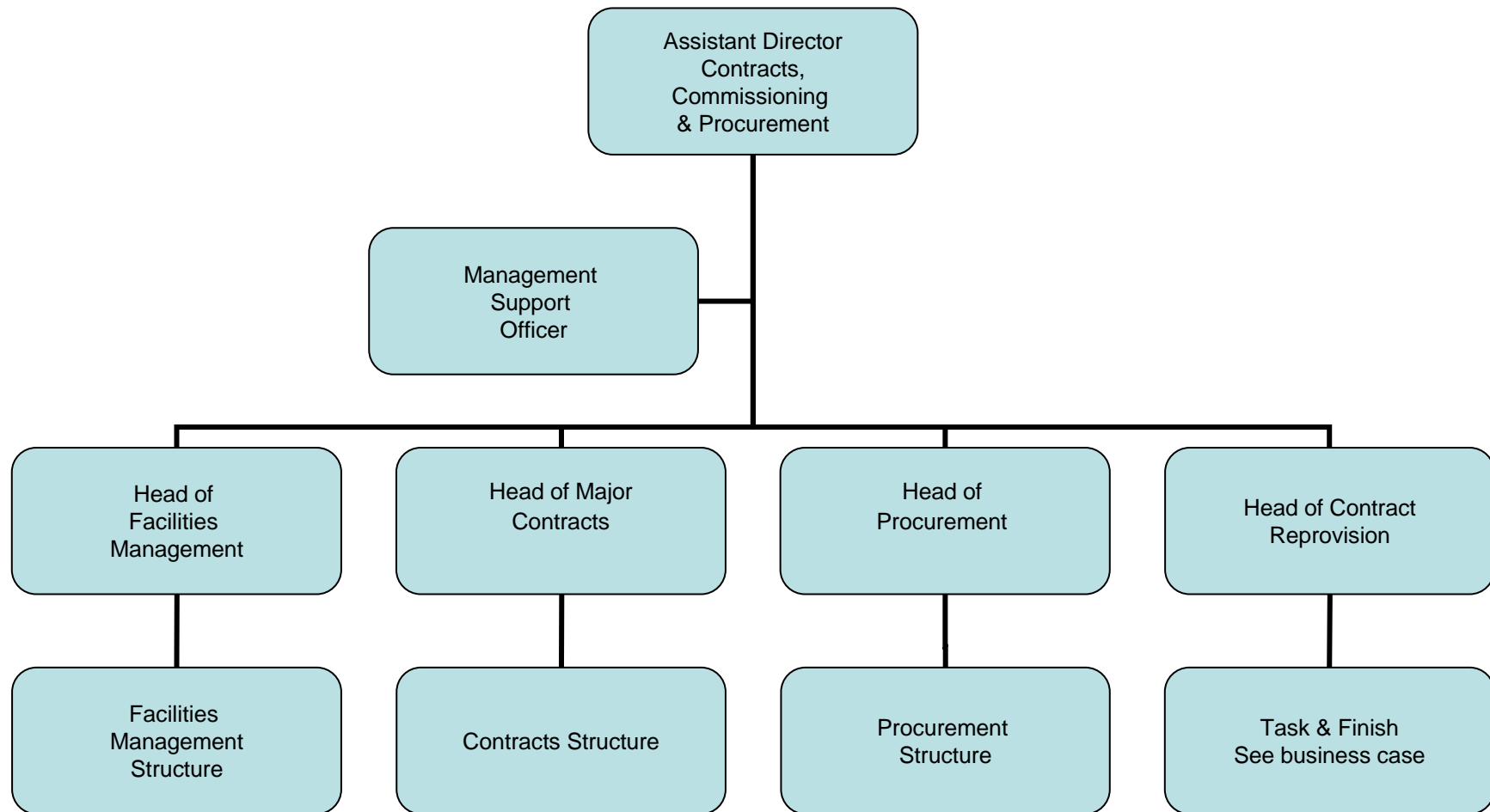
Environmental Strategy & Governance Manager

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Proposed Structure: Contracts, Commissioning & Procurement



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

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

P = Present for whole meeting
 Ap = Apologies given

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

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