

To: Councillor J Williams (Chair)  
Councillors Dennis, Edwards, Emberson,  
Gittings, Mitchell, Terry and Thompson

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11 July 2022

Your contact is: **Michael Popham - Democratic Services Manager**

### NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE 19 JULY 2022

A meeting of the Audit and Governance Committee will be held on Tuesday, 19 July 2022 at 6.30 pm in the Council Chamber, Civic Offices, Reading. The Agenda for the meeting is set out below.

	<u>WARDS AFFECTED</u>	<u>Page No</u>
1. DECLARATIONS OF INTEREST		
2. MINUTES		5 - 10
3. QUESTIONS		
4. INTERNAL AUDIT ANNUAL ASSURANCE REPORT	BOROUGH WIDE	11 - 36
This report presents the annual assurance report of the Chief Auditor required by the Accounts and Audit Regulations and the Public Sector Internal Audit Standards.		
5. INTERNAL AUDIT QUARTERLY PROGRESS REPORT	BOROUGH WIDE	37 - 52
This report provides an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report.		
6. RISK MANAGEMENT POLICY AND PROCEDURE	BOROUGH WIDE	53 - 76

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This report presents the updated Risk Management Policy and Procedure document for consideration and onward submission to Policy Committee in September 2022. The document has been updated to reflect best practice and to incorporate a formal Risk Management Procedure including clear instructions on how to utilise the SharePoint site to record and update risks. The aim of the Policy is to identify, analyse and appropriately manage potential threats and opportunities posed by risk.

<b>7.</b>	<b>IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE</b>	<b>BOROUGH WIDE</b>	<b>77 - 82</b>
	<p>This report provides an update on progress of the Programme workstreams and their deliverables against the Plan since the last meeting.</p>		
<b>8.</b>	<b>INFORMATION GOVERNANCE QUARTERLY UPDATE</b>	<b>BOROUGH WIDE</b>	<b>83 - 90</b>
	<p>This report provides an update on the actions in progress to improve the Council's policies, systems and processes around Information Governance.</p>		
<b>9.</b>	<b>IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER</b>	<b>BOROUGH WIDE</b>	<b>91 - 108</b>
	<p>This report sets out a summary of those high and medium risk Internal Audit recommendations which remain outstanding together with an updated management response.</p>		
<b>10.</b>	<b>ANNUAL TREASURY MANAGEMENT REVIEW 2021/22</b>	<b>BOROUGH WIDE</b>	<b>109 - 122</b>
	<p>This report fulfils the requirement in the Treasury Management Strategy to produce an Annual Outturn Report to review the Treasury Management activity which took place from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.</p>		
<b>11.</b>	<b>QUARTER 4 PERFORMANCE REPORT (2021/22)</b>	<b>BOROUGH WIDE</b>	<b>123 - 192</b>
	<p>This 2021/22 Quarter 4 Performance and Monitoring Report was presented to Policy Committee on 11 July 2022 and sets out the provisional revenue and capital outturn positions for the Council's General Fund and Housing Revenue Account (HRA) for 2021/22. The report also sets out performance against the measures of success published in the Council's Corporate Plan.</p>		
<b>12.</b>	<b>CLOSING FINANCIAL ACCOUNTS UPDATE</b>	<b>BOROUGH WIDE</b>	<b>193 - 198</b>
	<p>This report provides an update on progress to complete the audit of the Council's Final Accounts for 2019/20 and the preparation for the 2020/21 and 2021/22 accounts.</p>		
<b>13.</b>	<b>EXTERNAL AUDITOR UPDATE</b>	<b>BOROUGH WIDE</b>	

To receive an update from the Council's external auditors.

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## AUDIT AND GOVERNANCE COMMITTEE MINUTES - 12 APRIL 2022

**Present:** Councillor Gittings (in the Chair), Edwards, Emberson, McElroy (via Microsoft Teams), McEwan and Robinson;

**In attendance** Councillor McElroy was unable to attend in person, so attended and contributed remotely via Microsoft Teams, but did not vote on any of the items;

**Apologies:** Councillors Davies and Stevens.

### 32. APPOINTMENT OF CHAIR

In the absence of the Chair and Vice Chair, Councillor Gittings was appointed as Chair for the meeting.

### 33. MINUTES

The Minutes of the meeting of 25 January 2022 were confirmed as a correct record and signed by the Chair.

### 34. INTERNAL AUDIT QUARTERLY UPDATE REPORT

Paul Harrington, Chief Auditor, submitted a report providing an update on key findings emanating from Internal Audit reports issued for the period 1 January to 31 March 2022.

The report set out a summary of the audit reports in respect of: Parks and Grounds Maintenance; Climate Change Strategy; Main Bank and Feeder Reconciliations; Intercompany Accounting; and Transition from Children to Adults. As the Chief Auditor had given 'limited assurance' to Intercompany Accounting, the full internal audit report for this audit was appended to the report.

In relation to Intercompany Accounting, the audit review had found that intercompany transfer payments for the contract, service level agreement payments and delegated schools grant funding were being paid and received monthly; however, BFfC had not regularly requested that the Council transfer over any of the grant funding that had been received in the Council's accounts. Likewise, quarterly recharges to BFfC for statutory posts had not been transferred. The transfer payments that had happened had been well supported but, whilst the Accounts Payable Team performed manual checks, there would continue to be a risk of duplicate payments being made as the financial system did not have the functionality to identify a duplicate intercompany transaction. This finding validated the need for quality authorisation and prompt payment processes to be in place.

The report also listed the audits that were currently in progress and gave a summary of investigations work between April 2021 and March 2022.

**Resolved:** That the audit findings in relation to Intercompany Accounting be noted, and the recommendations and management action underway, as set out in the full audit report, be endorsed.

### 35. STRATEGIC RISK REGISTER Q4

## AUDIT AND GOVERNANCE COMMITTEE MINUTES - 12 APRIL 2022

Paul Harrington, Chief Auditor, submitted a schedule updating the Committee on the Q4 status of the Council's 2021/22 Strategic Risk Register (SRR), in line with the requirements of the Council's Risk Management Strategy. The SRR was attached to the report at Appendix 1.

The report explained that the SRR had been developed to provide a focused and high level overview of strategic risks for staff, councillors and other stakeholders, and was supplemented by more detailed directorate, service and project risk registers. The primary aim of the SRR was to identify those key vulnerabilities that needed to be closely monitored. In many cases this would be because the risk was relatively new and, whilst being effectively managed, the associated control framework was yet to be fully defined and embedded.

The SRR highlighted ten risks, two of which 'Failure to adapt to the impacts of climate change and deliver zero carbon commitments with negative impacts for residents and businesses, and for Council services, infrastructure and reputation' and 'Cyber - risk of loss from cyber attack' were currently rated as 'red'.

**Resolved:** That the Council's Strategic Risk Register, as at 31 March 2022, be noted.

### **36. INTERNAL AUDIT PLAN AND AUDIT CHARTER 2022/23**

Paul Harrington, Chief Auditor, submitted a report setting out the work Internal Audit was planning to undertake during the financial year 2022/2023. The report explained that internal audit was responsible for providing an annual formal opinion on the Council's control environment. The Audit Plan, which was attached at Appendix 1 to the report, would allow for the effective discharge of this responsibility. In accordance with the Accounts and Audit regulations and the Public Sector Internal Audit Standards (PSIAS), the Committee was asked to approve and monitor progress against the internal Audit Plan. The report also had attached at Appendix 2 the Internal Audit Charter which set out the purpose, authority, responsibility and scope of internal audit. The PSIAS intended to ensure sound corporate governance and set out roles and responsibilities for internal audit services. The PSIAS required an Internal Audit Charter to be in place, which must be reviewed periodically and presented to this Committee for approval.

**Resolved:** That the Audit Plan and Internal Audit Charter for the period April 2022 to March 2023, be approved, as attached to the report at Appendices 1 and 2 respectively.

### **37. IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE**

Chris Tidswell, CIPFA, presented a report providing an update on progress of the Finance Improvement Programme (FIP) against the plan for each workstream and their deliverables. The report explained that the FIP had two key phases: Phase I was responding to the historic and current issues identified to ensure a sound foundation and 'getting the basics' right. The second phase would concentrate on embedding

## AUDIT AND GOVERNANCE COMMITTEE MINUTES - 12 APRIL 2022

Phase I delivery and developing the financial management culture and governance framework across the Council.

The audit tracker recommendations (see Minute 38 below) continued to be included within individual workstream deliverables where appropriate and were managed as part of the Plan. There were now nine (previously ten) recommendations within the tracker covered by the Finance Improvement Programme. These were rated as: Red 2; Amber 3; and Green 4.

The report highlighted each workstream's terms of reference and progress against the Plan. The report set out each workstream's RAG rating for its deliverables and Audit Tracker recommendations with the previously reported numbers shown in brackets for reference.

The report also set out the progress made to re-procure the finance system, which was being carried out by the Finance System Board, comprising stakeholders from each Directorate and BFFC.

**Resolved:** That the progress being made to implement the Finance Improvement Programme be noted.

### **38. IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER**

Jackie Yates, Deputy Chief Executive, presented a report setting out progress with the Implementation of Audit Recommendations

The report explained that each recommendation set out in appendix 1 was marked with a percentage complete which correlated to a red/amber/green rating (up to 25% complete: red, between 26% and 75%: amber, over 75% complete: green). Any recommendations that were less than 50% complete but had exceeded their agreed completion date were also marked red.

The tracker report now had 101 high and medium risk recommendations from Internal Audit, of which 42 (41.6%) were currently green, 44 (43.6%) were amber and 15 (14.9%) were red. Twenty-two recommendations had now been completed and would be removed from the next report.

Whilst there had been some positive movement since the last meeting, more needed to be done to improve implementation times. The report stated that of the 28 recommendations which were more than 12 months old, eight were now complete and would be removed from the next report. The relevant officers were present at the Committee to explain what they were doing to implement these recommendations and when they would be implemented.

**Resolved:** That the high and medium risk Internal Audit recommendations and the responses to those risks be noted as set out in Appendix 1 to the report.

**39. CIPFA FINANCIAL MANAGEMENT CODE**

Stuart Donnelly, Financial Planning & Strategy Manager, submitted a report on the The Financial Management Code 2019 (FM Code), which had been introduced by the Chartered Institute of Public Finance & Accountancy (CIPFA). The Code set out the standards of financial management for local authorities. Local authorities had been expected to comply fully with the FM Code from 1 April 2021, with 2020/21 effectively being a shadow year. An initial self-assessment of the Council's standing against each of the Financial Management Standards had been carried out in March 2020 by the Financial Planning & Strategy Manager in conjunction with the Council's Section 151 Officer using a RAG Rating approach. The outcome of the initial review had been 'amber' with eight Green ratings, nine Amber ratings and no Red ratings. Similarly, the initial findings of the 2021/22 self-assessment had also been 'amber' with the results set out in the report and compared with the assessment carried out in July 2020. The movements in RAG Rating were due to clarifications and/or better understanding of the requirements of the Code following publication of the guidance and did not necessarily represent an improvement or deterioration in the actual position.

**Resolved:** That the findings of the 2021/22 Financial Management Code Self-Assessment be noted.

**40. 2021/22 QUARTER 3 PERFORMANCE AND MONITORING REPORT**

Stuart Donnelly, Financial Planning & Strategy Manager, submitted a report, which had been considered by Policy Committee on 7 March 2022 (Minute 84 refers) setting out the projected revenue and capital outturn positions for 2021/22 for the General Fund and the Housing Revenue Accounts as at the end of December 2021 (Quarter 3). The forecasts included best estimates of the additional pressures arising due to Covid-19. The report also summarised performance against the measures of success published in the Council's Corporate Plan. The following documents were attached to the report:

- Appendix 1 - Financial Monitoring for Quarter 3
- Appendix 2 - Corporate Plan Measures for Quarter 3
- Appendix 3 - Corporate Plan Measures for Quarter 3 (Charts)
- Appendix 4 - Corporate Plan Projects for Quarter 3

The report explained that the forecast General Fund revenue outturn position as at the end of Quarter 3 was an overspend on service expenditure of £7.996m. This included net overspends of £3.148m within the Directorate of Adult Care and Health Services and £4.478m within the Directorate of Economic Growth and Neighbourhood Services, which included £4.223m of costs that were attributable to Covid-19. It had previously been agreed that the overspend on services would be funded through a combination of Covid-19 support grant that was available for 2021/22 and £3.844m of corporate contingencies. The use of this combination of contingencies and one-off resources meant that an underspend of £0.274m was now projected for 2021/22 but such an approach was not sustainable in the medium to longer term and had been addressed as part of 2022/23 budget setting.

## AUDIT AND GOVERNANCE COMMITTEE MINUTES - 12 APRIL 2022

The report also stated that the Housing Revenue Account (HRA) was projecting an underspend of £2.310m as at the end of Quarter 3, the General Fund Capital Programme was forecast to underspend by £45.457m in 2021/22 and the HRA Capital Programme was forecast to underspend by £16.203m in 2021/22. £6.096m (30%) of savings had been delivered to date in the financial year, with a further £4.952m (25%) of savings on track to be delivered by March 2022. £5.638m (28%) of savings were currently categorised as non-deliverable with a further £3.522m (17%) categorised as at risk of delivery.

**Resolved:** That the 2021/22 Quarter 3 Performance and Monitoring Report and the recommendations set out and approved by Policy Committee on 7 March 2022 be noted.

### 41. INFORMATION GOVERNANCE QUARTERLY UPDATE

Nayana George, Customer Relations & Information Governance Manager, presented a report outlining the action underway to improve the Council's policies, systems and processes for Information Governance following several limited assurance reports in this area.

The report provided an update on: recruitment to key posts in the Information Governance Team and the interim arrangements in place to cover the backlog of Subject Access Requests; the Central Management of FOI requests through the Customer Relations Team, which was aiming to increase responses within the required timescale to 90%, as expected by the Information Commissioner's Office; data transparency; the work of the Information Governance (IG) Board; and the adoption of the Information Management Strategy by Policy Committee on 7 March 2022 (Minute 83 refers). In relation to the Strategy, a key action would be to identify Data Stewards within team/service areas to work with the Information Governance Team and deliver the Action Plan. The Committee would receive quarterly progress reports on implementation of the Action Plan, which would be overseen by the IG Board.

The report also outlined the progress made on training being undertaken on Cyber Security and Information Governance, which had continued to improve since the last meeting in January 2022.

**Resolved:** That the progress being made to improve the Council's Information Governance be noted and the future action outlined in the report be endorsed.

### 42. CLOSING FINANCIAL ACCOUNTS UPDATE

Mark Sanders, Chief Accountant, submitted a report on progress towards the completion of the audit of the Council's Final Accounts for 2019/20. The report detailed the audit work that had been undertaken, including income & expenditure sampling; walk through tests; adjusting items; technical assessments of asset valuations, PFI contracts and pension liabilities. A draft Statement of Accounts for 2020/21 was in the final stages of being prepared. Any adjustments and improvements in reporting identified during the audit of the 2019/20 accounts would need to be included in the 2020/21 accounts. It was intended that the draft 2020/21 accounts

## AUDIT AND GOVERNANCE COMMITTEE MINUTES - 12 APRIL 2022

would be published shortly, with the External Audit team returning late Summer/Autumn to begin their fieldwork. The Council would focus on controls and working paper improvements with a clear aim to reduce the time taken to conclude audit processes, including taking account of emerging national accounting/auditing issues as they arose.

**Resolved:** That the progress made on the audit of the 2019/20 accounts be noted.

### **43. EXTERNAL AUDIT DRAFT AUDIT RESULTS REPORT 2019/20 AND ANNUAL AUDIT LETTER 2018/19**

Larisa Midoni, EY, presented the latest External Audit Draft Audit Results Report for 2019/20 and the Annual Audit Letter for 2018/19. The Audit Letter was required following completion of EY's audit procedures for the year ended 31 March 2019 and was for noting. The Committee's attention was drawn to the comments about the 'Value for Money' assessment in the draft Audit Results Report, which advised that, despite progress being made, some issues highlighted in previous reports had still persisted during the 2019/20 financial year.

The report explained that, taking the Ofsted Inspection Reports in July 2019 and October 2019 as being representative of the position in Children's services in 2019/20, there was evidence of improvement on the inspections taking place. At this time, OfSTED had updated its conclusion in respect of Children's Services from 'Inadequate' to 'Requires Improvement'. During 2019/20, however, there had still been a lack of consistency across Children's services with a number of concerns raised by the regulator at regular intervals in that period. The Children's Company 'Brighter Futures for Reading' had been incorporated in December 2018 and this had been a key focus of EY's work on value for money during the 2019/20 audit. Taken together, this had provided evidence of weakness in arrangements during 2019/20 and had resulted in a qualification on Working with Partners and Third Parties. Therefore, it was likely that the value for money conclusion for this year would remain qualified.

**Resolved:** That the External Audit Draft Audit Results Report 2019/20 and Annual Audit Letter 2018/19 be noted and further reports be presented to the Committee as necessary.

(The meeting commenced at 6.30pm and closed at 7.55pm).

READING BOROUGH COUNCIL  
DIRECTOR OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	19 July 2022		
TITLE:	INTERNAL AUDIT ANNUAL ASSURANCE REPORT		
LEAD COUNCILLOR:	COUNCILLOR TERRY	PORTFOLIO:	CORPORATE SERVICES AND RESOURCES
SERVICE:	AUDIT & INVESTIGATIONS	WARDS:	N/A
LEAD OFFICER:	PAUL HARRINGTON	TEL:	9372695
JOB TITLE:	CHIEF AUDITOR	E-MAIL:	<a href="mailto:Paul.Harrington@reading.gov.uk">Paul.Harrington@reading.gov.uk</a>

## 1. PURPOSE OF REPORT

1.1 The attached annual assurance report of the Chief Auditor (required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards), sets out:

- the Chief Auditor's opinion on the overall adequacy and effectiveness of the organisation's internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement.
- the key themes arising from the work of the Audit Team during the 2021/2022 financial year; and
- the audit work undertaken compared to that planned, summarising the performance of the Internal Audit function against its performance measures and targets.

1.2 The results of individual audits have been issued to the relevant Directors, Assistant Directors and managers throughout the year. In addition, quarterly reports have been issued to, and discussed with, the Corporate Management Team (CMT) and the Audit & Governance Committee in order to report on standards of internal control, to provide appropriate focus on weaknesses and to progress remedial action where necessary.

1.3 The following document is appended:

Appendix 1 - Internal Audit Annual Assurance Report

## 2. RECOMMENDATIONS

2.1 The Audit & Governance Committee are requested to note the assurance opinion given by the Chief Auditor and consider the issues raised in the annual report.

### 3. SUMMARY

- 3.1 The Chief Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of the Council's risk management, internal control and governance processes. The opinion is designed to assist the Council in meeting its obligations, under regulation 4 of the Accounts and Audit Regulations.
- 3.2 Whilst no assurance can ever be absolute, on the basis of work completed during the course of the year, the Chief Auditor has concluded that *reasonable assurance* can now be placed on the adequacy and effectiveness of the Council's internal control framework within those areas audited in 2021/2022. Whilst this is progress on the last two financial years and the direction of travel is one of improvement, there is still more work to be done.
- 3.3 The opinion does not imply that Internal Audit have reviewed all risks relating to the organisation and assurances should be taken from other sources, such as recommendations following the LGA Corporate Peer review.
- 3.4 The audit opinion is expressed using the same scale used for internal audit report opinions. The scale ranges from 'Substantial' to 'Reasonable', through to 'Limited' and 'No Assurance'. This opinion is reflective of the number and level of assurance opinions provided throughout the year and the improvements required to the control framework in some of those areas where weaknesses were identified in the past. 38% of audits received limited or no assurance in 2021-22, compared to 45% in 2020-21, and 38% in 2019-20. Although this trend has remained consistent over the past five years, we are now starting to see improvement in financial processes within the key financial systems.
- 3.5 Under the direction of the Finance Improvement Programme, the Accounts Payable workstream is essentially concluded, with ongoing performance monitoring included as part of the monthly Finance Transformation Board updates. This programme has addressed a number of key audit concerns, such as separation of duties between the setting up and paying of providers, authorisation and checks controls on BACS payments, performance monitoring and written procedures on processes to be followed.
- 3.6 Work on Accounts Receivable actions continue to develop, particularly around debt management and reporting. This is an area which had received a 'limited assurance' or 'no assurance' over several annual audit reviews. The Accounts Receivable function has been moved from a finance function to one that is now managed through the Revenues & Benefits team. This has taken time in terms of recruitment and training of resources, but there is now a clearer picture of the outstanding debt and action is being taken with regards to current debt that is keeping it under control.



- 3.7 Progress is being made in ensuring adult social care debt is promptly tackled but is still only at early stages and more work needs to be done by staff in that area in conjunction with the debtors' team to ensure that progress to date is maintained.
- 3.8 After considerable effort going back a number of years, the main bank account reconciliation process has been reviewed, improved, and brought up to date. Given the well documented issues, weaknesses and problems associated with not regularly and routinely achieving this fundamental control in the recent past, this should now give a tentative indication of a welcome improvement in financial control. Although the feeder systems reconciliations were found to be largely up to date, there are still procedural weaknesses that need to be addressed in order to ensure that this trajectory (of improvement) is built on and sustained.
- 3.9 The CIPFA Treasury Live system is used to provide cashflow information and the process of regular update, maintenance of audit trails, review and approval is in place. A review of reported borrowing and lending for the financial year 2021/22 found no exceptions with respect to the established criteria.
- 3.10 As well as the need for a new chart of Accounts, the Scheme of Financial Delegation is also being updated, as it is recognised that there needs to be more structure on the authority that officers have to make decisions on spending across the council. Greater clarification will be provided on financial limits of authority, so that in the event that an authorised officer is unable to take a decision, then the decision can be taken by the relevant line manager up to and including the Executive Director. We acknowledge this as a positive development.
- 3.11 We have reported in the past that there was poor documentary evidence being maintained to support intercompany journals between RBC and Brighter Futures for Children (BFfC). A review this year reported that those transfer payments that had happened and had been well supported; however, in-year reconciliations had not happened and the 2020-21 grant position was only being finalised in February 2022. At the time of the audit, BFfC had also not regularly requested RBC to transfer over any of the £1.15m of grant funding that has been received in the Council's accounts during the year. Likewise, quarterly recharges to BFfC for statutory posts have not been transferred either. A working structure is required to formalise roles and responsibilities that promote rigorous, cooperative, and professional working methods, with roles and responsibilities known to both entities.

- 3.12 In last year's annual assurance report, we reported "*staff resources continue to be an issue, with a very high turnover of staff and reliance on interim staff in a number of key positions within Finance*". Whilst resources remain stretched with the planned implementation of a new finance system, in addition to other critical business as usual work demands, key posts in Finance have now been filled with permanent members of staff. The recruitment and appointment of permanent members of staff at senior levels within the Finance Team, under the direction of the Director of Finance, will hopefully lead to more stability and continuity in the service.
- 3.13 The critical project activity over the forthcoming financial year will be the implementation of the new financial system and the successful and timely migration of all financial data. The extraction of financial data from the existing finance system and loading into the new one, including finance code conversion, will need to be subject to rigorous testing. At the time of writing, there are still single points of failure with finance systems staffing and limited availability of accounting, accounts receivable, procurement and accounts payable staff to support the design, build and test phases of the project. Finance staff also continue to be stretched providing responses to audit queries, as well as performing day to day financial tasks. This risk needs to be proactively managed as much as possible.
- 3.14 The new finance system will be at the cornerstone of organising, planning, and controlling financial activities to manage resources efficiently. The build and design element of the project is important; however, at the same time, it is imperative that business processes work with the new Finance System, otherwise efficiencies and improvements will not be achieved. We need to decrease the reliance on spreadsheets and reduce the occurrence of errors, which currently result in a large volume of transactions being posted to suspense<sup>1</sup>. The emphasis should be on getting it right first time.
- 3.15 One area which remains a high risk for Internal Audit and will therefore be subject to further testing throughout the next year, are payments made to Social Care Providers through the financial module of the MOSAIC system. An overpayment of circa £1m was triggered in the 2021/2022 financial year after inflationary increases were incorrectly applied.
- 3.16 We found a lack of a common understanding of roles and responsibilities and ownership of processes. There was no adequate control / workflow process around the treatment of inflationary uplifts, with no independent review to check for accuracy and changes being made manually and therefore subject to increased risk of error and potential fraud, albeit no evidence of fraud was uncovered.

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<sup>1</sup> A suspense account is a temporary resting place for an entry that will end up somewhere else once its final destination is determined

3.17 In addition, amendments within Mosaic were unable to be reviewed in real time, so issues could take several days to identify and then several further days to ensure they were corrected. Linked to this review was an audit of Payments made to Voluntary Sector Providers which flagged an over reliance on a number of key individuals and a high degree of manual intervention, with limited resilience and a lack of shared understanding of the process between the services.

3.18 Some of the key areas for improvement identified during our audit work are set out in section 4 of the attached report. These are reviews where limited assurance has been given and improvements are needed.

#### **4. CONTRIBUTION TO STRATEGIC AIMS**

4.1 Audit Services aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular audit work is likely to contribute to the priority of remaining financially sustainable to deliver our service priorities.

#### **5. COMMUNITY ENGAGEMENT AND INFORMATION**

5.1 N/A

#### **6. LEGAL IMPLICATIONS**

6.1 Legislation dictates the objectives and purpose of the internal audit service the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.

6.2 Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.

6.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

#### **7. FINANCIAL IMPLICATIONS**

7.1 N/A

#### **8. BACKGROUND PAPERS**

8.1 N/A

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# **Internal Audit & Investigations Annual Assurance report**

**For the year ended 31 March 2022**

## 1.0 OVERVIEW

### 1.1 Introduction

- 1.1.1 The Accounts and Audit (England) Regulations require each local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices. Proper practice is defined within the Public Sector Internal Audit Standards<sup>1</sup> (PSIAS) and corresponding Local Government Application Note<sup>2</sup>.
- 1.1.2 The Public Sector Internal Audit Standards requires the Head of Internal Audit (Chief Auditor) to provide a written report to those charged with governance, to support the Annual Governance Statement, which should include an opinion of the overall adequacy and effectiveness of the Council's control environment.
- 1.1.3 This opinion is in turn one of the sources of assurance that the Council relies on for its Annual Governance Statement.
- 1.1.4 Reporting the work of internal audit to the Audit and Governance Committee provides the Committee with an opportunity to review and monitor its activity and gain assurance that its internal audit function is fulfilling its statutory obligations. This is an essential component of corporate governance. The Audit and Governance Committee receives quarterly reports during the year regarding internal audit and investigations activities, which provide a detailed overview of the work undertaken.

### 1.2 Purpose & Scope of Report

- 1.2.1 The report:
- a) includes an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management, and internal control environment
  - b) discloses any qualifications to that opinion, together with the reasons for the qualification
  - c) presents a summary of the audit and anti-fraud work from which the opinion is derived, including reliance placed on work by other assurance bodies
  - d) draws attention to any issues the Chief Auditor judges particularly relevant to the preparation of the Annual Governance Statement.

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<sup>1</sup> Public Sector Internal Audit Standards - Applying the CMLIA International Standards to the UK Public Sector. Institute of Internal Auditors, April 2013 (amended 2016)

<sup>2</sup> CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards

### 1.3 Control Environment

- 1.3.1 The Management of the Council is responsible for ensuring that the organisation operates in accordance with the law and proper standards, that public funds are safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 1.3.2 Management is also responsible for ensuring there is a sound system of internal control, which includes arrangements for managing risk. The three key elements of the Council's control environment comprise: *internal control*, *governance*, and *risk management* arrangements. These three elements help ensure that the Council's strategies, plans, priorities, and objectives are met, and that policies and procedures are complied with in order to minimise risk to a reasonable level.

### 1.4 Internal Audit Effectiveness

- 1.4.1 As a prerequisite for giving an assurance opinion on the overall adequacy and effectiveness of the Council's control environment, the Chief Auditor is required to confirm the effectiveness of the Internal Audit Service and its resultant fitness for purpose to carry out work that informs the annual assurance opinion.
- 1.4.2 A self-assessment against the Public Sector Internal Audit Standards (PSIAS) was undertaken in 2021/2022, along with post audit feedback and annual surveys (see section 6.3). In addition, the Chief Auditor and Principal Auditor undertake periodic reviews of the quality of internal audit work completed and review all draft and final reports issued. In delivering the Internal Audit Service, the planning, conducting, and reporting on reviews have been completed in conformance with the requirements of the PSIAS, published by the Chartered Institute of Internal Auditors (CIIA) and the subsequent Local Government Application Note in respect of PSIAS published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.4.3 An external quality assessment of the internal audit service has recently been completed by CIPFA, who concluded that RBC's Internal Audit Service fully conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note<sup>3</sup>.
- 1.4.4 The Chief Auditor is therefore able to report for 2021/2022 compliance with the Public Sector Internal Audit Standards and considers the Internal Audit Service to still be effective.
- 1.4.5 Periods of long-term sickness in both the Internal Audit and Investigations Team have been a factor throughout the year and whilst the Corporate Investigations Team is now at full capacity (3.5 FTE), sickness remains a concern in Internal Audit. Therefore, resources remain finite and there is limited resilience in service provision.

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<sup>3</sup> The CIPFA report was at draft stage at the time of writing and will be presented to the next meeting of the A&G Committee.

## 2.0 ANNUAL ASSURANCE STATEMENT

### 2.1 Basis of Assurance Opinion

2.1.1 This opinion is based on an assessment of:

- The design and operation of the underpinning governance and assurance framework.
- The range of opinions arising from risk based and other audit assignments that have been reported during the year taking into account the relative significance of these areas.
- Whether management properly implements actions arising from audit work, to mitigate identified control risks within reasonable timescales.

2.1.2 The Internal Audit Plan for 2021/22 was developed to provide independent assurance on the adequacy and effectiveness of the systems of internal control, governance, and the management of risk. The Plan was approved by the Audit and Governance Committee in April 2021. This Plan did not include resources deployed on reactive and proactive fraud which is referred to in section 7. Progress reports from the Chief Auditor were presented to the Committee at quarterly meetings throughout the financial year.

2.1.3 **We can confirm that the internal audit activity is organisationally independent and that there has been no impairment to independence or objectivity.**

### 2.2 Annual Assurance Opinion for 2021/2022

2.2.1 The Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's risk management systems and internal control environment, including any qualifications to that opinion, is as follows:



Whilst no assurance can ever be absolute, on the basis of work completed during the course of the year, the Chief Auditor has concluded that reasonable assurance can now be placed on the adequacy and effectiveness of the Council's internal control framework within those areas audited in 2021/2022. Whilst this is progress on the last two financial years and the direction of travel is one of improvement, there is still more work to be done.



- 2.2.2 The audit opinion is expressed using the same scale used for internal audit report opinions. The scale ranges from ‘Substantial’ to ‘Reasonable’, through to ‘Limited’ and ‘No Assurance’. This opinion is reflective of the number and level of assurance opinions provided throughout the year and the improvements required to the control framework in some of those areas where weaknesses were identified in the past. **The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.**
- 2.2.3 38% of audits undertaken received limited or no assurance in 2021-22, compared to 45% in 2020-21, and 38% in 2019-20 (see section 3). Although this trend has remained consistent over the past five years, we are now starting to see improvement in some of the financial processes within the key financial systems, which is explained in more detail in the following paragraphs.
- 2.2.4 As part of the Finance Improvement Programme, the Accounts Payable workstream is essentially concluded, with ongoing performance monitoring now included as part of the monthly Finance Transformation Board updates. This programme has addressed a number of key audit concerns, such as separation of duties between the setting up and paying of providers, authorisation and control checks on BACS payments, performance monitoring and written procedures on processes to be followed.
- 2.2.5 Work on Accounts Receivable actions continues to develop, particularly around debt management and reporting. This is an area which had previously received a ‘limited assurance’ or ‘no assurance’ over several annual audit reviews. The Accounts Receivable function has been moved from a finance function to one that is now managed through the Revenues & Benefits Team. This has taken time in terms of recruitment and training of resources, but there is now a clearer picture of the outstanding debt and action is being taken with regards to current debt that is keeping it under control. Progress in ensuring Adult Social Care debt is promptly tackled is still only at early stages and more work needs to be done by staff in that area, in conjunction with the Debtors’ Team, to ensure that progress to date is maintained.
- 2.2.6 After considerable effort going back a number of years, the main bank account reconciliation process has been reviewed, improved, and brought up to date. Given the well documented issues, weaknesses and problems associated with not regularly and routinely achieving this fundamental control in the recent past, this should now give a tentative indication of a welcome improvement in financial control. Although the feeder systems reconciliations were found to be largely up to date, there are still procedural weaknesses that need to be addressed in order to ensure that this trajectory (of improvement) is built on and sustained.
- 2.2.7 The CIPFA Treasury Live system is used to provide cashflow information and the process of regular update, maintenance of audit trails, review and approval is in place. A review of reported borrowing and lending for the financial year 2021/22 found no exceptions with respect to the established criteria.

- 2.2.8 As well as the need for a new Chart of Accounts, the Scheme of Financial Delegation is also being updated, as it is recognised that there needs to be greater clarity about the authority that officers have to make decisions on spending across the Council. Greater clarification will be provided on financial limits of authority, so that in the event that an authorised officer is unable to take a decision, then the decision can be taken by the relevant line manager up to and including the Executive Director. We acknowledge this as a positive development.
- 2.2.9 We have reported in the past that there was poor documentary evidence being maintained to support intercompany journals between RBC and Brighter Futures for Children (BFfC). A review this year reported that those transfer payments that had happened had been well supported; however, in-year reconciliations had not occurred and the 2020-21 grant position was only being finalised in February 2022. At the time of the audit, BFfC had also not regularly requested RBC to transfer over any of the £1.15m of grant funding that has been received in the Council's accounts during the year. Likewise, quarterly recharges to BFFC for statutory posts had not been transferred either. A working protocol is required to formalise roles and responsibilities that promote rigorous, cooperative, and professional working methods, with roles and responsibilities known to both entities.
- 2.2.10 In last year's Annual Assurance Report we reported "*staff resources continue to be an issue, with a very high turnover of staff and reliance on interim staff in a number of key positions within Finance*". Whilst resources remain stretched with the planned implementation of a new finance system, in addition to other critical business as usual work demands, key posts in Finance have now been filled with permanent members of staff. The recruitment and appointment of permanent members of staff at senior levels within the Finance Team, under the direction of the Director of Finance, will hopefully lead to more stability and continuity in the service.
- 2.2.11 The critical project activity over the forthcoming financial year will be the implementation of the new financial system and the successful and timely migration of all financial data. The extraction of financial data from the existing finance system and loading into the new financial system, including finance code conversion, will need to be subject to rigorous testing. At the time of writing, there are still single points of failure with finance systems staffing and limited availability of accounting, accounts receivable, procurement and accounts payable staff to support the design, build and test phases of the project. Finance staff also continue to be stretched providing responses to audit queries, as well as performing day to day financial tasks.
- 2.2.12 The new finance system will be the cornerstone of organising, planning, and controlling financial activities to manage resources efficiently. The build and design element of the project is important; however, at the same time, it is imperative that business processes work with the new system, otherwise efficiencies and improvements will not be achieved.

- 2.2.13 We need to decrease the reliance on spreadsheets and reduce the occurrence of errors, which result in a large volume of transactions being posted to suspense<sup>4</sup>. The emphasis should be on getting it right first time.
- 2.2.14 Some of the key areas for improvement identified during our audit work are set out in section 4. These are reviews where limited assurance has been given and improvements are needed.

### 2.3 Inherent qualifications to the opinion

- 2.3.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives and therefore can only provide reasonable, not absolute, assurances of effectiveness.
- 2.3.2 The assurance opinion provided by the Chief Auditor should be considered in parallel with other sources of assurance, such as External Audit reports, to ensure that the Audit & Governance Committee has an informed decision on the Council's control environment.

## 3 SUMMARY OF AUDIT WORK

- 3.1 The annual 2021/22 Annual Audit Plan was developed in line with the Public Sector Internal Audit Standards for Internal Audit. Although satisfactory progress has been made against the plan during the period, a number of audits had to be deferred, due to resource issues within the Team (long term sick) and the need to factor in unplanned work.
- 3.2 We completed 16 audits (including follow ups), during the year and certified 9 grants. The table below summarises the report classifications.

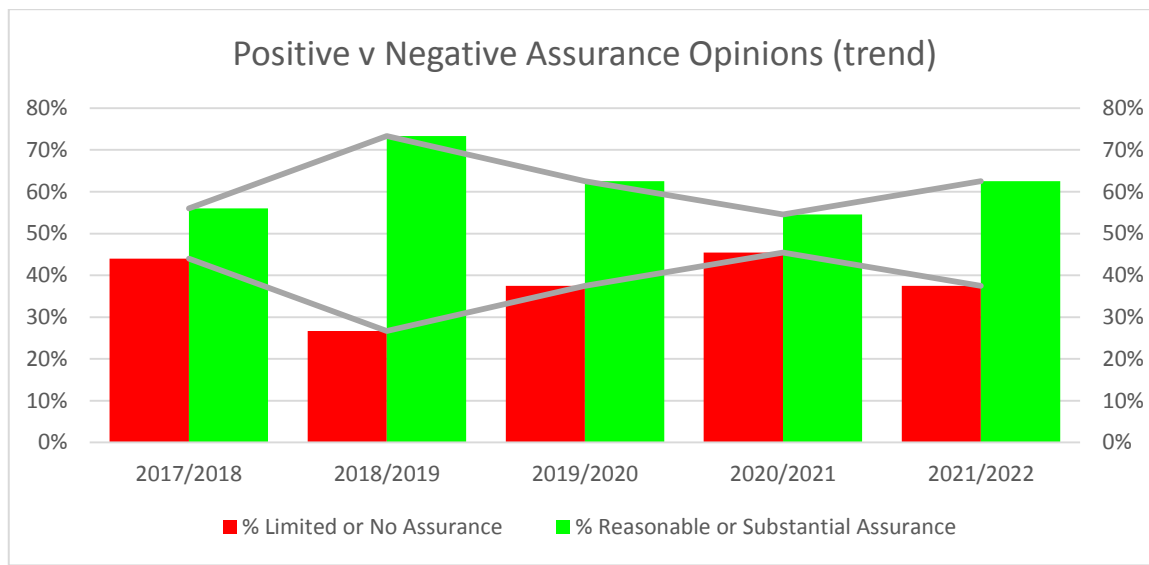
Report Classification (2021/22)	No. of Audits
Substantial Assurance	4
Reasonable Assurance	6
Limited Assurance	5
No Assurance	1
<b>Total<sup>5</sup></b>	<b>16</b>
Grant Claims certified	9
No of projects in progress and yet to be finalised	3
<b>No of audits deferred</b>	<b>8</b>

<sup>4</sup> A suspense account is a temporary resting place for an entry that will end up somewhere else once its final destination is determined

<sup>5</sup> This is in addition to the work undertaken for BFFC, which is reported separately to their Audit & Risk Committee

3.3 Full details of the audit work we have completed that has informed this opinion are in **Appendix A**, together with the assurance levels we have been able to provide for each review. As well as the results of our own work, we have also considered other sources of assurance available to us for example, management assurance statements, internal oversight function reporting and independent inspections and reviews. Graph 1 below represents the percentage of (positive v negative) audit assurance opinions over the past 5 financial years.

Graph 1



### 3.4 Priority of Recommendations

- 3.4.1 At the time of writing, we have made a total of 100 audit recommendations in our reports (both draft and finalised), of which 18 (18%) were classified as a high priority.
- 3.4.2 In the following sections we have set out the high-level key findings identified during our audit work for 2021/2022, which have helped inform the overall assurance opinion.
- 3.4.3 Details of each individual report's ratings and the priority of recommendations arising from each audit can be found at Annex 1.

## 4 AREAS FOR IMPROVEMENT

- 4.1 Some of the key areas for improvement identified during our audit work throughout the year are set out below:
- i. Although a limited assurance opinion was given, we are satisfied that there is an aspiration by Adult Social Care to review and re-evaluate *Adult Social Care Contract Management* procedures in order to ensure that contracts are appropriately managed and monitored. A complete review of all block and spot contract documentation is required and we found the file structure on the Shared Drives and audit trails for the contract files to be poor. Given this, we recommended that a reconciliation of provider information held on the Mosaic system should be carried out with other relevant data records, as the completeness of the existing contract register requires both consolidating and updating to ensure there is improved oversight of contracts.
  - ii. One area which remains a high risk for internal audit and will therefore be subject to further testing throughout the next year, are payments made to *Social Care Providers* through the financial module of the MOSAIC system. An overpayment of circa £1m was triggered after inflationary increases were incorrectly applied. We found a lack of a common understanding of roles and responsibilities and ownership of processes. There was no adequate control / workflow process around the treatment of inflationary uplifts, with no independent review to check for accuracy, and changes being made manually and therefore subject to increased risk of error and potential fraud, albeit no evidence of fraud was uncovered. In addition, amendments within Mosaic were unable to be reviewed in real time, so issues could take several days to identify and then a further several days to ensure they were corrected.
  - iii. Our audit of *Payments to Voluntary Sector Providers* reported there was reliance on a number of key individuals and a high degree of manual intervention, with limited resilience and a lack of shared understanding of the process between the services.
  - iv. Our audit of *Facilities Management* recognised that the service has a good understanding of the improvements required for ensuring both planned and responsive repairs are completed on timely basis. However, overseeing of the scheduling and monitoring of the status of repairs, especially for works completed by an external contractor, needs improving. We raised concerns regarding the completeness and accuracy of information on the property database and asset register on Planet FM, which is the principal tool used to ensure all repair obligations are identified. There are no regular or periodic reconciliation procedures or cleansing exercises to ensure the record of properties on Planet FM matches the primary records held by the Valuation Team, which record the Council's repair obligations.

- v. We have reported in the past that there was poor documentary evidence being maintained to support *Intercompany Journals* between RBC and Brighter Futures for Children (BFfC). A review this year reported that those transfer payments that had happened had been well supported; however, in-year reconciliations had not happened and the 2020-21 grant position was only being finalised in February 2022. At the time of the audit, BFfC had also not regularly requested RBC to transfer over any of the £1.15m of grant funding that had been received in the Council's accounts during the year. Likewise, quarterly recharges to BFfC for statutory posts had not been transferred either. A working structure was required to formalise roles and responsibilities that promoted rigorous, cooperative, and professional working methods, with roles and responsibilities known to both entities.
- vi. Our follow-up audit of *Staff Vehicle Documentation (Grey Fleet) vehicle documentation* recognised that progress has been made since our last review in 2020, such as the development of a new policy for grey fleet. However, there was a lack of consistency of data between iTrent and Fleetwave in relation to grey fleet checks conducted and driver designations, with a lack of timely updating of iTrent and issues relating to information contained within iTrent reports.

*Note: an audit is a snapshot at one moment in time and therefore weaknesses may have been rectified and improvements made since the audit review. These audits will be subject to audit follow up during the next 12-18 months or sooner.*

## 5.0 CORPORATE GOVERNANCE & RISK MANAGEMENT

### 5.1 Corporate Governance

- 5.1.1 The governance framework consists of the systems, processes, culture and values by which the Council is directed and controlled, and the activities through which it is accountable to, engages with and leads its communities. This enables the Council to monitor the achievement of its strategic objectives and to determine whether those objectives have led to the delivery of appropriate services and value for money.
- 5.1.2 A significant part of this framework is the internal control system, which is designed to provide reasonable, not absolute, assurance that risks to achieving the Council's objectives are managed to an acceptable level. An effective internal control system is continually reviewed and updated to ensure risks to achieving objectives are identified, prioritised and managed effectively, efficiently and economically.
- 5.1.3 It is important that the Council is meeting its statutory responsibilities as it is required to review its governance arrangements at least annually; this is partly informed by senior managers within the Council who are responsible for developing and maintaining the governance environment. Each year, as part of the Annual Governance statement (AGS), we ask each Assistant Director to undertake a governance self-assessment of their service areas and for the Executive Directors to complete a Directorate Governance Statement. The results of this exercise are used to inform the Council's AGS.
- 5.1.4 There also remain key pieces of work to be completed and work has commenced on a review of the Council's Constitution including Financial Regulations and the Scheme of Financial Delegation.
- 5.1.5 The take-up of the Cyber Security training, which is currently available for all staff and councillors through a Learning Pool e-learning package, has improved, with the completion percentage rate being reported quarterly to the Audit & Governance Committee.
- 5.1.6 In the past, there have been several limited assurance reports in relation to information governance, and work is ongoing to address the underlying issues around Freedom of Information (FOI), Data Transparency and Records Management. Whilst we have not undertaken follow up audits, we have taken assurance from the work of the Information Governance (IG) Board and the adoption of the Information Management Strategy by Policy Committee on 7 March 2022 (Minute 83 refers). The Information Management Strategy sets out the Council's approach to information management and governance. The Strategy has been presented to all Directorate Management Teams. Staff wide communication and information drop-in sessions to brief and respond to staff queries are planned.

5.1.7 At the beginning of the 2021/2022 financial year, an assessment by Internal Audit of the Council's governance arrangements against the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), entitled "Delivering Good Governance in Local Government (2016)", concluded that the Council's governance framework complies with the CIPFA/SOLACE framework and associated principles, although there were areas for improvement, such as the need to periodically review partnership protocols, improved budget holder guidance and the strengthening of data quality and governance.

## 5.2 Risk Management

5.2.1 Managing risk is the responsibility of everyone and should be at the heart of the Council's culture and values and reflected in the behaviours of staff and elected Members. The risk specialist role is fulfilled by the Senior Health, Safety and Risk Management Adviser, supported by other specialist areas such as the Chief Auditor, Emergency Planning and Insurance.

5.2.2 The Risk Registers help maintain transparency, in line with the principles of corporate governance, which in turn help demonstrate that risk management is an integral and explicit part of the Council's overall management arrangements. The Corporate Management Team (CMT) manages and reviews the Council's strategic risks, and status update reports are provided to the Audit & Governance Committee. Whilst much progress has been made in recent years at a corporate level, further improvement needs to be made in keeping risk management reporting and risk registers at a Directorate level up to date.

5.2.3 Internal Audit have used the Council's Corporate Risk Register to inform the audit planning process and at the same time can provide assurance that appropriate measures are being taken to manage the Council's key business risks.



## 6.0 Resource availability, allocation & jobs completed

6.1 For 2021/2022, the planned and actual resource availability is summarised in table A below. This sets out the resource of 1771 days, of which 1169 was for planned audit time. The actual resource availability for the year was 1,766 days of which 1106 days was for planned reviews, with the difference between the planned and actual audit time, was predominately down to staff absence.

Table A Resource (Planned v Actual)	Planned (Days)	Actual Totals (Days)	Variance + / - days	% Complete
<b>Total Available Time</b>	<b>1771</b>	<b>1766</b>	<b>-5</b>	<b>100%</b>
<b>Planned time</b>				
RBC	819	794	-25	97%
BFFC	350	312	-38	89%
	<b>1169</b>	<b>1106</b>	<b>-63</b>	<b>95%</b>
<b>Non-Audit Work</b>				
Risk Management (1)	8	12	4	150%
Emergency Planning (2)	4	4	0	100%
Assisting Corporate Investigations (3)	39	22	-17	56%
Insurance (4)	12	73	61	608%
Elections (5)	8	10	2	125%
<b>Other:</b>				
Annual Leave	226	219	-7	97%
Staff Absence	35	48	13	137%
Training (6)	24	23	-1	96%
Internal Seminars/Courses (7)	40	40	0	100%
Staffing (8)	74	101	27	136%
Management (9)	24	11	-13	46%
Administration (10)	102	95	-7	93%
External Group Meetings (11)	6	2	-4	33%
	<b>602</b>	<b>660</b>	<b>58</b>	<b>110%</b>

1. Facilitation of risk registers, training etc.
2. Assisting emergency planning during COVID-19 response and winter storms.
3. Management of the Corporate Investigations Team
4. Management of Insurance Team and involvement in Leisure Contract, RPA Schools Building work and Rowe Court
5. Staff assisting and working on Elections
6. Professional training support, external courses & seminars,
7. Internal courses/training.
8. One to ones, appraisals, team meetings
9. Budget monitoring, performance monitoring, health & safety.
10. Updating office procedures, research, and preparation for internal audits.
11. External Audit Group Meetings

## 6.2 Performance of the Internal audit Service

- 6.2.1 The Public Sector Internal Audit Standards documents the expected professional standards for internal audit in Local Government and are the applicable standards against which the quality of internal audit in local government is assessed. The Chief Auditor monitors compliance against the Code, by self-assessment and/or external review.
- 6.2.2 Our performance during the year in relation to the performance indicators agreed for the Internal Audit Service is shown in table B below: -

Table B: Key performance Indicators for Internal Audit

Key Performance Indicators		Actual			
		Target	2019/20	2020/21	2021/22
	Client Satisfaction	90% or above	-	88%	98%
i.	Production of final report within 10 days of receipt of management responses	90%	87%	85%	95%
ii.	Management responses received within 15 days of issue of draft report	75%	61%	37%	46%
iii.	Number of projects completed within agreed budgeted days relative to total number of projects undertaken	75%	56%	56%	62%
iv.	Number of audit projects completed relative to those in the (revised) plan	75%	62%	82%	75%
v.	Actual spending of controllable budget	100% or less	90%	98%	98%
vi.	% Of working days lost to sickness	2.0%	1.01%	5.51%	5.53%

- 6.2.3 Line 'iv' shows that we have completed 75% of work we set out to achieve, which is satisfactory, given staff sickness and unplanned work added throughout the year. The percentage of days lost to sickness is high and has been predominately due to the long-term sickness of one member of staff. Client satisfaction is assessed following the return of post audit satisfaction surveys and although the overall percentage of satisfaction is very high (98%) the actual response rate (17%) is low.

### 6.3 Annual Quality Review

- 6.3.1 Following completion of an internal audit review, managers are asked to rate Internal Audit's performance throughout the various stages of the audit process. The ratings being unsatisfactory, satisfactory, good, and very good.
- 6.3.2 A total of eight questions are asked against three stages of the audit process: pre audit arrangements, audit visit, and post audit. The summaries of findings are detailed in the table below.

How would you rate our performance?		Satisfaction %
Pre-audit arrangements	Explaining the audit process	94%
	Consultation and scoping the audit	97%
Audit visit	Conduct and professionalism of the auditor	100%
	The auditor obtaining an understanding of your business needs	97%
	Opportunity to discuss the findings during the audit	97%
Post Audit	Usefulness of recommendations	100%
	Clarity and fairness of the report	100%
	Were your comments taken into account	97%

- 6.3.3 In addition to the set questions, managers are asked where the audit added value, and a summary of responses is detailed in the table below.

Where did the audit add value	Number of responses
Provided assurance on existing controls	7
Identified areas of improvement	6
Improved procedures and processes	3
Highlighted areas of good practice	2
Escalated issues to senior management	2

- 7.1 Best practice advises that the results of corporate investigations, including the number and types of investigations undertaken, should be reported annually. Progress on investigations is reported every quarter to the Audit & Governance Committee with a summary on the types of investigations in progress. Table C below provides a high-level overview of investigations undertaken compared to previous financial years.
- 7.2 The counter fraud resource consists of four experienced investigators; however, the Covid-19 pandemic, sick leave and vacancies have impacted on the Corporate Investigations Team considerably over the past 12 months, with only two officers in post for a considerable time throughout the year.
- 7.3 The Investigations Team deals with benefit, housing tenancy, blue badge and internal fraud etc. and has had a successful year, demonstrating the value that they bring to Reading Borough Council.
- 7.4 This is apparent when we take into account that the Team have identified approximately £1.28m in notional and cashable savings (see Table C below for more detail) with reduced resources and during the pandemic. The deterrent effect of this activity should not be underestimated.

Table C Annual Summary of Investigations	2019/20	2020/21	2021/22
<b>Housing tenancy Fraud</b>			
No. Housing Tenancy Referrals investigated	49	43	28
Properties Recovered	7	9	11
Estimated saving from Recoveries <sup>1</sup>	£651,000	£837,000	£1,023,000
Prosecutions Secured	0	0	0
Application under the Proceeds of Crime Act	0	0	0
Value of POCA/Compensation award	0	0	0
<b>Right to Buy Fraud</b>			
No. of RTB applications investigated	34	43	29
No of RTB applications refused as a result of investigation <sup>2</sup>	9	3	1
Estimated savings from preventing sale of property <sup>3</sup>	£585,000	£270,511	£92,199
<b>Parking Fraud</b>			
Blue badge referrals	52	12	14
Blue Badges recovered	6	2	2
Prosecutions secured	8	2	1
PCN's issued	8	0	0
Estimated annual savings <sup>4</sup>	£3,450	£1, 350	£1,150
<b>Single Person Discount</b>			
Value of fraudulent overpayments identified <sup>5</sup>	£208,632	£112,601	£121,978

2019/20	2020/21	2021/22
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<b>Council Tax Support</b>			
No. CTAX Referrals investigated	73	66	75
Prosecutions	0	1	0
Add pens	2	0	0
Value of fraudulent overpayments identified	£9,732.64	£6,071	£19,478
Value of add pens	£1,386.98	0	0
<b>Social Care</b>			
No. Social Care Referrals investigated	3	2	2
Financial value of cases <sup>6</sup>	£62,000	£47,000	Not known
<b>Business Grants (Covid-19)</b>			
No. Grants checked <sup>7</sup>		1278	539
Value of fraudulent overpayments identified		2	0
Prosecutions		0	1
Financial value of cases		£20,000	£10,000
<b>Internal Investigations</b>			
No. Internal Referrals	0	1	1
Number of cases investigated	0	1	1
Cases prosecuted	0	0	0
Financial value of cases	0	0	0
<b>Other:</b>			
Adult Social Care trace of undisclosed capital <sup>8</sup>		£34,000	

## Notes:

- <sup>1</sup> Notional £93,000 (previously £18,000) per property recovered based on average four-year fraudulent tenancy - this includes temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies. The notional savings multiplier is used by the Cabinet Office in its National Fraud Initiative report.
- <sup>2</sup> Social housing tenants who were not entitled to right to buy because of their status in the UK, or who had secured multiple tenancies unlawfully.
- <sup>3</sup> The notional saving for a Right to Buy (RTB) application that has been withdrawn is calculated by the Cabinet Office based on the region in which the property is based, the increases in the maximum RTB cap and the changes in average house prices (RTB discount of £84,200 Plus the rental income for the period of 12 months, which RBC would have lost if RTB approved)
- <sup>4</sup> £575 is the notional value applied by the Cabinet Office per blue badge cancelled to reflect lost parking and congestion charge revenue.
- <sup>5</sup> Following a data matching exercise, matching address records against tracing and occupier lookup databases to determine the strength of residency for all individuals in a household within the borough, investigations officers worked with Council Tax reviewing the very-high, high and medium risk matches. Very high- and high-risk categories have been completed and medium risk are still being reviewed by CTAX.
- <sup>6</sup> One case is closed and referred for FAB team to invoice for the alleged lost funds circa £3,000. The second is pending Interview Under Caution with the estimated value of the fraud at £44,000K (on going case).
- <sup>7</sup> The investigations team used government fraud prevention tools, which interface with other departments and agencies so that a sample data can be validated to substantiate claims or facts
- <sup>8</sup> Assisted ASC to track and recover undisclosed capital.

**ANNEX 1: Detailed analysis of internal audit reviews 2021/22**

SUBSTANTIAL ASSURANCE REVIEWS				Recs		
Title	Start	Draft	Final	H	M	L
Parks & Grounds Maintenance	Dec-21	Jan-22	Jan-22	0	0	0
Business Grants (Post Payment) Assurance	Jun-21	Jul-21	Aug-21	0	0	0
Treasury Management	Feb-22	May-22		0	2	0
Housing Benefits	Jul-21	Sep-21	Nov-21	0	1	0

REASONABLE ASSURANCE REVIEWS				Recs		
Title	Start	Draft	Final	H	M	L
Climate Change Strategy	Nov-21	Jan-22	Feb-22	0	5	0
Housing Allocation Scheme	May-21	Sep-21	Nov-21	0	4	5
Accounts Receivable	Dec-21	May-22	May-22	0	4	0
Feeder system interface and reconciliation	Oct-21	Jan-22	May-22	0	7	3
Transitions from children to adults	Dec-21	Feb-22	Apr-22	0	2	3
Corporate Governance Review	Jan-21	Jun-21	Sep-21	0	0	0

LIMITED ASSURANCE REVIEWS				Recs		
Title	Start	Draft	Final	H	M	L
Staff (Grey Fleet) Vehicle Documentation - (Follow up Audit)	Aug-21	Sep-21	Nov-21	4	3	0
Facilities Management	Apr-21	Jun-21	Jul-21	2	6	1
Contract Management (Adults)	Jun-21	Aug-21	Sep-21	2	2	0
Payments to Voluntary Sector Organisations	Nov-21	Dec-21	Jan-22	0	2	0
Intercompany accounting	Oct-21	Nov-21	Mar-22	2	5	0

NO ASSURANCE REVIEWS				Recs		
Title	Start	Draft	Final	H	M	L
Adult Social care Payments	Sep-21	Nov-21	Jan-22	7	11	0

GRANTS

Recs

Title	Start	Draft	Final	H	M	L
Travel Demand Management Grant	Apr-21	Jun-21	Jun-21	0	2	0
Local Transport Plan Capital Settlement	Oct-21	Oct-21	Oct-21	0	0	0
Bus Subsidy Grant	Dec-21	Dec-21	Dec-21	0	0	0
Emergency Active Travel Grant	Apr-21	May-21	Nov-21	0	3	0
Compliance & Enforce Surge Grant	May-21	May-21	May-21	0	0	0
Green Homes BEIS Grant Phase 1a	Oct-21	Oct-21	Oct-21	0	0	0
Community Testing Funding Grant	May-21	Jun-21	Jul-21	0	0	0
Arts Council Grant	Jun-21	Jun-21	Jul-21	0	0	0
Arts Council Grant round 2	Dec-21	Dec-21	Jan-21	0	0	0

**PLANNED AUDITS CARRIED OVER TO 2022/2023**

Title	Start	Draft	Final	Recs		
				H	M	L
Freedom of Information (Follow up Review)	Jun-22	Jul-22				
Records Management & Document Retention						
Accounts Payable						
Furlough Administration						
Client Contributions Adult Care	Nov-21	Mar-22	Jun-22	1	5	6
Transparency Code Compliance (Follow up)	Jun-22	Jul-22				

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## READING BOROUGH COUNCIL

### DIRECTOR OF FINANCE

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	19 July 2022		
<b>TITLE:</b>	<b>INTERNAL AUDIT QUARTERLY UPDATE REPORT</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR TERRY</b>	<b>PORTFOLIO:</b>	<b>CORPORATE SERVICES &amp; RESOURCES</b>
<b>SERVICE:</b>	<b>AUDIT &amp; INVESTIGATIONS</b>	<b>WARDS:</b>	<b>N/A</b>
<b>LEAD OFFICER:</b>	<b>PAUL HARRINGTON</b>	<b>TEL:</b>	<b>9372695</b>
<b>JOB TITLE:</b>	<b>CHIEF AUDITOR</b>	<b>E-MAIL:</b>	<a href="mailto:Paul.Harrington@reading.gov.uk">Paul.Harrington@reading.gov.uk</a>

### 1. PURPOSE OF REPORT

- 1.1 This report summarises internal audit activity in respect of the Internal Audit and Investigations Team for the period 1 April to the 30 June 2022.
- 1.2 The following document is appended:  
Appendix 1 - Internal Audit & Investigations update report

### 2. RECOMMENDATIONS

- 2.1 The Audit & Governance Committee is requested to consider the report.

### 3. SUMMARY

- 3.1 The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found Internal Audit will propose solutions to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implement changes in a timely manner.
- 3.2 A total of three audit reviews were finalised in the period between April and June 2022 with all three completed reviews receiving a positive opinion.
- 3.3 **Substantial Assurance Opinion Reviews**
  - 3.3.1 A review of **Treasury Management** found borrowing and lending criteria to be clearly set out and accordingly followed. Appropriate audit trails were found to be maintained, with appropriate review and approval in place.

### 3.4 Reasonable Assurance Opinion Reviews

3.4.1 A review of **Accounts Receivable** recognised that there is now a clearer picture of outstanding debt and action is being taken to keep current debt under control. However, progress in ensuring Adult Social Care debt is promptly tackled was still only at the early stages. A decision needs to be taken on the likelihood of recovery of the most historical debt and write offs should be used where there is considered to be a negligible chance of recovery. The Oracle Fusion functionality in respect of reporting and general recovery processing (dunning) has been patchy and often very slow. The tracking of individual debt is satisfactory, although the presentation of information is not always as clear. The AR Team also manage most of its recovery process through spreadsheets outside of Oracle Fusion

3.4.2 A review of **Adult Social Care Client Contributions** found clear, documented processes in place with allocated roles and responsibilities for the annual uplift process. However, charge uplifts for 2021/22 were carried out manually via the Mosaic administration tool for circa 1,000 records, which was time-intensive and increased the likelihood of error. The review flagged concerns with the delay in updating service users' financial circumstances and clarity was needed to determine when the appeals procedure was being used, as opposed to the complaint's procedure. Sample tests of the billing process identified that where service users had been invoiced for their contributions, this had been backdated to the start of the service provision. However, from our sample there were a small number of instances where service users had yet to be invoiced for chargeable services or for a revised amount following an annual review. Although not significant in isolation, were this to be repeated on scale, this could have a material impact.

### 3.5 Limited Assurance Opinion Reviews

3.5.1 N/A

### 3.6 No Assurance Opinion Reviews

3.7.1 N/A

## 4. Resources

- 4.1 There is currently one long-term sickness in the Audit Team, which has been temporarily backfilled by an agency member of staff, but in addition to this, one member of staff will be retiring in the not-too-distant future due to ill health. This will no doubt impact on the ability of the Team to complete the audit plan in its entirety, with resources predicted to be considerably stretched in Quarter 3 of this financial year.
- 4.2 The Committee will be kept informed of developments and any future appointments going forward.

## **5.0 Investigations**

- 5.1.1 Over a 3-day period in May, Investigation Officers worked alongside the Blue Badge Team and Parking Enforcement Officers to monitor and report on possible Blue Badge misuse across the town centre. The investigations identified the following:
- Two badges were found to be in use, where the badge holders were not present.
  - Five badges designated to a child, were found to be in use, when the child should have been in school.
  - One badge reported as stolen was found to be in use.
  - Four badges in use had expired, of which three were seized by officers and removed from circulation.
  - One badge belonging to a deceased person was found to be in use.
- 5.1.2 Including the vehicles which failed to display any badges, we reported fifteen issues linked to Blue Badge misuse over the period of inspection. This equates to approximately 5% of all vehicles inspected on the day.
- 5.1.3 In addition to the above, since April 2022, we have received a total of 5 misuse referrals, all of which were investigated. 1 case was successfully prosecuted in April 2022, and 4 cases have been sent a formal warning letter.
- 5.1.4 Officers have commenced investigation into several referrals of tenancy fraud, with 21 cases ongoing and since April 2022 3 properties having been returned.
- 5.1.5 There is one ongoing Direct Payment investigation (Adults) which is linked to potential money laundering offences.

## **6. CONTRIBUTION TO STRATEGIC AIMS**

- 6.1 The Internal Audit Team aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular audit work is likely to contribute to the priority of remaining financially sustainable to deliver our service priorities.

## **7. COMMUNITY ENGAGEMENT AND INFORMATION**

- 7.1 N/A

## **8. LEGAL IMPLICATIONS**

- 8.1.1 Legislation dictates the objectives and purpose of Internal Audit the requirement for an Internal Audit function is either explicit or implied in the relevant local government legislation.

- 8.1.2 Section 151 of the Local Government Act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.

- 8.1.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 N/A

## **10. BACKGROUND PAPERS**

- 10.1 N/A

# **Appendix 1**

## **Internal Audit & Investigations**

### **Quarterly Update Report Q1**

## 1.0 OVERVIEW

### 1.1 Purpose & Scope of Report

1.1.1 The purpose of this report is to provide an update on the progress made against the delivery of the Internal Audit Plan. This report provides details of audits completed in quarter 1 of the 2022/2023 financial year.

### 1.2 Assurance Framework

1.2.1 Each Internal Audit report provides a clear audit assurance opinion. The opinion provides an objective assessment of the current and expected level of control over the subject audited. It is a statement of the audit view based on the work undertaken in relation to the terms of reference agreed at the start of the audit; it is not a statement of fact. The audit assurance opinion framework is as follows:

Opinion	Explanation
No Assurance	“Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.”
Limited	“Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.”
Reasonable	“There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.”
Substantial	“A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.”

1.2.2 The assurance opinion is based upon the initial risk factor allocated to the subject under review and the number and type of recommendations we make. It is management’s responsibility to ensure that effective controls operate within their service areas. Follow up work is undertaken on audits providing **limited** or ‘no’ assurance to ensure that agreed recommendations have been implemented in a timely manner.

## 2.0 HIGH LEVEL SUMMARY OF AUDIT FINDINGS

	Recs			Assurance	
2.1	Treasury Management	0	1	1	Substantial

2.1.1 Treasury Management is the management of the Council's investments, borrowing and cash flows, its banking, money market and capital market transactions; as well as the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

2.1.2 It was evidenced that consideration of risk management was embedded within the Treasury Management function. Lines of assurance and scrutiny of required Treasury Management reporting were evidenced. The use of the CIPFA Treasury Live system to provide cashflow information was observed and the process of regular updates, maintenance of audit trails, review and approval was confirmed.

2.1.3 The criteria for borrowing and lending was clearly set out and, on reviewing borrowing and lending for the financial year 2021/22, no exceptions were found concerning the established criteria.

2.1.4 The process of appointment for the Council's Treasury Management consultancy and advisory services was reviewed. It was found that procurement processes were followed as required and appropriate documentation was held on file to demonstrate that the required quotations were obtained, and procurement been approved.

2.1.5 The Treasury Management function comprises of properly trained and qualified staff and there are effective arrangements in place to ensure staff coverage in the event of absence. However, evidence to support qualifications and training records is currently held across multiple locations and the suggested CIPFA model of a consolidated schedule being held to record training and qualification information was not being followed. The CIPFA Code 2017 also identifies the need for those with a Treasury Management scrutiny function to have sufficient training and although this was reflected in Treasury Management Strategy Statement, no Member training had occurred. It is our understanding that this has now been completed.

	Recs			Assurance	
2.2	Accounts Receivable	0	4	0	Reasonable

- 2.2.1 Sundry debtors had received a ‘limited assurance’ or ‘no assurance’ opinion over several annual audit reviews. To address previous recommendations, a project plan was drawn up that initially provided for the transition to a new software provider to aid staff to meet these requirements.
- 2.2.2 The Academy system used for sundry debtors had been replaced by the Oracle Fusion Accounts Receivable (AR) module, with the associated transfer of existing customers and debts to the new system.
- 2.2.3 The management of the AR function has been moved to the Revenues & Benefits Team. This has taken time in terms of recruitment and training of resources, but there is now a clearer picture of the outstanding debt and action is being taken to keep current debt under control. Progress ensuring adult social care debt is promptly tackled was still only at the early stages and more work is needed to be done by staff in that area in conjunction with the Debtors Team to ensure that progress to date is maintained.
- 2.2.4 There has been less satisfactory progress with historical debt, mainly because it is historic and difficult to tackle without substantial resources being utilised by both the Legal and Adult Social Care who have by far the largest share of that debt. There was also a decision taken when transferring the debt across from the old system, to hold detailed balance information outside the Fusion system and only transfer the balance. This has meant that it takes longer to establish the current debt position for older debts and does not always reflect that some of the Adult Social Care debt balances may change over time.
- 2.2.5 At the time of our audit, we recommended that a decision needed to be taken on the likelihood of recovery of the oldest historical debt and write offs should be used where there is considered to be a negligible chance of recovery due to the time elapsed and the lack of previous recovery steps being taken.
- 2.2.6 The audit noted that the Oracle Fusion functionality in respect of reporting and general recovery processes (dunning) has been patchy and often very slow. There did not appear to be a readymade suite of management reports that give insight into the debt situation until recently. The tracking of individual debt is satisfactory, although the presentation of information is not always as clear. The AR Team also appeared to manage most of its recovery process through spreadsheets outside of Oracle Fusion.



- 2.2.7 Formal written debtor processes and procedures that covered all areas of the Council were still under development. There was guidance on how to use Oracle Fusion to raise debts and access information on debts; however, the intranet does not contain guidance on the existing Sundry Debtor Policy agreed in 2020. Whilst there is a council-approved Debt Policy, there didn't appear to have been a wider awareness campaign around its implementation.
- 2.2.8 The audit did not find any issues with the receipt of and accounting for monies in respect of invoices raised and on reviewing a sample of credit notes, no issues in their usage were identified.
- 2.2.9 There is now an expectation that the Debtors function will be transferring from Oracle Fusion to a new finance system shortly, and it is hoped that the reporting capabilities and general functionality will be enhanced from where it currently is.

	Recs			Assurance	
2.3	Client Contributions	1	4	5	Reasonable

- 2.3.1 The Care Act gives Councils the power to charge adults for services provided to meet their eligible care and support needs. A financial assessment is conducted to determine the maximum amount that a care user can afford to contribute towards their care, with any charges applied from the start of a care package, and the financial assessment reviewed annually.
- 2.3.2 The audit focussed on the assessment process, checks which were being undertaken to establish capital/savings and income, to determine the ability to contribute to care costs, and how quickly clients were invoiced in relation to the commencement of the care provided.
- 2.3.3 The financial assessment process was carried out using the agreed financial assessment form on Mosaic, and in some cases the client contribution was auto calculated. However, it was noted that this was overridden in the majority of cases. This represented a risk of error and incorrect calculation of client contributions that needed proper assessment and possible mitigation. We were informed that the mitigation put in place for this was having appropriately trained Financial Assessments and Benefits (FAB) Team Officers. In the majority of cases reviewed, details of service users' financial circumstances were obtained from central government using the Searchlight<sup>1</sup> facility or from other RBC teams via an agreement to share information.

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<sup>1</sup> Department for Work and Pensions (DWP) customer information system to support its staff in dealing with claims around benefit payments, allowances and credits.

- 2.3.4 Policies and procedures were adequate and in place. The annual uplift process had a clear, documented process in place with allocated roles and responsibilities. However, it was noted that charge uplifts for 2021/22 were carried out manually via the Mosaic administration tool for circa 1,000 records, which was time-intensive and increased the likelihood of error.
- 2.3.5 An existing and known inherent risk was that unless the service user or their financial representative notified RBC of a change in the service user's financial circumstances, this was unlikely to be identified other than as part of the annual review process. The consequence of this is that either the Council or the individual could end up contributing too much or too little.
- 2.3.6 All areas, services, and staff within Adult Social Care needed to better understand their roles and responsibilities and the impact they had on the FAB (and other) Teams and ensure there was confidence in the accuracy and timeliness of the process.
- 2.3.7 Billing testing identified that where service users had been invoiced for their contributions, this had been backdated to the start of the service provision. However, there were instances identified where service users had yet to be invoiced for chargeable services, as the service had yet to be set up on Mosaic or an account had not been created in Oracle Fusion. In addition, an instance was found where a service user had been invoiced for the revised amount following the annual review, but their contribution on Mosaic had not been updated to reflect the revised charge. Although not significant in isolation, were this to be repeated on scale, this could have a material impact.
- 2.3.8 There was also a lack of clarity found as to when the appeals procedure was being used, as opposed to the complaints procedure. Further discussion identified that this could be as a result of misuse of terminology. Complaints were noted as often being related to charging for ongoing services after a period of reablement/use of the hospital discharge scheme (when care was not chargeable), and whether this had been sufficiently clearly communicated/documentated at the time. Remote working had also meant that some queries had taken longer to resolve.
- 2.3.9 Initially this audit carried a limited assurance opinion. However, following the review of the management responses, which were seen to be robust with appropriate timeframes assigned to them, the opinion was revised. Nevertheless, there is still a significant amount of work required to implement the recommendations and therefore it is recommended that this report be subject to formal follow up.

Key: ■ No Assurance ■ Limited Assurance ■ Reasonable Assurance ■ Substantial Assurance

Audit reviews carried over from 2021/2022

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Client Contributions (Adult care)	●				Feb-22	May-22	Jun-22	1	5	6	
Freedom of Information (Follow-up Review)	●				Jun-22	July-22					
Accounts Payable		●									
Transparency Code Compliance (follow-up)	●				Jun-22	Jul-22					

Audit reviews for 2022/2023

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Green Homes BEIS Grant	●				Jun-22						
Waste Operations	●				Apr-22	Jun-22		0	2	0	
Rent Accounting	●				Apr-22	Jun-22		0	6	5	
Deferred Payments	●				Apr-22	Jun-22		1	8	0	
NHS Test and Trace Grant Determination	●				Jun-22	Jun-22		0	0	0	n/a
Contain Outbreak Management Fund Grant*	●				Jun-22	Jun-22		0	0	0	n/a
Practical Support Payment (PSP) grant*	●				Jun-22	Jun-22		0	0	0	n/a
Rough Sleepers Initiative Grant*	●				Jun-22	Jun-22		0	0	0	n/a

\* The requirement for these grants to be signed off by the Chief Auditor was not known until mid-June this year

Key: ■ No Assurance ■ Limited Assurance ■ Reasonable Assurance ■ Substantial Assurance

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Salary Sacrifice schemes	●				Jul-22						
Deputyship and Appointeeship	●				Jun-22						
Local Transport Plan Capital Settlement (Grant Certification)		●			Jun-22						
Waste PFI contract		●			Jun-22						
Cyber Security		●			Jul-22						
Inflationary Uplifts (follow-up)		●									
Audit Committee Review*		●									
Budget Setting/Monitoring		●									
Housing Repairs (responsive & planned maintenance)			●								
Housing PFI			●								
Records Management & Document Retention Policy (up follow-up review)			●								
General Ledger - New Finance System			●								
Accounts Payable			●								
BACS Security and controls over Faster Payments			●								
Furlough Administration			●								
Direct Payments			●								
Provider Payments (follow-up)			●								
Commercial Assets & Investments				●							

\* Guidance was expected to be published in June, but has now been put back until September

Key: ■ No Assurance ■ Limited Assurance ■ Reasonable Assurance ■ Substantial Assurance

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Intercompany accounting (Follow-Up Review)				●							
Contract Management				●							
Terminations (leavers and movers) processes				●							
Adults Contract Management (follow-up review)				●							
Client Contributions Adult Care (Follow Up)				●							
Adult Social Care Debt				●							

### 4.1 Council tax Support Investigations

4.1.1 The Investigations Team has referred 5 cases for financial reviews from 146 Council investigations completed, where a discount was removed from the current account.

### 4.2 Housing Tenancy Investigations

4.2.1 Since 1st April 2022, officers have commenced investigation into several referrals of tenancy fraud, with 21 cases ongoing and 3 properties having been returned to stock to date. All these cases were tenancy-related investigations.

4.2.2 The notional saving achieved on the properties returned to RBC stock is £279,000 adopting the notional savings multiplier used by the Cabinet Office in its National Fraud Initiative report.

4.2.3 The Investigation Team also undertakes assurance verification by looking at new homeless applications. For the period, the team have reviewed 43 cases.

### 4.3 Social Care Fraud

4.3.1 There is one ongoing Direct Payment investigation (Adults) currently in progress, which is linked to potential money laundering offences.

4.3.2 Officers are currently looking at five Adult Social care cases to ensure monies are being spent in accordance with the care plans.

### 4.4 Disabled Persons Parking (Blue) Badges

4.4.1 Blue Badges are parking permits issued by the Council to assist disabled persons with parking across the area. A Blue Badge can give the badge holder exemption from some parking restrictions and access to designated parking spaces.

4.4.2 Over a 3-day period in May, Investigation Officers worked alongside the Blue Badge Team and Parking Enforcement Officers to monitor and report on possible Blue Badge misuse across the town centre.

- 4.4.3 Over the 3-day period, officers undertook approximately 18 hours of monitoring, checking, and verifying a total of 307 vehicles. The investigations identified the following:
- Two badges were found to be in use where the Badge holders were not present.
  - Five badges designated to a child were found to be in use when the child should have been in school.
  - One badge reported as stolen was found to be in use.
  - Four badges in use had expired, of which three were seized by officers and removed from circulation.
  - One badge belonging to a deceased person was found to be in use.
- 4.4.4 All the above cases are subject to further investigation and possible legal action where applicable. All these cases were reported to NSL, and Fixed Penalty Charges (FPN) were issued. A further two vehicles were found to be parked in disabled bays, without displaying any Blue Badge. These vehicles were reported to Parking Enforcement Officers and an FPN was issued in both cases.
- 4.4.5 Including the vehicles which failed to display any badge, we reported fifteen issues linked to Blue Badge misuse over the period of inspection. This equates to approximately 5% of all vehicles inspected on the day.
- 4.4.6 In addition to the above, since April 2022, we have received a total of 5 misuse referrals, all of which were investigated. 1 case was successfully prosecuted in April 2022, and 4 cases have been sent a formal warning letter.

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## READING BOROUGH COUNCIL

### REPORT BY DEPUTY CHIEF EXECUTIVE

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	<b>19<sup>th</sup> July 2022</b>		
<b>TITLE:</b>	<b>RISK MANAGEMENT POLICY AND PROCEDURE</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR LIZ TERRY</b>	<b>PORTFOLIO:</b>	<b>CORPORATE SERVICES AND RESOURCES</b>
<b>SERVICE:</b>	<b>CORPORATE HEALTH &amp; SAFETY &amp; RISK MANAGEMENT</b>	<b>WARDS:</b>	<b>N/A</b>
<b>LEAD OFFICER:</b>	<b>ROBIN PRINGLE</b>	<b>TEL:</b>	<b>07730 804 547</b>
<b>JOB TITLE:</b>	<b>CORPORATE HEALTH, SAFETY AND RISK MANAGEMENT LEAD</b>	<b>E-MAIL:</b>	<a href="mailto:robin.pringle@reading.gov.uk">robin.pringle@reading.gov.uk</a>

#### 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report presents the updated Risk Management Policy and Procedure document to the Committee for consideration before onward submission to Policy Committee in September. The document has been updated to reflect best practice and to incorporate a formal Risk Management Procedure including clear instructions on how to utilise the SharePoint site to record and update risks.
- 1.2 The aim of the Policy is to identify, analyse and appropriately manage potential threats and opportunities posed by risk.
- 1.3 Appendix 1 - Risk Management Policy and Procedure

#### 2. RECOMMENDED ACTION

- 2.1 To review and agree the updated Risk Management Policy and Procedure attached at Appendix 1 prior to submission to Policy Committee on the 21<sup>st</sup> September 2022.

#### 3. POLICY CONTEXT

- 3.1 The Risk Management Policy was last reviewed in December 2020.
- 3.2 The Risk Management Policy and Procedure document has been updated to bring it in line with best practice and to incorporate a formal Risk Management Procedure including clear instructions on how to utilise SharePoint to record and update risks.

#### 4. THE PROPOSAL

4.1 RBC will be operating a more comprehensive risk management system, which will provide more robust governance and hence increased reassurance to the Council and its insurers.

This will be achieved by:

- Clarifying Policy commitments and roles and responsibilities,
- Defining a clear operating procedure,
- Increasing the frequency of Risk Register reviews and reporting, and working closely with our insurers and risk consultants to embed the new system

4.2 The updated Policy and Procedure set out in Appendix 1 now incorporates:

- A one-page Policy Statement
- Key definitions to improve understanding of terms and processes
- The Council's risk management process including factors to consider
- Details of the reporting framework
- The need to identify the risk appetite per risk and to plan in risk management proactively rather than reactively. This is a change in process that will involve regular horizon scanning.
- Expanded details of the monitoring process
- Updated roles and responsibilities for elected members, staff, and those with specific duties.
- Enhanced commitment to the Policy and Procedure Review.

4.3 The updated Policy has:

- Removed the operational risk, resilience, financial management, insurance, audit, and assurance statements as these specified control measures which should be incorporated within Risk Registers rather than the Policy.
- Removed reference to the online course, as the module is no longer purchased.

4.4 The Policy has been reviewed by the Corporate Management Team, the Council's Chief Internal Auditor, Risk Management Partners and the Council's casualty Insurers.

4.5 It is proposed that the Risk Management Policy and Procedure are presented to Policy Committee on the 21<sup>st</sup> September 2022.

4.6 The Directors, Deputy and Assistant Directors received Risk Management training in June 2022, where this draft Policy and Procedure was presented and explained.

The Corporate and Directorate Management Teams have subsequently been asked to review their existing risks, determine if they are still relevant and fit for purpose and determine whether there are new risks that need incorporating into their respective Risk Registers.

4.7 The SharePoint site, which holds the Strategic, Directorate and Project Risk Registers has been updated to reflect the new requirements.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 Regular review of the Policy, and Strategic Risk Register, is an integral part of effective risk management arrangements and corporate governance. Identifying risk appetite enables the Council to clarify the extent of risk mitigation required in order to achieve its strategic aims. Each risk is linked to a Corporate Plan theme.

## **6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS**

6.1 There are no specific environmental and climate implications arising from the decision.

## **7. COMMUNITY ENGAGEMENT AND INFORMATION**

7.1 The consultation duty is not applicable to the Risk Management policy & procedure.

7.2 Internal consultation has taken place with the Corporate Management Team, and the Council's insurer and consultants and their feedback is reflected in the revised policy & procedure at appendix one.

## **8. EQUALITY IMPACT ASSESSMENT**

8.1 An Equality Impact Assessment (EIA) is not relevant to this report.

## **9. LEGAL IMPLICATIONS**

9.1 There are no specific legal implications arising from the recommendations in this report"

## **10. FINANCIAL IMPLICATIONS**

10.1 There are no specific financial implications arising from the recommendations in this report, but effective mitigation of risks helps safeguard the Council's financial position.

## **11. BACKGROUND PAPERS**

11.1 Risk Management Policy, 2020

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# RISK MANAGEMENT POLICY & PROCEDURE

Our aim is to identify, analyse  
and appropriately manage potential threats  
and opportunities posed by risk

Version (Final Draft)  
xxxx 2022  
Review Date: xxx 2023



**Reading**  
Borough Council  
Working better with you

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## Risk Management Policy

The Council has a Corporate Plan ‘Investing in Reading’s Future 2022-2025’.

Strong risk management arrangements are essential to managing the risks associated with achieving our ambitions and delivering our Corporate Plan objectives. To achieve this, management of risk is integral to our culture.

We recognise that we live in an uncertain world and that risk is present in everything we do to improve outcomes and deliver services. We also appreciate that our communities and partners encounter a wide range of significant risks during their activities. These include cyber-attacks, adverse weather conditions and the impacts of national and international events.

Managing risk is the responsibility of everyone; it is at the heart of the Council’s culture and values and is reflected in the behaviours of staff and elected members.

This Policy Statement is supported by our risk management approach, providing systematic, effective, robust, consistent and proportionate management of risk.

The benefits gained through utilising risk management arrangements are considerable, as they allow:

- improved strategic, operational, and financial management,
- continuity of knowledge,
- data based management decisions,
- improved statutory compliance and
- clear and transparent leadership.

Thereby improving the resilience and quality of the services we deliver and protecting the people of Reading.

## Introduction and Objectives

This document sets out how Reading Borough Council ('the Council') will effectively identify and manage potential threats and opportunities to achieving our Corporate Plan and associated activities. Our vision is 'to help Reading realises its potential and to ensure that everyone who lives and works here can share in the benefits of its successes'. We can achieve better outcomes for the Council through a realistic assessment of the challenges faced, informed decision making and targeted risk mitigation and treatment.

Risk Management affects all parts of the Council's business and the strategic and operational decisions made at all levels across the Council.

This document along with the Risk Management SharePoint and Corporate Governance Framework, supports the effective and proportionate management of risk.

It should also be read in conjunction with supporting documentation including:

- The Corporate [Health and Safety Policy | Reading](#) for managing health and safety at the Council in accordance with Health and Safety at Work Act 1974.
- The [Resilience Policy | Reading](#) and responsibilities to ensure we are able to respond effectively and deliver critical services in the event of an emergency, whilst ensuring compliance with the Civil Contingencies Act 2004.

The Policy and Procedure aim to provide staff, elected members and partners with guidance to help ensure there is an effective, robust, consistent, and communicated way of managing risk across the whole Council.

This will be achieved by:

- Regularly reviewing the scope of risk management across the Council and its key partners.
- Ensuring a consistent framework is in place for determining, analysing, and managing risk to ensure all reasonable steps are taken to mitigate risk ensure the level of risk accepted is balanced against the expected reward.
- Ensuring risk management remains integral to the Council's culture, values, and behaviours, and is mandatory.
- Raising awareness and reinforcing the importance of the Council's risk management arrangements and the benefits to staff, elected members and stakeholders, and providing guidance and comprehensive training and sharing good practice. This will also develop awareness and a common understanding of the Council's expectations.
- Establishing clear responsibilities, accountabilities and reporting lines.
- Incorporating risk management into business planning, procurement, project management, budget monitoring, decision making and operational processes.
- Ensuring that high quality, non-biased information is used when making decisions. This will minimise failure and determine the level of acceptance of the potential positive and negative impacts of each major decision taken.
- Undertaking regular monitoring and reporting of risk to identify the threats and opportunities facing the Council, as well as anticipating and responding to changing social and legislative requirements, minimising the impact and likelihood of risks occurring and to reduce the cost of risk.
- Providing key performance risk management information for management.
- Endorsement of this document from Members and the Corporate Management Team who are accountable for effective risk management within Reading Borough Council.



## Definitions: Risk and Risk Management

'Risk' can be defined as 'The effect of uncertainty on objectives'

Risks are threats, incidents, or adverse events that, should they arise, would prevent, or disrupt the achievement of ambitions. In simple terms, risks are the tangible threats that we need to be concerned with.

It is important to be aware of what does not constitute a risk in order to avoid misunderstandings. Issues (problems that are happening right now or have already occurred); statements; certainties; sources; consequences and observations are not, in themselves, risks.

Risks can be classed as internal or external facing.

**Internal risks** are those faced by the Council from within the organisation, that arise from routine day to day activities such as managing staff, safeguarding, health and safety, financial challenges or operating IT systems etc.

**External risks** are those that arise from outside the Council but may still have an adverse impact on its activities, for example, a major cyber-attack or extreme weather conditions. External risks are harder to manage as we have less control over whether they occur.

Risks change with time, as the environment changes and as we treat and manage the risk.

**Opportunity risks** are those associated with decisions that aim to benefit Reading, for example from an investment. These are taken to support the targets of the Corporate Plan and are an important part of risk management, provided the risks are well thought out and properly managed.

The Council's risk culture balances an acceptance that risks need to be taken to achieve our plans. The Council is fully committed to developing a culture where risk is appropriately, effectively, and proportionately managed. This culture flows throughout the whole organisation from employees to elected members who understand and comply with the Council's Risk Management Policy and processes and are aware of their own roles and responsibilities.

The "**Risk Management Process**" is a series of co-ordinated activities, through which risks are regularly identified, evaluated, treated, reported, and monitored.

The risk management process helps us to:

- Understand the nature of the risks faced and 'what could go wrong'
- Be aware of the extent of these risks
- Identify the level of risk that the Council is willing to accept
- Recognise the Council's ability to manage and treat each risk, so appropriate decisions and action can be taken
- Take action, where possible, to avoid something going wrong and to minimise the impact

The purpose of risk management is not to eliminate all risks, but to develop a better understanding of the nature, scale and potential effects posed by the Council's risk exposure so that it can take effective action to reduce or mitigate downside threats and maximise upside opportunities.

A glossary of terms can be found in Appendix 1.

## Risk Management Process



**Figure 1: Risk Management Process**

### Step 1- Establish objectives

The starting point for the management of risks and opportunities should be the Corporate Plan, Directorate and Service Plans and the objectives and strategies that underpin them.

### Step 2 - Identify the risks

The purpose is to generate a comprehensive, up to date, easy to understand list of risks that are relevant to Council, Directorate and Service Plan delivery, as well as associated projects.

To identify risks managers should:

- Undertake a risk assessment exercise as a Corporate Management Team / Directorate Management Team /Service or project management team.
- Horizon scan: Research and consider the risks or adverse incidents that have affected others. This can also involve keeping up to date with new local, national, and international policies, legislation, and events.
- Measuring current performance and identifying weaknesses.
- Reviewing reports about Council services including those issued by internal and external auditors, agencies, and inspection results.
- Consider the risk categories listed below. (Note: this is not a finite list.)

Risk Category Examples		
Business Continuity	Community	Service Delivery
Economic	Environmental	Finance
Health and Safety	Information Management	Legal / Regulatory
Partnerships	Projects and Programmes	Reputational
Security	Staffing	Technology / IT
Climate Change	Safeguarding	Political
Social	Visions and Values	Physical Assets
Contractual	Operational	Transformation / Change

## Describing a risk:

Risks need to be described in clear terms that can easily be understood and must specify what the tangible threat is. The description should help determine how the risk will be managed and treated.

Risk descriptors are often prefaced with:

'Lack of...' 'Loss of...' 'Failure to...' 'Inability to...' 'Reduction of...' 'Disruption to' 'Inappropriate...'

Risks should generally be described in a couple of sentences, explaining the **risk**, **cause**, and **effect**.

Example:

**Failure to deliver a major change project on time and in budget due to lack of project management and appropriate resources and conflicting priorities which will result in detrimental impact to deliver the next stage of the program and will increase temporary staffing costs.**

## Step 3 - Analyse and evaluate the risk

Once identified, risks need to be analysed, evaluated, and prioritised for treatment.

Risks are rated through a combined assessment of:

- Impact: The potential impact / consequences (both before or after mitigation)
- Likelihood: How likely the risk is to occur

A 5 by 5 scoring matrix set out in Figure 2 below, is used to carry out the assessment of 'impact' and 'likelihood' to ensure that the risks are rated in a consistent way.

This allows risks to be plotted on the risk chart, which is the visual tool used to illustrate and compare risks.

The greater the risk, the more effort will be required to manage it, where it is within our control, and it would be best use of resources.

During this process the risk rating will need to be determined for the risk appetite, inherent risk, residual risk, and target risk value.

**Figure 2: Risk Matrix:**

<b>Likelihood</b>	Almost Certain	5	10	15	20	25
	Highly Likely	4	8	12	16	20
	Possible	3	6	9	12	15
	Unlikely	2	4	6	8	10
	Remote	1	2	3	4	5
		Negligible	Slight	Moderate	Critical	Catastrophic
<b>Impact</b>						

The Council has predetermined ‘likelihood’ and ‘impact’ criteria to ensure consistency as set out below.

**Figure 3: Likelihood and Impact Criteria**

**Likelihood**

Score	Description	Example Detail	
5	Almost certain	Almost certain occurrence / The event is expected to occur in most circumstances / There is a history of very frequent occurrence at the council or similar organisations.	Measured over a one-year period or life of the project
4	Highly likely	There is a strong possibility that the event will occur / There is a history of frequent occurrence at the council or similar organisations	
3	Possible	The event might occur / There is a history of occurrence at the council or similar organisations	
2	Unlikely	Not expected/ but there's a moderate possibility it may occur.	
1	Remote	Highly unlikely, but it may occur in exceptional circumstances. It could happen, but is very unlikely.	

## Impact

<b>5</b>	<b>Catastrophic</b>
H&S	Death or life threatening
Service Delivery	Loss of service for more than 5 days / Impacts on vulnerable groups /Affects the whole Council
Reputation	Negative sustained <u>national</u> publicity, resignation or removal of CE, Director, or elected member.
Environmental	Major damage, long term contamination to local area
Legal	Legal action almost certain and difficult to defend, Catastrophic breach of duty resulting in imprisonment
Financial	Financial impact not manageable within existing funds & requiring Member approval for virement or additional funds i.e., in excess of £1,000,000 or >15% of monthly budget

<b>4</b>	<b>Critical</b>
H&S	Extensive, permanent/long term injury or long-term sick
Service Delivery	Loss of service 3 to 5 days / Possible impact to small numbers of vulnerable people/ definite impacts on property or non-vulnerable groups /Affects most Directorates
Reputation	Negative <u>national</u> publicity
Environmental	Serious damage, medium term contamination to local area
Legal	Legal action expected / Significant breach of duty resulting in fines/disciplinary action
Financial	Financial impact manageable within existing Directorate budget but requiring Director and Head of Finance approval for virement or additional funds i.e., between £500,000 and £1,000,000 Or >10% of monthly budget

<b>3</b>	<b>Moderate</b>
H&S	Injury, lost time, short term sick absence
Service Delivery	Loss of service 2 to 3 days / Impacts to non-vulnerable groups / Affects a single Directorate
Reputation	Negative sustained <u>local</u> publicity, High proportion of negative customer complaints
Environmental	Moderate impact, to short term contamination to local area
Legal	Legal action possible / Moderate breach of duty resulting in disciplinary action
Financial	Financial impact manageable within existing Directorate budget but requiring Director and Head of Finance approval for virement or additional funds i.e., between £250,000 and £500,000 Or >5% of monthly budget

<b>2</b>	<b>Slight</b>
H&S	Injury - no lost time
Service Delivery	Loss of Service 1 to 2 days / Impacts to non-vulnerable groups / Affects 1 or a few services of the Council
Reputation	Negative <u>local</u> publicity
Environmental	Minor impact, short term contamination
Legal	Legal action unlikely / Minor breach of duty resulting in disciplinary action
Financial	Financial impact manageable within existing service budget but requiring service manager approval for virement or additional funds i.e., between £50,000 and £250,000 Or >2% of monthly budget

<b>1</b>	<b>Negligible</b>
H&S	Incident - no lost time
Service Delivery	Brief disruption, less than 1 day / Impacts to non-vulnerable groups /Affects a project
Reputation	Minor adverse local publicity
Environmental	Local incident would be dealt with immediately with minimal impact
Legal	Legal action unlikely / Localised service level deviation from duties

Financial	Possible financial impact manageable within service budget i.e., less than £50,000 Or > 1% of monthly budget
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## Step 4 - Manage (mitigate /treat) risks

Once the risk has been identified and its priority determined, the options for managing (mitigating) the risk to either stop it for arising or to minimise the impact should occur. This involves:

- Identifying the existing controls in place
- Identifying what further controls are required. This will either involve improving existing controls or developing and implementing new ones
- Accepting that it is not possible to eliminate all risk and there are not reasonable mitigations available

Mitigating actions should either, minimise the likelihood of the risk event occurring, reduce the frequency or limit the severity of the event should it occur.

Progress in implementing the identified mitigations will be monitored and reported on a quarterly basis.

The residual risk values need to be determined, and recorded, with the controls identified in place.

If the residual risk value (after mitigation) remains too high i.e., exceeding the risk appetite, further controls need to be identified to ensure that the risk is below the risk appetite. If this is not possible, a formal decision will need to occur about the risk and whether the activity can occur.

Responsibility and accountability for managing each risk needs to be assigned:

**Risk owner:** The person who is responsible and accountable for the risk.

This should be the persons with the knowledge of the risk area and sufficient seniority to enable them to allocate resources to manage the risk and to ensure that actions required to treat it are completed. This is normally an Executive Director, Deputy or Assistant Director.

**Delegated control owner:** The risk owner may allocate someone else, of appropriate seniority and who is perhaps closer to the service/event/project to which the risk relates, to oversee the risk on their behalf. The delegated control owner reports progress in managing the risk to the 'Risk Owner'.

## Step 5 - Record and report

Risks need to be recorded and reported: This occurs through the Strategic and Directorate Risk Registers, based on SharePoint.

The risk registers are working documents that record the key details of the risks, such as title/description, risk owner, risk rating, the main controls in place to manage the risk, a summary of the actions and their progress, and comments providing further information and updates on the management of the risk.

Risk reporting should:

- Provide relevant, concise but sufficient risk information in a timely manner that facilitates decision making and action
- Ensure that the views of the leadership/management team/ Committee receiving the risk

report are passed to the relevant risk owners

- Focus on the most significant risks, ensuring adequate responses are put in place

## Step 6: Monitor and update

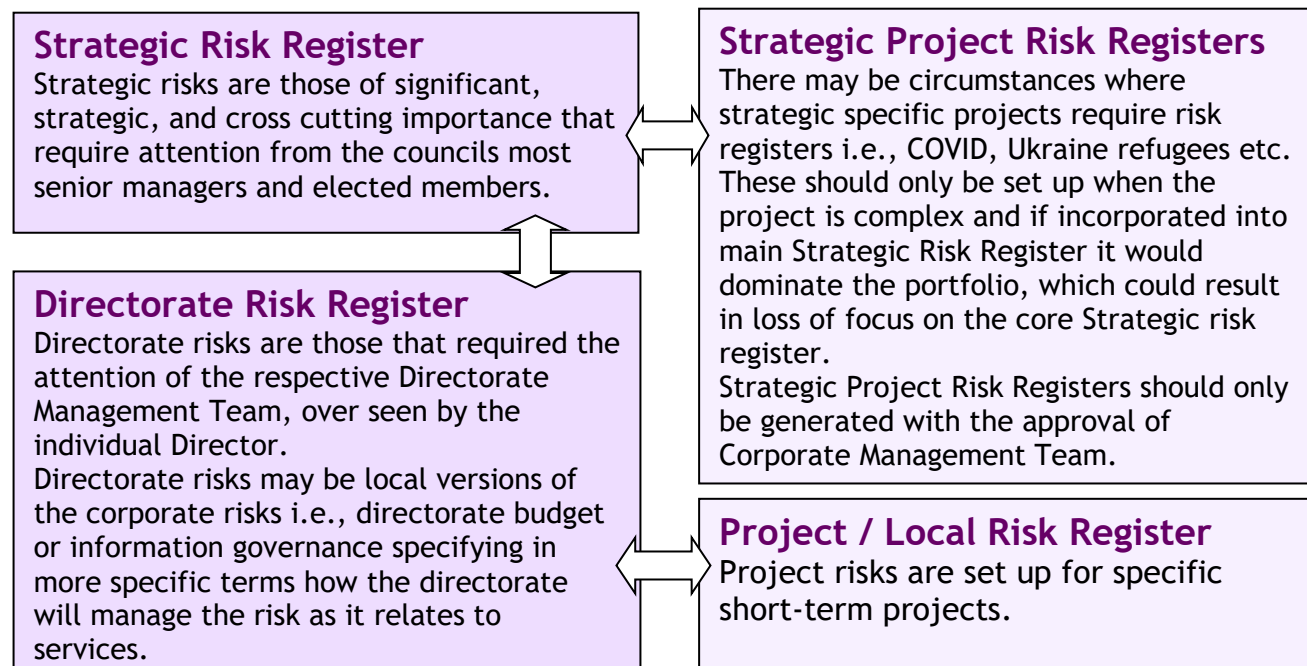
Few risks and risk registers remain static, they evolve over time: Risk characteristics, priorities and responsibilities change, and actions get completed. Therefore, risk monitoring is required. It includes:

- Monitoring the changes in the risk characteristics and values
- Monitoring the effectiveness of our response to the risk by considering the adequacy of controls and how the risk actions are progressing and changing. Controls dependent upon a people may fail and should be avoided or increased monitoring should occur.
- Monitoring the risk profile; reviewing the risks facing the Council via the reporting of risk registers to relevant Boards, Committees, and leadership teams

Any changes identified during the monitoring meetings should be reflected

## Risk Registers

There are four types of risk registers operated within Reading Borough Council



Details on how to input data onto the Risk Registers can be found at Appendix 2.

against the relevant risk and risk register.

## Risk Escalation

Identifying when a risk should be escalated is an important part of the monitoring process. There may be instances where further action to mitigate a risk cannot be taken by the current owner meaning it needs to be escalated e.g., from the Directorate to the Strategic Risk Register or from the Project/Programme to Directorate Risk Register.

In these circumstances a report will be presented to either the Corporate Management Team, or Directorate Management Team by the Risk Owner for discussion. Where a Directorate risk increases in significance to the extent it may have a corporate impact, the risk may be escalated to the Strategic Risk Register.

## Reporting Framework

The reporting hierarchy for risk and the associated review bodies are included in the table below:

Risk Reporting	Review Body
<p><b>Annual assurance report on corporate risk management arrangements</b></p> <ul style="list-style-type: none"> <li>• Presents assurances to the Committee on the effectiveness of the Council’s corporate risk management arrangements</li> </ul>	<p><b>Audit &amp; Governance Committee</b></p>
<p><b>Quarterly Strategic Risk Management Report</b></p> <ul style="list-style-type: none"> <li>• Updates Audit &amp; Governance Committee on the Council’s most significant corporate risks and provides assurance on how they are being managed</li> </ul>	<p><b>Audit &amp; Governance Committee Corporate Management Team</b></p>
<p><b>Strategic Risk Report</b></p> <ul style="list-style-type: none"> <li>• Strategic cross cutting risks that could have a significant impact on the Councils’ operations</li> </ul>	<p><b>Corporate Management Team</b></p>
<p><b>Directorate Risk Report</b></p> <ul style="list-style-type: none"> <li>• Risks that impact on the objectives of the directorate and its services. ‘RAG’ ratings for programmes &amp; major projects also reported</li> </ul>	<p><b>Directorate Management Teams</b></p>
<p><b>Service, operational and programme / project risks</b></p> <ul style="list-style-type: none"> <li>• Risks directly impacting on the service, operation, or programme / project delivery</li> <li>• Programmes &amp; Projects: Each has its own risk register. Summary ‘RAG’ rating and supporting comments escalated to directorate management teams for review</li> </ul>	<p><b>Service/Operational Management Teams Programme &amp; Project Boards</b></p>



## Risk Management Policy Review

It is important that the Risk Management Policy and Framework remain up to date, fit for purpose, are embedded across the Council and that they work as intended.

The following actions help achieve this:

- Keeping up to date with risk management best practice and guidance
- Regular risk management reporting, including feedback from stakeholders
- Obtaining feedback from risk management training sessions and workshops
- Periodic reviews of the controls and governance arrangements behind the most significant corporate risks
- Periodic comparison against arrangements of UK Core Cities and LA's and national standards
- Ensuring consideration of Equality, Diversity and Cohesion matters.

## Risk Governance Assurance

Risk Management is a key part of the Council's governance arrangements, and the Risk Management Policy supports the authority's compliance with its statutory requirements. Local authorities are required to conduct a review of the effectiveness of their systems of internal control, which include the arrangements for the management of risk, at least once a year.

Through the Annual Governance Statement, the Council is required to

comment on the effectiveness of its arrangements in this regard. The Statement must also identify any significant governance issues that may have resulted from failures in governance and risk management.

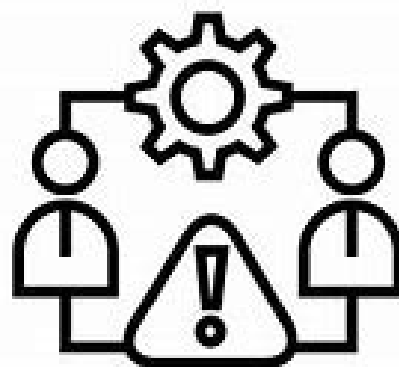
## Risk Management Training

It is important that elected members, and staff develop their knowledge and understanding of risk management.

Organisational Development & Learning will annually set out a risk management training programme which will include a variety of training modules that must be completed: Employee training will be subject to their role and responsibilities for Risk Management issues.

The training programme will contain a mixture of both formal and informal training sessions and will remain adaptable to the changing risks within the organisation.

Managers will be responsible for ensuring employees within their Service /Team receive adequate Risk Management training and that records of training are retained.



## Roles and Responsibilities

This section details our responsibilities for risk management.

### Elected Members

#### The Leader of the Council will

- Ensure the work of Policy Committee and Full Council is conducted in accordance with Council policy and procedures for management of risk and with due regard for any statutory provisions set out in legislation

#### Policy Committee will

- Approve and review the Council's Risk Management Policy
- Require officers to develop and implement an effective framework for risk management
- Understand the risks facing the Council and the Borough of Reading

#### Members will

- Ensure that they understand the Council's risk management arrangements and the strategic risks facing the Council
- Take reasonable steps to properly consider all the risks implications during the decision making and policy approval taken by them
- Understand the risks facing the Council and the Borough
- Take an active and supporting role to Council Officers and communities of Reading in times of emergency
- Ensure that all the decisions they make are in line with Council policy and procedures for health and safety and any statutory provisions set out in legislation

#### Risk Management Champion (Chair of Audit and Governance Committee) / Lead Member will

- Raise the portfolio of risk management, promoting the benefits to Members and staff, ensuring that everyone is aware of their responsibilities and accountabilities
- Ensure that the risk management process is applied to all key and major decisions made by elected members through the use of quality risk assessments with all reports requiring decisions
- They will promote risk management and related training to elected members

#### Audit & Governance Committee will

- Agree and endorse the Corporate Risk Management Policy
- Review and scrutinise the implementation and effectiveness of the Corporate Risk Management Policy
- Monitor the Council's Strategic Risk Register
- When appropriate, undertake 'deep dives' into high level risks
- Receive an annual review of the Council's approach to Corporate Governance, including risk management

## Council Staff

### Chief Executive

The Chief Executive takes overall responsibility for the Council's risk management performance and in particular will ensure that:

- The Council has effective and efficient risk management arrangements in place
- All decision-making is in line with Council policy and procedures for management of risk and any statutory provisions set out in legislation
- Adequate resources are made available for the management of risk
- Management of risk performance is continually reviewed
- The risks facing the Council and the Borough are understood

### Corporate Management Team will:

- Promote and oversee the implementation of the Corporate Risk Management Policy and Procedures
- Take a lead in identifying and analysing significant corporate and crosscutting risks and opportunities facing the authority in the achievement of its key objectives; determine RBC's approach to each risk and set priorities for action to ensuring they are effectively managed, and reviewed and updated on a quarterly basis
- Identify, develop, manage, and update the Strategic Risk Register on a quarterly basis
- Ensure that "decision book" reports and 'delegated decision reports' incorporate a section on risk management information
- Understand the risks facing the Council and the Borough of Reading
- Review and challenge the Directorate Risk Registers as appropriate
- Support and promote a risk management Culture throughout the Council

### Executive Directors will:

- Develop a Directorate Risk Register and review and update it on a quarterly basis
- Monitor the Directorate Risk Register and ensure that mitigating actions are allocated to nominated staff and completed
- Ensure that the risk management process is an explicit part of all major

projects, partnerships and change management initiatives within their Directorates

- Ensure that Risk Management roles and responsibilities and performance management targets are included within appropriate job descriptions
- Understand the risks facing their Directorate, the Council, and the Borough
- Be accountable for escalating/deescalating risks between the different Risk Registers

### Deputy/Assistant Directors / Managers will:

- Take primary responsibility for identifying and managing significant strategic and operational directorate risks arising from their service activities. These will be recorded, monitored, and reviewed via the Directorate Risk Register on a quarterly basis
- Ensure that identified mitigating actions are nominated to specific personnel and are completed
- Ensure that reports for decision include comprehensive risk management information to allow effective decisions to be made
- Promote Risk Management and ensure that the Risk Management Policy is implemented effectively across their Service and that they and their staff undertake training as required
- Ensure that their teams carry out risk assessments where appropriate as a routine part of service planning and management activities
- Ensure that all employees are aware of the risk assessments appropriate to their activity
- Produce Service Risk Registers if required.
- Provide support and resources in order to effectively respond to an emergency situation or business disruption

### Managers will:

- Support Senior Management in the identification of risks and the completion of actions to mitigate the risk

### **Project Managers:**

- Are responsible for ensuring that adequate risk management arrangements are in place throughout the project lifecycle
- Will report the risk status of the project for inclusion in the relevant Strategic / Directorate risk register.

### **All Staff will:**

- Comply with the Risk Management Policy for their operational activities and processes
- Comply with mitigating actions identified to reduce risk
- Report potential hazards and risks they cannot manage to line managers
- Support continuous service delivery and any emergency response
- Work in a safe manner not putting themselves, others, or the organisation at risk

### **Internal Audit will:**

- Provide assurance on the implementation of the Risk Management Policy
- Ensure that internal audits coverage is risk based, considering the risks identified within the Strategic and Directorate Risk Registers
- Provide assurance on the robustness of the Council's management of risks
- Provide assurance on Resilience

### **The Health, Safety and Risk Management Lead will:**

- Develop, promote, support, and oversee the implementation of the Risk Management Policy and systems
- Monitor and review the effectiveness of Risk Management Policy, framework, procedure, and Registers

- Support identify and communicate risk management issues to services, project managers, contractors, and partner organisations.
- Assist services in their risk management activity through training and/or direct support
- To ensure compliance with all risk-based legislation through monitoring systems including Health & Safety, Risk Management, and the Civil Contingencies Act 2004
- Support the preparation of risk registers for services, projects, and partnerships

## **Other Partners**

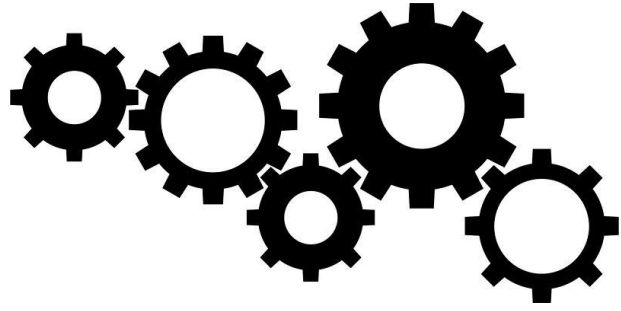
### **Schools**

- All maintained schools should be aware of the risk management systems in place at the Council including the Corporate Health and Safety Policy and have a local school policy in place
- Schools should be aware of the risk in the Schools Emergency Response Plan (Rainbow Plan) and have local arrangements in place

### **Partners and Contractors**

The Council expects third parties upon which it relies (including contractors, partners, associates, and commissioned independents) to:

- Comply with the Risk Management and H&S Policies and procedures and demonstrate exemplary standards
- Work safely, comply with all relevant legislation, and best practice and have in place appropriate sources of expert advice. Provide and evidence all Business Continuity procedures that relate to services provided and additional support that has been agreed
- Establish training requirements with regard to strategy implementation



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## Specific Duties

Risk Management is an integral part of the Corporate Governance Framework. The following service leads/teams bring together the disciplines of Risk Management.

### The Insurance Manager will

- Provide advice on operational risk, risk retention and transfer, by placing transferred risk with a reputable insurer.
- Provision of operational risk management advice and guidance
- Working with the Council's insurers, provide claims management and investigation services for claims made by and against the Council under its insurance policies
- Provide advice and guidance with regard to insurance requirements, indemnities, and legal liabilities
- Manage the day to day use of the internal Insurance Fund for payment of self-insured losses
- Provide provision of a buy back insurance service for schools

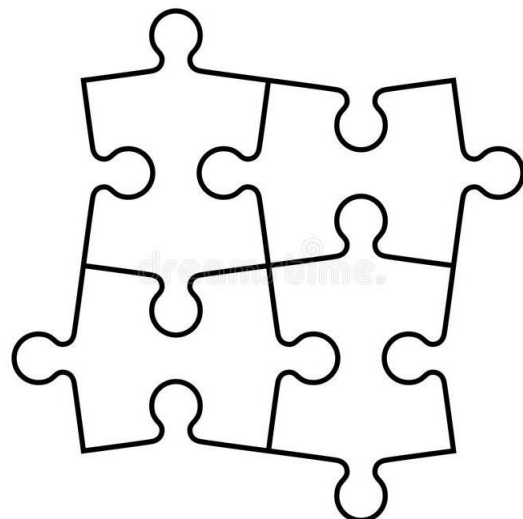
### The Health, Safety and Risk Management Lead and Health & Safety Advisers will

- Act as the Council's competent persons as required by the Management of Health and Safety at Work regulations.
- Provide expert health and safety advice and support to all levels within the organisation
- Develop and maintain the Council's Health and Safety Policy and Procedures
- Support the Health and Safety training programme
- Carry out Health and Safety audits and inspections of Council establishment
- Evaluate accident/incident near miss reports and carry out accident investigations of serious accidents

### Resilience

The Emergency Planning Team will aim to ensure that Reading Borough Council is prepared and able to respond to an emergency situation or business disruption, in compliance with the Civil Contingencies Act 2004 through:

- Liaison with enforcing authorities
- Provision of expert advice, assistance and support to Members, Officers and Service Areas in the event of an emergency and/or business disruption
- Provision of advice and assistance in establishing the Council's Critical Services and functions
- Provision of expert advice and support on preparedness and response to all Council services and teams
- The production and validation of plans and procedures, including training and awareness
- 24hr/365 day integrated Local Authority on-call service
- Facilitation of Resilience implementation, awareness, training and exercising
- Regular monitoring, review and refresh of Resilience Plans, procedures, and reports





## Appendix 1: Glossary

<b>Accept</b>	A risk response that means RBC takes the chance that the risk will occur, usually after all viable options to treat the risk have been exhausted.
<b>Consequence</b>	The impact and implications for the organisation should the risk materialise.
<b>Delegated Control Owner</b>	The person chosen by the risk owner to oversee the implementations of controls on their behalf. The delegated risk owner reports progress in managing the risk to the owner.
<b>Inherent Risk</b>	The level of risk before any actions have been taken to change the probability or impact.
<b>Issue</b>	An event that has already occurred i.e., not a risk.
<b>Key risk indicator (KRI)</b>	An early warning indicator that can be used to monitor a change in the likelihood or impact of a risk. Indicates that the risk event is about to materialise.
<b>Likelihood</b>	How likely the risk is to occur = the probability of the risk actually materialising.
<b>Mitigate</b>	The application of controls and actions to a risk to reduce its probability and/or impact down to acceptable levels. The industry uses the word 'treat' to describe managing risks
<b>Opportunity Risk</b>	Opportunity risks are those which are taken deliberately in line with RBC's risk appetite in order to gain a positive return.
<b>Probability</b>	See likelihood (above)
<b>Residual risk</b>	The remaining level of risk after mitigation and control measures have been taken.
<b>Risk</b>	The effect of uncertainty on objectives.
<b>Risk Action</b>	Additional/further work required to mitigate the risk
<b>Risk Analysis</b>	Systematic use of available information to determine how often specific events may occur and the magnitude of the impact
<b>Risk Appetite</b>	Amount and type of risk that RBC is prepared to accept or tolerate.
<b>Risk Assessment</b>	The process by which the significance of a risk is determined.
<b>Risk Category</b>	The general areas, categories or types of risk that may face the Council.
<b>Risk Culture</b>	Risk culture is 'the ways we do risk management within RBC'. The values, behaviours, and attitudes towards risk management.
<b>Risk Matrix</b>	The table used for scoring the probability and impact of a risk to determine its overall rating.
<b>Risk Management</b>	The term used to describe the process and activities operated to manage risk within RBC.
<b>Risk Chart</b>	The pictorial model that displays the relationship between the likelihood and impact of specific risks.
<b>Risk Owner</b>	The person responsible and accountable for the risk. They have the knowledge and seniority to allocate resources to manage the risk and ensure actions are completed.
<b>Risk Management Policy</b>	The document that sets out the principals of action regarding Risk Management and how it will be achieved.
<b>Risk Management Process</b>	A series of regular steps, carried out in sequence, by which risks are identified, evaluated, responded to, reported, and monitored.
<b>Risk Rating</b>	The result of the probability and impact calculation for a risk.
<b>Risk Register</b>	The working document that records the risks identified and their key details such as title/description, risk owner, risk rating and the main controls in place to manage the risk. This is located on SharePoint.
<b>Source</b>	The things that could give rise to the risk / cause it to occur
<b>Stakeholder</b>	Any individual, group or organisation that can affect, be affected by, to perceive itself to be affected by a risk.
<b>Standing Risks</b>	Risks that will always face the Council, no matter how well they are managed.
<b>Strategy</b>	The processes and systems designed to achieve the long-term overall aim.
<b>Target Rating</b>	The rating based on the lowest probability and impact scores deemed viable to manage the risk to an acceptable level given the number of resources available.
<b>Treat</b>	The industry uses the work 'treat' to describe managing risks. See 'Mitigate' above.

## Appendix 2: How to use SharePoint to add new risks or update the Risk Register

Reading Borough Council use SharePoint to record its risk registers and the background information associated with these risks.

Access to Risk Registers and individual risks is restricted to individual Risk Owners, Directors, and the Risk Management Team.

The Risk Registers operate on a rolling two-year basis as it is recognised that risks do not suddenly ‘appear and disappear’ each financial year.

### Incorporating a new risk

Once a new risk has been identified the Risk Management Team will set up a new ‘Risk Card’ for use. This will either be within the Master Strategic, Directorate, Service or Project Specific Risk Register.

The allocated Risk Owner will be responsible for researching the risk, best practice, and mitigations from a number of sources and incorporating the decisions made regarding the risk within the register.

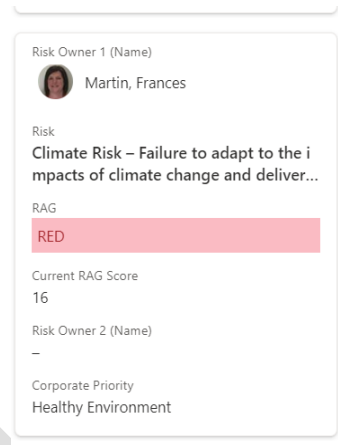
The Risk Owner is required to complete a series of questions within the risk card. This includes:

- Details of the risk
- The potential impact
- Details of the current actions being taken to mitigate and treat the risk
- The initial Risk Appetite and the Target Risk Level (note these only need to be recorded on the initial entry)
- Inherent Impact and Likelihood and Residual Impact and Likelihood for the relevant quarter
- Specify what actions will be occurring within the next quarter and who will be responsible for them
- Add attachments that support the decisions or demonstrate completion of the mitigating action

### Updating the risk

Each quarter the information detailed above, must be updated by the Risk Owner and the relevant quarters risk ratings must be calculated. A forward look is also required for the next quarter, as above, to explain the actions which will take place in the next quarter.

NB: The Risk Owner does not need to manipulate the charts or change the formatting of the form. The system is set up to automatically display the relevant data.



Risk Owner 1 (Name)  
Martin, Frances

Risk  
Climate Risk – Failure to adapt to the i  
mpacts of climate change and deliver...

RAG  
RED

Current RAG Score  
16

Risk Owner 2 (Name)  
–

Corporate Priority  
Healthy Environment



## READING BOROUGH COUNCIL

### REPORT BY DEPUTY CHIEF EXECUTIVE

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	<b>19<sup>TH</sup> July 2022</b>		
<b>TITLE:</b>	<b>IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE</b>		
<b>LEAD COUNCILLOR:</b>	<b>CLLR TERRY</b>	<b>PORTFOLIO:</b>	<b>Corporate Services &amp; Resources</b>
<b>SERVICE:</b>	<b>FINANCE</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
<b>LEAD OFFICER:</b>	<b>CHRIS TIDSWELL</b>	<b>TEL:</b>	<b>020 7543 5719</b>
<b>JOB TITLE:</b>	<b>PROGRAMME LEAD</b>	<b>E-MAIL:</b>	<b>chris.tidswell@cipfa.org</b>

#### 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Audit and Governance Committee agreed at its meeting in October 2020 that progress against the Finance Improvement Programme should be reported on a regular basis to the Committee.
- 1.2 This report provides the latest update on progress of the Programme workstreams and their deliverables against the Plan since the last meeting in April 2022.

#### 2. RECOMMENDED ACTION

- 2.1 To note progress of the Finance Improvement Programme.

#### 3. INTRODUCTION AND BACKGROUND

- 3.1 The Finance Improvement Programme has two key phases: Phase I responds to the historic issues identified to ensure a sound foundation and 'get the basics' right. The second phase, (Phase II), will concentrate on embedding Phase I delivery and developing financial management delivery, culture and governance framework across the Council.
- 3.2 The Programme is led and overseen by the Finance Transformation Board chaired by the Deputy Chief Executive and meets monthly. The Board receives updates and reports ensuring appropriate challenge and stewardship, the Board monitors progress of delivery against the Project Plan and signs off key deliverables.
- 3.3 The workstreams are:
  - Accounts Payable
  - Accounts Receivable
  - Chart of Accounts
  - Reconciliations and Final Accounts
  - New Finance System
- 3.4 Each workstream has a number of deliverables which also includes relevant 'Audit Tracker' recommendations to help ensure progress on implementation.

#### 4. PROGRAMME UPDATE - PLAN AND DELIVERABLES

- 4.1 As reported at the last Committee in April Phase I works are essentially concluded, with ongoing performance monitoring included as part of the monthly Transformation Board updates. The Board will continue to review the monitoring and compliance process to ensure the improvements introduced become embedded.

The final accounts and reconciliations workstream continue, activity and progress is reported separately to the Committee on this agenda.

Implementation of the new finance system is now in the build phase which is now expected to complete in August 2022. The build phase has slipped due to the continued limited availability of finance resources to progress critical tasks including finalising a new chart of accounts, reviewing interfaces and mapping current financial codes to the new codes to enable complete and accurate data migration. A data migration plan is currently under review alongside other finance work priorities including final account audits, to determine an achievable go-live date for the new finance system. Project governance arrangements are in place and the Finance System Project Board, chaired by the Director of Finance, is responsible for managing the implementation of the new system. The project group reports through to the Finance Transformation Board. Updates on implementation progress will continue to be reported to the Committee.

- 4.2 As previously reported Phase II of the transformation programme (developing corporate financial management, its governance, delivery and the overarching financial management environment) is being aligned to the implementation of the new finance system.

The Finance Transformation Board has signed off the high-level delivery plan for Phase II which will have milestones aligned to the implementation and go-live of the replacement finance system, a key feature of which is the introduction of elements of self service for Budget holders. The Plan, approach and an update on delivery will be reported to the next and subsequent Audit and Governance Committees.

Phase II will comprise three stages;

- a. Engaging with the Finance Team
- b. Engaging with Budget holders and procurers etc across the Council
- c. Training on the new system, its application and functionality

Phase II has commenced with a session with the Finance Team setting the vision at a staff away day on the 7<sup>th</sup> of July.

In summary, the first two stages (a and b) will concentrate on initially developing the skills and capability required by individuals and teams and secondly implementing a common understanding and application of how financial management will be delivered to meet best practice and the vision for the organisation. The key outcome from these stages is to move to an environment and culture where ownership, activity and accountability for financial management is with Budget Holders supported by a business partnering approach from Finance.

The third element (c) is aligned to training on and implementation of the new finance system which will provide the tools and process improvements that will enable both Finance and Council teams to operate in the new environment.

Following the Go Live in October ongoing support and training will be available through the development of user guides, video learning and drop-in sessions for staff.

- 4.3 The Board continues its monitoring role where activity relating to compliance has moved into business as usual and has set out a series of performance metrics and KPIs which it requires to ensure that the improvements introduced continue to be delivered. These are in the process of development and review. Phase II of the programme and plan will be designed to both ensure that the opportunities and benefits of the new system are realised and that the necessary development of the organisational approach to financial management and governance takes place and is embedded.

## 5. WORKSTREAM UPDATES

The following section highlights each workstream's terms of reference and progress against the Plan. Each workstream has a table indicating a RAG rating for its deliverables.

Audit tracker recommendations continue to be included within individual workstream deliverables where appropriate and are managed as part of the plan. There are now a total of 17 (previously 9) recommendations within the tracker covered by the Finance Improvement Programme. These are rated as; Red 8 (2), Amber 4 (3), and Green 5 (4). The increase in recommendations and the number of red relates to recent audits on Reconciliations and Accounts Receivable which have been completed since the last Committee.

### 5.1 Accounts Payable

Terms of reference

To review and modernise the Accounts Payable process from start to finish using the technology available to the full ensuring it is fit for purpose and addresses historic issues. To improve the Supplier Database and increase efficiency within AP with the increased use of the Supplier Portal and access to the web centre.

Deliverables are completed, monitoring is ongoing.

- The Audit Recommendations Tracker has 2 (3) recommendations relating to Accounts Payable.
- Of the 2 recommendations included in the tracker ratings are: 1(2) Green, 1 (1) Amber and 0(0) Red.
- The amber recommendation relates to the supplier set up process and a need to review and understand the volume requirements for certain types of suppliers and how effective control over verification can be established. In response monitoring as part of the supplier set-up process and data capture is being undertaken to understand the base data before proposed solutions are determined.

### 5.2 Account Receivable (AR)

Terms of reference

To review, develop and implement actions to ensure an efficient and effective debt management service that ensures compliance and is delivered using the most appropriate technology.

Final delivery date: (revised): 31 July 2022

The Accounts Receivable workstream has 12 specific deliverables.

Completed	In progress	Not Started
8(8)	4(3)	0(1)
<b>Commentary</b>		
<p>In progress deliverables are:</p> <ol style="list-style-type: none"> <li>1) addressing historic debt and reporting arrangements, the current financial system reporting weaknesses will be addressed as part of the implementation programme</li> <li>2) developing an SLA</li> <li>3) delivery of user guides and training</li> <li>4) commencing since the last Committee is the development of a new team structure</li> </ol>		

- The Audit Recommendations Tracker has 4 (0) recommendations relating to Accounts Receivable. Of the 4 recommendations included in the tracker, ratings are: 0(0) Green, 0(0) Amber and 4(0) Red.
- The 4 recommendations are following a recent audit which was concluded in May 2022. The recommendations all centre around the Council's Debt Management Strategy along with associated process and procedures.

### 5.3 Chart of Accounts

Terms of reference

To review and rationalise the Chart of Accounts in line with best practice to aid financial information reporting for all users and to develop a governance process to manage amendments moving forwards, with the involvement of all key stakeholders. The Chart of accounts workstream had 13 specific deliverables which are all completed, further development is now an element of the implementation and delivery of the new finance system.

- The Audit Recommendations Tracker has 0 (0) recommendations relating to the Chart of Accounts.

### 5.4 Reconciliations and final accounts

As previously reported to the Committee a revised approach was developed to bring together the reconciliation and final accounts workstreams.

An update on the closure of accounts is the subject of a separate paper to this Committee.

- The Audit Recommendations Tracker now has 11(6) recommendations relating to reconciliations and final accounts.
- Of the 11 recommendations included in the tracker ratings are: Green 4(2), Amber 3(2), and 4(2) Red.
- The number of recommendations has increased since the last Committee as a consequence of recent audits in March and May this year.

- The amber recommendations relate to reconciliations and feeder systems. This is to ensure processes are in place, regularly reviewed, adopted and managed by a responsible officer.
- The red recommendations relate firstly to an agreement/understanding between the Council and Brighter Futures for Children, ensuring a common understanding on where supporting documentation relating to Brighter Futures journals is held, including right(s) of access for relevant RBC staff (if held by Brighter Futures). In response, a review group has been set up to address this and any system related actions. Secondly around the development of a guidance note, ensuring staff and resource resilience and developing the processes in place for reconciliations.

## 5.5. New Finance System

### Terms of reference

To determine the required finance system outcomes from stakeholders and produce an options-based business case. To lead the re-procurement of the finance system and subsequent implementation within the required governance framework.

The new financial system will support the Council’s vision for financial management and governance, enabling the adoption of best practice and realisation of opportunities of product and technology innovation as they develop to optimize performance and outcomes.

The Council’s current financial system is provided by Oracle Fusion under a contract that expires on 1st of December 2022. The contract for the Council’s new financial system has been awarded to Advanced Business Solutions under an initial 4-year contract that will provide overall service design, integration, implementation, licences, and hosting.

The Finance System Board comprising stakeholders from each Directorate (DEGNS, DACHS, Resources) and BFfC, meets on a fortnightly basis and are responsible for delivering the effective implementation of the new system. Highlight reports setting out progress, issues and next steps are reported into the Finance Transformation Programme.

The finance system design phase completed in March 2022, one month later than planned and this was primarily due to limited availability of finance resources. The build phase is underway and will now complete in August 2022. In June 2022 technical work was completed to upgrade the finance system to the latest version and to allow secure user access via the internet. A detailed review of the project timeline is currently underway and will take into account on-going finance resource challenges, the timing of final account audits, finance calendar workload commitments and a comprehensive review of project risks and data migration proposals.

The detailed review of the project plan and recommendations will be reported to the Finance System Board and Finance Transformation Board in July 2022.

The finance system workstream has 4 specific deliverables. These deliverables are key milestones in the system re-procurement.

Completed	In Progress	Not Started
2(2)	1(1)	1(1)
Commentary		

The completed deliverables relate the procurement sign off and the procurement of the new system

The in-progress deliverable relates to the implementation project for the new finance system:

- The design phase completed in March 2022
- The build phase will be completed in August 2022
- The project plan will be updated in July 2022 to reflect the outcome of a review of finance resource availability, consideration of other work priorities and review of data migration proposals
- System testing by the project team will be performed in August and September 2022 and will be followed by system testing by users across all Directorates and BfC
- The timing of training for all service users and final preparations for go-live will be confirmed in July 2022.

The deliverable not started relates to the 'go live' date which is subject to review.

- There are no recommendations in the Audit Tracker.

## **6. CONTRIBUTION TO STRATEGIC AIMS**

- 6.1 The Finance Improvement Programme has been designed and developed to build a strong financial management and governance foundation, with the aspiring direction of a fit for the future, exemplar financial management and governance environment in Reading.

## **7. ENVIRONMENTAL AND CLIMATE IMPLICATIONS**

- 7.1 None arising from this report.

## **8. COMMUNITY ENGAGEMENT AND INFORMATION**

- 8.1 Not applicable to this report.

## **9. EQUALITY IMPACT ASSESSMENT**

- 9.1 Not applicable to this report.

## **10. LEGAL IMPLICATIONS**

- 10.1 Not applicable to this report

## **11. FINANCIAL IMPLICATIONS**

- 11.1 There are no direct financial implications arising from this report. However, the implementation of the Finance Improvement Programme will streamline processes, reduce closure of accounts timelines and costs, and increase the capacity and value added by the Finance Team. In line with the approved business case for replacing the finance system, provision for funding has been made within the Capital Programme.

## **12. BACKGROUND PAPERS**

- 12.1 Not applicable to this report.

## READING BOROUGH COUNCIL

### REPORT BY DEPUTY CHIEF EXECUTIVE

<b>TO:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	<b>19 JULY 2022</b>		
<b>TITLE:</b>	<b>INFORMATION GOVERNANCE QUARTERLY UPDATE</b>		
<b>LEAD COUNCILLOR:</b>	<b>Cllr Terry</b>	<b>PORTFOLIO:</b>	<b>Corporate Services and Resources</b>
<b>SERVICE:</b>		<b>WARDS:</b>	<b>ALL</b>
<b>LEAD OFFICER:</b>	<b>Michael Graham</b>	<b>TEL:</b>	
<b>JOB TITLE:</b>	<b>Assistant Director Legal and Democratic Services</b>	<b>E-MAIL:</b>	<b>michael.graham@reading.gov.uk</b>

#### 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update on the actions in progress to improve the Council's policies, systems and processes around Information Governance.
- 1.2 In the last two years, the Committee has received a number of limited assurance reports in relation to information governance and work is ongoing to address the underlying issues in the following areas:
  - Freedom of Information
  - Data Transparency
  - Records Management

#### 2. RECOMMENDED ACTION

Audit and Governance Committee is asked:

- 2.1 To note the progress to date and future actions outlined in this report.
- 2.2 To identify matters of interest for future reports.

#### 3. POLICY CONTEXT

- 3.1 The Council's new Corporate Plan outlines its vision and priorities for Reading for the next three years (2022/25). The Council's vision is to help Reading realise its potential and to ensure that everyone who lives and works here can share the benefits of its success. To make this vision happen, the work of the Council is focused around three Corporate Plan themes:
  - Healthy Environment
  - Thriving Communities
  - Inclusive Economy
- 3.2 These themes are underpinned by the TEAM Reading principles which explain the way we work at the Council:

- Team
- Efficiency
- Ambitious
- Making a difference

3.3 Full details of the Council’s Corporate Plan and the projects which will deliver these priorities are published on the Council’s website [Corporate Plan-2022-25](#).

3.4 Data is playing an increasing role in designing, delivering and transforming public services to improve outcomes for customers and drive efficiencies within current financial constraints.

3.5 The Local Government Association describe the value of data to public services as facilitating:

- The design of services around user needs
- The engagement and empowerment of citizens to build their communities
- Efficiencies and public service transformation
- Economic and social growth
- Greater transparency and accountability

3.6 Effective information governance is a key requirement for the Council which has duties to be both open and transparent whilst at the same time protecting the confidential information it holds about people and businesses. How it collects, uses, stores, shares and destroys personal data is governed by the Data Protection Act. The Council also has to comply with the Freedom of Information Act, the Environmental Information Regulations and the Access to Information Act in relation to its records. Compliance is monitored by the Information Commissioner who has wide ranging powers including the ability to impose considerable financial penalties for breaches of the Data Protection Act.

#### 4. UPDATE

##### Subject Access Requests

4.1 There remains a backlog of subject access requests. Partly this is due to the service being put on hold during the pandemic, and partly it is caused by staffing difficulties. We have brought in additional temporary members of staff to deal with the backlog, and we are working on a business case to procure a longer-term technology based solution to reduce the time needed to deal with these requests, as they are extremely time-consuming.

##### SAR Backlog Data as at 31 March 2022:

	19/20		20/21		21/22	
	RBC	BFfC	RBC	BFfC	RBC	BFfC
No Received	52	83	35	64	46	36
No Completed	52	78	27	40	32	23
No Outstanding	0	5	8	24	14	13

4.2 Recruitment to the Information Governance Officer post, who leads on this area of work, has proved difficult and the job is in the process of being re-evaluated. The post will be re-advertised as soon as the re-evaluation is complete. In the interim the team’s



apprentice and Interim Information Governance Officer, are supporting the Team Leader. Two agency staff have also been recruited for six months, to assist with the backlog. They have been trained and they are progressing the work which is being checked by an experienced officer prior to release.

4.3 We will report further progress to the Committee.

#### FOI cases

4.4 As previously reported, a number of measures have been taken with the aim of increasing FOI performance:

- Centralisation of the function in the Customer Relations Team
- Implementation of a new case management system
- Review of the procedures
- Training has been provided to officers
- Continual monitoring weekly by CMT

4.5 Notwithstanding these measures, performance across the Council remains disappointingly low, despite some pockets of improved performance which have been reported to previous Committees. The Council aspires to meet the 90% response rate expected by the Information Commissioner and this has been included as a Corporate Plan KPI.

4.6 Following the update provided at the January 2022 meeting for quarter 3 of 21/22 financial year, the table below shows the quarter 4 data and the annual data for 21/22.

#### Freedom of Information Requests

##### Total number received in Q4

Directorate	Q4 Total	%	Q3 Total	%
BfFC	35	12.7%	26	16.3%
DACHS	15	5.4%	17	10.7%
DEGNS	125	45.5%	71	44.7%
DoR	100	36.4%	45	28.3%
<b>Total</b>	<b>275</b>	<b>100%</b>	<b>159</b>	<b>100%</b>

4.7 There was a dramatic increase in the number of FOI's received during the quarter, we cannot establish a pattern as to why there is a 42% increase overall. However there have been FOI's about the golf club planning application, and we have seen more FOI's about software contracts and fly tipping.

#### 4.8 FOI's Responded to in Timescale by Directorate In Q4

Directorate	No. Sent Out in Timescale	%
BFFC	21	60%
DACHS	9	60%
DEGNS	85	68%
DoR	81	81%
Mixture	0	0
<b>Total</b>	<b>192</b>	<b>67.3%</b>

#### 4.9 Breakdown by month

Dir.	FOI's received in January	% Sent out in timescale January	FOI's received in February	% Sent Out in timescale in February	FOI's received in March	% Sent out in timescale in March
BFFC	6	67%	15	60%	14	57%
DACHS	8	63%	4	50%	3	67%
DEGNS	39	75%	47	64%	39	67%
DoR	28	75%	36	92%	36	75%
<b>Overall</b>	<b>81</b>	<b>70%</b>	<b>102</b>	<b>66.5%</b>	<b>37</b>	<b>66.5%</b>

In Q4 the Council and BFFC responded to 275 FOI's and 192 (67%) of these were within timescale again only a slight increase from the 66.9% sent out on Q3.

The FOI Act 2000 states all responses must be sent out within 20 working days.

Considering the increase that we have seen we have been able to keep the response rate at the level it has been throughout the year. However, the response rate is still not as high as it should be and further corrective actions are being considered.

#### 4.10 Freedom of Information Requests received and response times

Directorate	Total No. Received	%	2020/21 Total No. Received	%
BFFC	120	14.7%	169	16.2%
DACHS	63	7.7%	94	9%
DEGNS	348	42.9%	450	43.1%
DoR	243	30.0%	303	29.1%
Mixture	38	4.7%	27	2.6%
<b>Total</b>	<b>812</b>	<b>100%</b>	<b>1043</b>	<b>100%</b>

#### 4.11 FOI Response time by Directorate

Directorate	No. Sent out in timescale	%	2020/21 No. Sent out in timescale	%
BFFC	58	48.8%	108	63.9%
DACHS	44	69.8%	62	66%
DEGNS	220	63.2%	246	54.7%
DoR	180	74.1%	175	57.8%
Mixture	36	94.7%	12	44.4%
Total	538	70.1%	603	57.8%

Although we see an improvement with the timescales for responding compared to that of last year, the number sent out in timescales is still lower than we would like it to be which is in the 90% region.

#### Data Transparency

- 4.12 Members will recall that the audit in this area revealed that some of the information, which was required to be published, was not available on the Council's website. All the relevant information and sources of data have now been identified and a Transparency Code page has been added to the Council's website. A process for review and publishing the required information for the future was considered at the Information Governance Board and has been checked by the Council's Audit Team. Feedback from the Audit Team was received on 01 July and is in the process of being actioned, this is led by the Information Governance Team.

#### Information Governance Board

- 4.13 The Information Governance Board meet monthly and review Cyber Security Incidents and possible breaches of the Data Protection Act which may need to be reported to the Information Commissioners Office (ICO). Where any subsequent actions are identified then these are monitored. Since the last report to this committee. There has been a total of 41 Information Governance related incidents reported between April and 30<sup>th</sup> June 2022 (26 Relate to RBC and 15 relating to BFFC). None were of a sufficiently high-risk rating to notify the ICO.
- 4.14 The most common themes across both organisations relate to mis-addressed emails and postal addresses being wrongly input, either through transcription errors or in a few cases, wrong data has been held on our systems. All of the incidents and main themes are reported to IG Board on a monthly basis, and solutions are being considered to mitigate email errors and to raise awareness around accuracy in postal correspondence.
- 4.15 The Board asked the Information Governance Team and IT Security team to explore whether further measures can be put in place to increase security of outgoing emails. Since the last update, due to the continuing issue of misdirection of emails colleagues in IT Security have identified two possible products as a security measure to address this problem. The Board will review both proposals and take view on the cost benefit analysis. There are risks of possible fines for data breaches which may exceed the cost of having a system in place to help mitigate these risks.
- 4.16 The Information Governance Board has also considered the necessity of printing at home as a result of requests made from some Service areas. A number of concerns about

officers and councillors working from abroad or away from their home/town has also been discussed by the Board. At this time RBC still does not fully support Printing from anywhere but the RBC Offices; a request was made to begin drafting a remote working policy, this will include printing at home, working away from the office and working while traveling abroad. The policy will have to be subject to consultation with the unions and approved by Personnel Committee before it can be implemented.

### Information Management Strategy

- 4.17 The Information Management Strategy and Action Plan was presented and signed off by the Policy Committee in March 2022. This sets out the Council's approach to information management and governance. The next step is to train the Information Asset Owners (IAO), identified as the Assistant Directors and then to recruit an Information Champion (IC) from each service area to work with the Information Governance Team to roll out the actions identified.

### Training

- 4.18 The Board continues to monitor the Cyber Security training which is currently rolled out for all staff and members through Learning Pool, the Council's e-learning packages have been updated to the 2022 versions. Both the Cyber security training and the Information Governance Training modules have been updated to the 2022 versions and both modules have a re-fresher 2022 version also. At the Board's request communications have gone out to all staff to complete this training by the end July 2022. New councillors were informed of the training requirement at induction. The Board is continuing to monitor the uptake of this training and its effectiveness. Training data will be available for the next Committee meeting.

- 4.19 The following teams have been identified as not having access to IT so are not part of the data captured above. The main types of roles that fall within this are:

- Refuse Management/Streetcare\*
- Cleaners
- Nursery staff - *complete*
- Grounds people/Arborists/Gardeners\*
- Casual/Election staff
- Community reablement staff - *complete*
- Entertainment staff (Hexagon, South Street etc)\*
- Casual staff (Registrar's service, Libraries\* etc)

For these staff, we have a tailored team meeting/paper-based training pack which has been drafted and rolled out initially to the Nursery staff within DoR and the Community Reablement staff within DACHS. Following feedback, the training pack has been updated and rolled out to all of the above services with a request that it is delivered to all staff by the end of July 2022.

### Next Steps

- 4.20 The focus is the Information Management Strategy, Action Plan. The training for the Information Assets Owners and identification and recruitment of the Information Champions.

## 5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The purpose of Information Governance is cross-cutting and relevant to all Services of the Council and to all of our public facing services which collect and retain data about the public. The role of Information Governance contributes to the Corporate Priority foundation of "Getting the best value".

## **6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS**

- 6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 6.2 There is nothing within this report which is of relevance for the Council's strategic priority of Climate Change.

## **7. COMMUNITY ENGAGEMENT AND INFORMATION**

- 7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".
- 7.2 It is not anticipated that there will be public consultation on the Information Management Strategy or Action Plan. It will however be in the public domain at Policy Committee and this Committee, and I anticipate members will wish to receive regular updates at this Committee. This will ensure that progress in this field is visible to residents.

## **8. EQUALITY IMPACT ASSESSMENT**

- 8.1 An Equality Impact Assessment (EIA) is not relevant to this report. All citizens have rights to information and there is no evidence that any section of the community is disadvantaged in accessing those rights under the current service provision. There is no reason to think that any section of society will be adversely affected by the roll-out of better Information Governance and an Information Management Strategy within the Council.

## **9. LEGAL IMPLICATIONS**

- 9.1 The Council is required to comply with a number of information governance regulations including the Data Protection Act, the Freedom of Information Act, the Environmental Information Regulations and the Access to Information Act. Effective governance, policies and practices are essential to minimising the risk of data protection breaches and to help ensure the appropriate handling of information requests. Failure to do so could result in regulatory action being taken against the Council.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 There are no direct financial implications arising from this report.

## **11. BACKGROUND PAPERS**

- 11.1 There are none

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## READING BOROUGH COUNCIL REPORT

### REPORT BY DEPUTY CHIEF EXECUTIVE

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	<b>19<sup>TH</sup> JULY 2022</b>		
<b>TITLE:</b>	<b>IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR TERRY</b>	<b>PORTFOLIO:</b>	<b>CORPORATE &amp; CONSUMER SERVICES</b>
<b>SERVICE:</b>	<b>AUDIT</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
<b>LEAD OFFICER:</b>	<b>JACQUELINE YATES</b>	<b>TEL:</b>	<b>x74710</b>
<b>JOB TITLE:</b>	<b>DEPUTY CHIEF EXECUTIVE</b>	<b>E-MAIL:</b>	<b>Jackie.Yates@reading.gov.uk</b>

#### 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The outcomes of all internal and external audit reports are reported to this Committee.
- 1.2 The April 2018 Audit and Governance Committee agreed that, to provide a greater focus on the importance of implementation of agreed audit recommendations, an implementation tracker report would be reported to all future meetings of this Committee.
- 1.3 Appendix 1 attached sets out all audit recommendations, the status of each recommendation, the officer responsible for implementation and progress with delivery.

#### 2. RECOMMENDED ACTION

- 2.1 The Committee are asked to consider the report.

**Appendix 1 - Implementation of Audit Recommendations Tracker - June 2022.**

#### 3. POLICY CONTEXT

- 3.1 This report supports the Council's Corporate Plan 2022-25, ensuring that the Council has fit for purpose processes and remains financially sustainable in order to deliver its service priorities.

#### 4. THE PROPOSAL

- 4.1 A summary of Internal Audit recommendations and updated management responses since the last Committee are provided in Appendix 1 attached. For continuity, and ease of monitoring, a unique tracker recommendation number is assigned to each recommendation.

- 4.2 As reported previously, the Audit Tracker has been cleansed to ensure it remains relevant and up-to-date and that recommendations are not duplicated as a result of follow up or subsequent audits. In addition, it has been agreed that priority 3 recommendations would not be added to the tracker going forward, as these are advisory points made by the Auditor. Whilst it is important that all agreed audit recommendations are implemented, the focus of the Committee should be on the high to medium risk recommendations.
- 4.3 There is currently a total of 96 recommendations on the tracker, attached at Appendix 1, of which 18 are reporting as completed since the last meeting and will be removed prior to the next meeting. 17 recommendations have been added to the tracker since the last report.
- 4.4 The age of the recommendations is shown in the table below:

	Jan 22		April 22		June 22	
20/21	34	55.7%	28	27.7%	20	20.8%
21/22	27	44.3%	73	72.3%	59	61.5%
22/23	-	-	-	-	17	17.7%
<b>Total</b>	<b>61</b>	<b>100%</b>	<b>101</b>	<b>100%</b>	<b>96</b>	<b>100%</b>

- 4.5 Prior to reporting to Committee, officers responsible for implementing the specific recommendations are asked to update the Audit Tracker. Each recommendation is marked with a percentage complete which correlates to a red (up to 25%), amber (26%-75%), or green (76%+) rating. However, any recommendations that are less than 50% complete but have exceeded their agreed completion date are also marked red.
- 4.6 Where there is a lack of progress with implementation, e.g. successive missing of implementation dates etc., the Director/Assistant Director and responsible officer (if they are different) can be asked to attend a meeting of the Committee to explain the difficulties with implementation and the steps they are taking to address them.
- 4.7 The status of the recommendations detailed in Appendix 1 is as follows:

<b>RAG Status</b>	<b>Percentage</b>	<b>Number</b>
Complete	18.8%	18
Green (but not complete)	21.9%	21
Amber	42.7%	41
Red	16.7%	16

<b>RAG Status</b>	<b>Audit &amp; Governance Meetings</b>				<b>Trend since previous meeting</b>
	<b>Sept 21</b>	<b>Jan 22</b>	<b>April 22</b>	<b>June 22</b>	
Green	35%	38%	42%	41%	Decreased
Amber	52%	52%	44%	43%	Decreased
Red	14%	10%	15%	17%	Increased

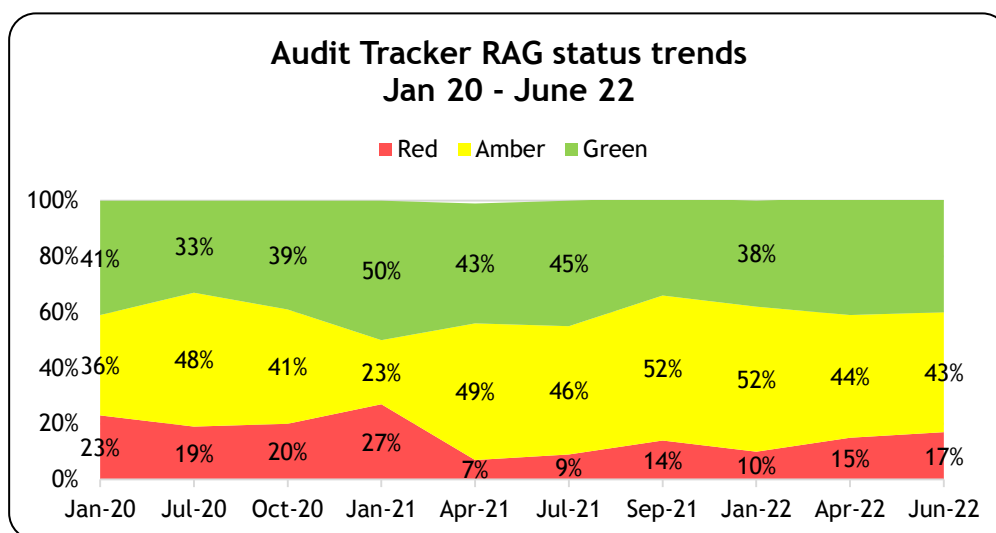
- 4.8 The percentage of red recommendations has increased from 15% to 17% (one additional red). The number of recommendations which are more than 12



months old has stayed stable since the last report in April at 28, as shown in the table below, although 6 of these are now complete.

Audit recommendations more than 12 months old				
RAG Status	April 22		June 22	
	Percentage	Number	Percentage	Number
Complete	28.6%	8	21.4%	6
Green (but not complete)	21.4%	6	28.6%	8
Amber	42.9%	12	46.4%	13
Red	7.1%	2	3.6%	1
<b>Total</b>	<b>100%</b>	<b>28</b>	<b>100%</b>	<b>28</b>

4.10 The graph below shows trends in status for recommendations presented to Audit & Governance Committee meetings over the period from Jan 20 - June 22.



4.11 Further detail on how actions have progressed from the previous report is shown in the table below.

	April 22	Change between reporting periods	June 22 - new recommendations	June 22 - all recommendations
Complete	22	22 removed	4	18
Green	21	9 now complete	1	21
		12 still green		
Amber	43	4 now complete	5	41
		7 now green		
		32 still amber		
Red	15	1 now complete	7	16
		1 now green		
		4 now amber		
		9 still red		
<b>Total</b>	<b>101</b>	<b>101</b>	<b>17</b>	<b>96</b>

## **5. CONTRIBUTION TO STRATEGIC AIMS**

- 5.1 The proposals contained in the report support the Council's Corporate Plan, ensuring that the Council remains financially sustainable in order to deliver its service priorities.

## **6. COMMUNITY ENGAGEMENT AND INFORMATION**

- 6.1. Audit plans and the implementation of recommendations tracker will continue to be reported to this Committee.

## **7. ENVIRONMENTAL IMPACT**

- 7.1 The Council declared a Climate Emergency at its meeting on 26 February 2019. There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

## **8. EQUALITY IMPACT ASSESSMENT**

- 8.1 The equality duty is relevant to the implementation of Audit recommendations. Specific recommendations are subject to consultation and equality impact assessments where required and are progressed as appropriate.

## **9. LEGAL IMPLICATIONS**

- 9.1 The Council has a duty under the Accounts and Audit Regulations to ensure it has in place a financial control framework which is fit for purpose. It also has a duty to ensure Value for Money in the provision of services.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 Whilst there are no specific financial implications arising directly from this report, the timely implementation of audit recommendations is critical in strengthening the Council's internal control and governance arrangements.
- 10.2 The Council's Chief Internal Auditor's reports have over several years repeatedly reported that audit recommendations made in previous audits have not been implemented. This does not represent value for money from either an audit or wider organisational perspective.
- 10.3 Poor systems of internal control and financial governance potentially leave the Council exposed to loss and will result in higher external audit costs due to the lack of assurance they provide, and the consequential higher testing thresholds required by the Council's external auditors.
- 10.4 Whilst there are still recommendations that are RAG rated red, there has been positive engagement with the arrangements and significant improvement since implementing the new tracking and reporting process and the number of red recommendations has reduced year on year

## **11. BACKGROUND PAPERS**

- 11.1 Internal Audit Reports presented to Audit and Governance Committee, Chief Internal Auditors Annual Reports.

Count	Unique Tracker Rec No.	Dir	Audit Title	Recommendation	Rec Yr.	Original Audit Completion Date	Responsible Officer	Responsible Officer Latest Update	Updated on (date)	Status (% Complete)	Current status	Status at previous period
1	202 20/21	DoR	Bank & Cash Reconciliations	The decision not to implement the control designed by the previous Chief Accountant whereby completion of control account reconciliations would be monitored to ensure they are timely, completed satisfactorily and reviewed should be revisited.  In the absence of a centrally held list of reconciliation to evidence the monitoring undertaken and to enable any issues or delays to be identified or addressed, it should be determined whether the current arrangements provide a satisfactory alternative.	20/21	16/06/2020	Mark Sanders Chief Accountant	The full list of all control reconciliations has been prepared and is being reported monthly to Finance Transformation Board to manage status any any issues arising.	05 July 2022	Complete	Green	Amber
2	203 20/21	DoR	Bank & Cash Reconciliations	Procedure notes for the completion of reconciliations should be updated and reflect the current process.	20/21	16/06/2020	Mark Sanders Chief Accountant	Main bank rec process clearly documented, transparent, up to date, simple to follow supporting audit trail and confidence as a result. Written procedures for control account/feeder system reconciliations are still work in progress.	05 July 2022	51 to 75	Amber	Amber
3	110 20/21	DoR	Intercompany transfers	Financial Procedures should be updated to reflect the standards and requirements for conducting intercompany accounting and the relationship with the financial coding structure. For example, there should be common standards for substantiating and approving transfers whether these relate to intercompany transactions or not, a procedure detailing the use of the group account use etc.	20/21	15/07/2020	Mark Sanders Chief Accountant Andy Jehan Exchequer Manager	Procedure notes for system Intercompany transfer have been produced. Payments between BFFC and RBC are approved by each respective organisation and processed by AP.	29 June 2022	Complete	Green	Green
4	112 20/21	DoR	Intercompany transfers	The reason for the payment anomalies and queries highlighted in the report should be investigated to help inform the review of the intercompany transfer procedure.	20/21	15/07/2020	Mark Sanders Chief Accountant Andy Jehan Exchequer Manager	The transactional issues raised in the report related to payments made via CHAPS / transfer and have been corrected. The use of non AP methods to make transfers has been discontinued.	29 June 2022	Complete	Green	Green
5	114 20/21	DoR	Intercompany transfers	The procedures for reconciling and monitoring the receipt of SLA income should be urgently reviewed and updated to ensure any payment deviations/variation to the contract sum are highlighted on a timely basis for investigation. This should include: - •The preventative use of CHAPS/SwiftPay •The payment status and variation approvals should become a standard agenda item as part of any regular management contract review procedure. •Procedures governing budgetary control.	20/21	15/07/2020	Mark Sanders Chief Accountant  Andy Jehan Exchequer Manager  Kate Graefe AD Procurement & Contracts	CHAPS / Swiftpay are no longer used to make inter company payments (MS/AJ)  Guidance notes are in progress and will be included as part of the improvement programme. The co-ordination between Finance and Procurement & Contracts on having an agreed joint understanding of any deviations is still not in place, to be picked up Q2/Q3 FY22/23 through the new Strategic Finance Business Partner support for the contract (Stephen MacDonald). Once this is established, the action can move to complete	05 July 2022	76 or more	Green	Green
6	105 20/21	DEGNS	Rent Guarantee Scheme	It is recommended that all housing related systems establish consistent naming conventions that will allow for easy data verification across systems, followed by a data cleansing operation to update current records to the new standard.	20/21	11/08/2020	Christy Donnelly Housing system project team - Project manager Johnnie Stanley	21/3/22 JS - This task is amber, the officers in Housing don't have the capacity to fully address all data issues. System admins are looking to be hired to fulfill this task. Aimed go live of November 22.  OHMs migration project started, the project is addressing how to align the naming convention to GIS/Gazeteer. This will be achieved using the "address matching" module in NPS Housing. Person(s) data is also being standardised where possible.	05 July 2022	26 to 50	Amber	Red
7	138 20/21	DEGNS	Licensing	Given the vulnerability of school transport users, discretionary decisions to allow vehicles to continue to operate when they are in excess of the upper age limit should be well documented, to ensure it aligns with licensing objectives.	20/21	02/12/2020	Clyde Masson, Principal Licensing Officer	We are reviewing out specifications and conditions in respect of School Transport vehicle Licensing to reflect the changes in the industry which include the age of vehicles licensed. We are still reviewing our conditions in respect of all areas of taxi / private hire and private hire (school transport) licencing and are still looking to complete by the end of July 2021 Due to covid there has been a delay in reviewing the conditions. Officers have now revised conditions and are finalising sign off. Aim for end of July. Delays due to staff shortages. Conditions still being finalised aim for completion April 2022. HC Conditions have been consulted on and are being revised taking into account reps from HC trade. Committee date to be arranged. Work on PH (INCLUDES School Transport) will be consulted on thereafter. Revised date is Sept 22	23 June 2022	76 or more	Green	Green
8	139 20/21	DEGNS	Licensing	To maximise the effectiveness of the available enforcement resource, premises enforcement should be formalised by way of a documented risk assessment of type, location and individual premises. Consideration should be given to issuing self-assessment forms to low risk licence holders.	20/21	02/12/2020	Catherine Lewis, Acting Licensing & Environmental Protection Manager	Officers are currently working on producing a self assessment inspection form to be completed by licence holders which will provide a risk level to aid determination whether an officer inspection is required. A self assessment inspection form has been drafted and sent to a sample of the licensed premises within the borough as a trial 15/03/2021 Feedback from the self assessment form has been received and amendments made to the form. A further trial group will be sent the form before the form is actively used for all licensed premises. 8/07/21. Covid has impacted the role out of issuing the self assessment forms due to the follow up needed. The trial has been completed and we are now rolling this out for specific premise types. Starting with off licences.11/01/22Unfortunately there has been a delay to the role out of the self assessment forms due to staffing issues. Officers have compiled a data set for admin support to send out the initial batch of forms within the next 2 weeks. 22/03/22	23 March 2022	76 or more	Green	Green
9	140 20/21	DEGNS	CIL 15% Local Projects	It is recommended that policies and procedures governing CIL, including the 15% aspect, are periodically reviewed and updated to ensure these reflect both the latest local and legislative requirements and that these are updated on the website.	20/21	07/12/2020	Mark Worringham, Planning Policy Manager / Neal Gascoine, CIL Officer	As part of the review mentioned in 140, the process and procedures associated with the delivery of the 15% CIL local schemes is being reviewed to define each of the relevant officers roles within the delivery process of projects funded via the 15% CIL funds. This is linked to 142 below. A revised protocol for allocation of CIL funds was agreed at Policy Committee in February 2021, which particularly sets out procedures for consulting on and allocating 15% local CIL funds. This involves consulting on local priorities every 3-4 years, and the first such consultation took place between 19th February and 16th April. Results were reported to Policy Committee in May 2021 and have informed a new allocation of 15% CIL in March 2022. Processes around the allocation of 80% CIL are now being discussed between Councillors and Finance, and this may lead to procedural changes.	04 July 2022	51 to 75	Amber	Amber

Count	Unique Tracker Rec No.	Dir	Audit Title	Recommendation	Rec Yr.	Original Audit Completion Date	Responsible Officer	Responsible Officer Latest Update	Updated on (date)	Status (% Complete)	Current status	Status at previous period
10	141 20/21	DEGNS	CIL 15% Local Projects	The discrete roles and responsibilities of Planning staff and other staff responsible for the delivery of 15% Local CIL schemes need to be reviewed, understood and adopted by all parties. It is recommended that these are reviewed, documented, approved and then adopted. These should include reference to the work of other services used in the delivery of such schemes, i.e. Legal Services. In particular these should concisely address and include responsibility for: <ul style="list-style-type: none"> <li>• roles and activities of the different services and officers involved</li> <li>• the early capture and recording of the purpose and cost of schemes</li> <li>• the coordination and monitoring of schemes</li> <li>• the timely delivery and reporting of schemes.</li> </ul> These guidelines should also define the role(s) of each project officer in respect of their responsibilities for 15% CIL schemes and their commitment to work with and to respond to other officers' enquiries as necessary. Once documented, these roles and responsibilities should be agreed and authorised as appropriate by the CIL Working Group(s) and then copied to 15% CIL scheme managers.	20/21	07/12/2020	Mark Worringham, Planning Policy Manager / Neal Gascoigne, CIL Officer	As part of the review mentioned in 140, the process and procedures associated with the delivery of the 15% CIL local schemes is being reviewed to define each of the relevant officers roles within the delivery process of projects funded via the 15% CIL funds. This is linked to 142 below. The CIL working group has now been running for some time and officers understand the roles related to 15% CIL much better.	04 July 2022	76 or more	Green	Amber
11	150 20/21	DoR	Purchasing cards	Procedures should be established to highlight the cancellation requirements of VPC due to staff leaving or changing role. This should coincide with the usage monitoring controls to identify those cards which are not being used because the cardholder has left the employ of the Council.	20/21	09/12/2020	Andy Jehan Exchequer Manager	A six monthly review will take place in September and April to review card usage.	30/06/2022	51 to 75	Amber	Amber
12	154 20/21	DoR	Purchasing cards	In conjunction with recommendation 8, the Visa Purchasing Cards expenditure categories and respective providers should be monitored to ensure purchases are not being made outside an existing corporate contract, or to ascertaining if there would be a benefit to developing a contract.  Prevention controls should be applied to re-enforce the protocols of use in the Visa Purchasing Cards Rules. Appropriate consideration should be given to the different uses by the general services and those purchased for emergency planning.	20/21	09/12/2020	Kate Graefe (AD of Procurement & Contracts)	It is the intention of Procurement & Contracts to commission an external tail-spend analysis across the Council, which would include Purchase Card spend data, to determine whether spend should or could otherwise be routed through a corporate contract or more cost-effective arrangement. Such analysis and work will be shared with Finance to determine if refinement of Purchase Card controls and/or policy is required. Potential funding for this work has been identified. Resource constraints have prevented this from being progressed to date.  Separately, a corporate Amazon Business Account has been set up, allowing Procurement & Contracts and Finance to track expenditure via PCards with the organisation. This is now regularised under a YPO framework, providing assurance of compliance with procurement legislation	01 July 2022	26 to 50	Amber	Amber
13	157 20/21	DoR	Purchasing cards	The Council should review the operational platform for managing and accounting for VPC expenditure e.g. an integrated management system that manages the authorisations, records and payments in conjunction with existing/future accounts payable and contract requirements.	20/21	09/12/2020	Mark Sanders Chief Accountant	Existing VPC payment channels will be maintained alongside standard e5 procure to pay processes	29 June 2022	Complete	Green	Red
14	158 20/21	Cross directorate	Records Management & Document Retention	The revised policy needs to be reviewed in conjunction with ICO guidelines (to ensure all areas are covered or reference made to relevant associated policies and legislation). It also needs to clearly define roles and responsibilities, include Council systems and records for obsolete teams, link to the Council's corporate plan, and take an integrated approach to records, regardless of their format.  The policy then needs to be formally approved, made available to all staff and included as part of induction for new starters, with regular reviews conducted to ensure compliance.  The policy also needs to be fully supported by senior management, with regular updates on progress against the policy provided to them.  Where responsibility is delegated to teams and services, there needs to	20/21	15/01/2021	Michael Graham, Assistant Director of Legal and Democratic Services	Actions have been identified and are in hand to be picked up as part of the wider information governance projects which are to be initiated this year. Planning session arranged for 17 Jan 2022 to take this work forward with sign off from the Information Governance Board. The Information Management Strategy has been to Policy Committee, the Information Governance team are working on taking the actions forward. Initial meeting with the Records Management centre completed and work will progress from April 2022. The Information Management Strategy and Action Plan has been signed off by Policy Committee. Next steps is to train the Information Asset Owners and recruit Information Champions across service areas to assist the IG Team with this work. Paper on this has been drafted for CMT to review on 19 July.	04 July 2022	26 to 50	Amber	Amber
15	159 20/21	Cross directorate	Records Management & Document Retention	There needs to be clearly defined links between the Information Governance team, Modern Records and individuals responsible for records management and document retention across the Council. All staff need to be aware of this and consideration also given to documenting this role in relevant job descriptions.  Consideration needs to be given to reviewing and rationalising records management risks at corporate and directorate level, distinguishing between strategic risks (reflected at corporate level) and operational risks (reflected at service/team level).	20/21	15/01/2021	Michael Graham, Assistant Director of Legal and Democratic Services	Actions have been identified and are in hand. See comments above.	04 July 2022	26 to 50	Amber	Amber

Count	Unique Tracker Rec No.	Dir	Audit Title	Recommendation	Rec Yr.	Original Audit Completion Date	Responsible Officer	Responsible Officer Latest Update	Updated on (date)	Status (% Complete)	Current status	Status at previous period
16	160 20/21	Cross directorate	Records Management & Document Retention	<p>There should be a centralised register, detailing records held across the Council, their format, location and responsible officer.</p> <p>Consideration also needs to be given to clearly documenting and addressing risks associated to records.</p> <p>Data Protection Impact Assessments (DPIAs) need to be reviewed and updated as necessary to reflect any changes to processes. Where processes have changed (as a result of coronavirus or for other reasons), any associated risks need to be identified and addressed (for example issuing guidance to, and ensuring adherence of, panel members now meeting remotely, on the need for timely, secure destruction of personal sensitive information).</p> <p>Risks relating to records remaining useable need to be identified and appropriate controls put in place.</p>	20/21	15/01/2021	Michael Graham, Assistant Director of Legal and Democratic Services	Actions have been identified and are in hand to be picked up as part of the wider information governance projects which are to be initiated this year. See comments above.	04 July 2022	26 to 50	Amber	Amber
17	161 20/21	Cross directorate	Records Management & Document Retention	<p>There should be a clear understanding regarding roles and responsibilities in relation to old and closed records and action required at the end of retention periods, including for those held in the Modern Records Office and Mosaic.</p> <p>Where possible, retention periods for records should be set on document management systems so that records are automatically destroyed once the end of this period is reached.</p>	20/21	15/01/2021	Nayana George, Customer Relations & Information Governance Manager	Actions have been identified and will be completed as part of the wider Information Governance project. See above comments	04 July 2022	26 to 50	Amber	Amber
18	162 20/21	Cross directorate	Records Management & Document Retention	The revised records management policy needs to include reference to information sharing protocols and/or reference to the relevant documentation and where this is addressed.	20/21	15/01/2021	Nayana George, Customer Relations & Information Governance Manager	Actions have been identified - as above	04 July 2022	26 to 50	Amber	Amber
19	164 20/21	DEGNS	Car Parks (off street)	<p>Procedure notes should be set out for each reconciliation that set out in detail:</p> <ul style="list-style-type: none"> <li>The frequency with which reconciliations should be completed.</li> <li>The format and working papers that are required to be retained.</li> </ul>	20/21	11/02/2021	James Crosbie Assistant Director Paul Allcock Car Parks Manager	<p>Procedure notes written for each reconciliation that set out in detail.</p> <ul style="list-style-type: none"> <li>The frequency with which reconciliations should be completed. Whilst the target will be weekly, due to delays in banking deposits and Oracle, Fortnightly.</li> <li>The format and working papers are retained. Reconciliations will be shown on the</li> </ul>	28/06/2022	76 or more	Green	Green
20	165 20/21	DEGNS	Car Parks (off street)	<p>In conjunction with the Finance Business Partner a reconciliation template should be set out that sufficiently performs the task required and working papers to support the reconciliation should be maintained in an agreed upon fashion. Items to be addressed in the reconciliations should include but not be limited to the following:</p> <ol style="list-style-type: none"> <li>The printed name of the officer that has prepared the reconciliation</li> <li>The signature of the officer that has prepared the reconciliation</li> <li>The date on which the reconciliation has been prepared</li> <li>The printed name of the officer that has check the reconciliation, if different to the approver</li> <li>The signature of the officer that has prepared the reconciliation, if different to the approver</li> <li>The date on which the reconciliation has been checked</li> <li>The printed name of the officer that has approved the reconciliation</li> <li>The signature of the officer that has approved the reconciliation</li> <li>The date on which the approving officer has reviewed the document</li> <li>A record of the unreconciled items for the period and commentary with respect to their cause and treatment.</li> <li>Information recorded within the reconciliation should be sufficient to demonstrate that systems reconcile and links to source data should be included.</li> </ol>	20/21	11/02/2021	Alyson Few Finance Business Partner  Paul Allcock Car Parks Manager  Janet Ofili Car Park Administration Officer	A review of the existing spreadsheet is ongoing and will be appropriately updated following this review.	26/06/2022	76 or more	Green	Green
21	175 20/21	RES	Housing Revenue Account	Consideration should be given to conducting reviews of various areas (such as service charges and cleaning services) with a view to obtaining improved value for money.	21/22	06/04/2021	Zelda Wolfle Assistant Director of Housing	Service Charge Review programmed to be carried out in 22/23	01 July 2022	76 or more	Green	Green
22	177 20/21	RES	Accounts Payable	Documented processes for all areas of operation linked to clearly defined roles and responsibilities for members of staff. There should be monthly reporting on performance against KPIs available to the organisation and management.	21/22	09/04/2021	Andy Jehan Exchequer Manager  Mark Sanders Chief Accountant	This is being Addressed as a part of the Finance Improvement Programme, which is reviewing end-to-end processes. KPIs are being produced to improve management information and highlight areas of concern. The production of these KPIs has been incorporated to the reporting requirements for the new finance system to ensure that these can be produced without manual intervention.	30/06/2022	Complete	Green	Green
23	178 20/21	RES	Accounts Payable	Supplier set up process need review to understand the volume requirements for certain types of supplier and how effective control over verification can be established.	21/22	09/04/2021	Kate Graefe (AD of Procurement & Contracts)	Ongoing monitoring as part of the supplier set-up process and data capture to understand the base data before proposed solutions are determined/ assessed. Data available now for approx. 11 months. To link to proposed commission of tail spend review for ways to manage demand to be delivered in FY 22/23	01 July 2022	51 to 75	Amber	Amber

Count	Unique Tracker Rec No.	Dir	Audit Title	Recommendation	Rec Yr.	Original Audit Completion Date	Responsible Officer	Responsible Officer Latest Update	Updated on (date)	Status (% Complete)	Current status	Status at previous period
24	179 20/21	RES	Accounts Payable	There should be a reporting framework that identifies and records where there are outstanding invoices awaiting processing and days taken to process invoices. If possible, every area of the authority should receive management information regarding outstanding overdue payments and be encouraged to report if there are issues in their areas with outstanding unprocessed invoices.	21/22	09/04/2021	Andy Jehan Exchequer Manager	This is being Addressed as a part of the Finance Improvement Programme, which is reviewing end-to-end processes. KPIs are being produced to improve management information and highlight areas of concern.	30/06/2022	Complete	Green	Green
25	182 20/21	RES	General Ledger	There should be an agreement/understanding put in place between the Council and Brighter Futures for Children, to ensure a common understanding as to where supporting documentation relating to part Brighter Futures journals is held, including right(s) of access for relevant RBC staff (if held by Brighter Futures).  Consideration should also be given to agreeing and documenting a	21/22	01/06/2021	Stuart Donnelly Financial Planning & Strategy Manager  Jenny Bruce Financial Systems Manager	A new working group has been established to give consideration to key financial systems issues and this recommendation will now be progressed through this group. This specific task has been delayed due to recent unavailability of key staff and other corporate priorities.	29 June 2022	25 or less	Red	Red
26	183 20/21	RES	General Ledger	Journal reports should be run and reviewed on a regular basis by Finance, to include monitoring numbers of journals being raised, raised but not authorised, who is authorising them and any unusual activity, emphasising that "first time right" principle should be adopted where possible.	21/22	01/06/2021	Mark Sanders Chief Accountant	Journal transactions reports will be run to support the final accounts external audit sample testing work, and thereafter will be produced on a regular basis and reviewed by the Chief Accountant reporting exceptions and any unusual activity to the Finance Leadership Team.	29 June 2022	76 or more	Green	Red
27	184 20/21	DEGNS	Travel Demand Management Grant	Transport should produce a register of all expected grant funding for the financial year together with their appropriate grant determination notices, letters and guidance of usage, so that the necessary accounting and auditing resource and scheduling arrangements can be put into place to meet the required deadlines. This will help: -  <del>•Mitigate repayment or missed claim risks which could seriously impact</del>	21/22	24/06/2021	Chris Maddocks Strategic Transport Manager  Alyson Few Business Partner DEGNS	Sharepoint site for Grant Register has been setup - Transport and Finance are collating all of the relevant information and uploading to the site. Monitored in Budget monitoring each month.	23/06/2022	51 to 75	Amber	Amber
28	185 20/21	DEGNS	Travel Demand Management Grant	Checks need to be put into place within the Service and Finance to ensure grant income is received and posted to the correct Fusion further analysis code to ensure the grant is specifically accounted for. This is particularly important where the accounting involves identifying and differentiating between: -  •Capital and revenue grants •Ring-fenced grants •Repayment of unspent / unallocated grants	21/22	24/06/2021	Chris Maddocks Strategic Transport Manager  Alyson Few Business Partner DEGNS	Sharepoint site for Grant Register has been setup - Transport and Finance are collating all of the relevant information and uploading to the site. Monitored in Budget monitoring each month.	23/06/2022	51 to 75	Amber	Amber
29	186 20/21	DACHS	Mosaic Payment Controls	The Assessment and Planning Tool (APT) needs to be completed, authorised and signed off in a timely manner to ensure that appropriate services can be put in place.	21/22	01/07/2021	Sunny Mehmi Locality Manager, Adult Care	This is monitored closely in DACHS Operations by Team Managers using reporting. Any themes identified that create barriers to this are shared via the DACHS Performance Board for discussion and resolution.  A specific report has been written identifying APTs that are open more than 4 weeks which is discussed at the Performance Board for focus.	23/06/22	76 or more	Green	Green
30	187 20/21	DACHS	Mosaic Payment Controls	All purchase orders should be raised in a timely manner on Mosaic to ensure commitments are accurately reflected, with invoices always attached to the relevant transaction in Oracle Fusion as supporting evidence. To assist in this process, the APT needs to be completed to allow the workflow to be generated in Mosaic.	21/22	01/07/2021	Melissa Wise, Deputy Director - Commissioning & Transformation  Andrew Jehan Acting Accounts Payable and Accounts Receivable Manager	Rigour around the time spent for Purchase Orders to be raised on the back of a completed APT is in place via Audits. We have assurances that this is the case as the PBST Senior Officer regularly verifies cases and their payment status. Any issues relating to delays are escalated to the DACHS Performance Board. The Personal Budget Support Team cannot raise a Purchase Order until the APT is finished as per the current MOSAIC process which is in line with Purchase to Pay principles.  The timeliness of APTs being completed sits as an Adult Social Care Operational Responsibility (see other recommendation 186 20/21) and is also being addressed.	01/07/2022	76 or more	Green	Amber
31	188 20/21	DACHS	Mosaic Payment Controls	Service user reviews should be conducted in a timely manner to ensure that provision meets, and continues to meet, 'service users' needs.  Any changes to service provision should also be reflected on Mosaic in a timely manner. This helps to ensure accurate reflection of financial commitments and avoid over/underpayment of providers.	21/22	01/07/2021	Sunny Mehmi Locality Manager, Adult Care	A DACHS Transformation Project and associated Project Board is in place to provide rigour and oversight on Reviews. This includes looking at our approach to Reviews and ensuring they are proportionate to the situation.  Timeliness of Reviews is monitored via the DACHS Performance Board.	01/07/2022	76 or more	Green	Amber
32	189 20/21	DACHS	Mosaic Payment Controls	As a priority, supplier prepayment balances due to Covid need to be reviewed to determine if they relate to services provided not yet invoiced, overpayment of suppliers or a combination of both. Where overpayment is identified, a documented arrangement needs to be put in place with the providers to recoup the additional amount paid.	21/22	01/07/2021	Claire Gavagan DACHS Strategic Business Partner	Linked to 216 20/21 & 218 20/21 Ongoing recovery work is underway, with targetted resources to ensure this is resolved. Any prepayment remaining balances are being offset against current invoices where agreements have been reached with Providers. Agreements are in place for a number of Providers where the balance is being reduced each month. For all other Providers contact has been made with each Provider and agreements to recover the balance of any prepayment are being established. Balances will be cleared for each Provider based on their ability to pay. For some this will be over three months (preferred option) and for others we have a request to recover the balance over 12 months. Work is ongoing to ensure engagement is maintained with all Providers.  This work was being completed by Neil Sinclair who has now left RBC Full notes have been provided, with many providers with plans in place or invoices raised. Further work required, once full review of work completed to date confirmed	01/07/2022	51 to 75	Amber	Amber

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33	193 20/21	DEGNS	Commercialisation	<p>a)The cost models developed for commercialisation workstreams should be reviewed and an assessment made of the potential risks associated with estimated as opposed to actual staff costs, alongside periodic reviews to ensure that they are performing appropriately.</p> <p>b)Where it is felt necessary mitigations should be implemented e.g. mechanisms for recording the actual staff time.</p> <p>c)The program for the development of cost model by the Cost Model Accountant should be reviewed and progress determined, and a decision made as to how to progress it if necessary.</p>	21/22	16/07/2021	Marcus Hermon, Business Development Manager	a) The existing cost models used by EBCS are the subject of both annual and mid-year review to ensure they perform appropriately. Extra-ordinary reviews/updates are also undertaken in the event that third party/material costs alter during the course of the year and revised market rates are required to be reflected in the associated schedules. b) Services are required to record the amount of time a job takes and to retrospectively compare this to the amount of time quoted. This learning enables better informed (if required) forecasting of resource requirements and their pricing. National schedules of rates are subscribed to and used in order to benchmark the Council's performance against the market/industry as a whole. This work is underway and it is hoped that it will be further supported by the additional functionality of the Council's new FMS 'Advanced'. c) Some service areas now feel equipped to continue this work within existing resources and will continue to make progress as required. Where services require specialist support due to complexities of legislation and/or financial records, assistance will be sought in consultation with the Director of Finance on a ROI/Risk of challenge basis.	21/03/2022	Complete	Green	Green
34	194 20/21	DEGNS	Facilities Management	<p>The list of properties held on Planet FM should be reconciled periodically by Property Services against the list of properties held by Valuations.</p> <p>This list should then be used to verify the Council's legal repair obligations for both its corporate, non-corporate and other service level agreement requirements to ensure there are no omissions in the scope or repair obligations.</p>	21/22	28/07/2021	Mark Atree, Engineering Services Manager Amanda Burton, Property and FM Technical Team Manager	The list of properties have now been reconciliation completed 09/07/2021. The list includes all properties in which the council has an interest however Valuations need to confirm RBC responsibilities for leased property where it exists. Still awaiting a response	29/6/2022	51 to 75	Amber	Amber
35	195 20/21	DEGNS	Facilities Management	A project plan needs to be produced to ensure the information on the FM register is complete and accurate. The aim should be to ensure current and future information is recorded consistently.	21/22	28/07/2021	Mark Atree Engineering Services Manager Amanda Burton Property & FM Technical Team Supervisor	Responsible Officer for Planet data identified and in place - Amanda Burton. The responsible officer will ensure consistent an accurate data in the future. Requirements and principles of planet operation agreed and in place. M&E assets have been varified and are to be uploaded into the new Planet FM asset management database and the old database closed down.	29/6/2022	Complete	Green	Amber
36	196 20/21	DEGNS	Facilities Management	The protocol, process map and definitions for assessing the different risk priorities should be appropriately approved by management and documented to ensure works are appropriately scheduled for repair. For example, it should be clear what factors determine whether a job is a priority 1 or a priority 2 task.	21/22	28/07/2021	Mark Atree Engineering Services Manager Amanda Burton Property & FM Technical Team Supervisor  Glyn Bethell, Corporate Facilities Manager	Proposed priorities identified and descriptions have been produced. The revised priorities and descriptions have been embedded as part of the Planet project.	29/06/2022	Complete	Green	Amber
37	198 20/21	DEGNS	Facilities Management	Exception reports should be produced and monitored showing the reason(s) for delay(s) and should be used, managed and assessed for follow up investigation and action. Prolonged or excessive delays should be reported to the CRG for strategic consideration and decision.	21/22	28/07/2021	Mark Atree Engineering Services Manager Amanda Burton Property & FM Technical Team Supervisor	Weekly reports are produced identifying work not completed and a proactive approach is in place. Customer fulfillment will attend contractor monthly meetings. All issues may not be fully resolved until the Planet project is complete and the portal is operational and all contractors are using - above process is in place and the Planet project is proceeding	29/06/2022	51 to 75	Amber	Amber
38	199 20/21	DEGNS	Facilities Management	Facilities Management and Property Services should provide the AD of Property & Asset Management, Regeneration & Assets with an assurance that none of the outstanding works and actions unduly compromise the health and safety at or of the Council's corporate assets.	21/22	28/07/2021	Mark Atree Engineering Services Manager Amanda Burton Property & FM Technical Team Supervisor	Weekly report produced identifying work not completed proactive approach in place. Contractor meetings are held monthly. Planet is updated where gaps are identified in contractor meetings. All issues may not be fully resolved until the Planet system has been updated to include all assets and PPMs and the portal is operational and everyone is using. Even at this stage there will still be some residual risk. H&S is an agenda item at the Property and Assets team meeting.	29/06/2022	51 to 75	Amber	Amber
39	200 20/21	DEGNS	Facilities Management	We fully support the product review being undertaken of this area by Corporate Procurement and recommend this should include any issues arising from: - •Lessons learnt from the contract management / provider experience •any developing or emerging service issues arising from contractor performance and/or business transformation improvement	21/22	28/07/2021	Mark Atree, Engineering Services Manager  Glyn Bethell, Corporate Facilities Manager	Addressing outstanding work via the production of weekly job reports from Planet works reordering system and regular meetings with contractors at which the Property and FM Technical Team and Property Services attend. Working with Procurement Officer Steve York to forward for all Plan contracts. Working towards contractors using Planet Portal so that work detail and progress are current. The project to re-launch Planet with cleansed data, PPM schedules and a suite of suitable reports has gone live in Feb22. All jobs being raised on the portal,	29/06/2022	51 to 75	Amber	Amber
40	201 20/21	DEGNS	Facilities Management	The placement of contracts, existence and type of contract agreements held should be confirmed by Property Services and Facilities Management to demonstrate compliance with the Public Contract Regulations	21/22	28/07/2021	Mark Atree, Engineering Services Manager  Glyn Bethell, Corporate Facilities Manager	We are working closely with Procurement Officer Steve York and updating the contracts register database regularly along with contract to forward planning. All contracts held are available for scrutiny. Lack of human resource has been for a number of years and continues to be a significant issue. This should be addressed in the proposed re-structure but until then, progress is and will continue to be slow.	29/06/2022	51 to 75	Amber	Amber

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41	202 20/21	DACHS	Contract Management	<p>The contract management framework should be reviewed, re-formularised and approved on an annual basis to ensure this remains fit for purpose for ensuring compliance with Contract Procedure Rules. The purpose of this is to embed continual improvement to manage the contract or supplier delivery risk throughout the commissioning and contract lifecycles. This should include: -</p> <ul style="list-style-type: none"> <li>•A contract management framework and Commissioning Strategy to demonstrate how the Council will manage the supply and demand risk, the quality care risk and what the role of contract management should be within adult social care.</li> <li>•Contract management procedures, workflow processes, resources, risk evaluations, the monitoring and reporting approach should be produced to ensure the ASC contractual requirements deliver the specified outcomes e.g. from a risk perspective, what constitutes a successful or failed contract</li> </ul>	21/22	09/09/2021	Lara Fromings - Head of Commissioning	Contract management meetings are scheduled with all block contracted providers to support good commercial delivery throughout the lifecycle of the contract. Officers are completing Foundation Level Contract Management Training. Contract management will be on a risk based approach, with greater resource focused on higher value, business critical contracts. Documentation to support the contract management framework needs to be finalised. The Commissioning Service team and resource is being reviewed. Quality functions will move from Commissioning to the DACHS Quality and Safeguarding Team over the next 6 months.	01 July 2022	51 to 75	Amber	Amber
42	203 20/21	DACHS	Contract Management	<p>An integrated contract register, and workflow/document management system should be considered to account for all contracts. This will help provide more effective, efficient, and secure contract management and monitoring platforms for monitoring all ASC contract and supplier provisions.</p> <p>As a minimum, reconciliation controls against Mosaic and Fusion should be established to ensure the completeness of provider records held on the contract register, especially where the term of the provision is £5k or more.</p>	21/22	09/09/2021	Lara Fromings - Head of Commissioning	Additional resource is being recruited to support delivery of this action during this financial year. This will ensure that all spot purchased contracts are included on the Intend Contract Register and contractual information verified on Fusion.	01 July 2022	51 to 75	Amber	Amber
43	204 20/21	DACHS	Contract Management	<p>Internal Audit fully support the ASC review to confirm the completeness of all contract documentation, but we recommend this is completed against the core care records on Mosaic as the contract registers are incomplete.</p> <p>This review could be used as the basis for confirming compliance with</p>	21/22	09/09/2021	Lara Fromings - Head of Commissioning	Commissioned contracts are reflected on the Intend Contract Register. During the coming year all spot purchased contracts will be included on the Intend Contract Register.	01 July 2022	51 to 75	Amber	Amber
44	205 20/21	DACHS	Contract Management	<p>The existing monitoring and reporting controls should be developed to provide timely and effective assurance to senior management on the status of: -</p> <ul style="list-style-type: none"> <li>•Strategic commissioning risk,</li> <li>•Contractual and service delivery risk of providers,</li> <li>•Compliance within ASC and with providers,</li> <li>•The completion of contractual documentations.</li> </ul>	21/22	09/09/2021	Lara Fromings - Head of Commissioning	A work plan is in place to support the Commissioning Team with governance structures in place, including the DACHS Commissioning & Procurement Board which been established and will provide oversight.	01 July 2022	51 to 75	Amber	Amber
45	2020/21	DEGNS	Staff vehicle documentation (grey fleet)	<p>The existing draft grey fleet policy needs to be formally and appropriately approved, launched and then made widely available across the Council. It also needs to be included within the new starters' induction process. Prior to approval, the revised policy needs to be reviewed to ensure it still meets all necessary legislation/regulation etc.</p> <p>However, online managers guidance would benefit from review and updating to reflect the new process and the launch and training of the new process needs to emphasise roles and responsibilities.</p>	21/22	18/11/2021	Teresa Kaine HR Services Manager	The policy has now been reviewed and updated and all necessary legislation/regulatory requirements have been met. The policy has been agreed by the TUs and Personnel Committee in March 2022. The policy has been formally signed by the TUs and has been uploaded to the Intranet. A communication to all managers and staff will be going out week beginning 4 July 2022.	27 June 2022	51 to 75	Amber	Amber
46	211 20/21	DEGNS	Staff vehicle documentation (grey fleet)	<p>Once agreed and launched, the policy will need to be implemented to ensure that checks are conducted consistently and on a minimum of an annual basis. Original/copies of documentation will not now need to be kept.</p> <p>Once the new grey fleet policy is in place, details of all checks should be recorded on iTrent with a monthly sharing of data between Fleet (Fleetwave) and HR (iTrent) to ensure consistency.</p> <p>There needs to be a thorough review of the data held on iTrent in relation to grey fleet/RBC drivers to ensure data is up to date, not duplicated and that drivers are correctly designated (grey fleet/RBC).</p>	21/22	18/11/2021	Teresa Kaine HR Services Manager  Ben Morgan HR Data Systems Officer / Resourcing Manager  Ben Morgan HR Data Systems Officer / Resourcing Manager	Once the policy is agreed and launched, managers will need to refer to the policy to make sure they understand their responsibilities and ensure that checks are conducted consistently and on an annual basis as a minimum. Original/copies of documentation will not now need to be kept. A process is now in place to upload, share and cross reference data between Fleetwave and iTrent to ensure consistency and as part of this a data clean exercise has been undertaken to ensure accuracy.	28 June 2022	51 to 75	Amber	Amber
47	214 20/21	DEGNS	Staff vehicle documentation (grey fleet)	<p>The roles and responsibilities of employees and managers in relation to grey fleet checks need to be clearly communicated and managers and staff educated as to what needs to be completed and when in relation to grey fleet checks. This could form part of the launch of the new policy.</p>	21/22	18/11/2021	Teresa Kaine HR Services Manager  Ben Morgan Resourcing Manager	Online guides are available for both employee and managers, which will be promoted upon policy launch and highlighted as a permanent item in iTrent company news, on both the employee and manager portal. Information has been added to all email alerts reminding them that an up to date drivers check must be recorded in iTrent for them to approve the claim.	27 June 2022	51 to 75	Amber	Amber



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48	215 20/21	DEGNS	Staff vehicle documentation (grey fleet)	There needs to be monitoring and reporting of compliance, as appropriate, once the policy has been formally agreed and implemented, with particular consideration given to having a regular report provided to senior management on grey fleet and compliance and feedback to managers on key issues also included.  Reporting capability needs to be clarified, with reports containing key information being produced in a timely and accurate manner and necessary action taken to address issues identified, including non-compliance.	21/22	18/11/2021	Teresa Kaine HR Services Manager  Ben Morgan Resourcing Manager	Reporting capability is in place, enabling non compliance to be followed up	27 June 2022	51 to 75	Amber	Amber
49	216 20/21	DEGNS	Staff vehicle documentation (grey fleet)	Firmer action needs to be taken where checks have either not been undertaken or are not up to date and/or not appropriately recorded, making it clear to staff and managers alike that expenses cannot be paid without these being in place.	21/22	18/11/2021	Teresa Kaine HR Services Manager	The policy makes line manager responsibilities very clear. Where checks have not been undertaken or are not up to date the matter will be escalated through the management line.	27 June 2022	51 to 75	Amber	Amber
50	220 20/21	DEGNS	Housing Allocation Scheme	Housing Needs should ensure that there are clear audit trails for the shortlisting and viewings/offers processes. Shortlists should be closed down correctly and in a timely manner on Locata after shortlisting is completed to provide an accurate audit trail, evidence of banding documented/retained and a copy of the short list (with any relevant annotations) retained as part of the audit trail. There should also be clear evidence of successful applicants being invited to attend property viewings and an audit trail that shows when properties were viewed and offers made and accepted.  There should also be evidence that letters have not been sent to successful bidders with a formal offer until all required information has been received and verified	21/22	29/11/2021	Gemma Northway Voids & Lettings Team Manager	Following further investigation on this point, management have spoken to the Officers to ensure that they are aware of the impact of closing the shortlists in a timely manner, however we are reliant on information being shared by our Registered Provider partners to ensure this is completed fully. Processes have been updated to reflect this point to ensure that there is a clear audit trail. Some of this concern is a result of our current system which we are unable to modify. A new system is due to be implemented in October 2022 and this point has been carefully considered to ensure it is not a problem replicated in the new system.  23/06 New system going live mid November 2022.	23 June 2022	51 to 75	Amber	Amber
51	221 20/21	DACHS	Adult Provider Payments	There needs to be a full set of documented processes that address all control weaknesses which are reviewed by internal audit to determine their adequacy. This needs to include a clear, documented process for applying all agreed inflationary increases to providers in the future. Also clearly documented roles and responsibilities need to be included, as well as what information should be provided and appropriate checks/validations to ensure that the information is complete and accurate. Details should also include how inflationary increases are carried out and that there is suitable review/authorisation of key processes.	21/22	13/01/2022	Darren Carter Director of Finance  Melissa Wise Deputy Director for Adult Social Care	A new inflationary uplift process alongside a suite of documentation clarifying roles and responsibilities and the associated operating procedure has been tested and implemented. This includes independent checks at key stages of the process to ensure there are no errors. This will be reviewed in October to ensure it is fit for purpose and to iron out any issues.  In terms of levels of authorisation additional guidance has been issued to DACHS staff to reinforce the Financial Controls in place and staffs requirement to adhere to them.	01 July 2022	76 or more	Green	Green
52	220 20/21	DACHS	Adult Provider Payments	Information provided to request uplifts to be actioned needs to be accurate and comprehensive, clearly detailing all relevant information. It needs to clearly detail the provider(s) and service users to whom the uplift should be applied, the date from which the uplift is to be applied (and end date if relevant), the current rate, the uplifted rate and the percentage increase. There also needs to be clearly documented evidence that any uplift has been appropriately approved (for example by DMT) and that the information provided has been reviewed by a second Officer to confirm accuracy. Lastly, evidence of the request to action uplifts and appropriate authorisation needs to be retained in a central location/on the relevant service users' record(s).	21/22	13/01/2022	Lara Fromings - Head of Commissioning  Darren Carter Director of Finance  Melissa Wise Deputy Director of Adult Social Care	See Unique Tracker Rec No. 221 20/21	01 July 2022	Complete	Green	Green
53	223 20/21	DACHS	Adult Provider Payments	Linked to clarification of roles and responsibilities in the uplift process, Officers also need to ensure that their knowledge of organisational structure is up to date and that queries/requests for action are addressed to the correct Officers. Legacy AP email inboxes need to be closed/made inactive and automatic messages added to them signposting to the relevant up to date/central inbox to ensure a (timely) response to queries	21/22	13/01/2022	Darren Carter Director of Finance  Melissa Wise Deputy Director of Adult Social Care	See Unique Tracker Rec No. 221 20/21  The revised uplift process includes clarification of the roles/Officers to escalate too should there be queries.  All Legacy AP email inboxes have been closed with an automated message being generated.	01 July 2022	Complete	Green	Green
54	226 21/22	DACHS	Adult Provider Payments	There needs to be a full review to determine whether the correct inflationary uplifts have been applied to current service provisions. This also needs to include review of client contributions to determine whether these have been impacted where rates have been incorrectly amended	21/22	13/01/2022	Lara Fromings - Head of Commissioning	All payments were reviewed to ensure accuracy.  A robust process is in place to ensure application of inflationary uplifts for people who fund their own care (client contributions) where we make arrangements on their behalf.	1st July 2022	Complete	Green	Amber
55	229 21/22	DACHS	Adult Provider Payments	Providers should be contacted in all cases where a balance remains on the prepayments, details of the overpayment provided, and a clear agreement reached as to how any overpayment will be recovered. This should be clearly documented.	21/22	13/01/2022	Claire Gavagan DACHS Strategic Business Partner	Linked to 216 20/21 & 218 20/21 Ongoing recovery work is underway, with targetted resources to ensure this is resolved. Any prepayment remaining balances are being offset against current invoices where agreements have been reached with Providers. Agreements are in place for a number of Providers where the balance is being reduced each month. For all other Providers contact has been made with each Provider and agreements to recover the balance of any prepayment are being established. Balances will be cleared for each Provider based on their ability to pay. For some this will be over three months (preferred option) and for others we have a request to recover the balance over 12 months. Work is ongoing to ensure engagement is maintained with all Providers. This work was being completed by Neil Sinclair who has now left RBC Full notes have been provided, with many providers with plans in place or invoices raised. Further work required, once full review of work completed to date confirmed	01 July 2022	51 to 75	Amber	Amber

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56	230 21/22	DACHS	Adult Provider Payments	Correct invoices should be attached in all cases to the relevant transactions in Oracle Fusion as supporting evidence.	21/22	13/01/2022	Andy Jehan Exchequer Manager	AP staff are ensuring that all new invoices are attached promptly once the invoices have been interfaced from Mosaic to Fusion. They are currently working on a historic backlog.	30/06/2022	76 or more	Green	Amber
57	231 21/22	DACHS	Adult Provider Payments	There should be consistent and appropriate treatment of offsetting provider invoices against prepayments including coding to the appropriate accounts.	21/22	13/01/2022	Claire Gavagan DACHS Strategic Business Partner	Linked to 216 20/21 & 218 20/21 Ongoing recovery work is underway, with targeted resources to ensure this is resolved. Any prepayment remaining balances are being offset against current invoices where agreements have been reached with Providers. Agreements are in place for a number of Providers where the balance is being reduced each month. For all other Providers contact has been made with each Provider and agreements to recover the balance of any prepayment are being established. Balances will be cleared for each Provider based on their ability to pay. For some this will be over three months (preferred option) and for others we have a request to recover the balance over 12 months. Work is ongoing to ensure engagement is maintained with all Providers. This work was being completed by Neil Sinclair who has now left RBC Full notes have been provided, with many providers with plans in place or invoices raised. Further work required, once full review of work completed to date confirmed	01 July 2022	51 to 75	Amber	Amber
58	232 21/22	DACHS	Adult Provider Payments	The communication / notification link between PBST and AP needs to be restored to include regular sharing of details of mismatched and rejected invoices.  Wider issues identified during the review of on hold and rejected invoices also need to be addressed. Reestablishment of link between AP and PBST will help with some of these but issues such as suspension/unsuspension of care packages, timely setting up of services and actioning of hospital discharges on Mosaic need to be addressed as part of wider data quality/training issues. In addition, the backlog of invoices on hold/rejected/awaiting processing needs to be addressed.	21/22	13/01/2022	Andy Jehan Exchequer Manager  Steve Saunders Principal Personal Budget Officer  Lara Fromings Head of Commissioning	Shared invoice queries spreadsheet established on Sharepoint, giving both PBST & AP team members access to a live list of queries and their status. Monthly meetings in place for both teams to discuss progress and challenges.	30/06/2022	Complete	Green	Green
59	233 21/22	DACHS	Adult Provider Payments	Automatic, system-generated remittance advice slips need to be reinstated for all payments to providers to ensure clarity around payments made.	21/22	13/01/2022	Darren Carter Director of Finance  Claire Gavagan Strategic Business Partner	Officers have been working with the Council's IT Providers to find a technical solution for generating remittance advices. Thus far this has not resulted in a successful solution as the Providers offer would require the Council to reduce its security which is not an option. Requests have been logged to the Provider to undertake further development but the timetable on this has not been committed to. In the meantime remittance advices are being generated manually upon request but the lack of them continues to create issues with Payments and results in increasing queries.	01 July 2022	25 or less	Red	Red
60	234 21/22	DACHS	Adult Provider Payments	The ASC Scheme of Delegation needs to be formally updated, documented, approved and made available to those who require it and followed.	21/22	13/01/2022	Darren Carter Director of Finance  Seona Douglas Executive Director for Health & Social Care	As an interim measure communication has been circulated to all Officers clarifying the Financial Controls in Adult Social Care and expectation around authorisations. Interim measure Completed as of 28/03/2022 is in the DACHS policies and procedures SharePoint Site  A revised Scheme of Delegation for DACHS has been prepared for discussion with wider stakeholders and alignment with the Council's Constitution. 29/06/2022 SD: Work continues with regards to the scheme of delegation samples from other LAS received a draft will be available, w/c 15th August 2022	01 July 2022	51 to 75	Amber	Amber
61	235 21/22	DACHS	Adult Provider Payments	An appropriate performance framework needs to be put in place to assist with identifying quality issues. This needs to define what good performance is and what performance should be measured against.	21/22	13/01/2022	Joanne Lappin Assistant Director, Safeguarding, Quality, Performance & Practice	Work to strengthen the existing Performance Framework is underway to clarify expected standards and timeframes	01 July 2022	76 or more	Green	Green
62	236 21/22	DACHS	Adult Provider Payments	Managers need to ensure that information on weekly dashboards (for example in relation to open APTs and reviews) is reviewed and actioned as appropriate by / with team workers.	21/22	13/01/2022	Joanne Lappin Assistant Director Operations and Safeguarding, Quality, Performance and Practice	A weekly ASC Performance Report is being sent to all Managers in ASC for review and action as appropriate. Performance against expected standards is monitored at each Monthly Performance Board attended by all managers.	01 July 2022	76 or more	Green	Green
63	237 21/22	DACHS	Adult Provider Payments	There needs to be regular review/monitoring and reporting of data quality, for example of APTs completed within a required timeframe, care packages input/amended/closed on Mosaic in a timely manner and appropriate action taken for any issues identified, to ensure only relevant/appropriate information is being recorded on service users' records.	21/22	13/01/2022	Joanne Lappin Assistant Director of Safeguarding Quality Performance and Practice	Weekly data is provided to Operational Managers to enable them to review data quality and ensure management oversight. The Performance Board is responsible for a monthly audit of data quality to ensure consistency of reviewing and monitoring. Weekly data includes safeguarding and DoLS.	01 July 2022	76 or more	Green	Green
64	239 21/22	DACHS	Adult Provider Payments	APTs need to be completed in a timely manner, the service input onto Mosaic and a PO raised to ensure services and financial commitments are accurately reflected. There needs to be appropriate review of decisions approved at ERRG to ensure timely actioning of agreed services and input onto Mosaic.	21/22	13/01/2022	Melissa Wise Deputy Director for Adult Social Care  Joanne Lappin Assistant Director of Safeguarding Quality Performance and Practice	A review of all processes that result in purchasing services is underway across DACHS to ensure a) expectation of staff are clear, b) roles and responsibilities are clarified, c) opportunities to improve the systems are taken. Staff are engaged fully in this process which will also result in a standard operating procedure.	01 July 2022	76 or more	Green	Amber

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65	240 21/22	DACHS	Adult Provider Payments	Reasonableness checks should be carried out by Commissioning when unusual payments are identified to determine and ensure whether the proposed payment amounts are within likely amounts to be paid.  Amendments made to Mosaic which do not have an agreed workflow process (such as inflationary uplifts) need then to have additional independent checks in place/exception reporting to ensure that amendments made are appropriate.	21/22	13/01/2022	Lara Fromings - Head of Commissioning	See 221 20/21 & 223 20/21 The process for adding inflationary uplifts has been fully implemented and will be reviewed in October 2022.	1st July 2022	Complete	Green	Green
66	241 21/22	DACHS	Adult Provider Payments	New starters need to be given appropriate training and provided with relevant policies and procedures for work on Mosaic and the need to follow these enforced. Consideration also needs to be given as to how working practices can be adopted to ensure adequate support for the workers when working remotely.	21/22	13/01/2022	Sunny Mehmi Assistant Director of Operations  Social Care Systems Manager	All team now have standard operating procedures which include the requirements on the use of mosaic and have been passed to staff.  The MOSAIC training offer has been revised to provide a combination of classroom based and online training. For all new starters a classroom offer will be available to properly induct people into MOSAIC. The content of the training offer has also been revised to look at 'bite size' training options for specific subjects that create issues.	30 June 2022	76 or more	Green	Amber
67	242 21/22	DACHS	Adult Provider Payments	The reliability of access to and accuracy of information on Mosaic needs to be improved. Access to service users' records and relevant reports should be as and when needed to those who require it, and importantly the information provided should be both accurate and up to date. The service should be developing reports to provide an overview of key information in relation to data quality.	21/22	13/01/2022	Sunny Mehmi Assistant Director of Operations  Social Care Systems Manager	Mosaic access is largely permissions based according to the job role that the user has. This has been reviewed to ensure it is fit for purpose.  We will be undertaking case audits as part of our quality improvements and in addition Data Quality be be one of the priority areas of the Performance Board.	30 June 2022	76 or more	Green	Amber
68	243 21/22	DACHS	Late Payment of Voluntary Sector Grants	There needs to be a clear communication pathway to prevent enquiries about non-payment of invoices being escalated in the first instance to Director level without the teams involved being aware of it. It is suggested that all enquiries should in the first instance be dealt with through Adult Social Care Commissioning. To ensure that issues are identified it is suggested that the AP team ensure that any issues with invoices being rejected are notified to the Commissioning Team when they occur. This process needs to be documented.	21/22	17/01/2022	Melissa Wise Deputy Director of Social Care  Darren Carter Director of Finance  Lara Fromings Head of Commissioning	An interim process has been established however this requires a further meeting to finalise and agree roles and responsibilities of each team.	01 July 2022	51 to 75	Amber	Amber
69	244 21/22	DACHS	Late Payment of Voluntary Sector Grants	There needs to be prompt communication between the AP and Adult Commissioning Teams to ensure that anything that impacts the ability to effect prompt payment is highlighted and communicated to organisations awaiting payment. This process should be documented and clearly understood by both teams.	21/22	17/01/2022	Melissa Wise Deputy Director of Social Care  Darren Carter Director of Finance	There a monthly meeting (referenced in a previous update) that includes all relevant teams which discusses a) specific provider issues, b) team pressures, c) areas to escalate, d) comms to providers.  This will be documented as part of the action above.	01 July 2022	76 or more	Green	Green
70	245 21/22	DEGNS	Climate Change Strategy	It would be useful if the Corporate (Carbon) Plan listed the Council's delivery actions is detailed in the strategy. We advise the plan: - a)Be laid out and references in the same format as the Strategy. b)Confirms the directorates and services responsible and provides brief details of their actions from their service plans to achieve this. c)Reaffirms details of the delivery contribution i.e. emission reduction, adaptation, or both.	21/22	17/02/2022	Ben Burfoot Sustainability Manager  Kirstin Coley Energy Management Officer	Discussed and agreed at Climate Programme Board on 8 March 2022 - first draft complete with some gaps remaining - should be complete within Q2 2022/23.	04 July 2022	51 to 75	Amber	Red
71	246 21/22	DEGNS	Climate Change Strategy	A Corporate Adaptation Plan is required, which we understand will require an organisational-wide exercise, and that services will need to identify potential impacts on communities, services and service users, and appropriate adaptive responses, with help and advice from appropriate internal and external experts. This should confirm whether these actions relate to corporate infrastructure for delivering services and those for managing the consequences i.e. this might include business continuity, resilience etc.	21/22	17/02/2022	Peter Moore Head of Climate Strategy	Discussed and agreed at Climate Programme Board 8 March 2022, using approach set out in Local Partnerships adaptation toolkit for local authorities. Presentation to Team Talk initiated the process in Substantial piece of work - target completion date Q3-4 2022.	01 July 2022	25 or less	Red	Red
72	247 21/22	DEGNS	Climate Change Strategy	A separate provision, or sub-category could be created on the Strategic Risk Register for monitoring adaptation to climate change.	21/22	17/02/2022	Peter Moore Head of Climate Strategy	Discussed at Climate Programme Board on 8 March 2022 - will be addressed in forthcoming iteration of Strategic Risk Register.	01 July 2022	26 to 50	Amber	Red

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73	248 21/22	DEGNS	Climate Change Strategy	To develop a more systematic approach to delivering the Council's climate change commitments: (i)The ownership of individual RBC actions within the Climate Strategy should be clarified at service/officer level (ii)RBC commitments within the Climate Strategy should be reflected within Service Plans at both the strategic level and in terms of specific actions (iii)In addition to integrating relevant Climate Strategy commitments, in the process of refreshing Service Plans annually, services should be identifying, with the support of the Climate Change & Sustainability Team, additional actions which may be required to contribute to the Council's corporate emissions reduction and adaptation strategies, and giving these an appropriate level of priority (iv)Services may need additional training to become more 'climate literate' and a training package should be developed to support this (v)Adapt the Service Plans to ensure there is a golden thread to demonstrating how services will discharge their climate change responsibilities.	21/22	17/02/2022	Peter Moore  Head of Climate Strategy  Relevant ADs  All ADs/supported by Peter Moore  All ADs/supported by Peter Moore/Ben Burfoot  Peter Moore  All ADs/supported by Peter Moore	Discussed and agreed at Climate Programme Board on 8 March 2022. Point (i) underway (target completion date Q2 2022/23); points (ii, iii, v) PM circulated a guidance note for ADs on embedding climate action in Service Plans in Feb 2022 which signposted to Climate Emergency Strategy actions and PM/BB have attended Service Plan meetings with each Service to initiative discussion, but fully embedding climate action will be an iterative process over this and the next Service Plan cycle; point (iv) training package in preparation - discussed potential integration in core training programme with HR&OD team 28/03/2022 (target completion date Q3 2022). Climate change now integrated in corporate staff induction as a first step.	01 July 2022	26 to 50	Amber	Red
74	249 21/22	BFFC and RBC joint audit	Intercompany accounting	The Director of Finance (RBC) should ensure the agreed Governance documents (policies) are enhanced to include, but not be limited to:  •Outlining the high-level expectations of intercompany accounting •Treatment of VAT •Debtors •Creditors Payment for services provided outside of those in the contract •Apportionment  Best practice requires a common standard across all entities.	21/22	14/03/2022	Stuart Donnelly Financial Planning & Strategy Manager RBC  Steve Davies Strategic Finance Business Partner BFFC	The inter-company guidance /policy set up by RBC will be developed to incorporate:  •Outlining the high-level expectations of intercompany accounting •Treatment of VAT •Debtors •Creditors •Apportionment •Payment for services provided outside of those in the contract  This will ensure best practice and a common understanding is clearly understood across RBC and BFFC.  Once completed to be formally signed off by the Director of Finance (RBC) and the Director of Finance, BFFC.	04 July 2022	25 or less	Red	Red
75	250 21/22	BFFC and RBC joint audit	Intercompany accounting	The Director of Finance (RBC) and Executive Director of Finance and Resources (BFFC) need to provide a briefing on the Service Contract, to raise awareness and guidance to those Business Partners and accounting staff with inter-company accounting responsibilities, on what is required of them to comply with the conditions of the contract.  Allocation of responsibilities should be highlighted across both entities.  Furthermore, there should be some consideration in providing this briefing as a joint briefing across both entities to promote a collaborative, supportive, and professional working relationship with a single aim.	21/22	14/03/2022	Darren Carter Director of Finance, RBC & Interim Director of Finance, BFFC	Following recent senior manager appointment in BFFC, these processes will be refreshed over Q1 22/23 in line with the Finance Improvement Programme	04 July 2022	25 or less	Red	Red
76	251 21/22	BFFC and RBC joint audit	Intercompany accounting	The (RBC) Director of Finance in collaboration with (BFFC) Executive Director of Finance and Resources should develop agreed and documented systems, procedures, and processes to further improve and manage intercompany accounting and transactions. They should include, but not be limited to:  •Being able to easily identify transactions across a common chart of accounts •To match transactions, from both sides •Identify (tag) those for elimination from financial reporting to prevent double accounting •Automate processes where possible •The use of recurring invoices/instalment payments for contract / SLA payments •Billing cut off period •Electronic approval process (Office 365) •Centralised repository (SharePoint) for intercompany financial purposes accessible by both entities and managed by permission rules •Grant funding monitoring (at both entities) •Regular reconciliations of expected income streams •Appropriate lines of communication with documented terms of reference and purpose  These procedures and processes should be standardised, and where there is a business need for difference, there should be compatibility.	21/22	14/03/2022	Stuart Donnelly Financial Planning & Strategy Manager RBC  Steve Davies Strategic Finance Business Partner BFFC	The (RBC) Director of Finance in collaboration with (BFFC) Executive Director of Finance and Resources will develop agreed and documented systems, procedures and processes.  During the Advance systems implementation the following will be implemented:  •Being able to easily identify transactions across a common chart of accounts •To match transactions, from both sides •Identify (tag) those for elimination from financial reporting to prevent double accounting •Automate processes where possible •The use of recurring invoices/instalment payments for contract / SLA payments •Billing cut off period •Electronic approval process (Office 365) •Centralised repository (SharePoint) for intercompany financial purposes accessible by both entities and managed by permission rules •Grant funding monitoring (at both entities) •Regular reconciliations of expected income streams •Appropriate lines of communication with documented terms of reference and purpose	04 July 2022	25 or less	Red	Red

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77	252 21/22	BFFC and RBC joint audit	Intercompany accounting	The finance structure for intercompany accounting and day to day activities should be considered, documented, authorised and agreed and shared, and aligned with strategy and policies, that also promote professional and cooperative ways of working.  Roles and responsibilities need to be agreed, documented, and imparted to all relevant personnel.  Some consideration should also be given to: •The adoption of a single finance team for intercompany accounting actions supported by entity specific finance teams for the day to day financial tasks.	21/22	14/03/2022	Stuart Donnelly Financial Strategy and Planning Manager RBC  Steve Davies Strategic Finance Business Partner BFFC	Currently there are named officers from RBC and BFFC who have clarity on their roles and responsibilities with appropriate permissions and electronic authorisation.  The policy / guidance and the Advance systems implementation will further clarify the roles and responsibilities.  The adoption of a single finance team for intercompany accounting actions supported by entity specific finance teams for the day to day financial tasks is not appropriate within the current arrangements.	04 July 2022	25 or less	Red	Red
78	253 21/22	BFFC and RBC joint audit	Intercompany accounting	The Director of Finance (RBC) and the Executive Director of Finance and Resources (BFFC) should remind staff to comply with timescales detailed in the agreed procedures and ensure there are controls in place that will highlight if / when there is non-conformance.  Consideration should be given to including intercompany- tasks and responsibilities within the annual performance review goals / targets for relevant staff.	21/22	14/03/2022	Stuart Donnelly Financial Strategy and Planning Manager RBC  Steve Davies Strategic Finance Business Partner BFFC	This will be re-iterated during the communication to staff and reinforced in the guidance / policy guidance.	04 July 2022	25 or less	Red	Red
79	254 21/22	BFFC and RBC joint audit	Intercompany accounting	The Director of Finance (RBC) and the Executive Director of Finance and Resources (BFFC) need to establish co-ordinated monthly reconciliations, which should be compared for accuracy. Any anomalies should be investigated, agreed and adjustments made in a timely fashion.  Responsibility for completing reconciliations should be allocated to an appropriate individual and include authorisation for any necessary adjustments.	21/22	14/03/2022	Stuart Donnelly Financial Planning & Strategy Manager RBC  Steve Davies Strategic Finance Business Partner BFFC	Initially it is proposed to do quarterly reconciliations and to be reviewed at a later date.	04 July 2022	25 or less	Red	Red
80	255 22/23	DoR	Accounts Receivable	There needs to be a relaunch of the existing debt policy to ensure clear strategic management around debt creation and recovery across the council. This would include clear reporting lines at senior management level across all levels of the council to enable greater awareness across all areas of the importance of debt avoidance where possible and prompt greater effort on debt recovery.	22/23	30/05/2022	Sam Wills Revenues & Benefits Manager	This is occurring organically in some areas as a result of the focussed activity of debt collection, i.e. ASC & DEGNs.  It does however require a relaunch to bring all directorates on board and understand their role in the corporate process to reduce debt occurring.  Consideration will be given to aligning communication of the Corporate Debt Policy with the implementation and training of the new Finance system.	23 June 2022	25 or less	Red	
81	256 22/23	DoR	Accounts Receivable	There needs to be clear and accountable processes and procedures for debt management that are linked to a council wide debt recovery strategy.	22/23	30/05/2022	Sam Wills Revenues & Benefits Manager	Process mapping sessions have commenced with Revs & Bens Manager, AR Team Leader and AR Officers. These sessions will embed the corporate debt recovery policy and in addition document the processes and reporting we expect to be undertaken by an AR Officer.  Process maps will be held electronically with hyperlinks to the relevant process and templates.	23 June 2022	25 or less	Red	
82	257 22/23	DoR	Accounts Receivable	Further work is required to reduce the overall historic debt levels, particularly in adult social care. There needs to be a write off of existing historical debt where recovery is deemed unlikely before any data is transferred across to a new debtors system.	22/23	30/05/2022	Sam Wills Revenues & Benefits Manager	Fortnightly meetings in respect of ASC write offs are currently held and have been in place for several months. The group focus on identifying uncollectable sums and actively progress them through the write off process.  Sums below £20,000 are agreed in the meeting and subsequently approved by Darren Carter (s.151).  High value write offs are now scheduled for Policy Committee approval and will be a standing quarterly agenda item.  Revs & Bens Manager also attends meetings with other directorates to progress and agree write offs in those areas.  A data cleansing exercise is also in progress ahead of the migration to a new system	23 June 2022	25 or less	Red	
83	258 22/23	DoR	Accounts Receivable	To back up the debt strategy there needs to be a comprehensive easy to access set of management reports that are capable of reflecting the determined debt strategy at all levels of the debt process (ie cost centre manager to AD level as well as the Debtors team)	22/23	30/05/2022	Sam Wills Revenues & Benefits Manager  Advanced System Team	We are currently limited on the reporting available through Fusion.  We have to consider time spent developing further reporting in a system that is to be replaced in the near future.  An extensive list of KPIs have been provided to the Advanced project manager to ensure this capability is built into the new system.	23 June 2022	25 or less	Red	
84	259 22/23	DoR	Treasury Management	The Capital & Treasury Lead has identified that discussion have been had with the Council's external Treasury Management consultancy service to make available training for the members of the Audit & Governance Committee, although this will not be mandatory. The Treasury Management team should consider undertaking a training needs analysis of the members of the Audit & Governance Committee to ensure that they have the appropriate knowledge and skills to provide a scrutiny function and then maintain a schedule of training and qualifications as recommended by the CIPFA Treasury Management Code of Practice and Cross-Sectoral Guidance Notes 2017. Training should be available on an ongoing basis.	22/23	08/06/2022	Darren Carter, Director of Finance	Treasury Management training was delivered to members of Audit & Governance committee on 28 June 2022	01 July 2022	Complete	Green	

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85	260 22/23	DoR	Reconciliations	The control matrix of reconciliations devised by the Chief Accountant should be reviewed and assessed to ensure it remains fit for current purpose, and then completed. Responsibility for this could then be allocated and then overseen by an appropriate officer or group, such as the Financial Transformation Board (or equivalent). It should then regularly be updated as a key record.	22/23	31/05/2022	Mark Sanders, Chief Accountant	Completed. Dashboard established based on matrix of reconciliations and reported to board.	29 June 2022	Complete	Green	
86	261 22/23	DoR	Reconciliations	Assuming it remains the objective, a timetable should be devised and agreed to support the intention for the Reconciliation Officer to understand, improve (where necessary) and take over feeder system reconciliations. Similarly, it is suggested that this monitored by the Finance Transformation Board (or equivalent).	22/23	31/05/2022	Mark Sanders, Chief Accountant	Target Date 30/09/22 In Progress. The newly appointed Reconciliations Officer will support the review of objectives and timetable for completion analysis work and will provide advice and authorisation where this does not conflict with her primary responsibility of bank reconciliation. It is likely that feeder system reconciliations will need to be completed by non-accountancy teams to maintain appropriate segregation of duties.	29 June 2022	26 to 50	Amber	
87	262 22/23	DoR	Reconciliations	The agreed procedures for completion of the main bank account reconciliation need to be documented and approved. It is also suggested these are regularly updated, as necessary but also formally reviewed and agreed on a fixed (annual) period basis thereafter.	22/23	31/05/2022	Mark Sanders, Chief Accountant	Completed. Bank reconciliation procedures are documented and approved.	29 June 2022	Complete	Green	
88	263 22/23	DoR	Reconciliations	Following completion of those actions detailed in recommendation 3 above in respect of the main bank rec, this process should be repeated for the feeder systems and responsibility for this task clearly assigned. These procedures should reflect agreed processes, roles and responsibilities etc and be as sufficiently detailed as is assessed as necessary. These agreed and completed documented procedures should then be agreed by the relevant service manager and also by Finance and then circulated to all relevant staff and stored in an appropriate site and be used for reference and training purposes, as appropriate.	22/23	31/03/2022	Mark Sanders, Chief Accountant	Planned work for Q2 22/23. A standard template will be confirmed and recommended for use on feeder reconciliations. This will be completed over the next three months following appointment of Reconciliations Officer.	29 June 2022	26 to 50	Amber	
89	264 22/23	DoR	Reconciliations	Any revised guidance as laid down in the procure notes for the main bank reconciliation (or other feeder reconciliations) should address what (other) system access rights the officer(s) involved should have, to ensure there is proper separation of duties in place, that ensures and promotes good separation of duties.	22/23	31/03/2022	Mark Sanders, Chief Accountant	Planned work for Q4 22/23	29 June 2022	25 or less	Red	
90	265 22/23	DoR	Reconciliations	To promote increased resilience and mitigation of risks associated with being potential over-reliant on specific posts carrying out financial reconciliations, it is recommended that to manage risks and to protect the organisation and individual officer(s) alike, that agreed systems ensure and allow for a shared understanding of procedures by than more than a single person.	22/23	31/12/2022	Mark Sanders, Chief Accountant	Planned work for Q4 22/23	29 June 2022	25 or less	Red	
91	266 22/23	DoR	Reconciliations	Where the Reconciliations Officer and / or Bank Rec Team detect regular and continued problems with specific information being reported as part of any reconciliation process (for example incorrect posting information) then these should be referred back to the team / officer concerned for correction, but in the event of repeated and persistent instances, then this should be referred to the Chief Accountant for their attention.	22/23	31/05/2022	Mark Sanders, Chief Accountant	Planned work for Q3 22/23. A review will be undertaken across all central accountancy reconciliation processes and resources to better align responsibilities and aim to reduce simple points of reliance	29 June 2022	25 or less	Red	
92	267 22/23	DACHS	Client Contributions	Actions that ASC staff need to take in relation to the financial assessment process: 1)Relevant ASC staff need to be reminded of their role within/related to the financial assessment process. 2)Care packages need to be put onto Mosaic in a timely manner to allow client contributions to be recognised and then invoiced to the service user. 3)Direct payments need to be reviewed to ensure appropriate payment arrangements are in place. 4)Mosaic records need to detail the appropriate financial representative for the service user, where appropriate, as well as other key information to enable financial assessments to be completed and in a timely manner. There should also be appropriate authority in place for these representatives which should be documented/evidenced. 5)APTs need to be closed down and in a timely manner to enable amendments to be made to service lines, as appropriate. 6)A financial assessment referral needs to be raised and in a timely manner to ensure all service users are assessed for their ability to contribute to their care costs (where applicable).	22/23	17/06/2022	Michelle Tenreiro-Perez Transformation Project Manager  Cliff Clynh, Senior Personal Budget Support Officer	Update on each action as follows: 1)Complete - this is already in place. Workshops were held with all staff involved in the financial assessment process between October 2021 and March 2022 establishing expectations of roles and responsibilities within the financial assessment process. 2) In progress - Collaborative work with ASC, the Finance Assessments and Benefits Team and Personal Budgets Support Team has commenced and a concluding meeting to clarify expectations of roles, processes and timescales to be undertaken by all parties is scheduled. Identified training will be provided. 3) In progress - Officers will review Direct Payments clients where they are invoiced for their contributions to be reviewed & either changed or rationale given. 4) In progress - scoping already undertaken. Mosaic records will need to be set up for financial representatives to record their status and so a standardised letter can be sent out. Appointeeships in the Deputy's Team are being explored. 5) & 6) In progress - Both the closure of APTs and timely referrals for a financial assessment a re included in the work between ASC, FAB and PBST which his due to conclude at the end of June setting out expectations of roles and timely processes. A guide to making referrals to the Financial Assessments and Benefits team has been created and will be added to relevant staff desktops. ICT work to support agreed processes will be completed.	29/06/2022	51 to 75	Amber	

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93	268 22/23	DACHS	Client Contributions	Signed legal agreements to support all 3rd party top ups in place, should be on Mosaic and the Mosaic workstep updated to reflect current practice.  The identified discrepancy in one case in relation to top up amount needs to be resolved (see 4.2.15 below).  Invoicing for 3rd party top ups needs to be to the correct person and there needs to be appropriate debt controls in place to ensure that top ups are actually (being) paid, and in a timely manner.	22/23	17/06/2022	Steve Saunders Principal Personal Budget Support Officer  Tracy Maskell, Senior Entitlement & Assessment Officer	In progress - part complete. Cases involving one person are completed in Mosaic, complex cases with multiple people are completed on a word template as the current Mosaic template is insufficient for these. Officers to ensure the Mosaic template to be amended to resolve this issue.  Complete - this is already in place. The case with a discrepancy has been reviewed and the need to follow agreed process has been reiterated to the teams involved.  In progress - Work is underway with the Mosaic & Oracle Fusion teams to separate 3rd party top ups to ensure invoices are sent to the correct person. Use of separate codes will create greater visibility for improved debt controls.	29/06/2022	51 to 75	Amber		
94	269 22/23	DACHS	Client Contributions	It needs to be ensured that invoices have sufficient detail on them to allow service users/their representatives to identify which service they relate to and for what period.  FAB Team (and PBST) need to be involved and input into the wider process of implementing the interface between Mosaic and new financial system.	22/23	17/06/2022	Tracy Maskell, Senior Entitlement & Assessment Officer  Steve Saunders, Principal Personal Budgets Officer	Officers to implement separate budget codes for Interim funding, Deferred Payments & 3rd party top ups will be utilised to define the detail on invoices.  Complete - this is already in place. Bi-weekly project management meetings being attended. Work ongoing with the project team to substantiate which requirements are, & which aren't going to be available for go live.	29/06/2022	76 or more	Green		
95	270 22/23	DACHS	Client Contributions	Charging uplifts need to be checked in a timely manner and any issues addressed.  Also rate uplifts should be implemented automatically where possible rather than manually to reduce the possibility of errors.	22/23	17/06/2022	Tracy Maskell, Senior Entitlement & Assessment Officer	Officers to review the uplift process to be completed with the Mosaic Support Team & subsequent actions implemented. Review meetings have now been arranged.  Officers to analyse the advantages and disadvantages of automated rate uplifts and take appropriate action.	29/06/2022	51 to 75	Amber		
96	271 22/23	DACHS	Client Contributions	There should be regular review of progress of financial assessments and associated processes to ensure all service users are being assessed for their ability to contribute to their care costs and in a timely manner. Relevant reports should be available to assist with this process for example in relation to referrals and financial assessments.	22/23	17/06/2022	Steve Saunders Principal Personal Budget Support Officer	Complete - this is already in place. Unallocated work is reported on weekly. Report A10001 - 'FAB Assessments between dates' in place showing all financial assessment activity including time between incoming and completed. This report is now analysed weekly.	29/06/2022	Complete	Green		
										25 or less		16	16.7%
										26-50		11	11.5%
										51-75		30	31.3%
										76+		21	21.9%
										Complete		18	18.8%
										Total		96	

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**REPORT BY DIRECTOR OF FINANCE**

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE</b>		
<b>DATE:</b>	<b>19<sup>th</sup> JULY 2022</b>		
<b>TITLE:</b>	<b>ANNUAL TREASURY MANAGEMENT REVIEW 2021/22</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR TERRY</b>	<b>PORTFOLIO:</b>	<b>CORPORATE SERVICES AND RESOURCES</b>
<b>SERVICE:</b>	<b>FINANCE</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
<b>LEAD OFFICER:</b>	<b>STUART DONNELLY</b>	<b>TEL:</b>	
<b>JOB TITLE:</b>	<b>FINANCIAL PLANNING &amp; STRATEGY MANAGER</b>	<b>E-MAIL:</b>	<a href="mailto:stuart.donnelly@reading.gov.uk">stuart.donnelly@reading.gov.uk</a>

**1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 The Council adopted a Treasury Management Strategy and an Annual Investment Strategy for 2021/22 at its meeting on 23<sup>rd</sup> February 2021.
- 1.2 The Treasury Management Strategy requires an Annual Outturn Report reviewing the Treasury Management activity which took place during the year. This report addresses that requirement covering the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.
- 1.3 The Council has continued to finance capital expenditure through maximising the use of capital receipts, capital grants and internal borrowing. During 2021/22 no long or short term loans were taken out during the year.
- 1.4 The Council did not experience any significant cashflow difficulties during the year as although cash inflows continued to be reduced as a result of income losses due to the Covid 19 pandemic, particularly from chargeable services such as car parking, they were more than offset by the receipt of additional one-off grant funding from Central Government and slippage in the Capital Programme.
- 1.5 Overall, the Council was under borrowed by £206.614 million as at 31<sup>st</sup> March 2022. As a consequence, the Council has effectively avoided the requirement to budget for and incur external interest costs in the order of £7.000 million during 2021/22, based on the average rate for the existing debt portfolio of 3.39%.
- 1.6 Against the 2021/22 General Fund budget the Capital Financing budget came in online as reported in the 2021/22 Quarter 4 Performance report to Policy Committee on 11<sup>th</sup> July 2022. This budget includes interest payable, interest receivable and Minimum Revenue Provision (MRP), the setting aside of revenue funds for the future repayment of outstanding borrowing.
- 1.7 The Council did not breach any of its treasury management performance indicators during 2021/22.

1.8 Further detail supporting this report is included in the following appendices:

- Appendix 1 - Borrowing Portfolio
- Appendix 2 - Investment Portfolio

## 2. RECOMMENDED ACTION

**That the Committee notes:**

2.1 The content of the Treasury Management Outturn Report for 2021/22.

## 3. POLICY CONTEXT

- 3.1 The Council is required by regulations issued under the Local Government Act 2003 to review and report on its treasury management activity and achievement against its prudential and treasury indicators on an annual basis. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 3.2 The regulatory environment places responsibility on Members for the review and scrutiny of the Council's Treasury Management Policy and activities. This report facilitates that process providing details of the Council's 2021/22 treasury management activity.

## 4. CAPITAL EXPENDITURE AND FINANCING

- 4.1 The Council undertakes capital expenditure on long-term assets. This expenditure may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which have no impact on the Council's borrowing need; or
  - Financed by borrowing. This is funded either through actual external borrowing for example from the Public Works Loans Board (PWLB) or through internal borrowing from the Council's own cash resources.
- 4.2 Tables 1 & 2 below show the Council's actual capital expenditure and how this was financed.

**Table 1. Capital Expenditure and Financing - General Fund**

General Fund	2020/21 Actual (£m)	2021/22 Original Estimate (£m)	2021/22 Actual (£m)
Capital Expenditure	36.721	88.153	48.701
Financed by:			
Capital Receipts	(3.278)	(2.362)	(2.421)
Government Grants & Other Contributions	(30.416)	(44.850)	(33.147)
Direct Revenue Financing	(0.153)	0.000	(1.998)
<b>Net Borrowing Requirement</b>	<b>2.874</b>	<b>40.941</b>	<b>11.135</b>

**Table 2. Capital Expenditure and Financing - Housing Revenue Account (HRA)**

HRA	2020/21 Actual (£m)	2021/22 Original Estimate (£m)	2021/22 Actual (£m)
Capital Expenditure	16.053	39.675	20.740
Financed by:			
Capital Receipts	(0.776)	(0.000)	(1.941)
Government Grants & Other Contributions	(1.804)	(6.145)	(6.278)
Direct Revenue Financing	(0.249)	(0.000)	(0.384)
Major Repairs Reserve	(10.799)	(10.710)	(7.760)
Net Borrowing Requirement	2.425	22.820	4.377

## 5 THE COUNCIL'S BORROWING NEED

- 5.1 The Council's underlying need to borrow, or net borrowing requirement is termed the Capital Financing Requirement (CFR).
- 5.2 In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2021/22) plus the estimate of any additional capital financing requirement for the current (2022/23) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. Table 3 below highlights the Council's gross borrowing position against the CFR for 2021/22. The Council has complied with this prudential indicator.

**Table 3. Gross Borrowing and the CFR**

	31 <sup>st</sup> March 2021 Actual (£m)	2021/22 Estimate (£m)	31 <sup>st</sup> March 2022 Actual (£m)
Gross Borrowing	394.441	479.149	387.180
PFI Liabilities	25.270	24.261	24.261
<b>Total Gross Borrowing</b>	<b>419.711</b>	<b>503.410</b>	<b>411.441</b>
CFR - General Fund	398.580	442.444	401.526
CFR - HRA	187.891	218.516	192.268
<b>Total CFR</b>	<b>586.471</b>	<b>660.960</b>	<b>593.794</b>
<b>(Under)/Over Funding of CFR</b>	<b>(166.760)</b>	<b>(157.550)</b>	<b>(182.353)</b>
<b>(Under)/Over Borrowing (exc PFI)</b>	<b>(192.030)</b>	<b>(181.811)</b>	<b>(206.614)</b>

- 5.3 The movement in gross borrowing in 2021/22 is explained in paragraphs 6.3-6.5.
- 5.4 The 2021/22 prudential indicators for gross borrowing were set as part of the Treasury Management Strategy report to Council on 23<sup>rd</sup> February 2021. The Council's performance against these indicators is set out below, neither the Authorised Limit nor the Operational Boundary were breached in 2021/22:

**Table 4. Gross Borrowing v Operational Boundary and Authorised Limit**

Authorised Limit (£m)	Operational Boundary (£m)	Maximum Gross Borrowing Position During the Year (£m)	Average Gross Borrowing Position (£m)
720.960	680.960	394.441	393.719

- 5.5 Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue budget. This indicator for 2021/22 for the General Fund and the HRA was set at 12.70%. The actual performance against this indicator for 2021/22 was 10.10% which reflects the reported underspend on the combined General Fund and HRA revenue Capital Financing budget reported at Outturn.

## 6 DEBT AND INVESTMENT PORTFOLIO

- 6.1 The Council's treasury management debt and investment position is managed by the Treasury Management Team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting to Audit and Governance Committee and through officer activity detailed in the Council's Treasury Management Practices.

### Outturn Position

- 6.2 At the end of 2021/22 the Council's treasury position (excluding borrowing by PFI and finance leases) was as follows:

**Table 5. Treasury Position as at 31<sup>st</sup> March**

General Fund & HRA	31 <sup>st</sup> March 2021			31 <sup>st</sup> March 2022		
	Principal (£m)	Average Rate %	Average Life Remaining Years	Principal (£m)	Average Rate %	Average Life Remaining Years
<b>Fixed Rate Loans</b>						
PWLB	359.620	3.26	30	357.180	3.27	30
Market	30.000	4.18	49	30.000	4.18	48
<b>Variable Rate Loans</b>						
PWLB	4.821	0.00	1	0.000	N/A	N/A
<b>Total Debt</b>	<b>394.441</b>	<b>3.31</b>	<b>32</b>	<b>387.180</b>	<b>3.39</b>	<b>32</b>
<b>Total Investments</b>	<b>103.299</b>	<b>3.19</b>		<b>115.921</b>	<b>3.18</b>	
<b>Net Debt</b>	<b>291.142</b>			<b>271.259</b>		

### Borrowing

- 6.3 No new borrowing was undertaken during 2021/22.
- 6.4 During 2021/22 principal repayments on long-term loans totalling £7.261 million were made.
- 6.5 The net change in the gross borrowing position between 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022 was therefore a decrease of £7.261 million.

### Borrowing in Advance of Need

- 6.6 The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

## Debt Rescheduling

- 6.7 No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
- 6.8 The maturity structure of the debt portfolio as at 31<sup>st</sup> March 2022 is set out in Tables 6 and 7 below. The limits are set to control the Council's exposure to refinancing risk.

**Table 6. Maturity Structure of the Debt Portfolio (Fixed Interest rate debt)**

General Fund	31 <sup>st</sup> March 2021 Actual (£m)	2021/22 Original Upper Limit (%)	2021/22 Original Lower Limit (%)	31 <sup>st</sup> March 2022 Actual (£m)	2021/22 Actual (%)
Under 12 months	2.440	10	0	2.340	1
12 months and within 2 years	2.340	20	0	2.340	1
2 years and within 5 years	6.340	20	0	17.500	5
5 years and within 10 years	19.500	30	0	19.000	5
10 years and within 20 years	42.000	40	0	44.000	11
20 years and within 30 years	74.000	50	0	89.000	23
30 years and within 40 years	133.000	60	0	118.000	30
Over 40 years	110.000	60	0	95.000	25
<b>Total</b>	<b>389.620</b>			<b>387.180</b>	

**Table 7. Maturity Structure of the Debt Portfolio (Variable Interest rate debt)**

General Fund	31 <sup>st</sup> March 2021 Actual (£m)	2021/22 Original Upper Limit (%)	2021/22 Original Lower Limit (%)	31 <sup>st</sup> March 2022 Actual (£m)	2021/22 Actual (%)
Under 12 months	4.821	100	0	0.000	0
12 months and within 2 years	0.000	100	0	0.000	0
2 years and within 5 years	0.000	100	0	0.000	0
5 years and within 10 years	0.000	100	0	0.000	0
10 years and within 20 years	0.000	100	0	0.000	0
20 years and within 30 years	0.000	100	0	0.000	0
30 years and within 40 years	0.000	100	0	0.000	0
Over 40 years	0.000	100	0	0.000	0
<b>Total</b>	<b>4.821</b>			<b>0.000</b>	

## Investments

- 6.9 The Council's Investment Policy is informed by the Department for Levelling Up, Housing and Communities (DLUHC) investment guidance, which was incorporated into the Annual Investment Strategy approved by the Council on 23<sup>rd</sup> February 2021. This Policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data.
- 6.10 The investment activity during the year conformed to the approved Strategy, and the Council had no liquidity difficulties. The increase in investments held as at 31<sup>st</sup> March 2022 compared to 31<sup>st</sup> March 2021 are due to the receipt of additional one-off grant funding from Central Government and slippage in the Capital Programme.

- 6.11 Treasury investments, including property funds, earned an average rate of 0.33%. The comparable performance indicator is the average bank rate, which was 0.19%.
- 6.12 The Council's budgeted General Fund investment return for 2021/22 was £1.140 million, actual General Fund interest received from investments in 2021/22 was £0.097 million, a £1.043 million under achievement compared to budget, in part due to the rescheduling of a number of loans to Reading Transport to allow repayments to be made over a longer timeframe to aid their cashflow position.
- 6.13 The position on interest income must be compared with external interest costs payable. The Council paid General Fund external interest costs of £7.447 million against a budget of £9.231 million; a £1.784 million positive variance against the General Fund budget. The net General Fund position on interest receivable/payable is therefore an underspend of £0.741 million. This has been accounted for in the overall revenue General Fund outturn position for 2021/22.
- 6.14 The Council's investment position as at 31<sup>st</sup> March 2022 is detailed at Appendix 2 and summarised as follows:

**Table 8. Investment Portfolio**

	31 <sup>st</sup> March 2021 (£m)	31 <sup>st</sup> March 2021 (%)	31 <sup>st</sup> March 2022 (£m)	31 <sup>st</sup> March 2022 (%)
<b>Treasury Investments</b>				
Banks	20.467	31%	12.748	16%
Building Societies - rated	0.000	0%	0.000	0%
Building Societies - unrated	0.000	0%	0.000	0%
Local Authorities	0.000	0%	0.000	0%
DMADF (HM Treasury)	0.000	0%	0.000	0%
Fixed Term Deposits	0.000	0%	15.000	19%
Money Market Funds (MMF)	31.511	47%	37.452	47%
<b>Total Managed In-house</b>	<b>51.511</b>	<b>78%</b>	<b>65.200</b>	<b>81%</b>
<b>Total Managed Externally - Property Funds</b>	<b>15.000</b>	<b>22%</b>	<b>15.000</b>	<b>19%</b>
<b>Total Treasury Investments</b>	<b>66.978</b>	<b>100%</b>	<b>80.200</b>	<b>100%</b>
<b>Non-Treasury Investments</b>				
Subsidiaries/Companies	36.321	100%	35.721	100%
<b>Total Non-Treasury Investments</b>	<b>36.321</b>	<b>100%</b>	<b>36.321</b>	<b>100%</b>
<b>Total - All Investments</b>	<b>103.299</b>	<b>100%</b>	<b>115.921</b>	<b>100%</b>

- 6.15 The maturity structure of the investment portfolio as at 31<sup>st</sup> March was as follows:

**Table 9. Maturity Structure of the Investment Portfolio**

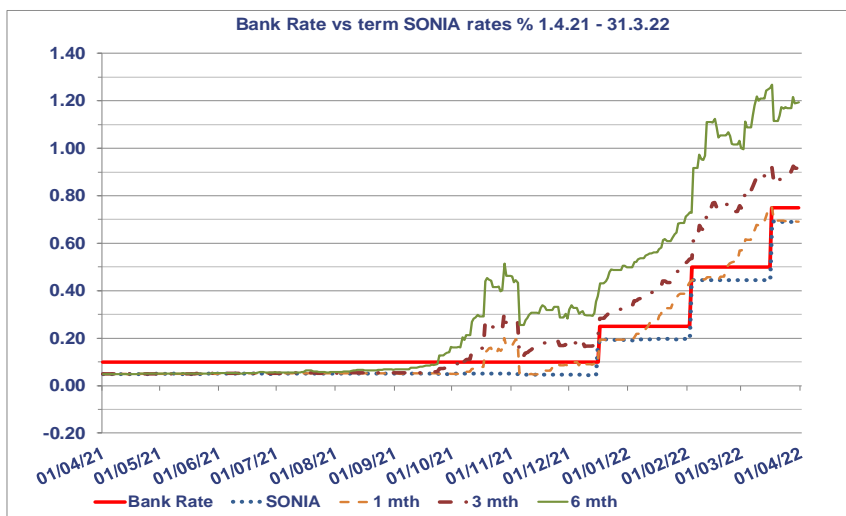
	31 <sup>st</sup> March 2021 (£m)	31 <sup>st</sup> March 2022 (£m)
Up to 1 year	52.578	82.100
Longer than 1 year	50.721	33.821
<b>Total</b>	<b>103.299</b>	<b>115.921</b>

## 7 TREASURY MANAGEMENT STRATEGY 2021/22

### Investment Strategy and Control of Interest Rate Risk

- 7.1 Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending nationally. The expectation for interest rates within the Treasury Management Strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the rates introduced at the start of the Covid-19 pandemic were no longer needed.
- 7.2 The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impacts on their cashflow. The Government also supplied significant amounts of grant funding to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the effects of growing levels of inflation (CPI was 6.2% in February).
- 7.3 The Council did not add to its long-term investment portfolio in 2021/22, as the levels of surplus cash were relatively low in year due to its strategy of using cash funds to fund the Capital Programme ahead of external borrowing. In addition, whilst fees and charges income continued to be impacted in 2021/22 by the Covid-19 pandemic this has been more than compensated for by additional grant funding. Given the on-going uncertainty around the pandemic it was decided to invest any surplus cash on a short-term basis to ensure that it was accessible for in-year cash flow requirements.
- 7.4 Investment balances have been kept to a minimum in accordance with the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the chart shown below.

**Chart 1. Bank Rate vs SONIA (Sterling Overnight Index Average) 2021/22**



## Borrowing Strategy and Control of Interest Rate Risk

- 7.5 As set out above, during 2021/22 the Council maintained an under-borrowed position, i.e. the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow were used on an interim basis. As set out above, this strategy was prudent as available investment returns were lower than the cost of borrowing and therefore a cost of carry was avoided. An additional benefit was that an increased counterparty risk was avoided by not having to place additional investments.
- 7.6 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review by the Treasury Management Team and the Council's s151 Officer to ensure the Council's financial position in overall terms was protected.
- 7.7 Interest rate forecasts expected only gradual rises in medium and longer-term fixed borrowing rates during 2021/22 and the two subsequent financial years until the turn of the year, when inflation concerns increased significantly. Internal, variable, or short-term rates, were expected to be the cheaper form of borrowing until well in to the second half of 2021/22.
- 7.8 PWLB rates are determined by gilt (UK Government bonds) yields, with HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. Recently, yields have risen since the turn of the year on the back of global inflation concerns.
- 7.9 Gilt yields fell sharply from the spring of 2021 through to September and then spiked back up before falling again through December. However, by January sentiment had well and truly changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices resulting from the Russian invasion of Ukraine.
- 7.10 At the close of the day on 31<sup>st</sup> March 2022, all gilt yields from 1 to 5 years were between 1.11% - 1.45% while the 10-year and 25-year yields were at 1.63% and 1.84%.
- 7.11 The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate for a fifth consecutive meeting in June 2022, taking it to 1.25%, the highest it has been since January 2009. Further 0.25% increases are expected in each of the next six meetings. When Bank Rate reached 1% in May 2022, the MPC indicated that it will also consider the extent to which it implements Quantitative Tightening (no earlier than August), primarily the selling of its £895bn stock of gilt and corporate bonds back into the market over several years. It is difficult to say currently what effect this will have on gilt yields but the MPC is likely to act cautiously as it has already started on not refinancing maturing debt.



## **8 OTHER ISSUES**

### **International Financial Reporting Standard (IFRS) 9 Financial Instruments - Fair Value of Investments**

- 8.1 Local Authorities were required to apply IFRS 9 from 1<sup>st</sup> April 2018. The aim of this standard is for all financial instruments to be reported on a fair value basis. Following a consultation undertaken by the Department of Levelling Up, Communities and Housing (DLUHC) on IFRS 9, the Government introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds, following implementation of this standard. Under IFRS 9 if the value of an asset falls this would need to be recognised as a charge against the General Fund revenue budget. The override means that councils must still record the value of their assets, including a note in the Statement of Accounts disclosing the value of any unrecognised losses but they do not have to charge it to their revenue account. The statutory override is effective for all English Local Authorities and applies for five years from 1<sup>st</sup> April 2018. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.
- 8.2 In 2021/22, the Council had a net unrealised gain of £2.545 million relating to the £15.000 million investment in the CCLA Property Fund. Due to the override being in place, there was no impact on the General Fund.

## **9 CONTRIBUTION TO STRATEGIC AIMS**

- 9.1 The Council's vision is to ensure that Reading realises its potential - and to ensure that everyone who lives and works in Reading can share the benefits of its success. The Council has three inter-connected themes which contribute to delivering this vision. The themes are:
- Healthy environment;
  - Thriving communities;
  - Inclusive economy.
- 9.2 Delivery of the Council's revenue and capital budgets is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward. The treasury management functions are crucial in ensuring that the Council has access to funds when required and in investing surplus funds in secure investments.

## **10 ENVIRONMENTAL AND CLIMATE IMPLICATIONS**

- 10.1 The Council's Treasury Management Strategy sets out that the Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's Corporate Plan and values. This would include institutions with material links to:
- human rights abuse (e.g. child labour, political oppression)
  - environmentally harmful activities (e.g. pollution, destruction of habitat, fossil fuels)
  - socially harmful activities (e.g. tobacco, gambling)

10.2 The Council has provided loans totalling £1.7m to Reading Transport Limited to specifically fund improvements to their existing fleet of buses in respect of hybrid fuel conversions which produce lower emissions.

## **11 COMMUNITY ENGAGEMENT AND INFORMATION**

11.1 Budget-related communications and consultations will continue to be a priority over the next three years as we work to identify savings

## **12 EQUALITY IMPACT ASSESSMENT**

12.1 None have been identified as arising directly from this report.

## **13 LEGAL IMPLICATIONS**

13.1 None have been identified as arising directly from this report.

## **14 FINANCIAL IMPLICATIONS**

14.1 The financial implications are set out in the body of the report.

## **15 BACKGROUND PAPERS**

15.1 None

## Appendix 1 - Borrowing Portfolio as at 31<sup>st</sup> March 2022

Lender	Start Date	Maturity Rate	Amount £m	Interest Rate	Annual Interest* £m
<b>Public Works Loan Board (PWLB)</b>					
PWLB	01/10/19	02/10/62	5.000	1.64%	0.0820
PWLB	01/10/19	01/10/63	5.000	1.63%	0.0815
PWLB	07/10/19	07/10/66	5.000	1.63%	0.0815
PWLB	07/10/19	08/10/68	5.000	1.63%	0.0815
PWLB	11/03/20	25/09/69	15.000	2.07%	0.3105
PWLB	26/03/18	25/03/68	15.000	2.28%	0.3420
PWLB	01/04/19	01/04/64	10.000	2.20%	0.2200
PWLB	27/09/18	25/09/43	15.000	2.82%	0.4230
PWLB	27/09/18	27/09/49	15.000	2.79%	0.4185
PWLB	11/03/19	11/03/66	15.000	2.38%	0.3570
PWLB	13/03/19	13/03/37	5.000	2.42%	0.1210
PWLB	13/03/19	13/03/57	5.000	2.42%	0.1210
PWLB	13/05/05	25/09/51	2.000	4.15%	0.0830
PWLB	11/01/06	25/09/55	5.000	3.90%	0.1950
PWLB	23/01/06	25/09/55	5.000	3.70%	0.1850
PWLB	23/05/06	25/09/47	2.000	4.20%	0.0840
PWLB	19/07/06	25/03/52	20.000	4.25%	0.8500
PWLB	20/09/06	25/09/51	5.000	4.20%	0.2100
PWLB	28/09/06	25/09/52	10.000	4.05%	0.4050
PWLB	08/03/07	25/03/53	10.000	4.25%	0.4250
PWLB	08/03/07	25/03/54	10.000	4.25%	0.4250
PWLB	05/08/08	25/03/58	2.000	4.48%	0.0896
PWLB	15/08/08	25/09/57	6.000	4.39%	0.2634
PWLB	02/12/08	25/09/58	10.000	4.12%	0.4120
PWLB	20/08/09	25/03/59	5.000	4.20%	0.2100
PWLB	19/08/10	25/03/24	0.680	2.70%	0.0184
PWLB	31/08/10	25/03/60	10.000	3.92%	0.3920
PWLB	14/07/11	25/03/26	2.000	3.59%	0.0718
PWLB	15/09/11	25/03/31	4.500	3.35%	0.1508
PWLB	28/03/12	25/03/51	12.000	3.53%	0.4236
PWLB	28/03/12	25/09/26	12.000	2.97%	0.3564
PWLB	28/03/12	25/03/50	15.000	3.53%	0.5295
PWLB	28/03/12	25/03/41	15.000	3.49%	0.5235
PWLB	28/03/12	25/03/61	15.000	3.48%	0.5220
PWLB	28/03/12	25/03/32	12.000	3.30%	0.3960
PWLB	28/03/12	25/09/41	15.000	3.49%	0.5235
PWLB	28/03/12	25/09/51	3.000	3.52%	0.1056
PWLB	28/03/12	25/03/62	15.000	3.48%	0.5220
PWLB	28/03/12	25/03/41	19.000	2.99%	0.5681
<b>Total PWLB Loans</b>			<b>357.180</b>		<b>11.580</b>

Lender	Start Date	Maturity Rate	Amount £m	Interest Rate	Annual Interest* £m
<b>LOBO/Other Loans</b>					
Eurohypo	19/05/05	19/11/54	5.000	4.32%	0.2160
Barclays Bank plc	06/12/05	06/12/55	5.000	3.99%	0.1995
Bayerische Landesbank	20/09/07	20/12/77	5.000	4.18%	0.2090
Bayerische Landesbank	20/09/07	20/12/77	5.000	4.18%	0.2090
Eurohypo	24/09/07	24/09/77	5.000	4.20%	0.2100
Dexia	30/01/08	31/01/78	5.000	4.19%	0.2095
<b>Total LOBO/Other Loans</b>			<b>30.000</b>		<b>1.253</b>
<b>Total - All Loans</b>					
			<b>387.180</b>		<b>12.833</b>

\*Annual interest - Total amount of annual interest payable per loan outstanding as at 31<sup>st</sup> March 2022. This won't equal the amount of interest paid during 2021/22 - as the total loan portfolio has changed during the year.

## Appendix 2 - Investment Portfolio as at 31<sup>st</sup> March 2022

Borrower	Amount £m	Interest rate	LAs Credit Rating
<b>Treasury Investments</b>			
Lloyds Bank Plc (RFB) - current a/c	0.413	0.00%	A+
Santander UK Plc	12.335	0.23%	A
SLI Sterling Liquidity/Cl 2	6.180	0.51%	AAA
CCLA The Public Sector Deposit Fund	20.000	0.58%	AAA
Federated Prime Rate Sterling Liquidity 4	11.272	0.51%	AAA
CCLA Local Authorities Property Fund	15.000	4.47%	N/A
Qatar National Bank - Fixed Term Deposit	15.000	0.94%	Non UK A
<b>Total Treasury Investments</b>	<b>80.200</b>		
<b>Non-Treasury Investments</b>			
Brighter Futures for Children Ltd	5.000	1.81%	N/A
Homes for Reading Ltd	1.100	3.25%	N/A
Homes for Reading Ltd	0.400	3.38%	N/A
Homes for Reading Ltd	0.800	3.59%	N/A
Homes for Reading Ltd	0.700	3.58%	N/A
Homes for Reading Ltd	0.800	3.62%	N/A
Homes for Reading Ltd	0.800	3.57%	N/A
Homes for Reading Ltd	2.000	3.48%	N/A
Homes for Reading Ltd	3.000	3.41%	N/A
Homes for Reading Ltd	4.000	3.19%	N/A
Homes for Reading Ltd	2.000	3.38%	N/A
Homes for Reading Ltd	1.300	3.51%	N/A
Homes for Reading Ltd	7.000	3.75%	N/A
Reading Transport Ltd	4.609	5.00%	N/A
Reading Transport Ltd	0.500	5.00%	N/A
Reading Transport Ltd	0.490	5.00%	N/A
Reading Transport Ltd	0.207	5.00%	N/A
Reading Transport Ltd	0.164	5.00%	N/A
Reading Transport Ltd	0.151	5.00%	N/A
Reading Transport Ltd	0.700	5.00%	N/A
<b>Total Non-Treasury Investments</b>	<b>35.721</b>		
<b>Total Investments*</b>	<b>115.921</b>		

\*Values above do not include lease agreements with Reading Transport Ltd.

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**REPORT BY DIRECTOR OF FINANCE**

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	<b>19<sup>th</sup> JULY 2022</b>		
<b>TITLE:</b>	<b>QUARTER 4 PERFORMANCE REPORT (2021/22)</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR TERRY</b>	<b>PORTFOLIO:</b>	<b>CORPORATE SERVICES AND RESOURCES</b>
<b>SERVICE:</b>	<b>FINANCE</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
	<b>CORPORATE IMPROVEMENT AND CUSTOMER SERVICES</b>		
<b>LEAD OFFICER:</b>	<b>STUART DONNELLY</b>	<b>TEL:</b>	
<b>JOB TITLE:</b>	<b>FINANCIAL PLANNING &amp; STRATEGY MANAGER</b>	<b>E-MAIL:</b>	<a href="mailto:stuart.donnelly@reading.gov.uk">stuart.donnelly@reading.gov.uk</a>

**1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 The 2021/22 Quarter 4 Performance and Monitoring Report was presented to Policy Committee on 11<sup>th</sup> July 2022. This report sets out the provisional revenue and capital outturn positions for the Council’s General Fund and Housing Revenue Account (HRA) for 2021/22. Further changes are not expected at this stage however the outturn is subject to audit and any material issues arising will need to be adjusted for.
- 1.2 The report also sets out performance against the measures of success published in the Council’s Corporate Plan.

**2. RECOMMENDED ACTION**

**That Audit & Governance Committee note:**

- 2.1 The 2021/22 Quarter 4 Performance and Monitoring Report and the recommendations set out and approved by Policy Committee on 11<sup>th</sup> July 2022.

**READING BOROUGH COUNCIL**  
**REPORT BY DIRECTOR OF FINANCE**

<b>TO:</b>	<b>POLICY COMMITTEE</b>		
<b>DATE:</b>	<b>11<sup>th</sup> JULY 2022</b>		
<b>TITLE:</b>	<b>QUARTER 4 PERFORMANCE REPORT (2021/22)</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR TERRY</b>	<b>PORTFOLIO:</b>	<b>CORPORATE SERVICES AND RESOURCES</b>
<b>SERVICE:</b>	<b>FINANCE</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
	<b>CORPORATE IMPROVEMENT AND CUSTOMER SERVICES</b>		
<b>LEAD OFFICER:</b>	<b>STUART DONNELLY</b>	<b>TEL:</b>	
<b>JOB TITLE:</b>	<b>FINANCIAL PLANNING &amp; STRATEGY MANAGER</b>	<b>E-MAIL:</b>	<a href="mailto:stuart.donnelly@reading.gov.uk">stuart.donnelly@reading.gov.uk</a>

**1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

1.1 This report sets out the provisional revenue and capital outturn positions for the Council's General Fund and Housing Revenue Account (HRA) for 2021/22. Further changes are not expected at this stage however the outturn is subject to audit and any material issues arising will need to be adjusted for.

**General Fund (Revenue)**

1.2 The budget for 2021/22 was prepared at the height of the Covid-19 pandemic during a period of extreme uncertainty. It included £20.208m of savings to be delivered and the planned use of £2.776m of earmarked reserves to deliver a balanced budget position. Total service expenditure was budgeted at £124.799m.

1.3 The actual outturn position is positive net variance of £3.177m as set out below, inclusive of £1.138m of net transfers from reserves approved under delegated authority by the Director of Finance.

1.4 The actual outturn position for net service expenditure is £131.132m, inclusive of approved net transfers from reserves of £1.936m, resulting in an adverse net variance of £6.033m. This is an improvement of £1.963m from the projected outturn position reported to Policy Committee in March. The £6.033m adverse variance includes adverse variances of £2.664m within Adult Care and Health Services and of £3.447m within Economic Growth and Neighbourhood Services, which are offset by positive variances of £0.078m on other service budgets. Brighter Futures for Children delivered within the contract sum. Detailed explanations for these variances are contained in sections 4.1 to 4.69 of this report.

1.5 It has previously been agreed that the full overspend on services will be met from a combination of the £4.523m general Covid-19 support grant (contained within Other Corporate Budgets) and £3.844m corporate contingencies. There is no longer a requirement to make the £2.776m call on reserves that was previously approved.



- 1.6 The actual outturn position on Corporate Budgets is a positive net variance of £9.210m, an improvement of £0.940m from the position reported to Policy Committee in March. This position includes £0.798m of approved net transfers to reserves.
- 1.7 It was previously assumed that the positive variance on Corporate Budgets would be required to fund the adverse variance on service expenditure. However, mainly as a result of the adverse variance on service expenditure being lower than anticipated there is now an overall surplus of £3.177m as set out in paragraph 1.3.
- 1.8 Services have submitted one carry forward request totalling £0.050m as set out in paragraph 5.1. If this request is approved this will leave a remaining surplus of £3.127m that will be added to earmarked reserves. It is recommended that this balance is transferred to the Capital Financing Smoothing Reserve per paragraph 5.2 to fund capital projects that are currently on hold in 2022/23 pending the identification of funding.
- 1.9 The original budget for 2021/22 included assumed savings of £20.208m, including £5.125m of savings brought forward from the previous year. A total of £14.319m of ongoing savings were delivered in 2021/22, and £3.844m of savings were removed as part of the 2022/23 budget setting process on the basis that they were no longer deemed deliverable. This leaves a residual balance of £2.045m to be carried forward for delivery in future years
- 1.10 This balance of £2.045m will be added to the £8.179m of savings already included in the 2022/23 budget to give a revised savings target of £10.224m. Savings delivery will continue to be monitored and reported on regularly throughout 2022/23.

### **Housing Revenue Account**

- 1.11 The provisional outturn for the Housing Revenue Account (HRA) is a positive net variance compared to budget of £0.387m which results in a net drawdown from HRA reserves of £1.502m, comprised of a drawdown of £1.575m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve.

### **Capital**

- 1.12 The provisional General Fund Capital Programme outturn is a £46.039m positive variance against the adjusted budget of £94.738m.
- 1.13 It is recommended that an increase to the Renewable Energy scheme 2022/23 budget within the Capital Programme of £0.852m is approved as set out in paragraph 7.7
- 1.14 The provisional HRA Capital Programme outturn is a £7.352m positive variance against the adjusted budget of £28.092m.

### **Performance**

- 1.15 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.16 Further detail supporting this report is included in the following appendices:
  - Appendix 1 - General Fund Outturn;
  - Appendix 2 - Housing Revenue Account (HRA) Outturn;
  - Appendix 3 - Capital Programme Outturn;
  - Appendix 4 - Savings;
  - Appendix 5 - Delivery Fund;
  - Appendix 6 - Reserves Position as at 31<sup>st</sup> March 2022;

- Appendix 7 - Corporate Plan Measures for Quarter 4;
- Appendix 8 - Corporate Plan Measures for Quarter 4 (Charts);
- Appendix 9 - Corporate Plan Projects for Quarter 4;
- Appendix 10 - Debt Write-Offs.

## 2. RECOMMENDED ACTION

### That Policy Committee notes:

- 2.1 The provisional General Fund revenue outturn position for 2021/22 is a £3.177m positive net variance;
- 2.2 The provisional Housing Revenue Account outturn position for 2021/22 is a net £1.502m transfer from HRA Reserves;
- 2.3 The provisional General Fund Capital Programme outturn position for 2021/22 is a £46.039m positive net variance;
- 2.4 The provisional HRA Capital Programme outturn position for 2021/22 is a £7.352m positive net variance;
- 2.5 That £14.319m of agreed savings have been delivered in year with £2.045m of non-delivered savings being carried forward into future years;
- 2.6 That £2.421m of Capital Receipts have been used to fund transformation in accordance with the Capitalisation Directive (Appendix 5);
- 2.7 The performance achieved against the Corporate Plan success measures as set out in Section B of this report and Appendices 7-9.

### That Policy Committee approves:

- 2.8 The service request to roll-forward funds totalling £0.050m into 2022/23 to complete future programmes of work;
- 2.9 That the remaining balance of £3.127m is transferred to earmarked reserves as set out in Appendix 6;
- 2.10 The net roll-forwards of budget within the General Fund Capital Programme totalling £39.692m; resulting in a revised Capital Programme net budget of £131.765m for 2022/23;
- 2.11 Spend approval and an increase to the Renewable Energy scheme 2022/23 budget within the Capital Programme of £0.852m, specifically relating to the electric vehicle charging infrastructure at Bennet Road, to be funded from the Capital Financing Smoothing Reserve as set out in paragraph 7.7. This would increase the Capital Programme net budget to £132.617m;
- 2.12 The net roll-forwards of budget within the HRA Capital Programme totalling £7.353m; resulting in a revised HRA Capital Programme net budget of £35.555m for 2022/23;
- 2.13 The write-off of debts as set out in Appendix 10 relating to:
  - a) Non-Domestic Rates - £553,105.18;
  - b) Sundry Debt - £427,781.19;
  - c) Housing Benefit Overpayments - £50,690.31.

### 3. POLICY CONTEXT

- 3.1 The Council approved the 2021/22 Budget and Medium-Term Financial Strategy 2021/22 - 2023/24 in February 2021.
- 3.2 This report is structured into three parts. The first (Section A, paragraphs 4 to 12) reports on financial performance, the second (Section B, paragraph 13) reports on performance in delivering against the Corporate Plan, and the third (Section C paragraph 14) seeks the approval to write-off specific debts).

### A. FINANCIAL PERFORMANCE

#### 4. GENERAL FUND REVENUE SUMMARY

- 4.1 The provisional outturn position of the General Revenue Fund is a positive net variance of £3.177m against the net budget of £146.166m. This includes £1.138m of net transfers from reserves approved under delegated authority by the Director of Finance.

**Table 1. General Revenue Fund Summary by Directorate**

	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Adult Care & Health Services	38.247	42.903	4.656	(1.992)	2.664
Economic Growth and Neighbourhood Services	20.805	22.625	1.820	1.627	3.447
Resources	16.363	17.914	1.551	(1.571)	(0.020)
Chief Executive Services	1.568	1.550	(0.018)	0.000	(0.018)
Children's Services retained by the Council	0.724	0.684	(0.040)	0.000	(0.040)
Children's Services delivered by BfC	47.392	47.392	0.000	0.000	0.000
<b>Total Service Expenditure</b>	<b>125.099</b>	<b>133.068</b>	<b>7.969</b>	<b>(1.936)</b>	<b>6.033</b>
Capital Financing Costs	13.155	13.155	0.000	0.000	0.000
Contingency	3.844	0.000	(3.844)	0.000	(3.844)
Movement to/(from) Reserves	(2.776)	0.000	2.776	0.000	2.776
Other Corporate Budgets	6.844	(2.096)	(8.940)	0.798	(8.142)
<b>Total Corporate Budgets</b>	<b>21.067</b>	<b>11.059</b>	<b>(10.008)</b>	<b>0.798</b>	<b>(9.210)</b>
<b>Net Budget Requirement</b>	<b>146.166</b>	<b>144.127</b>	<b>(2.039)</b>	<b>(1.138)</b>	<b>(3.177)</b>
<b>Financed by:</b>					
Council Tax Income	(99.220)	(99.220)	0.000	0.000	0.000
NNDR Local Share	(32.095)	(32.095)	0.000	0.000	0.000
New Homes Bonus	(2.108)	(2.108)	0.000	0.000	0.000
Section 31 Grant	(3.549)	(3.549)	0.000	0.000	0.000
Revenue Support Grant	(2.040)	(2.040)	0.000	0.000	0.000
Other Government Grants	(6.739)	(6.739)	0.000	0.000	0.000
One-off Collection Fund (Surplus)/Deficit	(0.415)	(0.415)	0.000	0.000	0.000
<b>Total Funding</b>	<b>(146.166)</b>	<b>(146.166)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>(Positive)/Adverse Variance</b>	<b>0.000</b>	<b>(2.039)</b>	<b>(2.039)</b>	<b>(1.138)</b>	<b>(3.177)</b>

## Adult Care and Health Services

- 4.2 Adult Care and Health Services' provisional outturn position is an adverse net variance of £2.664m. This is an improvement of £0.484m from the Quarter 3 forecast.
- 4.3 The following table summarises the outturn position for 2021/22.

**Table 2. Adult Care and Health Services Outturn 2021/22**

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Commissioning & Improvement	0.877	0.712	(0.165)	0.000	(0.165)
Adult Social Care Operations	35.520	38.727	3.207	0.044	3.251
Public Health Services	0.000	2.615	2.615	(2.615)	0.000
Preventative Services	0.623	0.021	(0.602)	0.000	(0.602)
Directorate Other	1.227	0.828	(0.399)	0.579	0.180
<b>Total</b>	<b>38.247</b>	<b>42.903</b>	<b>4.656</b>	<b>(1.992)</b>	<b>2.664</b>

- 4.4 The explanation for these variances is set out below.

### **Adult Social Care - £2.664m adverse variance**

- 4.5 Adult Social Care's (Commissioning & Improvement, Adult Services Operations, Preventative Services and Directorate & Other) provisional outturn is an adverse net variance of £2.664m.

#### *Placements Budget*

- 4.6 There is an overall pressure of £3.844m on the placement budgets (inclusive of hospital discharges). This is an improvement of £0.747m from Quarter 3 inclusive of associated income budgets. £0.264m of this is linked to the Care Hotel recharges to CCG, that were not included in the Quarter 3 forecast. The remaining variance is due to the final figures being based on actual recharges, whereas throughout the year it is based on commitments in the Mosaic system. The movement in variance from Quarter 3 is 1.5 % of the budget.
- 4.7 The overall pressure is linked to savings programmes not delivered in 2021/22, that have been addressed in the 2022/23 Budget and 2022/23-2024-25 Medium Term Financial Strategy.

#### *Non-Placements Budget*

The pressures on placements budgets are partially offset by the following variances on non-placements budgets:

- £0.605m positive variance on the Personal Protective Equipment (PPE) budget not used within the year;
- £0.267m positive variance on the Equipment Budget through grant maximisation;
- £0.250m positive variance in respect of funding allocated for the '3 year voluntary care service funding scheme'. It was not possible to run the programme as expected due to Covid, and this has been recognised in 2022/23 and the money returned as part of the Medium Term Financial Strategy savings;

- £0.058m of adverse net variances across other service budgets.

4.8 The required roll-forwards of £0.579m of Better Care Funding and £0.044m of unspent Hoarding Grant are included within the above position.

#### Public Health - balanced budget

4.9 Public Health is reporting a balanced position which includes a drawdown from the Public Health Grant Reserve of £0.066m. The service has also drawn down £2.455m of Track & Trace and Contain Outbreak Management Fund grants and £0.236m of Rough Sleeping Drug & Alcohol Treatment Grant from the Revenue Grant Unapplied Reserve. This position also includes a roll forward of £0.142m of unspent Drug Treat Crime and Hard Reduction Grant to the Revenue Grant Unapplied Reserve.

#### Economic Growth and Neighbourhood Services

4.10 Economic Growth and Neighbourhood Services' provisional outturn position is an adverse net variance of £3.447m. This is an improvement of £1.031m from the Quarter 3 forecast.

4.11 The following table summarises the outturn position for 2021/22.

**Table 3. Economic Growth and Neighbourhood Services Outturn 2021/22**

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Transportation	0.777	2.308	1.531	0.965	2.496
Planning & Regulatory Services	2.401	3.228	0.827	0.000	0.827
Housing & Communities	1.457	0.691	(0.766)	0.537	(0.229)
Culture	5.082	4.802	(0.280)	0.125	(0.155)
Environmental & Commercial Services	13.564	14.078	0.514	0.000	0.514
Property & Asset Management	(3.199)	(3.296)	(0.097)	0.000	(0.097)
Management & Sustainability	0.723	0.814	0.091	0.000	0.091
<b>Total</b>	<b>20.805</b>	<b>22.625</b>	<b>1.820</b>	<b>1.627</b>	<b>3.447</b>

4.12 The explanation for these variances is set out below.

#### Transportation - £2.496m adverse variance

4.13 Transportation is reporting an adverse variance of £2.496m.

4.14 The total overspend arises mostly from an income shortfall of £1.501m in the aftermath of Covid-19.

4.15 The other main elements of the projected overspend relate to a £0.070m overspend against Fleet Services and £0.070m against Strategic Transport. The former relates to a recent increase in vehicle insurance rates, while the latter to an income shortfall arising now that Greenwave Bus Services have transferred from the Council to Reading Buses Ltd, which has been addressed in the 2022/23 Budget Build.

4.16 There are further net pressures totalling £0.370m across the service, arising from Parking Services contract costs of £0.250m and capital recharges not achievable due to a reduction in rechargeable works of £0.120m.

- 4.17 These pressures are partially offset by £0.485m of other positive net variances across the service.
- 4.18 The outturn position includes revenue contributions to capital totalling £0.935m, and a net transfer of £0.965m to the Revenue Grants Unapplied Reserve in respect of various unspent grant balances.

#### **Planning & Regulatory Services - £0.827m adverse variance**

- 4.19 Planning & Regulatory Services is reporting an adverse variance of £0.827m.
- 4.20 There is a net income shortfall of £0.251m across Planning and Regulatory Services.
- 4.21 Income shortfalls have materialised across building control (£0.197m), planning applications and planning fees (£0.219m), HMO licences (£0.151m), Consumer Trading (£0.056m).
- 4.22 These pressures are offset by overachievement of income across Premises & taxi license fees (£0.081m), Coroners (£0.283m) and miscellaneous Fees & Charges (£0.008m).
- 4.23 There are significant legal cases and public enquiries arising within the service; the one-off costs of which are £1.315m for 2021/22.
- 4.24 These pressures are partially mitigated by a staffing underspend due to additional vacancies arising within the service and lack of Agency staff availability to be brought in as temporary cover of £0.412m, £0.100m underspend on Agency & Consultants Budgets and £0.176m from Contain Outbreak Management Fund (COMF) relief, and further positive net variances across other service budgets.

#### **Housing & Communities - £0.229m positive variance**

- 4.25 Housing & Communities is reporting a £0.229m positive variance for the year.
- 4.26 The main variance is a positive variance of £0.327m on the Rent Guarantee Scheme Budget. This is partially offset by other adverse net variances of £0.098m across other service budgets.
- 4.27 The outturn position includes revenue contributions to capital totalling £0.240m, and transfers of £0.537m to the Revenue Grants Unapplied Reserve in respect of various unspent grant balances.

#### **Culture - £0.155m positive variance**

- 4.28 Culture is reporting a positive variance of £0.155m for the year.
- 4.29 The variance is comprised of:
- £0.047m of pressures relating to ticket sales in the Hexagon, due to Covid restrictions affecting ticket sales and some schools pulling out of Christmas shows;
  - £0.160m of income pressures relating to the Town Hall and South Street due to forecast income being less than anticipated. Bookings for function rooms and performances are significantly lower than expected equating to an underachievement in income of £0.056m in the Town Hall and £0.104 in South

Street due to low ticket sales, lower customer confidence and low numbers of performances.

- £0.084m under-achievement of income relating to Reading Play within Leisure Services which have been operating a limited service supporting SEND and key worker children. The services are now running however with limited take up;
- £0.062m pressures on running costs within the Parks service;
- £0.004m of other net pressures across the service.

4.30 The outturn position includes a net transfer of £0.125m to the Revenue Grants Unapplied Reserve in respect of various unspent grant balances.

4.31 These pressures are offset by:

- a £0.175m positive variance on staffing and supplies and services budgets within the Town Hall Operations and the Museum;
- a £0.145m saving on the new leisure contract. as it started three months later than was assumed when the budget was set;
- a £0.122m positive variance within the Archives service;
- a £0.036m positive variance within the Libraries service;
- a £0.034m positive variance within New Directions.

#### **Environmental & Commercial Services - £0.514m adverse variance**

4.32 Environmental & Commercial Services is reporting an adverse variance of £0.514m for the year.

4.33 Civil Engineering, Highways and Drainage are reporting a net pressure at outturn totalling £0.242m, predominantly relating to the cost of direct materials and disposal of waste material, this was partially mitigated by additional income of £0.100m.

4.34 Business Development is reporting an adverse variance of £0.157m due to continuing problems in achieving planning permission for new sites for advertising billboards & placeholders.

4.35 Refuse Collection is reporting an adverse variance of £1.010m, comprising:

- £0.550m due to 15 additional temporary staff being employed and an increase in agency staff usage and overtime to provide extra capacity due to more people working from home as a result of Covid-19 and to maintain the service during a period of high sickness absence;
- a £0.300m income pressure is linked to the suspension of Green Waste collection services during 2021/22;
- a £0.160m expenditure pressure due to the purchase of new replacement bins.

4.36 Grounds Maintenance is predicting an income shortfall of £0.319m due to a reduction in demand for commercial work including trees, landscaping and maintenance and is yet to

recover to pre Covid levels. Vacancies have been held within the team, and this is partly offsetting the impact of the income shortfall.

- 4.37 Waste Disposal is reporting a positive variance of £0.679m. This relates to the reduced landfill cost from increasing the food waste collections and an increase in the market for recycled materials.
- 4.38 Street Cleansing is reporting a positive variance of £0.535m due to staffing vacancies as well as additional income from the Contain Outbreak Management Fund for town-centre cleansing.

#### **Property & Asset Management - £0.097m positive variance**

- 4.39 Property & Asset Management is reporting a positive variance of £0.097m.
- 4.40 Commercial tenants' income is £0.086m lower than budgeted due to under occupancy of the Acre Park site.
- 4.41 Delays to the closure of Darwin Close, Hamilton Centre and the more efficient use of Bennet Road have resulted in deliverable savings relating to running costs of £0.080m against the target of £0.230m, resulting in an in-year adverse variance of £0.150m. The sale of Darwin Close completed in October 2021, therefore the full year saving will be realised from 2022/23.
- 4.42 For Non-Housing Projects, there is an adverse variance of £0.269m due to under recovery of income from recharges for time spent on capital projects.
- 4.43 Shops and garages are reporting a positive variance of £0.261m within supplies and services budgets and a £0.071m over-achievement of income.
- 4.44 The service also received £0.300m of Contain Outbreak Management Fund grant income that was not previously expected, to cover eligible expenditure.
- 4.45 There are other positive net variances totalling £0.056m across the service.
- 4.46 The outturn position includes revenue contributions to capital totalling £0.834m.

#### **Management & Sustainability - £0.091m adverse variance**

- 4.47 Management & Sustainability is reporting an adverse variance of £0.091m.
- 4.48 This variance is mainly due to £0.135m relating to costs associated with developing the Town Centre Strategy that cannot be charged to capital. This pressure is partially offset by £0.044m of other positive net variances across the service.

#### **Resources**

- 4.49 The Directorate of Resources' provisional outturn position is a positive net variance of £0.020m. This is an improvement of £0.375m from the Quarter 3 forecast.
- 4.50 The following table summarises the outturn position for 2021/22.



**Table 4. Resources Services Outturn 2021/22**

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Corporate Improvement & Customer Services	1.664	1.846	0.182	(0.201)	(0.019)
Human Resources & Organisational Development	1.674	1.629	(0.045)	0.031	(0.014)
Procurement & Contracts	0.559	0.491	(0.068)	0.000	(0.068)
Finance	4.278	4.033	(0.245)	0.000	(0.245)
Legal & Democratic Services	2.426	2.752	0.326	0.000	0.326
IT & Digital	5.762	7.163	1.401	(1.401)	0.000
<b>Total</b>	<b>16.363</b>	<b>17.914</b>	<b>1.551</b>	<b>(1.571)</b>	<b>(0.020)</b>

4.51 The outturn position includes drawdowns from the Capital Financing Smoothing Reserve of £0.201m and £1.401m into Corporate Improvement & Customer Services and IT & Digital respectively to fund expenditure that was previously assumed to be Capital. The resulting future year revenue savings on the Capital Financing budget in respect of Minimum Revenue Provision will be factored in to the 2023/24 Budget and 2023/24-2025/26 Medium Term Financial Strategy process.

4.52 The outturn position also includes a grant roll forward of £0.031m within Human Resources & Organisational Development relating to the Mass Fatalities grant within Emergency Planning.

4.53 The explanations for the material variances are set out below.

**Procurement & Contracts - £0.068m positive variance**

4.54 Procurement & Contracts is reporting a positive variance of £0.068m which primarily relates to the service not being able to utilise the one-off in-year budget of £0.050m for training to support the new Hub and Spoke Operating Model as a direct result of setting up the One Reading Community Hub in response to Covid-19.

4.55 The service has requested that the positive variance delivered in respect of the training budget is rolled forward in order to fund this training in 2022/23.

**Finance - £0.245m positive variance**

4.56 Finance is reporting a positive variance of £0.245m.

4.57 This variance consists of:

- a net pressure of £0.593m on staffing budgets within Accountancy and Accounts Payable, which is comprised of a positive variance on staffing budgets of £0.467m, offset by an adverse variance on interim staff of £1.060m;
- a net saving of £0.107m on Revenues & Benefits staffing budgets due to vacancies;
- £0.492m of additional new burdens grant income relating to Housing Benefits and Covid Grant administration;
- An overachievement of court costs recovery income of £0.147m;

- £0.092m of other positive net variances across the service.

### **Legal & Democratic Services - £0.326m adverse variance**

4.58 Legal & Democratic Services are reporting an adverse variance of £0.326m. This is due to increased temporary staff pending a service restructure, and additional planning support required.

### **Chief Executive Services**

4.59 Chief Executive Services provisional outturn position is a positive variance of £0.018m. This is an improvement of £0.033m from the Quarter 3 forecast.

4.60 The following table summarises the outturn position for 2021/22.

**Table 5. Chief Executive Services Outturn 2021/22**

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Corporate Management Team	0.853	0.841	(0.012)	0.000	(0.012)
Communications	0.715	0.709	(0.006)	0.000	(0.006)
<b>Total</b>	<b>1.568</b>	<b>1.550</b>	<b>(0.018)</b>	<b>0.000</b>	<b>(0.018)</b>

### **Children's Services retained by the Council**

4.61 Children's Services retained by the Council's provisional outturn position is a positive variance of £0.040m. This is an improvement of £0.040m from the Quarter 3 forecast.

### **Children's Services delivered by BFfC**

4.62 Brighter Futures for Children's (BFfC) have delivered within the contract sum for 2021/22.

### **Corporate Budgets**

4.63 Corporate Budgets are reporting a provisional positive net variance of £9.210m. this is an improvement of £0.940m from the Quarter 3 forecast.

4.64 The following table summarises the outturn position for 2021/22.

**Table 6. Corporate Budgets Outturn 2021/22**

Service	Budget	Outturn	Variance	Movement to/(from) Reserves	Adjusted Variance
	£m	£m	£m	£m	£m
Capital Financing	13.155	13.155	0.000	0.000	0.000
Contingency	3.844	0.000	(3.844)	0.000	(3.844)
Movement to/(from) Reserves	(2.776)	0.000	2.776	0.000	2.776
Other Corporate Budgets	6.844	(2.096)	(8.940)	0.798	(8.142)
<b>Total</b>	<b>21.067</b>	<b>11.059</b>	<b>(10.008)</b>	<b>0.798</b>	<b>(9.210)</b>

4.65 The explanation for these variances is set out below.

- 4.66 The Contingency budget of £3.844m to mitigate against non-delivered in-year savings has not been allocated out to services; it was previously agreed to be retained corporately to fund the forecast adverse variance on service budgets.
- 4.67 The previously assumed drawdown from earmarked reserves of £2.776m in order to balance the 2021/22 budget within the Movement to/(from) Reserves budget has not been required.
- 4.68 The variance on Other Corporate Budgets consists of:
- a £4.523m positive variance arising from the 2021/22 un-ringfenced Covid-19 support grant that has not been allocated across services; it was previously agreed to be retained corporately to fund the forecast adverse variance on service budgets;
  - a £2.514m positive variance arising against the budget of £3.133m relating to revenue funding of the Delivery Fund, reflecting the updated Delivery Fund funding that was approved as part of the 2022/23 Budget and 2022/23-2024/25 Medium Term Financial Strategy. The updated funding only required a £0.619m revenue contribution in 2021/22;
  - £1.105m of positive net variances against other corporate budgets and contingencies.

## 5. REQUESTED ROLL FORWARDS

- 5.1 It is recommended that the following roll-forward request as set out in paragraph 4.55 above, totalling £0.050m, is agreed in order to enable planned programmes of work to go ahead as planned:

**Table 7. Requested Roll Forwards**

Directorate	Service	Reason	Amount
			£m
Resources	Procurement	Procurement Training	0.050
<b>Total</b>			<b>0.050</b>

- 5.2 It is recommended that the remaining surplus of £3.127m is transferred to the Capital Financing Smoothing Reserve in order to fund capital projects that are currently on hold in 2022/23 pending the identification of funding.

## 6. HOUSING REVENUE ACCOUNT (HRA)

- 6.1 The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £1.889m. The provisional outturn position for the HRA requires an actual drawdown from HRA reserves of £1.502m. The HRA is therefore reporting a positive net variance compared to budget of £0.387m. The net drawdown from HRA reserves of £1.502m is comprised of a drawdown of £1.575m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve.
- 6.2 The outturn position was due to:

### *Expenditure*

- Positive variances within Housing Management and Special Services of £0.903m and £0.427m respectively due to staff vacancies and reduced support services costs;

- An adverse variance within Revenue Repairs of £2.881m mainly due to a higher proportion of in-year expenditure being revenue repairs works, rather than major/improvement works which are capital. There was a corresponding positive variance on the Major Repairs - Existing Homes Renewal which has been re-profiled into future years;
- A positive variance relating to PFI costs of £0.340m relating to lower than originally anticipated inflation. This budget was updated as part of 2022/23 budget setting;
- A positive variance on the Bad Debt Provision of £0.838m which reflects a good performance on rent collection this year;
- An adverse variance on Depreciation of £1.725m which reflects the latest external HRA stock valuations;
- A positive variance on Interest charges on borrowing ('debt costs') which were £1.867m lower compared with the budget;
- A positive variance on Other Expenditure of £0.025m.

#### *Income*

- A positive variance on Interest receivable on balances of £0.897m against budget due to an increased average interest rate an increase in the balances on which the interest is calculated;
- An adverse variance on Dwelling Rents of £0.191m. The Rent Collection rate was 97.75% for 2021/22;
- An adverse variance on Service Charges of £0.017m;
- An adverse variance on Other Income of £0.096m.

## **7. GENERAL FUND CAPITAL PROGRAMME**

- 7.1 The provisional General Fund Capital outturn is a £46.039m positive net variance against the adjusted budget of £94.738m. A net £39.692m of budget is requested to be slipped between 2021/22 and 2022/23 per Appendix 3.
- 7.2 Variances per scheme are set out in Appendix 3. Key variances per Directorate are set out below.

### **Corporate**

- 7.3 Corporate schemes are reporting an overall positive net variance of £8.810m, comprising:
- £5.000m slippage on Loan to RTL (Bus replacement programme) as no proposals from RTL have been received for further borrowing due to a focus on extending the current life of existing assets.
  - £2.000m slippage on Minster Quarter which is no longer expected to be utilised in year;
  - £1.866m slippage on the Delivery Fund;

- £0.057m overspend on Oracle Shopping Centre Capital works.

### **Adult Care & Health Services**

7.4 Adult Care & Health Services schemes are reporting an overall positive net variance of £1.132m, which is requested to be slipped to 2022/23.

### **Economic Growth and Neighbourhood Services (Education Schemes)**

7.5 Economic Growth and Neighbourhood Services (Education Schemes) are reporting an overall positive net variance of £6.989m. The majority of these schemes are grant funded and the full £6.989m is requested to be slipped into 2022/23.

### **Economic Growth and Neighbourhood Services**

7.6 Economic Growth and Neighbourhood Services schemes are reporting an overall positive net variance of £21.747m, with £21.764m requested to be slipped into 2022/23. The key variances are:

- £1.423m positive variance on Accommodation Review - Phase 2C (19 Bennet Road) is reporting a positive variance of £1.423m as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £1.144m adverse variance on Annual Bridges and Carriage Way Works Programme & Highway Infrastructure Works as works have been brought forward ahead of schedule. It is requested to draw back allocated funding from 2022/23 to cover this;
- £0.502m positive variance on CIL Local Funds - Community as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £0.669m positive variance on CIL Local Funds - Leisure and Play as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £1.184m positive variance on Invest in Corporate Buildings Health & Safety Works as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £1.171m positive variance on Invest to Save Energy Savings - Street Lighting due to delays linked to Covid as well as a change in supplier. This is requested to be slipped in full into 2022/23;
- £5.184m positive variance on the Leisure Centre Procurement due to delays in signing the contract and associated delays in the start of construction works. This is requested to be slipped in full into 2022/23;
- £1.534m positive variance on Reading Football Club Social Inclusion Unit to SRLC which is currently delayed as the s106 monies to fund the scheme have not yet been received. This is requested to be slipped in full into 2022/23;
- £2.406m positive variance on Replacement Vehicles due to the programme being on hold whilst being re-visited to include assessment of different fuel type options e.g. electric alternatives. This is requested to be slipped in full into 2022/23;

- £2.031m positive variance on South Reading MRT (All Phases) due to external funding yet to be secured. This is requested to be slipped in full into 2022/23;
- £6.787m of positive net variances across other schemes. A net £6.804m is requested to be slipped into 2022/23.

7.7 The project to upgrade the electrical supply network to allow the installation of Electric Vehicle (EV) charging facilities at the Bennet Road depot site has moved to procurement phase. The works require significant up-front investment to allow the capacity for High Voltage (HV) supply to provide for the installation of future rounds of fleet replacements to EV. The price of the supply using our existing electrical contractor is £1.254m. The current approved budget for this element of the scheme is £0.402m. Therefore, an additional £0.852m is required in order to complete this scheme. It is recommended that this increase in budget is approved, and spend approval given, with the increase funded from the Capital Financing Smoothing Reserve.

### **Resources**

7.8 Resources schemes are reporting an overall positive net variance of £7.361m, with £0.940m requested to be slipped into 2022/23. £6.421m of this variance relates to the Customer Digital Experience, Universal Digital Systems and IT Future Operating Model schemes which have been funded from revenue resources in 2021/22 and will continue to be funded from revenue in future years.

## **8. HRA CAPITAL PROGRAMME**

8.1 The provisional HRA Capital outturn is a £7.352m positive net variance against the adjusted budget of £28.092m. A net £7.353m of budget is requested to be slipped between 2021/22 and 2022/23 per Appendix 3.

8.2 Variances per scheme are set out in Appendix 3. The variance has arisen due to:

- £0.809m positive variance on Green Homes Project due as these works are now expected to take place in 2022/23. This is requested to be slipped in full into 2022/23;
- £0.522m positive variance on Major Repairs - Existing Homes Renewal due to works being delayed by a combination of Covid-19 and contractual issues. This is requested to be slipped in full into 2022/23;
- £5.415m positive variance on New Build & Acquisitions (All Phases) due to planning permission and associated contractual issues. A net £5.416m is requested to be slipped in full into 2022/23;
- £0.606m of positive net variances across other schemes. This is requested to be slipped in full into 2022/23.

## **9. SAVINGS DELIVERY**

9.1 The Council had a challenging savings target for 2021/22 of £20.208m to meet current and expected funding pressures. This total was made up of £15.083m of in-year savings as per the 2021/22 MTFs and £5.125m of savings rolled forward from 2020/21.

- 9.2 A total of £14.319m of savings were delivered in 2021/22. £3.844m of savings were removed as part of the 2022/23 budget setting process on the basis that they were no longer deemed deliverable and therefore the residual £2.045m will be carried forward for delivery in 2022/23. Further details regarding the delivery of savings are set out in Appendix 5.
- 9.3 Despite £5.889m of savings not being delivered in 2021/22 directly as planned, the Council is reporting a positive net position against the net budget, as set out in Table 1 above; these savings targets have therefore effectively been mitigated against in-year.
- 9.4 The following table summarises the final savings delivery for 2021/22:

**Table 8. General Funds Savings Tracker Summary**

Directorate	Savings Target 2021/22	Savings Delivered 2021/22	Non-Delivered Savings 2021/22	Savings Removed at 2022/23 Budget Setting	Savings Carried Forward to 2022/23
	£m	£m	£m	£m	£m
Adult Care & Health Services	(5.537)	(1.801)	(3.736)	3.436	(0.300)
Economic Growth & Neighbourhood Services	(7.623)	(6.188)	(1.435)	0.026	(1.409)
Resources	(1.065)	(0.750)	(0.315)	0.056	(0.259)
Chief Executive	0.000	0.000	0.000	0.000	0.000
Corporate	(0.865)	(0.462)	(0.403)	0.326	(0.077)
<b>Total Council Services</b>	<b>(15.090)</b>	<b>(9.201)</b>	<b>(5.889)</b>	<b>3.844</b>	<b>(2.045)</b>
Children's Services (BFfC)	(5.118)	(5.118)	0.000	0.000	0.000
<b>Total</b>	<b>(20.208)</b>	<b>(14.319)</b>	<b>(5.889)</b>	<b>3.844</b>	<b>(2.045)</b>

- 9.5 The successful delivery of agreed savings remains critical to achieving the underlying balanced base budget position agreed as part of the MTFs. Accordingly, all savings have been rigorously monitored throughout 2021/22 and mitigations sought so far as possible for any identified delay in implementation or delivery.
- 9.6 The following table shows the revised savings required over the period 2022/23-2024/25, including the £2.045m of savings brought forward from 2021/22:

**Table 9. Savings Targets 2022/23-2024/25**

Directorate	Savings Target 2022/23	Savings Target 2023/24	Savings Target 2024/25	Total
	£m	£m	£m	£m
Adult Care & Health Services	(1.735)	(1.416)	(1.450)	(4.601)
Economic Growth & Neighbourhood Services	(6.579)	(3.038)	(1.260)	(10.877)
Resources	(0.658)	(0.631)	(0.313)	(1.602)
Chief Executive	0.000	0.000	0.000	0.000
Corporate	(0.077)	(0.250)	0.000	(0.327)
<b>Total Council Services</b>	<b>(9.049)</b>	<b>(5.335)</b>	<b>(3.023)</b>	<b>(17.407)</b>
Children's Services (BFfC)	(1.175)	(1.702)	(1.727)	(4.604)
<b>Total</b>	<b>(10.224)</b>	<b>(7.037)</b>	<b>(4.750)</b>	<b>(22.011)</b>

## 10. DELIVERY FUND

- 10.1 Costs of service transformation and the delivery of future ongoing savings are able to be charged to capital (and financed from new capital receipts) due to the introduction of the Flexible Capital Receipts Regulations. These regulations were due to end as at 31<sup>st</sup> March 2022, however the Chancellor announced in March 2021 as part of the Budget, a further three-year extension to 31<sup>st</sup> March 2025.
- 10.2 £3.040m was spent in delivering 2021/22 savings. Including previous years, a total of £14.083m has been invested from the Delivery Fund to assist in delivering identified savings proposals as at 31<sup>st</sup> March 2022.
- 10.3 Further details on the Delivery Fund are set out in Appendix 5.

## 11. RESERVES

- 11.1 The impact of the 2021/22 outturn position on the Council's reserves, as proposed in Appendix 6 is set out in the following table:

**Table 10. Reserves Summary**

	Balance as at 1 April 2021	In-Year Transfers (To)/From Reserves	Proposed Transfers (To)/From Reserves (Service Requests)	Proposed Transfers (To)/From Reserves (Outturn)	Balance as at 31 March 2022	Projected Balance at 31 March 2022 per 2022/23 Budget Setting	Movement
	£m	£m	£m	(To)/From	£m	£m	£m
<b>General Fund Reserves</b>							
Minimum Balance	(7.500)	0.000	0.000	0.000	(7.500)	(7.500)	0.000
Earmarked Reserves	(100.155)	17.720	(0.050)	(3.127)	(85.612)	(85.976)	0.364
<b>Total General Fund Reserves</b>	<b>(107.655)</b>	<b>17.720</b>	<b>(0.050)</b>	<b>(3.127)</b>	<b>(93.112)</b>	<b>(93.476)</b>	<b>0.364</b>
Schools' Reserves	(1.929)	0.266	0.000	0.000	(1.663)	0.549	(2.212)
Housing Revenue Account Reserves	(51.590)	1.502	0.000	0.000	(50.088)	(55.068)	4.980
<b>Total Revenue Reserves</b>	<b>(161.174)</b>	<b>19.488</b>	<b>(0.050)</b>	<b>(3.127)</b>	<b>(144.863)</b>	<b>(147.995)</b>	<b>3.132</b>

- 11.2 The General Fund Reserve balance of £7.500m is in line with the recommendation made in the Chief Finance Officer's Report on the Robustness of the Council's 2022/23 budget that the level of working balance for the General Fund should be in the region of £7.500 million or 5% of net revenue expenditure.



- 11.3 Net transfers totalling £17.720m from earmarked reserves have been processed during 2021/22 to date. This includes previously approved transfers as well as those transfers that are a requirement such as required roll forwards of government grants.
- 11.4 Service roll forward requests totalling £0.050m have been received as set out in paragraph 5.1.
- 11.5 It is proposed that the remaining General Fund positive net variance of £3.177m is transferred to earmarked reserves as set out in Appendix 6 (which includes the service roll-forward requests of £0.050m. The total earmarked reserve balance as at 31<sup>st</sup> March 2022 would therefore be £85.612m which is £0.364m lower in total than the estimated £85.976m projected at 2022/23 budget setting.
- 11.6 Schools' reserves are ringfenced for local authority managed schools. There is a net transfer from reserves of £0.266m resulting in a balance of £1.663m as at 31<sup>st</sup> March 2022.
- 11.7 The provisional outturn for the Housing Revenue Account (HRA) is a positive net variance compared to budget of £0.386m which results in a net drawdown from HRA reserves of £1.502m, comprised of a drawdown of £1.575m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve.
- 11.8 The HRA reserve balance as at 31<sup>st</sup> March 2022 is therefore £39.941m. The North Whitley PFI reserve balance of £10.147m is also contained within the overall HRA reserves, therefore total HRA revenue reserves as at 31<sup>st</sup> March 2022 are £50.088m. The total HRA revenue balances are £4.980m lower than forecast at 2022/23 budget setting but this partially offset by an increase in HRA capital reserves of £4.097m due to increased depreciation and a reduced level of capital expenditure.

## **12. IMPACT ON 2021/22 BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY**

- 12.1 The provisional outturn figures, as set out above, will have the following impact in 2022/23 and future years:
- overall General Fund Reserve balances of £93.476m was assumed as part of 2022/23 budget setting. Based on the provisional outturn there is therefore an overall net decrease of £0.364m;
  - the use of revenue to fund capital schemes that were previously being funded through borrowing will deliver ongoing revenue savings from 2022/23 and will be built into the Medium Term Financial Strategy update but these are yet to be quantified;
  - £2.045m of non-delivered 2021/22 savings have been rolled forward into 2022/23. These savings were assumed as delivered in the 2022/23 base budget setting and require delivering.

## B. CORPORATE PLAN PERFORMANCE

### 13. CORPORATE PLAN PERFORMANCE

- 13.1 A new one-year Corporate Plan for 2021/22 was published in March 2021, and a revised set of 58 performance measures were developed for monitoring from April 2021, along with a set of 66 key projects and initiatives which are helping to deliver the Council's mission and priorities<sup>1</sup>; 26 are annual measures that have not been reported on previously in 2021/22.
- 13.2 These measures and projects were identified by directorates as those that best demonstrate progress in achieving key outcomes. This report is therefore intended to provide an overview of the contribution that the Council makes across all its activities to improving Reading as a place to live, work and visit.
- 13.3 The performance measures and projects are set against each of themes of the Corporate Plan for 2021/22:
- Healthy environment;
  - Thriving communities;
  - Inclusive economy.
- 13.4 As well as these themes, performance information is also structured according to 'Foundations' and 'Covid response and recovery'.
- 13.5 The Council's performance management software system (InPhase) is used as the source for recording and monitoring progress against our performance objectives. Accessing the system online allows for further analysis and interaction with the data and a richer experience than when information is extracted and presented in a document format.
- 13.6 The tables below present a summary of the direction of travel for the Corporate Plan measures, along with a summary of performance against the target (red/ amber/ green), where this has been provided.
- 13.7 The full set of Q4/annual data for all measures is attached at Appendix 7. Appendix 8 shows charts for measures where there has been a significant shift in performance between Q3 and Q4, either an increase or decrease.
- 13.8 For the Corporate Plan Projects, a summary of the RAG status is provided below. The full list of projects is provided at Appendix 9.

#### Corporate Plan Measures

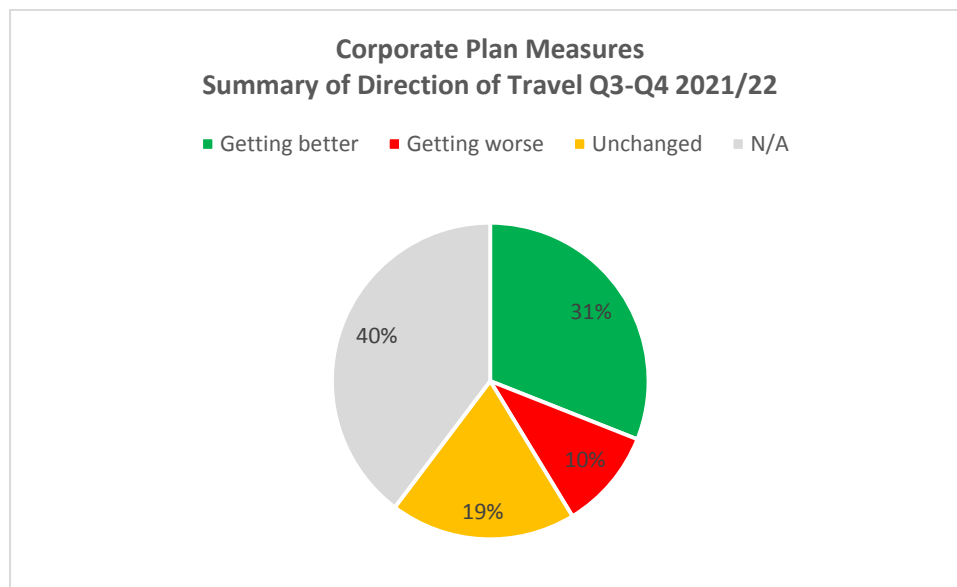
- 13.9 The table and chart below display an overview of the shifts in performance for the Corporate Plan measures between Q3 and Q4 this year (between March 2021 and March 2022 for the annual measures), as well as performance against the target (red/amber/green) for all 4 quarters this year (except for the annual measures).

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<sup>1</sup> The total number of measures and projects is slightly different at year end due to changes made within the year.

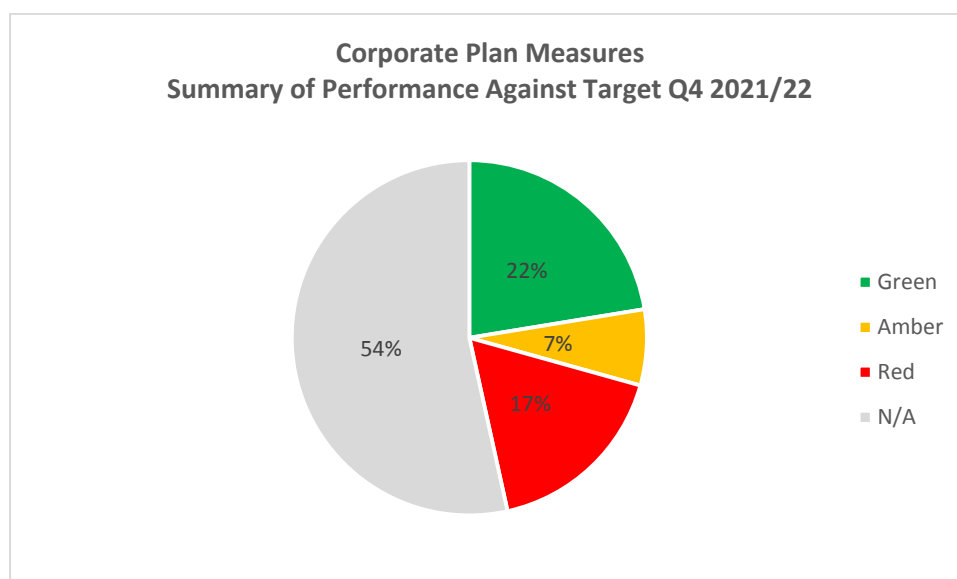
**Table 11. Summary of Direction of Travel**

	Q1-Q2	Q2-Q3	Q3-4	
	%	%	No.	%
Getting better	28.6	38.7	18	31.0%
Getting worse	42.9	19.4	6	10.3%
Unchanged	17.1	25.8	11	19.0%
N/A - No Target/Comparison	11.4	16.1	23	39.7% <sup>2</sup>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>



**Table 12. Summary of Performance Against Target<sup>3</sup>**

	Q1		Q2		Q3		Q4	
	No.	%	No.	%	No.	%	No.	%
Green	15	42.9	12	34.3	10	32.2	13	22.4
Amber	4	11.4	5	14.3	4	12.9	4	6.9
Red	2	5.7	3	8.6	3	9.7	10	17.2
N/A - No Target/Comparison	14	40.0	15	42.8	14	45.2	31	53.5
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>



<sup>2</sup> Figure is high due to data for a number of annual measures not yet available

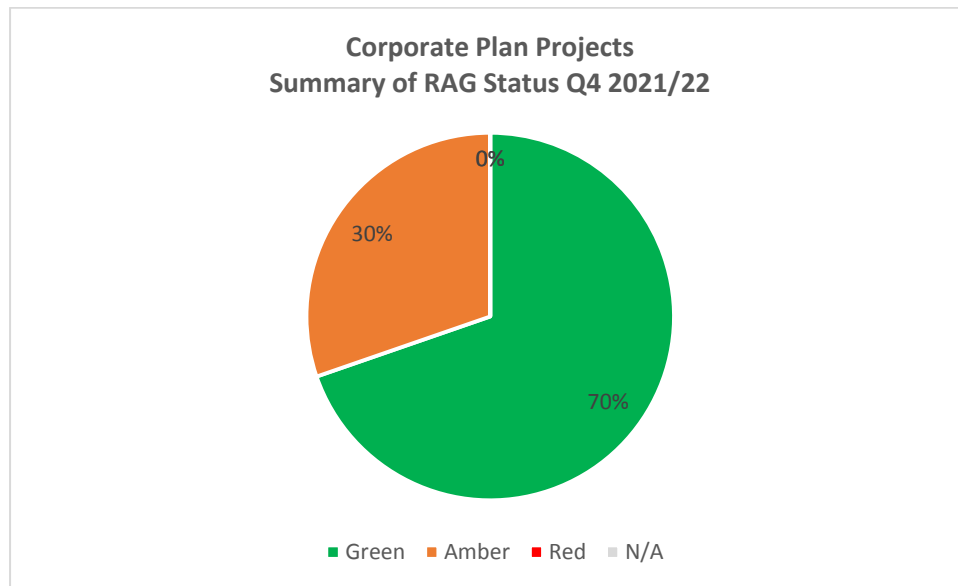
<sup>3</sup> Green = target achieved; Amber = up to 10% below target; Red = more than 10% below target

## Corporate Plan Projects

13.10 The RAG status for the Corporate Plan projects is shown below.

**Table 13. Summary of RAG Status**

RAG Status	Q1	Q2	Q3	Q4	
	%	%	%	No.	%
Green	68.8	46.7	50.7%	46	69.7
Amber	24.7	17.3	16.9%	20	30.3
Red	6.5	1.3	0%	0	0.0
N/A - No Target/Comparison <sup>4</sup>	0.0	34.7	32.4%	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>66</b>	<b>100.0</b>



<sup>4</sup> Targets have not been set for all measures

## C. DEBT-WRITE-OFF

### 14. DEBT WRITE-OFF

- 14.1 Current approved procedures allow for the write-off of Non-Domestic Rates, Sundry Debt (including Adult Social Care) and Housing Benefit Overpayments once all attempts to recover such debts have been exhausted.
- 14.2 The reasons for having to write off debts vary, however many of them such as the cessation of a business or the death of an individual are generally outside of the council's control and whilst taking reasonable steps to recover the monies due, it is necessary and appropriate to consider whether a debt should continue to be pursued.
- 14.3 Whilst the council takes all practical steps to recover monies owing, it is necessary to recognise when continued action is unlikely to achieve any further recovery and become a cost to the council.
- 14.4 The need for appropriate and measured debt management practices is important and an integral part of sound financial management. It also means that it is prudent and appropriate accounting practice to recognise that there will be some to write off debts when all reasonable actions have been taken, a provision for doubtful debts is made to meet this cost.
- 14.5 The Council's policies and processes where possible provide automated recovery procedures for the collection of the debts, followed where applicable, by court action. Additionally, whilst a debt may be written off; if circumstances change, such as a dividend being paid from the winding up of a business, measures can be taken to reinstate debt to account for any additional income being received.
- 14.6 The report identifies those debts that officers recommend for write off against the provision for doubtful debts.
- 14.7 This report accords with the council's Corporate Debt Policy and Financial Regulations and supports the development of an effective and efficient council.
- 14.8 As part of the council's debt management process, a report is produced to write off irrecoverable debts once all reasonable recovery procedures have been exhausted. The council's financial policies ensure that an appropriate level of doubtful debt provision is maintained to finance these write offs.
- 14.9 The scheme of delegation gives delegated authority to Directors/Assistant Director delegated authority to write off debts, for a particular debtor, for sums up to £1,000 at their own discretion; and for sums of up to £20,000 with the consent of the Finance Director. In both cases they must keep a written record of the debt and the reasons for writing it off. The Finance Director will report to the Policy Committee on the writing-off of individual debts of over £20,000.

#### Proposal

- 14.10 The total amounts submitted to the Committee for write-off for cases above £20,000 are:
- Non-Domestic Rates - £553,105.18;
  - Sundry Debt (including Adult Social Care) - £427,781.19;

- Housing Benefit Overpayments - £50,690.31.

- 14.11 The list of specific debts requested to be written-off are set out in Appendix 10. It is considered that information contained within Appendix 10 contains exempt information under the meaning of sections 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, as amended, and therefore cannot be made public.
- 14.12 The write-offs will be contained within the existing respective bad debt provisions. These bad debt provisions are reviewed annually to take account of the likely levels of bad debt write-offs and the potential for any recovery of debt that has been previously written off.
- 14.13 The cost of non-domestic rates write-offs is shared between the Council (49%), Royal Berkshire Fire and Rescue Service (1%) and Central Government (50%).
- 14.14 Statutory Benefit Subsidy Orders specify that Housing Benefit Overpayments, subsequently not recovered, have to be mostly paid for by the Council through loss in Central Government subsidy. Most Housing Benefit paid out under the General Fund is claimed back from the DWP through the annual subsidy claims. The subsidy rules are designed to act as an incentive for authorities to minimise error and overpayments and to maximise recovery of recoverable overpayments. It is therefore financially prudent for Local Authorities both to minimise the incidence of overpayments and to seek to maximise recovery of overpayments.
- 14.15 The standard rate of reimbursement for Housing Benefit paid is up to 100%, reducing to 40% for identified overpayments caused by claimant error and either 100%, 40% or down to 0% for those caused by Authority error if certain thresholds are exceeded. Overpayments caused by fraud are reimbursed at 40% and given the cause of such overpayments, there is an expectation that the overwhelming majority of cases should be considered recoverable from the persons who have either committed or significantly contributed to the fraud. The Council is entitled to keep 100% of the income collected from overpayments recovery in addition to any subsidy claimed.
- 14.16 For context, there have been no high value write offs submitted to Policy Committee in at least the past 2 financial years. The value of non-domestic rates write-offs submitted represents less than 0.4% of the annual debit raised in a normal FY of approximately £143m. The value of Sundry Debt write-offs submitted represents less than 0.7% of the annual invoices raised in a normal FY of approximately £61.7m. The value of Housing Benefit Overpayment write-offs submitted represents less than 1.8% of the annual invoices raised in a normal FY of approximately £2.95m.

## 15. CONTRIBUTION TO STRATEGIC AIMS

- 15.1 The Council's vision is to ensure that Reading realises its potential - and to ensure that everyone who lives and works in Reading can share the benefits of its success. The Council has three inter-connected themes which contribute to delivering this vision. The themes are:
- Healthy environment;
  - Thriving communities;
  - Inclusive economy.
- 15.2 Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.
- 15.3 Full details of the Council's [Corporate Plan](#) are available on the website

## **16. ENVIRONMENTAL & CLIMATE IMPLICATIONS**

- 16.1 The Council declared a Climate Emergency at its meeting on 26th February 2019. The Corporate Plan monitors our progress in reducing our carbon footprint (Appendix 7).
- 16.2 There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

## **17. COMMUNITY ENGAGEMENT AND INFORMATION**

- 17.1 Budget-related communications and consultations will continue to be a priority over the next three years as we work to identify savings and efficiencies.

## **18. EQUALITY IMPACT ASSESSMENT**

- 18.1 The equality duty is relevant to the development of the Budget and Corporate Plan. The specific savings and income proposals included in the budget are subject to consultation and equality impact assessments where required and these are being progressed as appropriate.

## **19. LEGAL IMPLICATIONS**

- 19.1 The Local Government Act 2003 requires that the Authority reviews its Budget throughout the year and takes any action it deems necessary to deal with the situation arising from monitoring. Currently monitoring reports are submitted to Policy Committee quarterly throughout the year.
- 19.2 There are no legal requirements to have a Corporate Plan. Nevertheless, considering the size and complexity of the services we provide and have responsibility for, it is sensible to have a strategic document for the organisation which sets out key priorities and activities against a robust and sustainable financial strategy.

## **20. FINANCIAL IMPLICATIONS**

- 20.1 The financial implications are set out in the body of this report.

## **21. BACKGROUND PAPERS**

- 21.1 None.

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## Appendix 1 - General Fund Outturn 2021/22

	Budget £000	Outturn £000	Variance £000
<b><u>Service Areas</u></b>			
Commissioning & Performance	877	712	(165)
Adults Services Operations	35,520	38,771	3,251
Public Health	0	0	0
Preventative Services	623	21	(602)
Directorate & Other	1,227	1,407	180
<b>Adult Care and Health Services</b>	<b>38,247</b>	<b>40,911</b>	<b>2,664</b>
Transportation	777	3,273	2,496
Planning & Regulatory Services	2,401	3,228	827
Housing & Communities	1,457	1,228	(229)
Culture	5,082	4,927	(155)
Environmental & Commercial Services	13,564	14,078	514
Property & Asset Management	(3,199)	(3,296)	(97)
Management & Sustainability	723	814	91
<b>Environment and Neighbourhood Services</b>	<b>20,805</b>	<b>24,252</b>	<b>3,447</b>
Corporate Improvement & Customer Services	1,664	1,645	(19)
Human Resources & Organisational Development	1,674	1,660	(14)
Procurement & Contracts	559	491	(68)
Finance	4,278	4,033	(245)
Legal & Democratic Services	2,426	2,752	326
IT & Digital	5,762	5,762	0
<b>Resources</b>	<b>16,363</b>	<b>16,343</b>	<b>(20)</b>
Corporate Management Team	853	841	(12)
Communications	715	709	(6)
<b>Chief Executive Services</b>	<b>1,568</b>	<b>1,550</b>	<b>(18)</b>
<b>Children's Services retained by Council</b>	<b>724</b>	<b>684</b>	<b>(40)</b>
<b>Children's Services delivered by BFfc</b>	<b>47,392</b>	<b>47,392</b>	<b>0</b>
	<b>125,099</b>	<b>131,132</b>	<b>6,033</b>
<b><u>Corporate Items</u></b>			
Capital Financing Costs	13,155	13,155	0
Contingency	3,844	0	(3,844)
Movement to/(from) Reserves	(2,776)	0	2,776
Other Corporate Budgets	6,844	(1,298)	(8,142)
	<b>21,067</b>	<b>11,857</b>	<b>(9,210)</b>
<b><u>Total Expenditure</u></b>	<b>146,166</b>	<b>142,989</b>	<b>(3,177)</b>
<b><u>Funded by</u></b>			
Council Tax Income	(99,220)	(99,220)	0
NNDR Local Share	(32,095)	(32,095)	0
New Homes Bonus	(2,108)	(2,108)	0
Section 31 Grant	(3,549)	(3,549)	0
Revenue Support Grant	(2,040)	(2,040)	0
Other Government Grants	(6,739)	(6,739)	0
One-off Collection Fund (Surplus)/Deficit	(415)	(415)	0
	<b>(146,166)</b>	<b>(146,166)</b>	<b>0</b>
<b>(Positive)/Adverse Variance</b>	<b>0</b>	<b>(3,177)</b>	<b>(3,177)</b>

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## Appendix 2 - Housing Revenue Account (HRA) Outturn 2021/22

	Budget £000	Outturn £000	Variance £000
Housing Management	8,508	7,605	(903)
Special Services	3,109	2,682	(427)
Revenue Repairs	5,462	8,343	2,881
PFI costs	7,318	6,978	(340)
Bad Debt Provision	929	91	(838)
Depreciation	10,710	12,435	1,725
Debt Costs	7,489	5,622	(1,867)
Other Expenditure	124	99	(25)
<b>Total Expenditure</b>	<b>43,649</b>	<b>43,855</b>	<b>206</b>
Dwelling Rents	(36,327)	(36,136)	191
Service Charges	(955)	(938)	17
PFI Credit	(3,997)	(3,997)	0
Interest on Balances	(134)	(1,031)	(897)
Other Income	(347)	(251)	96
<b>Total Income</b>	<b>(41,760)</b>	<b>(42,353)</b>	<b>(593)</b>
<b>Net (Surplus) / Deficit</b>	<b>1,889</b>	<b>1,502</b>	<b>(387)</b>

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# General Fund Capital Programme Outturn 2021/22

Appendix 3

Scheme Name	2021/22 Approved Budget	2021/22 Profiling adjustment as per MTFS	2021/22 Adjustment for further grant funding	2021/22 Adjusted Budget	2021/22 Provisional Outturn	2021/22 Variance	2021/22 Roll- Forward/ (Back) Requests	2022/23 Approved Budget	2022/23 Revised Budget
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Delivery Fund (Pump priming for Transformation projects)*	2,608	1,679		4,287	2,421	(1,866)	1,866	2,126	3,992
Loan To RTL (Bus replacement programme)*	5,000	-		5,000	-	(5,000)	5,000	5,000	10,000
Oracle Shopping Centre capital works*	100	-		100	157	57	-	100	100
Minster Quarter - Brownfield Land Grant Element*	2,000	-		2,000	-	(2,000)	2,000	-	2,000
Minster Quarter*	3,000	(3,000)		-	-	-	-	1,000	1,000
<b>Corporate Total</b>	<b>12,708</b>	<b>(1,321)</b>	<b>-</b>	<b>11,387</b>	<b>2,577</b>	<b>(8,810)</b>	<b>8,866</b>	<b>8,226</b>	<b>17,092</b>
e-Marketplace & Equipment Renewal Portal Software*	170	-		170	-	(170)	170	-	170
Mobile Working and Smart Device*	150	-		150	-	(150)	150	-	150
Replacement of Community Re-ablement Software*	85	-		85	-	(85)	85	-	85
Co-located profound and multiple learning disabilities day opportunities and respite facility and sheltered housing flats*	867	-		867	140	(727)	727	686	1,413
<b>DACHS Total</b>	<b>1,272</b>	<b>-</b>	<b>-</b>	<b>1,272</b>	<b>140</b>	<b>(1,132)</b>	<b>1,132</b>	<b>686</b>	<b>1,818</b>
Additional School Places - Contingency*	1,428	(1,218)		210	61	(149)	149	1,500	1,649
SEN Provision - Avenue Centre*	1,617	(1,130)		487	538	51	(51)	4,342	4,291
Asset Management*	566	(287)		279	219	(60)	60	350	410
Blessed Hugh Faringdon - Asperger Unit 30 place expansion (SEN)	-	-		-	(0)	(0)	0	-	0
Children in care Emergency Provision *	35	-		35	-	(35)	35	-	35
Civitas- Synthetic Sports Pitch*	28	-		28	3	(25)	25	-	25
Contribution to SEN School Wokingham*	-	-		-	-	-	-	500	500
Crescent Road Playing Field Improvements*	316	-		316	5	(311)	311	-	311
Critical Reactive Contingency: Health and safety* (Schools)	954	-		954	301	(653)	653	500	1,153
DFC	-	-	492	492	492	0	(0)	-	(0)
Fabric Condition Programme*	2,000	300		2,300	552	(1,748)	1,748	1,700	3,448
Green Park Primary School*	459	-		459	(0)	(459)	459	-	459
Heating and Electrical Programme - Manor Pry Power*	146	(5)		141	117	(24)	24	5	29
Heating and Electrical Renewal Programme*	1,671	(371)		1,300	1,253	(47)	47	1,000	1,047

Scheme Name	2021/22 Approved Budget	2021/22 Profiling adjustment as per MTFS	2021/22 Adjustment for further grant funding	2021/22 Adjusted Budget	2021/22 Provisional Outturn	2021/22 Variance	2021/22 Roll- Forward/ (Back) Requests	2022/23 Approved Budget	2022/23 Revised Budget
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Initial Viability work for the Free School at Richfield Avenue*	141	(101)		40	14	(26)	26	40	66
Low Carbon Skills Fund - Bid Development*	5	-		5	-	(5)	5	-	5
Low Carbon Skills Fund - Schools Estate Project Delivery*	24	-		24	-	(24)	24	-	24
Katesgrove Primary Trooper Potts Building*	119	-		119	69	(50)	50	9	59
Meadway Early Years Building Renovation*	756	(556)	3	203	214	11	(11)	11	0
Modular Buildings Review*	500	(500)		-	2	2	(2)	3,000	2,998
New ESFA funded schools - Phoenix College*	5,943	(143)	47	5,847	6,016	169	(169)	169	(0)
New ESFA funded schools - St Michaels*	274	-		274	6	(268)	268	-	268
Pinecroft-Children who have complex health, physical,sensory,disabilities & challenging behaviour*	150	-		150	97	(53)	53	-	53
Primary Schools Expansion Programme - 2013-2017	-	-		-	0	0	(0)	-	(0)
Dee Park Regeneration - Housing Infrastructure Fund (school)*	3,852	(3,552)		300	65	(235)	235	5,700	5,935
Public Sector Decarbonisation Funds - School Estate Double Glazing Programme*	1,293	-		1,293	228	(1,065)	1,065	-	1,065
SCD Units*	473	-		473	0	(473)	473	-	473
School Estate Solar PV Programme*	560	-		560	237	(323)	323	-	323
Schools - Fire Risk Assessed remedial Works*	482	(97)		385	322	(63)	63	497	560
SEN early years at 1 Dunsfold*	600	-		600	-	(600)	600	-	600
SEN Norcot*	100	-		100	17	(83)	83	-	83
Thameside SEN Expansion*	110	-		110	20	(90)	90	66	156
The Heights Temporary School*	367	-		367	16	(351)	351	-	351
<b>DEGNS (Education Schemes) Total</b>	<b>24,969</b>	<b>(7,661)</b>	<b>542</b>	<b>17,850</b>	<b>10,861</b>	<b>(6,989)</b>	<b>6,989</b>	<b>19,389</b>	<b>26,378</b>

Scheme Name	2021/22 Approved Budget	2021/22 Profiling adjustment as per MTFS	2021/22 Adjustment for further grant funding	2021/22 Adjusted Budget	2021/22 Provisional Outturn	2021/22 Variance	2021/22 Roll- Forward/ (Back) Requests	2022/23 Approved Budget	2022/23 Revised Budget
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Abbey Quarter restoration works*	351	(301)		50	31	(20)	20	100	120
Accommodation Review - Phase 2A & B*	133	-		133	-	(133)	133	-	133
Accommodation Review - Phase 2C (19 Bennet Road)*	1,701	-		1,701	278	(1,423)	1,423	-	1,423
Active Travel Tranche 2*	1,135	(1,035)		100	194	94	(94)	1,079	985
Additional Storage Capacity at Mortuary*	15	-		15	-	(15)	15	-	15
Air Quality Monitoring*	16	-		16	1	(15)	15	-	15
BFFC Accommodation Review*	150	-		150	-	(150)	150	-	150
Annual Bridges and Carriage Way Works programme & Highway Infrastructure Works*	5,854	-		5,854	6,998	1,144	(1,144)	5,592	4,448
Essential Bridge Works*	200	-		200	200	-	-	-	-
Car Park Investment Programme (inc P&D, Red Routes & Equipment)*	477	(477)		(0)	179	180	(180)	357	177
Cattle Market Car Park*	523	(223)		300	4	(296)	296	223	519
CCTV*	11	-		11	12	1	-	-	-
Central Library - Reconfiguration/Refurbishment Feasibility	970	(920)		50	-	(50)	50	1,000	1,050
Central Pool Regeneration*	373	-		373	0	(373)	373	-	373
Chestnut Walk Improvements*	35	-		35	-	(35)	35	-	35
Christchurch Meadows Paddling Pool*	35	(33)		2	-	(2)	2	-	2
CIL Local Funds - Community*	504	-		504	2	(502)	502	-	502
CIL Local Funds - Heritage and Culture*	315	-		315	30	(285)	285	-	285
CIL Local Funds - Leisure and Play*	1,103	-		1,103	434	(669)	669	-	669
CIL Local Funds - Transport*	392	-		392	225	(167)	167	-	167
CIL Local Funds -Neighbourhood Allocation*	477	-		477	-	(477)	477	-	477
Corporate Office Essential Works*	350	-		350	161	(189)	189	652	841
Defra Air Quality Grant - Bus Retrofit*	388	-		388	-	(388)	388	-	388
Defra Air Quality Grant - Go Electric Reading*	30	-		30	12	(18)	18	-	18
Transport Demand Management Scheme - Feasibility Work*	50	-		50	-	(50)	50	-	50
Development of facilities at Prospect Park/Play Digitised TRO's	546	169		715	530	(185)	185	20	205
Disabled Facilities Grants (Private Sector)*	300	(300)		-	-	-	-	300	300
Eastern Area Access Works*	1,285	(88)		1,197	1,138	(60)	60	1,197	1,257
Electric Vehicle Charging Points	199	(199)		0	-	(0)	0	199	199
Purchase of food waste and smaller residual waste bins*	250	(250)		-	-	-	-	250	250
Foster Carer Extensions*	1	0		1	-	(1)	1	-	1
	200	-		200	-	(200)	200	100	300

Scheme Name	2021/22 Approved Budget	2021/22 Profiling adjustment as per MTFS	2021/22 Adjustment for further grant funding	2021/22 Adjusted Budget	2021/22 Provisional Outturn	2021/22 Variance	2021/22 Roll- Forward/ (Back) Requests	2022/23 Approved Budget	2022/23 Revised Budget
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Green Homes Scheme - GF element*	495	-		495	6	(489)	489	-	489
Construction of Green Park Station*	8,197	(0)	1,665	9,862	9,862	0	(0)	-	(0)
Grounds Maintenance Workshop Equipment*	3	-		3	6	3	-	-	-
High Street Heritage Action Zone*	178	(13)		165	-	(165)	165	740	905
Invest in Corporate buildings/Health & safety works*	1,185	-		1,185	0	(1,184)	1,184	1,000	2,184
Invest to save energy savings - Street lighting*	1,371	-		1,371	200	(1,171)	1,171	-	1,171
Maintenance & Enhancement of Council Properties	-	-		-	-	-	-	-	-
Leisure Centre Procurement*	21,539	(7,644)		13,895	8,711	(5,184)	5,184	21,814	26,998
Local Traffic Management and Road Safety Schemes*	458	(458)		(0)	187	188	(188)	458	270
Local Transport Plan Development*	796	(746)		50	67	17	(17)	1,146	1,129
National Cycle Network Route 422*	157	-		157	25	(132)	132	-	132
New Kit/Vehicles for Commercial Services Dvlpt*	84	(0)		84	-	(84)	84	-	84
New Vehicle for Highways & Drainage Commercial* Service	71	-		71	-	(71)	71	-	71
Oxford Rd Community Centre*	147	-		147	-	(147)	147	-	147
Oxford Road Corridor Works*	298	(298)		0	1	0	(0)	298	298
Playground equipment and Refreshment: Boroughwide*	619	-		619	278	(341)	341	891	1,232
Private Sector Renewals*	412	(112)		300	156	(144)	144	300	444
Provision of Gypsy & Traveller Accommodation*	6	144		150	84	(66)	66	500	566
Pumping Station Upgrade Scheme (new)*	250	-		250	21	(229)	229	-	229
re3 extending range of recyclables*	94	-		94	-	(94)	94	-	94
Reading Football Club Social Inclusion Unit to SRLC*	1,534	-		1,534	-	(1,534)	1,534	-	1,534
Reading Town Centre Design Framework*	86	-		86	-	(86)	86	-	86
Reading West Station*	3,493	(2,493)		1,000	579	(421)	421	2,599	3,020
Regeneration Projects	250	-		250	-	(250)	250	2,600	2,850
Renewable Energy	2,073	(1,593)		480	-	(480)	480	1,543	2,023
Replacement Vehicles	2,931	(0)		2,931	525	(2,406)	2,406	4,028	6,434
Rogue Landlord Enforcement*	75	-		75	-	(75)	75	-	75
S106 individual schemes list*	334	(121)		213	21	(192)	192	121	313
Salix Decarbonisation Fund	800	(800)		-	-	-	-	573	573
Small Leisure Schemes*	349	-		349	32	(317)	317	300	617
Smart City Cluster project and C-ITS	-	-	1,431	1,431	1,431	(0)	0	-	0
69 Southampton Street Purchase	-	-		-	14	14	-	-	-



Scheme Name	2021/22 Approved Budget	2021/22 Profiling adjustment as per MTFS	2021/22 Adjustment for further grant funding	2021/22 Adjusted Budget	2021/22 Provisional Outturn	2021/22 Variance	2021/22 Roll- Forward/ (Back) Requests	2022/23 Approved Budget	2022/23 Revised Budget
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
South Reading MRT (Phases 1 & 2)*	400	-		400	1	(399)	399	-	399
South Reading MRT (Phases 3 & 4)*	3,477	-		3,477	1,845	(1,632)	1,632	-	1,632
South Reading MRT (Phases 5 & 6)*	2,000	(2,000)		-	-	-	-	1,000	1,000
The Heights Permanent Site Mitigation*	615	(485)		130	128	(2)	2	285	287
The Keep building works and improved arts/culture facilities	-	-		-	-	-	-	94	94
Town Centre Improvements*	450	-		450	143	(307)	307	-	307
Town Centre Street Trading Infrastructure*	28	-		28	-	(28)	28	-	28
Town Hall Equipment	205	(205)		-	-	-	-	205	205
Traffic Management Schools*	432	(432)		0	0	(0)	0	431	431
Tree Planting*	30	-		30	50	20	(20)	50	30
Western Area Access Works*	128	(128)		-	-	-	-	128	128
Harden Public Open Spaces to Prevent Incursion*	40	-		40	23	(17)	17	25	42
Salix Re-Circulation Fund*	497	(497)		0	236	236	(236)	530	294
Sun Street - Final Phase*	76	-		76	10	(66)	66	-	66
Re-wilding highways, parks and open space verges*	76	-		76	-	(76)	76	-	76
Hexagon lighting & emergency lighting replacement	-	-		-	-	-	-	270	270
1 Dunsfold Fitout for BFFC Family Contact Centre - Development for Community Use	-	-		-	-	-	-	350	350
Park Lane Primary School Annexe Replacement*	-	-		-	-	-	-	1,000	1,000
Katesgrove Community and YOS Refurbishment - Development for Community Use	-	-		-	-	-	-	750	750
Berkshire Record Office - extension of storage space	-	-		-	-	-	-	232	232
Highways Operational Resilience _ Capital Bid	-	-		-	-	-	-	74	74
Carriageways & Pavements Investment Programme	-	-		-	-	-	-	2,000	2,000
Highways Structures Capital Bid	-	-		-	-	-	-	2,650	2,650
Highway Signals_Capital Bid	-	-		-	-	-	-	200	200
Air Quality Grant - AQ sensors awareness & behaviour change*	-	-		-	-	-	-	106	106
Transport Demand Management Scheme	-	-		-	-	-	-	200	200
New Capital Bid - S106 Kenavon Drive Landscape*	153	-		153	-	(153)	153	-	153
Free bulky waste service - collection vehicle	-	-		-	-	-	-	64	64
<b>DEGNS Total</b>	<b>75,262</b>	<b>(21,538)</b>	<b>3,096</b>	<b>56,819</b>	<b>35,073</b>	<b>(21,747)</b>	<b>21,764</b>	<b>60,624</b>	<b>82,388</b>
Customer Digital Experience*	1,731	-		1,731	0	(1,731)	-	750	750
Universal Digital Systems*	2,303	-		2,303	0	(2,303)	-	910	910
IT Future Operating Model*	2,387	-		2,387	-	(2,387)	-	538	538

Scheme Name	2021/22 Approved Budget (£,000's)	2021/22 Profiling adjustment as per MTFS (£,000's)	2021/22 Adjustment for further grant funding (£,000's)	2021/22 Adjusted Budget (£,000's)	2021/22 Provisional Outturn (£,000's)	2021/22 Variance (£,000's)	2021/22 Roll- Forward/ (Back) Requests (£,000's)	2022/23 Approved Budget (£,000's)	2022/23 Revised Budget (£,000's)
ICT Infrastructure (Invest to save)	-	-	-	-	-	-	-	-	-
Re-Procurement / Reimplementation of Finance System*	600	-	-	600	(0)	(600)	600	-	600
Cemeteries and Crematorium*	85	-	-	85	-	(85)	85	-	85
Cremator Procurement	200	-	-	200	-	(200)	200	800	1,000
Cremator*	103	-	-	103	48	(55)	55	-	55
Burial Land Acquisition	-	-	-	-	-	-	-	150	150
<b>DoR Total</b>	<b>7,409</b>	<b>-</b>	<b>-</b>	<b>7,409</b>	<b>48</b>	<b>(7,361)</b>	<b>940</b>	<b>3,148</b>	<b>4,088</b>
<b>Grand Total</b>	<b>121,620</b>	<b>(30,520)</b>	<b>3,638</b>	<b>94,738</b>	<b>48,699</b>	<b>(46,039)</b>	<b>39,692</b>	<b>92,073</b>	<b>131,765</b>

\*These schemes are committed.

Uncommitted schemes are still subject to approval and it is confirmed that funding is in place.

# Housing Revenue Account (HRA) Capital Programme Outturn 2021/22

Appendix 3

Scheme Name	2021/22 Approved Budget	2021/22 Profiling adjustment as per MTFS	2021/22 Adjustment for further grant funding	2021/22 Adjusted Budget	2021/22 Provisional Outturn	2021/22 Variance	2021/22 Roll- Forward/ (Back) Requests	2022/23 Approved Budget	2022/23 Revised Budget
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Disabled Facilities Grants	512	133		645	341	(305)	305	600	905
Fire Safety Works	1,210	(660)		550	282	(269)	269	-	269
Hexham Road	-	-		-	-	-	-	-	-
Green Homes Project - HRA element	831	(22)		809	-	(809)	809	-	809
Housing Mngt System	355	(69)		286	384	98	(98)	600	502
Local authority new build programme for Older people and vulnerable adults	2,251	(1,394)		857	726	(131)	131	1,350	1,481
Major Repairs - Existing Homes Renewal	10,188	(2,528)		7,660	7,138	(522)	522	8,950	9,472
Major Repairs - Zero Carbon Retrofit works		-			-		-	7,240	7,240
New Build & Acquisitions - Phase 1	211	(211)		(0)	1	1	-	-	-
New Build & Acquisitions - Phase 2	12,619	(6,941)		5,678	7,171	1,493	(1,493)	3,564	2,071
New Build & Acquisitions - Phase 3	15,917	(5,667)		10,250	4,481	(5,769)	5,769	10,938	16,707
New Build & Acquisitions - Phase 4	1,400	(43)		1,357	217	(1,140)	1,140	2,200	3,340
<b>HRA Total</b>	<b>45,494</b>	<b>(17,402)</b>	<b>-</b>	<b>28,092</b>	<b>20,740</b>	<b>(7,352)</b>	<b>7,353</b>	<b>35,442</b>	<b>42,795</b>

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**Savings Delivery 2021/22**

**Appendix 4**

Directorate	Saving	Delivered Savings 2021/22 £000	Undelivered Savings 2021/22 £000	Savings Removed at 2022/23 Budget Setting £000	Savings Carried Forward to 2022/23 £000
DACHS	Extension of Front Door Project; Stretch for Front Door Project		(50)	50	0
DACHS	Reducing Adult Social Care contracts spend (Commissioning Delivery Model)		(161)	161	0
DACHS	Mental Health and Locality Team Restructure		(145)	145	0
DACHS	Extension of Provider Services		(100)	100	0
DACHS	Additional Contract Reductions		(179)	179	0
DACHS	DACHS Asset Review (incl. research on Dementia Outreach models)		(200)	200	0
DACHS	Young people Transitions - Supporting young people into adulthood	(334)	(166)	116	(50)
DACHS	Adult Social Care Day Service Review	(150)			0
DACHS	Additional DACHS Staffing Efficiencies		(550)	350	(200)
DACHS	TEC: Promoting the use of Assistive Technology	(175)	(170)	170	0
DACHS	Increased usage of Direct Payments		(250)	250	0
DACHS	Development of the Personal Assistant Market		(109)	109	0
DACHS	Promoting Independence (Outcome Based Service Delivery)	(427)			0
DACHS	Community Reablement (best practice and expansion)		(250)	250	0
DACHS	Development of the Dementia Carers Offer		(75)	75	0
DACHS	Income Maximisation - Debt Recovery	(70)	(301)	301	0
DACHS	Increased usage of Assistive Technology and Equipment		(200)	200	0
DACHS	Public Health Grant Reduction and Alternate Delivery Model		(93)	93	0
DACHS	Alternative to Residential and Nursing Care for 18 to 64 Year Olds	(47)	(47)	47	0
DACHS	Strengthening DACHS Decision Making & Supporting Practice Change		(378)	378	0
DACHS	Review and Rightsizing of Care Packages (2021/2022)	(598)	(312)	262	(50)
<b>DACHS Total</b>		<b>(1,801)</b>	<b>(3,736)</b>	<b>3,436</b>	<b>(300)</b>
DEGNS	School Crossing Patrollers		(14)		(14)
DEGNS	Fundamental Service Review - Parking	(75)			0
DEGNS	Smart Cities - communications saving	(70)			0
DEGNS	Review of Enforcement Contracts	(50)			0
DEGNS	Increased revenue from on-street Pay and Display		(540)		(540)
DEGNS	Increased income from Parking Enforcement		(220)		(220)
DEGNS	Increased provision of Red Routes		(50)		(50)
DEGNS	Extend Residents Parking permit areas	(40)			0
DEGNS	Increase to park permit charges	(53)			0
DEGNS	Review Public Car Park provision borough wide		(200)		(200)
DEGNS	Increase off street parking charges		(150)		(150)
DEGNS	Electric Vehicle Charging		(26)	26	0
DEGNS	Increase in fees and charges	(3)			0

**Savings Delivery 2021/22**

**Appendix 4**

Directorate	Saving	Delivered Savings 2021/22 £000	Undelivered Savings 2021/22 £000	Savings Removed at 2022/23 Budget Setting £000	Savings Carried Forward to 2022/23 £000
DEGNS	Mandatory HMO Licensing	(120)			0
DEGNS	Discretionary HMO Licensing		(20)		(20)
DEGNS	Increase in charges for pre-planning application and planning fees	(25)			0
DEGNS	Reforecast income Licensing income budget	(64)			0
DEGNS	Increase in fees and charges	(34)			0
DEGNS	Reduction in professional specialist, management, enforcement and administrative resources; an increase to pre-planning application fees by 10%.		(120)		(120)
DEGNS	Town Centre Street Trading - New Pitches	(22)	(8)		(8)
DEGNS	Charge for pre-application for planning	(25)			0
DEGNS	Housing Property Services - income generation to General Fund	(60)			0
DEGNS	Housing Building Maintenance Income	(31)			0
DEGNS	Increase in fees and charges	(4)			0
DEGNS	Contribution from Public Health Grant	(200)			0
DEGNS	Additional Fees & Charges from Schools	(110)			0
DEGNS	Theatre Fees and Charges	(50)			0
DEGNS	In-house management restructuring of Cultural Services	(100)			0
DEGNS	Increase in fees and charges	(56)			0
DEGNS	Town Hall and Museum Additional income	(100)			0
DEGNS	Increase in Savings - Waste Operations	(138)			0
DEGNS	Food Waste and Smaller Bins	(367)			0
DEGNS	Fundamental Service review of Highways	(100)			0
DEGNS	Increase in trading through Reading Commercial Services	(50)			0
DEGNS	Increase income on green waste due to additional uptake in years 1-3 and fee increase in years 2-3	(68)			0
DEGNS	Fundamental Service Review - Parks and Street Cleansing	(38)	(62)		(62)
DEGNS	Increased income from traded waste services (previous ref to CIL & IPD not relevant)	(369)			0
DEGNS	Gross up budget for capital cost on recycling bins	(19)			0
DEGNS	Increase in fees and charges	(5)			0
DEGNS	Explore creation of coordinated enforcement operation across Regulatory & Transportation services	(21)			0
DEGNS	Review of Neighbourhood and Streetcare Services fees and charges and enforcement activity.	(69)			0
DEGNS	Additional income from advertising		(25)		(25)
DEGNS	Introduce a 24 hours a day, 7 days a week charge for all Town Centre Pay & Display (P&D)	(25)			0
DEGNS	Savings arising from the closure of Darwin Close, Hamilton Centre and more efficient use of Bennet Road	(230)			0

**Savings Delivery 2021/22**

**Appendix 4**

Directorate	Saving	Delivered Savings 2021/22 £000	Undelivered Savings 2021/22 £000	Savings Removed at 2022/23 Budget Setting £000	Savings Carried Forward to 2022/23 £000
DEGNS	Increase income From Commercial Property Acquisitions	(469)			0
DEGNS	Review of Rents on Garages and Shops	(30)			0
DEGNS	Increase in fees and charges.	(22)			0
DEGNS	Review and Restructure of Cleaning Services	(125)			0
DEGNS	Reductions on Training Budget	(13)			0
DEGNS	Digitisation Saving	(69)			0
DEGNS	Workforce Review [Transportation]	(127)			0
DEGNS	Increase parking permit charges	(40)			0
DEGNS	Concessionary Fares	(400)			0
DEGNS	Reduced expenditure/Review of expenditure budgets	(67)			0
DEGNS	Proposed Contract Savings - Young Persons Accommodation	(70)			0
DEGNS	Reduced operations at the Town Hall	(368)			0
DEGNS	Arts Fundraising campaign	(20)			0
DEGNS	Visa Verification increased income	(100)			0
DEGNS	Rewilding highway verges	(15)			0
DEGNS	Waste Contract - Budget realignment inline with anticipated expenditure	(500)			0
DEGNS	Continued commercial growth of Highways service	(31)			0
DEGNS	In-sourcing of Highways Structures Consultancy	(45)			0
DEGNS	Review of office and workspace requirements	(133)			0
DEGNS	Energy savings in office space due to reduced occupation under Covid-19	(100)			0
DEGNS	Printing, Scanning & Post Efficiencies	(80)			0
DEGNS	Workforce Review [Planning & Regulatory Services]	(49)			0
DEGNS	Workforce Review [Housing]	(70)			0
DEGNS	Workforce Review [Cultural Services]	(35)			0
DEGNS	Workforce Review [Environmental and Commercial Services]	(325)			0
DEGNS	Workforce Review [Regeneration and Assets]	(94)			0
<b>DEGNS Total</b>		<b>(6,188)</b>	<b>(1,435)</b>	<b>26</b>	<b>(1,409)</b>
DoR	Customer Services savings (Call Centre/Hub)	(24)			0
DoR	New customer services model	(88)	(169)		(169)
DoR	Exec Recruitment		(56)	56	0
DoR	Review of SLA with Schools	(24)			0
DoR	Re-procurement of agency contract	(100)			0
DoR	Realignment of Revenues and Benefits Transformation Target	(25)			0
DoR	Income generation from charging for services	(2)			0
DoR	Digitisation Saving	(46)			0

**Savings Delivery 2021/22**

**Appendix 4**

Directorate	Saving	Delivered Savings 2021/22 £000	Undelivered Savings 2021/22 £000	Savings Removed at 2022/23 Budget Setting £000	Savings Carried Forward to 2022/23 £000
DoR	Redesign of Reception Centre to reflect greater self service options	(42)			0
DoR	Additional Service Proposals for Registrar Services	(30)			0
DoR	Reduction in staffing levels for HR and OD	(58)			0
DoR	Reduction in employer contributions arising from new Agency Contract		(90)		(90)
DoR	Increase in Fees and Charges (Kennet Day Nursery)	(10)			0
DoR	Reduction in annual contribution to self insurance fund	(235)			0
DoR	Flexible Retirement	(21)			0
DoR	Procurement of Case Management system	(45)			0
<b>DoR Total</b>		<b>(750)</b>	<b>(315)</b>	<b>56</b>	<b>(259)</b>
CORP	Appropriation of Land & Buildings to the HRA	(462)			0
CORP	Corporate Contractual Savings		(326)	326	0
CORP	Reducing mileage expenses through increased use of alternatives e.g. online meetings		(77)		(77)
<b>CORP Total</b>		<b>(462)</b>	<b>(403)</b>	<b>326</b>	<b>(77)</b>
BfC	BFFC Savings	(5,118)			0
<b>BfC Total</b>		<b>(5,118)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>(14,319)</b>	<b>(5,889)</b>	<b>3,844</b>	<b>(2,045)</b>



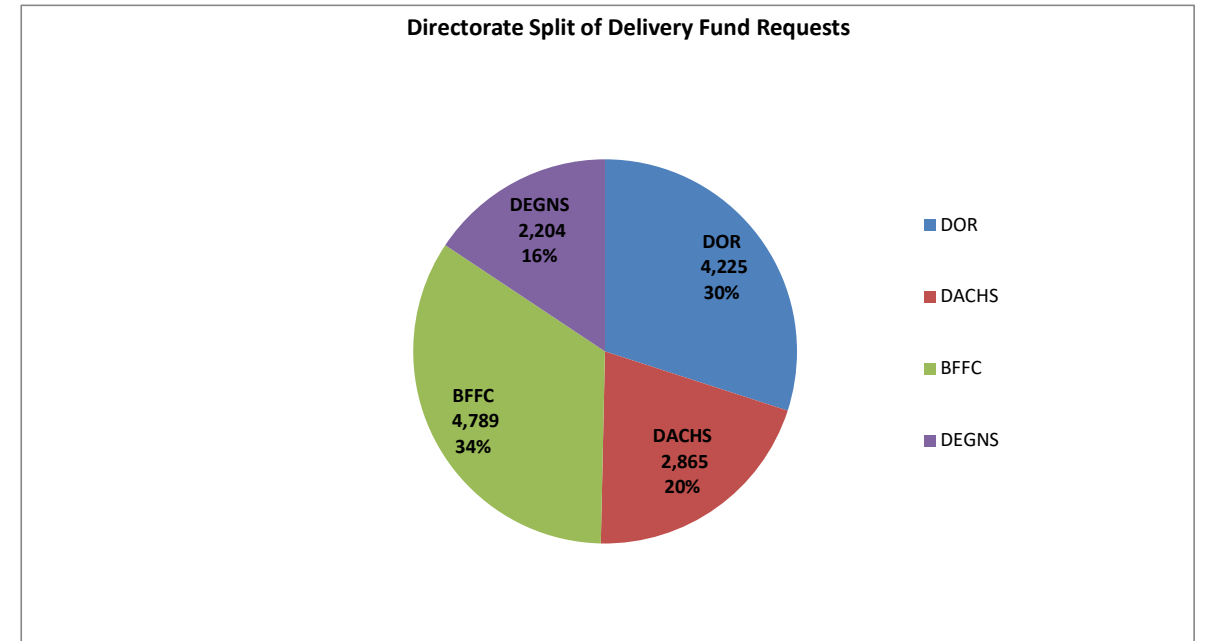
Appendix 5 - Delivery Fund

Section 1: Summary of resources by Directorate

Table 1 summarises the Delivery Fund programme totalling £14.083m over the 5 year period (2017-2022)

	Number of schemes in 2021/22	Approved resources (£000)					Total
		17/18	18/19	19/20	20/21	21/22	
Total	44	1,319	3,182	3,287	3,256	3,040	14,083

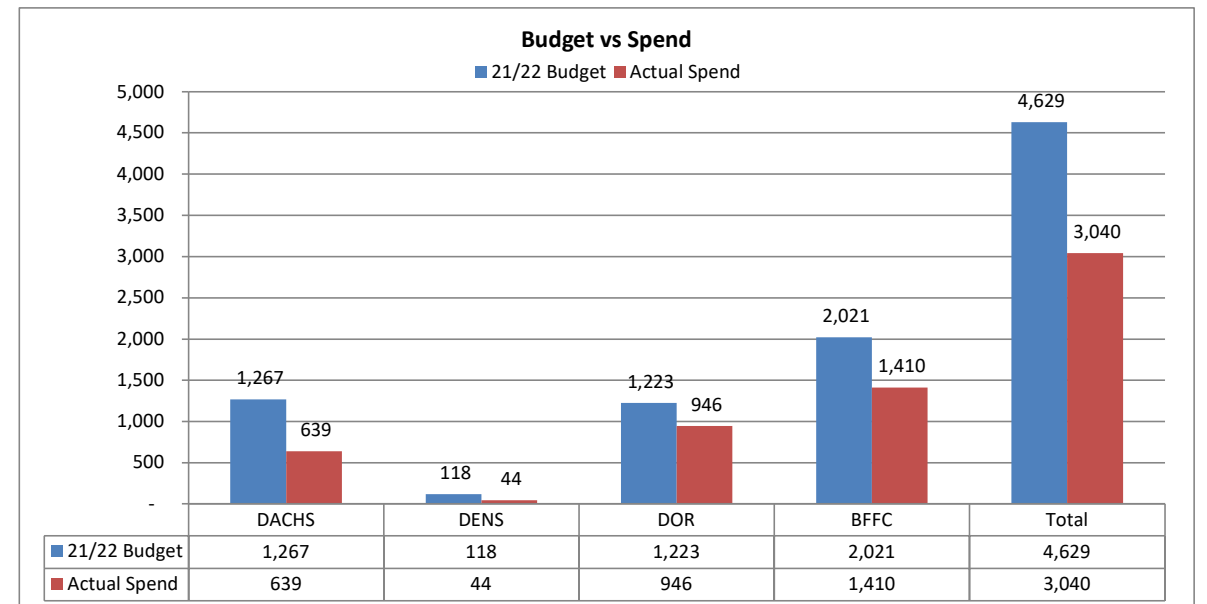
Directorate	Number of schemes in 2021/22	Approved resources (£000)					Total
		17/18	18/19	19/20	20/21	21/22	
DOR	15	755	909	581	1,034	946	4,225
DACHS	15	462	802	844	119	639	2,865
BFFC	11	52	1,093	731	1,503	1,410	4,789
DEGNS	3	50	379	1,131	600	44	2,204
Total	44	1,319	3,182	3,287	3,256	3,040	14,083



Section 2: Outturn Position 2021-22

Table 3 shows the 2021/22 budget (including unspent funds from 2020/21). These are requests that have been approved by CMT.

Directorate	21/22 Budget	Outturn	Variance	Requested Roll Forward	22/23 Resources	Revised 22/23 Resources
	£'000	£'000	£'000	£'000	£'000	£'000
DACHS	1,267	639	(629)	629	80	709
DENS	118	44	(74)	74	0	74
DOR	1,223	946	(277)	145	337	482
BFFC	2,021	1,410	(611)	611	401	1,012
Total	4,629	3,040	(1,590)	1,459	818	2,277



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**Appendix 6 - Reserves Position as at 31<sup>st</sup> March 2022**

		Balance 01/04/2021	2021/22 Transfers In	2021/22 Transfers Out	Current Balance	Proposals per 2021/22 Outturn	Balance 31/03/2022
		£m	£m	£m	£m	£m	£m
<b>General Fund Balance</b>	Minimum level of unallocated reserves, 5% of net revenue budget	<b>(7.500)</b>	<b>0.000</b>	<b>0.000</b>	<b>(7.500)</b>	<b>0.000</b>	<b>(7.500)</b>
<b>Earmarked Reserves - General Fund</b>							
Emergency Planning Reserve	To cover for unforeseen emergencies not budgeted for	(0.610)	0.000	0.000	(0.610)	0.000	(0.610)
Communications Reserve	To allow for investment in communications strategies and engaging with the public	(0.200)	0.000	0.000	(0.200)	0.000	(0.200)
Housing Benefit Subsidy Loss Reserve	To provide for any potential clawback from central government of housing benefit subsidy following audit of the annual housing subsidy claim.	(0.450)	(0.150)	0.000	(0.600)	0.000	(0.600)
Public Health Reserve	The Public Health Grant is ring-fenced so any underspend is carried forward and spent in future years	(0.994)	0.000	0.066	(0.927)	0.000	(0.927)
Schools Deficit Liability Reserve	To fund potential deficits of schools that may become academies in the future	(0.674)	0.000	0.000	(0.674)	0.000	(0.674)
Climate Change Reserve	To allow for investment to address the climate emergency	(0.220)	0.000	0.000	(0.220)	0.000	(0.220)
Legal and Taxation Reserve	To meet potential one-off legal or tax liabilities	(0.300)	0.000	0.000	(0.300)	0.000	(0.300)
Pension Liabilities Reserve	To cover potential future Pension Fund liabilities arising from employer pension contribution rate fluctuations	(1.100)	0.000	0.000	(1.100)	0.000	(1.100)
Commercial Property Liabilities Reserve	To manage urgent liabilities associated with the Council's property	(1.700)	0.000	0.000	(1.700)	0.000	(1.700)
Revenue Grant Unapplied Reserve*	To hold Revenue Grant balances where the conditions for use have been met but relevant expenditure has not yet been incurred	(46.450)	(14.959)	31.877	(29.532)	0.000	(29.532)
Self Insurance Reserve	To meet estimated liabilities in connection with internally-held risks related to the Council's Insurance programme	(2.314)	0.000	0.000	(2.314)	0.000	(2.314)
IT and Digital Reserve	To replace IT and digital equipment that has passed its useful life to improve operational efficiency	(2.591)	0.000	0.000	(2.591)	0.000	(2.591)

		Balance 01/04/2021	2021/22	2021/22	Current Balance	Proposals per 2021/22 Outturn	Balance 31/03/2022
		£m	Transfers In £m	Transfers Out £m	£m	£m	£m
Flexible Capital Receipts Reserve	To allow for potential slippage in the delivery of capital receipts to fund transformation as well as funding beyond the end of the flexible capital receipts directive in 2021/22	(11.231)	0.000	0.000	(11.231)	0.000	(11.231)
Capital Financing Smoothing Reserve	To smooth funding across the period of the Medium Term Financial Strategy	(16.938)	0.000	1.602	(15.336)	(3.127)	(18.463)
Redundancy Reserve	To fund costs of redundancy	(0.345)	0.000	0.000	(0.345)	0.000	(0.345)
Demographic & Cost-Led Pressures Reserve	To provide for potential cost pressures arising from demographic or other demand led services	(2.000)	0.000	0.000	(2.000)	0.000	(2.000)
Abortive Capital Cost Reserve	To provide for the cost of feasibility studies that do not progress into capital schemes	(1.500)	0.000	0.000	(1.500)	0.000	(1.500)
Collection Fund Smoothing Reserve	To provide for the potential downturn in the economy that would reduce the level of Business Rates/Council Tax	(6.996)	0.000	0.772	(6.224)	0.000	(6.224)
Better Care Fund Reserve	To meet costs relating to the Hospital Discharge Scheme	(0.454)	(0.579)	0.000	(1.032)	0.000	(1.032)
Joint Legal Team Reserve	To fund JLT specific invest to save projects	(0.126)	0.000	0.000	(0.126)	0.000	(0.126)
Financial Resilience	To provide the Council with financial resilience in respect of unforeseen events	(2.779)	0.000	0.000	(2.779)	0.000	(2.779)
DEGNS Strategic Reserve	To address acknowledged strategic challenges facing the Directorate including in the areas of capital programme delivery, driving forward major regeneration projects and securing funding, supporting Reading's economic recovery from the impacts of the pandemic and delivery of Directorate savings plans.	(0.184)	0.000	0.000	(0.184)	0.000	(0.184)
Arts Foundation Fund	Unspent Arts Foundation funding	(0.001)	0.000	0.000	(0.001)	0.000	(0.001)
Energy	To mitigate against fluctuations in energy prices	0.000	(0.791)	0.000	(0.791)	0.000	(0.791)
Procurement Training	To fund one-off training to support the new Hub and Spoke Operating Model	0.000	0.000	0.000	0.000	(0.050)	(0.050)
Ministry of Justice	To fund overpaid liability orders	0.000	(0.119)	0.000	(0.119)	0.000	(0.119)
<b>Total Earmarked Reserves - General Fund</b>		<b>(100.155)</b>	<b>(16.597)</b>	<b>34.317</b>	<b>(82.435)</b>	<b>(3.177)</b>	<b>(85.612)</b>
<b>Total Revenue Reserves</b>		<b>(107.655)</b>	<b>(16.597)</b>	<b>34.317</b>	<b>(89.935)</b>	<b>(3.177)</b>	<b>(93.112)</b>

		Balance 01/04/2021	2021/22	2021/22	Current Balance	Proposals per 2021/22 Outturn	Balance 31/03/2022
		£m	Transfers In £m	Transfers Out £m	£m	£m	£m
<b>Other Ringfenced Reserves</b>							
<b>Schools Reserves</b>							
School Balances	Schools are able to carry forward any underspends on their budgets	(3.285)	(0.709)	0.975	(3.019)	0.000	(3.019)
Dedicated Schools Grant	This is in deficit due to overspends in high needs block. This is planned to be repaid by 31st March 2024	1.356	0.000	0.000	1.356	0.000	1.356
<b>Total Schools Reserves</b>		<b>(1.929)</b>	<b>(0.709)</b>	<b>0.975</b>	<b>(1.663)</b>	<b>0.000</b>	<b>(1.663)</b>
<b>Housing Revenue Account (HRA) Reserves</b>							
Housing Revenue Account	Represents the balance carried forward on these accounts	(41.516)	0.000	1.575	(39.941)	0.000	(39.941)
North Whitley PFI	To provide a smoothing reserve for PFI payments	(10.074)	(0.073)	0.000	(10.147)	0.000	(10.147)
<b>Total Housing Revenue Account (HRA) Reserves</b>		<b>(51.590)</b>	<b>(0.073)</b>	<b>1.575</b>	<b>(50.088)</b>	<b>0.000</b>	<b>(50.088)</b>
<b>Total Revenue Reserves (including Other Ringfenced Reserves &amp; HRA)</b>		<b>(161.174)</b>	<b>(17.379)</b>	<b>36.867</b>	<b>(141.687)</b>	<b>(3.177)</b>	<b>(144.864)</b>

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	A	B	C	D	E	F	G	H	I	J	K	L	M
1	<b>CORPORATE PLAN MEASURES Q4 2021/22</b>												
2			Mar-21	June 21	Sept 21	Dec-21	Mar-22						
3	Measure/KPI	Reporting frequency	Actual	Actual	Actual	Actual	Actual	Target	Performance against target	Direction of travel		Comments	
4	<b>FOUNDATIONS</b>												
5	Deliver 3-year savings plan (2021-24)	Quarterly		Total £1,437k DACHS £0 DEGNS £975k BFFC £0 Resources £0 Corporate £462k	Total £1,906k DACHS £0 DEGNS £1444k BFFC £0 Resources £0 Corporate £462k	Total £6,096k DACHS £577k DEGNS £1571k BFFC £3,486k Resources £0k Corporate £462k	to follow		n/a	n/a			
6	Customer satisfaction in the Customer Fulfilment Centre (CFC)	Quarterly		88%	88%	n/a	58%	88%	●	↓	✘	This is now being measured using 8 x 8 which only measures the point of the phone call, whereas previously we measured the whole customer journey; this has caused the decrease in satisfaction scores.	
7	Enquiries solved at first point of contact (CFC)	Quarterly		87%	86%	89%	84%	86%	●	↓	✘		
8	New services achieving the national customer services accreditation	Quarterly		0	0	0	0		n/a	→			
9	Number of services transitioned to the new customer model	Quarterly		3	3	3	3	8	●	→			
10	Transactions completed via My Account/self-serve	Monthly		70,683	49,727	43,300	55,589		n/a	↑	✓		
11	<b>COVID RESPONSE AND RECOVERY</b>												
12	Contact tracing rate	Monthly		91%	89%	81%	n/a	80%	n/a	n/a		Local contact tracing stopped in Feb as part of the Govt's Living with Covid plan	
13	Covid cases contacted	Monthly		896	1917	2768	n/a		n/a	n/a		Local contact tracing stopped in Feb as part of the Govt's Living with Covid plan	

	A	B	C	D	E	F	G	H	I	J	K	L	M
2			Mar-21	June 21	Sept 21	Dec-21	Mar-22						
3	Measure/KPI	Reporting frequency	Actual	Actual	Actual	Actual	Actual	Target	Performance against target	Direction of travel		Comments	
14	Number of food voucher schemes delivered (Covid)	Quarterly				15,327	3,983		n/a	↓	✗		
15	<b>THRIVING COMMUNITIES</b>												
16	Levels of physical activity	Annual	61.70%				66.1%		n/a	↑	✓		
17	Additional affordable homes	Annual	80				178	201	●	↑	✓		
18	Additional homes	Annual	524				850	671	●	↑	✓		
19	Rough sleepers	Annual	19				22	10	●	↓	✗		
20	% tall buildings as defined by the Government that have been assessed	Annual	n/a				100%	100%	●	n/a			
21	% HMOs licensed under mandatory scheme	Quarterly		40%	41%	41%	42%	43%	●	↑	✓		
22	No of cases where positive action was successful in preventing & relieving homelessness	Monthly		58	58	26	29	36.7	●	↑	✓		
23	Superfast broadband coverage	Quarterly		99.2%	99.2%	99.20%	99.2%	100%	●	→		No change in near future. We are currently discussing move to next generation of fast broadband technology with BT (and other suppliers) and that might lead to a redefinition of this target	
24	Children in care in same placement for 2+ years	Quarterly		71%	72%	76%	73%		n/a	↓	✗		
25	Education, Health and Care Plans completed within 20 weeks	Quarterly		83%	80%	88%	89%		n/a	↑	✓		
26	Key stage 2 results - gap in attainment	Annual					n/a		n/a	n/a		No results available since Covid	
27	Key stage 4 results - gap in attainment	Annual	21.1				19.6		n/a	↑	✓		
28	Secondary school fixed term suspensions	Annual					n/a		n/a	n/a		2021 results not yet available	



	A	B	C	D	E	F	G	H	I	J	K	L	M
	Measure/KPI	Reporting frequency	Actual	Actual	Actual	Actual	Actual	Target	Performance against target	Direction of travel		Comments	
2			Mar-21	June 21	Sept 21	Dec-21	Mar-22						
3													
29	LA schools rated good or outstanding	Quarterly		93%	94%	93%	97%	98.5%	●	↑	✓		
30	Placements for children more than 20 miles from Reading	Quarterly		33%	32%	30%	29%	25%	●	↑	✓		
31	Youth re-offending rate (Youth Offending Service)	Quarterly		32%	24%	24%	24%		n/a	→			
32	Sufficiency of early years providers (vacancies)	Quarterly		n/a	n/a	n/a	85		n/a	n/a		New improved indicator	
33	% adult social care service users receiving direct payments	Monthly		21.1%	21.4%	21.69%	22.13%	22%	●	↑	✓	The overall target of adult Direct Payment users in Reading for 2021-22 was achieved. Over 22% of all adults receiving services in Reading are using Direct Payments as a method of managing their own Personal Budget resulting in more control over their care and support.	
34	Number of Technology Enabled Care Turnkey Assessments	Monthly		44	61	38	59	30	●	↑	✓	Referrals to the Council's Technology Enabled Care (TEC) service continue to remain high. Over 145 service users have had their TEC needs assessed in the past 3 months, resulting in over 460 TEC devices being installed to help people live more safely and independently.	
35	Percentage of new people who contact Advice & Wellbeing Hub who don't go on to a long term service	Monthly		91.4%	91.1%	91.18%	91.07%	85%	●	→		The Advice and Wellbeing Team continue to support vulnerable residents in Reading and overperform.	
36	Percentage of adult social care service user reviews completed annually	Monthly		41.4%	39.9%	43.26%	50.92%	70%	●	↑	✓		

	A	B	C	D	E	F	G	H	I	J	K	L	M
2			Mar-21	June 21	Sept 21	Dec-21	Mar-22						
3	Measure/KPI	Reporting frequency	Actual	Actual	Actual	Actual	Actual	Target	Performance against target	Direction of travel		Comments	
37	Residential admissions 65+ (per 100,000)	Monthly		19	29	15	78	36	●	↓	✗	Due to high needs seen in residents admitted into hospital during the Covid and Winter period, Reading have seen an increase in people requiring residential and nursing home care. This increase relates to 2 more residents in 2021/22 (112), compared with 2020/21 (114).	
38	HEALTHY ENVIRONMENT												
39	Food waste collection participation	Quarterly		n/a	n/a	80%	n/a	50%	n/a	n/a		This is no longer considered a good measure, as the collection method for waste is different to the recycling and refuse bins, with members of the team not always with the vehicle to report non presentation of bins. The weight collected per household are likely to be a more accurate representation of the involvement of residents in the scheme.	
40	Food waste collected (kg/hh/wk)	Monthly		2.85	2.78	2.75	2.34	1.4	●	↓	✗		
41	Percentage waste recycled	Quarterly		52%	52%	50.54%	49.81%	45%	●	↓	✗		
42	Percentage of municipal waste land filled	Quarterly		10.46%	11.43%	14.60%	8.56%	16%	●	↑	✓	Provisional figure	
43	Percentage of actionable potholes repaired within timescale	Quarterly		100%	99%	99%	99%	99%	●	→			
44	Kms of roads and pavements resurfaced	Annual	24.4				90	22	●	↑	✓		

	A	B	C	D	E	F	G	H	I	J	K	L	M
2			Mar-21	June 21	Sept 21	Dec-21	Mar-22						
3	Measure/KPI	Reporting frequency	Actual	Actual	Actual	Actual	Actual	Target	Performance against target	Direction of travel		Comments	
45	Air quality	Annual	30				28	35	●	↑	✓	2021 was a covid affected year. Air Quality significantly improved due to less vehicles on the roads, this has resulted in the target being easily met. Levels are expected to go up again as a sense of normality returns.	
46	RBC Carbon footprint (%)	Annual					n/a	35%	n/a	n/a		There is a lag on reporting of emissions. 2021/22 data due to November SEPT Committee. Target is % against 2008/9 baseline. 2020/21 corporate emissions = 5972 tonnes CO2eq, a reduction of 69.8% below the baseline year of 2008/9.	
47	RBC Carbon footprint (kt)	Annual					n/a		n/a	n/a		As above	
48	Reading carbon footprint	Annual					n/a	70%	n/a	n/a		There is an 18 month data lag with data for 2020 being due in June 2022. 2019 emissions for the borough of Reading were 493.4 kT p.a. - 49% reduction from the 971kT p.a. in 2005. This means a reduction of 49.34kT per annum would be required to reach net zero emissions by 2030.	
49	Hectares turned over to re-wilding	Annual	n/a				48.6		n/a	n/a			
50	Active travel trips to the town centre	Annual					n/a		n/a	n/a		Collected annually in May and available after analysis in July	
51	Journey times	Annual					n/a		n/a	n/a		As above	
52	Car trips to the town centre	Annual					n/a		n/a	n/a		As above	

	A	B	C	D	E	F	G	H	I	J	K	L	M
	Measure/KPI	Reporting frequency	Actual	Actual	Actual	Actual	Actual	Target	Performance against target	Direction of travel		Comments	
2			Mar-21	June 21	Sept 21	Dec-21	Mar-22						
3													
53	Public transport trips to the town centre	Annual					n/a		n/a	n/a		As above	
54	Overweight adults	Annual	62				63.5	54	●	↓	✗		
55	Smoking prevalence: Current smokers - adults in routine and manual occupations	Annual					n/a		n/a	n/a		2021 data not yet available	
56	INCLUSIVE ECONOMY												
57	Young people in NEET	Quarterly		3.0%	1.6%	2.5%	1.9%		n/a	↑	✓		
58	Number of jobs created (Kickstart scheme)	Quarterly	10	34	53	23	15		n/a	↓	✗	As the scheme was coming to an end, DWP stopped promoting and referring any candidates onto live vacancies in March 2022. As a result DWP and employers were struggling to find suitable candidates for some of the vacancies which went unfilled.	
59	People aged 16-64 who are unemployed	Quarterly		6.0%	5.3%	4.9%	4.3%	n/a	n/a	↑	✓		
60	BAME employees in Council's wo	Annual	n/a				15.2%	23%	●	n/a		Based on data for 31 March 2022; figure excludes 5.7% of employees who have not declared their ethnicity.	
61	Gender pay gap	Annual	n/a				2.1%	5%	●	n/a		The Council's mean gender pay gap is 2.06% and the median is 4.91%. This based on the snapshot date of 31 March 2021. The 2022 figures will be presented to Personnel Committee in July 2022.	

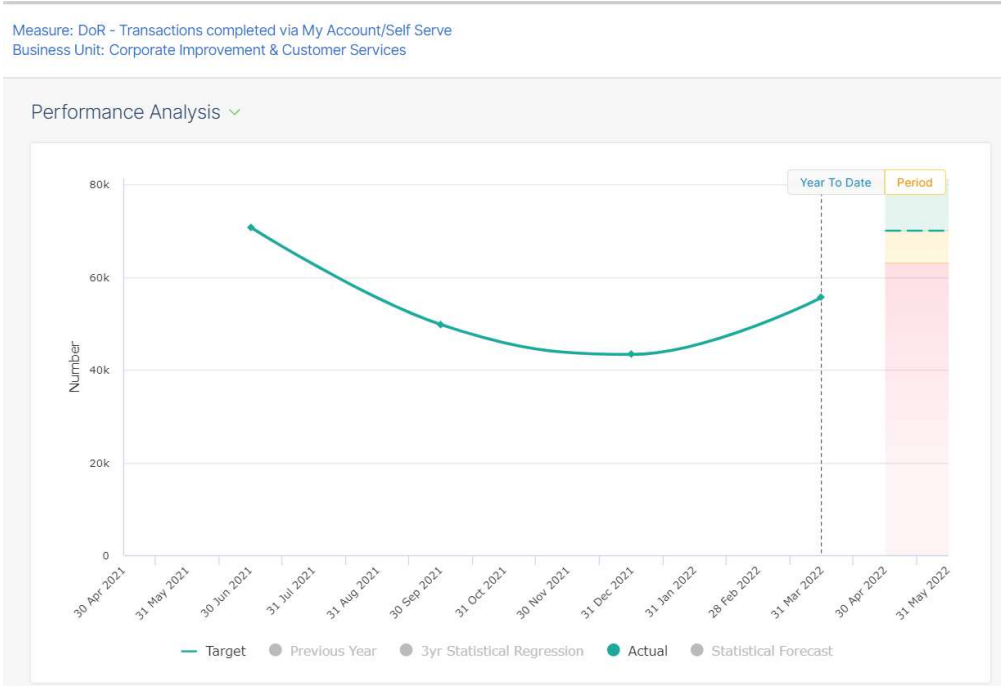


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# APPENDIX 8 - CORPORATE PLAN MEASURES SHOWING SIGNIFICANT CHANGE IN PERFORMANCE - Q4/MARCH 2022

Measures showing significant positive change between since previous period

**Online transactions**



**Additional homes**



## TEC assessments

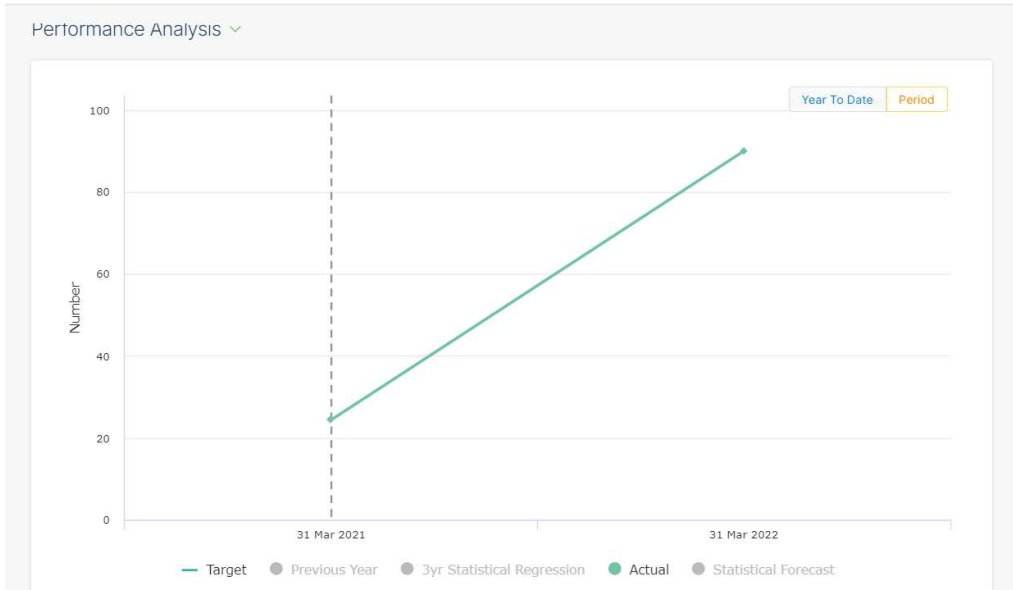
Measure: DACHS - Number of TEC Assessments  
 Business Unit: Adult Social Care Operations



**Commentary:** Referrals to the Council's Technology Enabled Care (TEC) service continue to remain high. Over 145 service users have had their TEC needs assessed in the past 3 months, resulting in over 460 TEC devices being installed to help people live more safely and independently.

## Km roads & pavements resurfaced

Measure: DEGENS - Kms of roads and pavements resurfaced  
 Business Unit: Environmental & Commercial Services

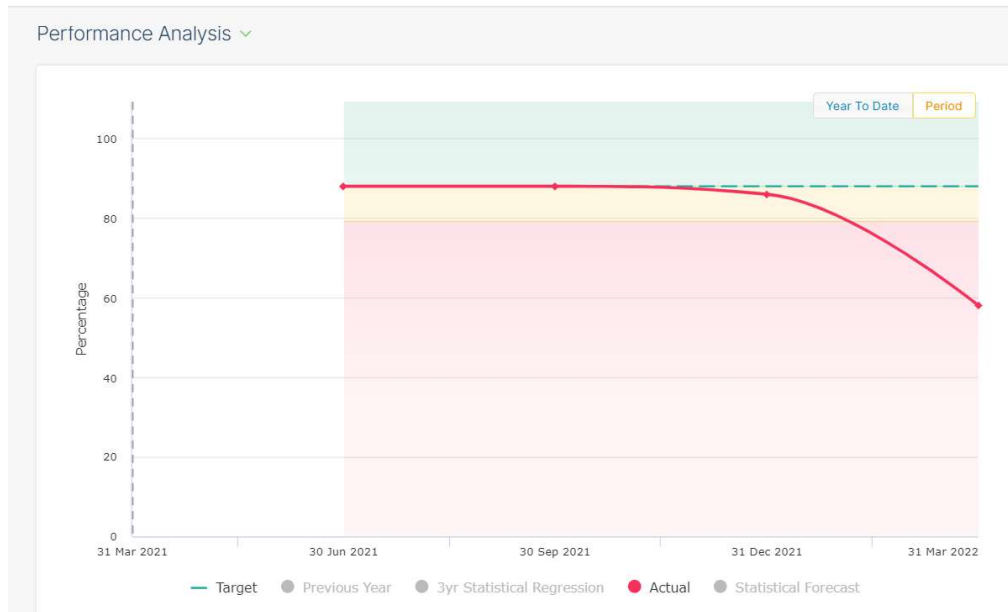




## Measures showing significant negative change since previous period

### Customer satisfaction

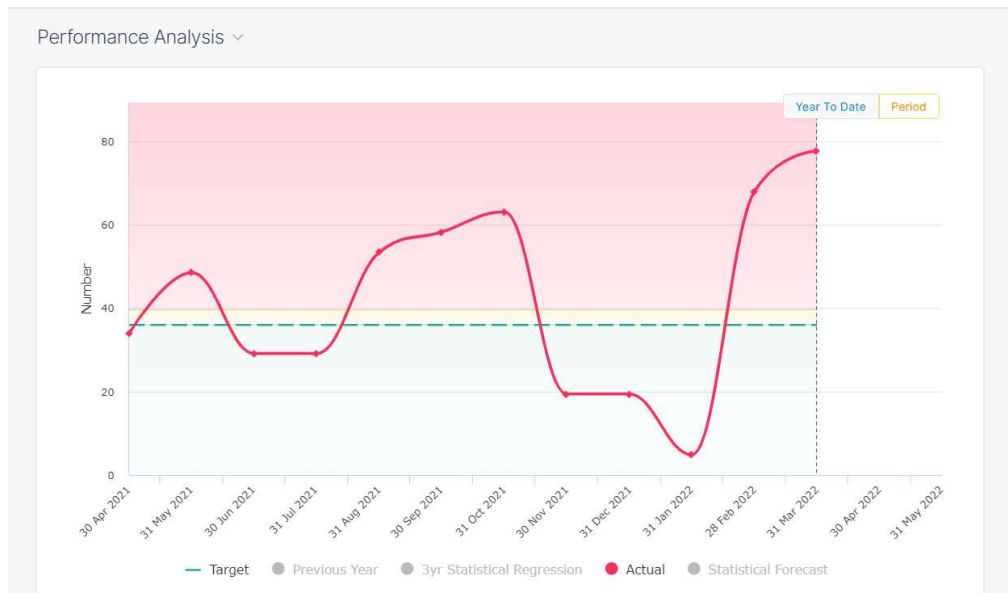
Measure: DoR - Customer Satisfaction in the Customer Fulfillment Centre  
Business Unit: Corporate Improvement & Customer Services



*Commentary:* Customer satisfaction is now being measured using the 8 x 8 system; this only measures the point of the phone call, whereas the previous method measured the whole customer journey. This has led to a decrease in satisfaction scores.

### Residential admissions

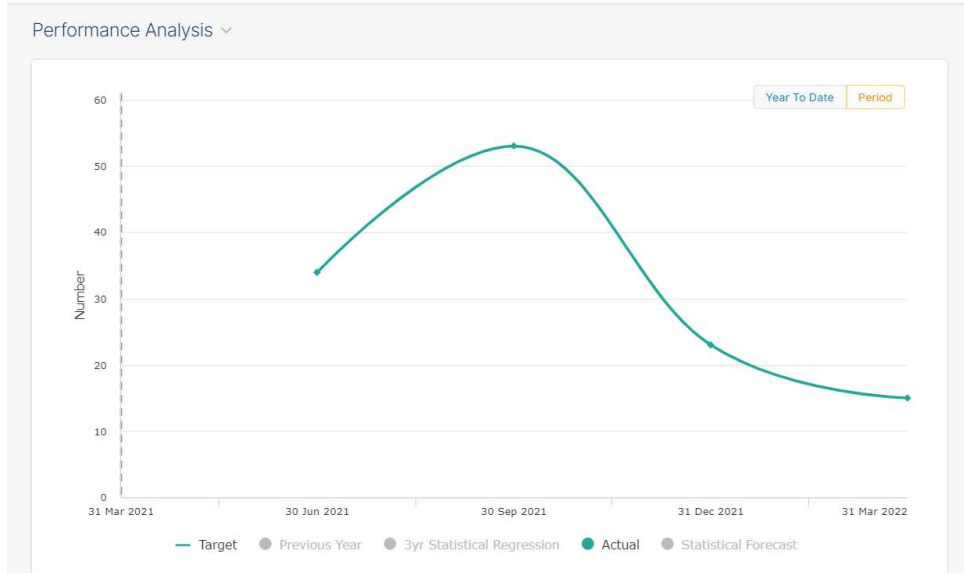
Measure: DACHS - Residential admissions 65+ (per 100,000)  
Business Unit: Adult Social Care Operations



*Commentary:* Due to high needs seen in residents admitted into hospital during the Covid and Winter period, Reading has seen an increase in people requiring residential and nursing home care. This increase relates to 2 more residents in 2021/22 (112 residents), compared with 2020/21 (114 residents).

## Jobs created (Kickstart scheme)

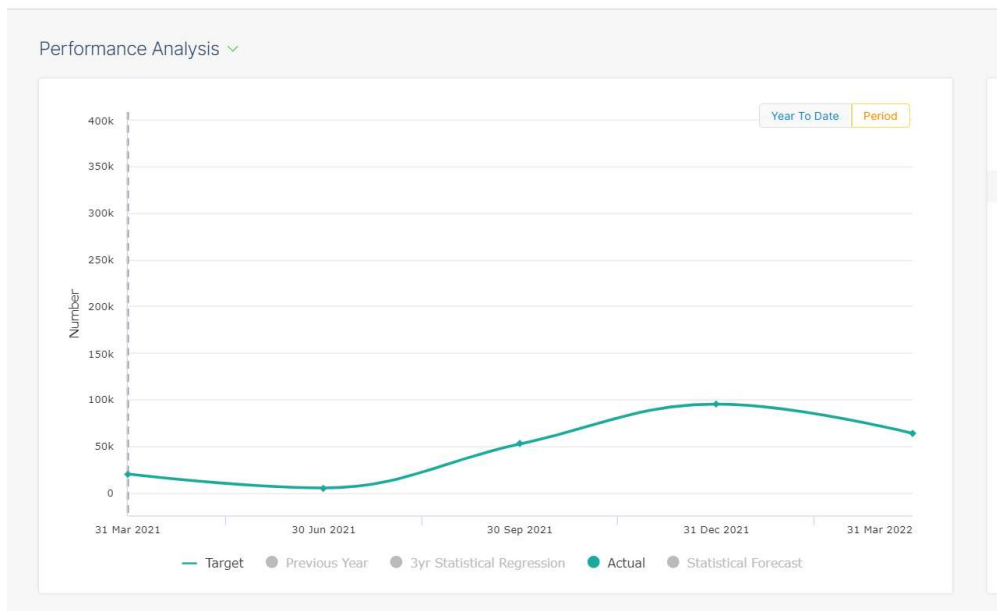
Measure: DEGENS - Number of jobs created  
Business Unit: Reading UK CIC















***Commentary:** As the scheme was coming to an end, DWP stopped promoting and referring any candidates onto live vacancies in March 2022. As a result DWP and employers were struggling to find suitable candidates for some of the vacancies which went unfilled.*

## Cultural venues

Measure: DEGENS - Participation at council cultural venues  
Business Unit: Culture Service (inc. Libraries)












***Commentary:** Downturn in March due to high participation in December at the Hexagon panto.*

CORPORATE PLAN PROJECTS Q4 MARCH 2022					
	Corporate Plan Theme	Initiative	Project	Update May 2022	RAG status
1	Foundations	Council Tax Support Scheme	Propose and Implement a new council tax support scheme		
2	Foundations	Implementation of new financial system and ways of working	Implement business process redesign, to support service managers improve financial management		
3	Foundations	Implementation of new financial system and ways of working	Procurement and implementation of a new financial system	The design phase for the new finance system is complete and the build phase is underway with a revised target completion in July 2022. The implementation has slipped due to limited internal finance resource availability. The project timeline and risks will continue to be monitored alongside resource availability to determine the right go-live date.	
4	Foundations	Digital Strategy development and Implementation	Develop & Implement a Digital Strategy	No change in near future. We are currently discussing move to next generation of fast broadband technology with BT (and other suppliers) and that might lead to a redefinition of this target	
5	Foundations	Driving social value through our contracts and procurement	Implement Social Value Strategy and reporting	Measurement methodology drafted, preparing training for officers for roll out	
6	Foundations	Implementation of the Customer Experience Programme	Harnessing new digital enabling tools to support the automation of processes	Several Key projects now implemented included missed bins automation and ordering a new bin. WEb content improvements There remains technical delays to bookings and these are being actively managed.	
7	Foundations	Implementation of the Customer Experience Programme	Implement the customer fulfilment operating model where the primary channel is self service	Restructure now in plan. Report in preparation.	
8	Foundations	Implementation of the Customer Experience Programme	Use data intelligence and insight to inform service design and define a new data strategy	Continued development of customer and performance data reporting and analytics t	
9	Healthy Environment	Commissioning effective smoking and cessation support and weight management	Commissioning a new smoking cessation service	Project complete; new model of service commenced in October 2021	
10	Healthy Environment	Commissioning effective smoking and cessation support and weight management	Working with our new leisure provider to ensure we are increasing rates of physical activity		
11	Healthy Environment	Climate Emergency Strategy	Climate Emergency Strategy Implementation	Data produced by BEIS - available for 2020 end June 2022.	
12	Healthy Environment	Climate Emergency Strategy	Council Carbon Plan 20-25 Implementation		

	Corporate Plan Theme	Initiative	Project	Update May 2022	RAG status
13	Healthy Environment	Local Transport Plan	<b>New Local Transport Plan (LTP) for Reading</b>	Scheduled for adoption in November 2022.	●
14	Healthy Environment	Local Transport Plan	<b>Publish an Electric Vehicle Strategy</b>	Scheduled for adoption in November 2022.	●
15	Healthy Environment	Local Transport Plan	<b>On-going programme of network management schemes</b>		●
16	Healthy Environment	Place Improvement projects (Roads, parks, community facilities and heritage assets)	<b>£9 million on Reading's biggest ever investment in resurfacing roads and pavements.</b>		●
17	Healthy Environment	Place Improvement projects (Roads, parks, community facilities and heritage assets)	<b>Completion of £1.7m Community Infrastructure Funded Community projects.</b>	Some projects have been completed and some haven't; a report on progress is due to go to Policy Committee over the summer	●
18	Healthy Environment	Place Improvement projects (Roads, parks, community facilities and heritage assets)	<b>Consultation on allocation of a further £1.2 million CIF command implementation</b>	The consultation was carried out between February and April 2021, and led to an allocation of £1.557 million of CIL by Policy Committee on 14 <sup>th</sup> June 2021, and further informed the allocation of an additional £1.623 million by Policy Committee on 7 <sup>th</sup> March 2022.	●
19	Healthy Environment	Place Improvement projects (Roads, parks, community facilities and heritage assets)	<b>Improvements to play areas and park environments</b>	Ongoing programme of capital, S.106 and CIL investment; proactive engagement with allotments tenants and progress towards tenant involvement in managing sites; high visitor satisfaction with parks; 340 trees planted 2021/22	●
20	Healthy Environment	Waste Strategy for Household Waste	<b>Waste Strategy</b>	The Recycling and Enforcement team continue to undertake recycling initiatives and door knocking activity around the Borough. They have also been involved in an open day, where residents could bring their small electrical items to dispose of. The team continue to take enforcement action against environmental crime, and working with legal with the process of getting our cases into court.	●







	Corporate Plan Theme	Initiative	Project	Update May 2022	RAG status
22	Inclusive Economy	Cultural Placemaking	<b>Deliver the High Street Heritage Action Zones project objectives.</b>	<p>After numerous discussions with HE and RBC services to ensure the right quantity and quality of material and street furniture were selected we purchased for £24,502 of material ready for the public realm improvement.</p> <p>Community engagement for the public realm improvements: Feria Urbanism has been appointed and have started the street interviews.</p> <p>Learning, My Heritage, Cultural Programme, Legacy and Marketing and Promotion areas of work/actions have been delivered for Q4 albeit some issues with covid 19 restrictions and staffing resource.</p> <p>Conservation works - delay due to reluctant owners, tendering process and Omicron.</p> <p>Budget underspend HE year 2 = £136.381.</p> <p><u>Next steps</u> - To recruit a part-time administration and communication assistant post to support the team with communication/social media activities.</p> <p>To present a spending proposal for year 3 of the project and to review the ToRs and the project governance with the new HE project lead starting in May 2022.</p> <p>To continue ongoing communication with various shop owners to ensure they are agreeing to take part to the conservation grant scheme. New property interested.</p>	●
23	Inclusive Economy	Cultural Placemaking	<b>Develop legacy actions from Reading Place of Culture project</b>		●
24	Inclusive Economy	Cultural Placemaking	<b>Future direction for libraries based around the Central Library development</b>	Options appraisal phase 2 being worked on for Central library	●
25	Inclusive Economy	Cultural Placemaking	<b>Reading 2021 Anniversary activities, including the Reading Abbey 900 anniversary celebration</b>		●
26	Inclusive Economy	Cultural Placemaking	<b>Shape the future 3 year delivery plan 2022-25 for Reading's Culture and Heritage Strategy</b>	A cultural sector workshop has been planned for the 20th of June. This will be led by Arts Work, and will help inform the 3 year Action Plan.	●
27	Inclusive Economy	Cultural Placemaking	<b>Work in partnership to further the community and council ambitions for Reading Gaol</b>	The MoJ are continuing with their disposal process and the Council's bid remains on the table.	●
28	Inclusive Economy	Cultural Placemaking	<b>Work with strategic leaders of Reading's creative industries</b>		●
29	Inclusive Economy	Employment and Skills training	<b>Agree and commence delivery of the new Cultural Education Partnership plan 2020-2024</b>		●
30	Inclusive Economy	Employment and Skills training	<b>Deliver KickStart programme</b>		●

	Corporate Plan Theme	Initiative	Project	Update May 2022	RAG status
31	Inclusive Economy	Employment and Skills training	<b>Continue to develop and implement Employment and Skills Plans to improve job opportunities</b>	Station Hill ESP with JRL has so far delivered: 62 supported employment opps, 78 jobs for local people, 30 education visits, 3 work experience jobs. There are currently 12 ESPs live or in pipeline including Greyfriars Church, RIBP, Stadium Way, Foundry Place, Rivermead/Palmer Park. S106 funds have provided: Rebel Berks Business School - 35 people from greater Reading attended this collaborative Berkshire online training in Feb. Job Fest - employment and skills event to take place on May 10th - 45 employers already confirmed and 8 speakers. LIVE Business Network event took place in January focused on Start Up Business - with 6 speakers and 45 attendees. Next is planned for April, focusing on Local Buying and Circular Economy for Small Business. [Reading Business Network now connects 500 local business people. Monthly online meets attracting 30-35 people.	
32	Inclusive Economy	Major Transport Schemes	<b>Complete Green Park station</b>	Construction works due for completion summer 2022.	
33	Inclusive Economy	Major Transport Schemes	<b>Complete Reading West Station Upgrade</b>	Highways works completed, utility diversion works ongoing.	
34	Inclusive Economy	Major Transport Schemes	<b>Continued delivery of phase 4 of South Reading Mass Rapid Transport</b>	Latest phase of construction works complete.	
35	Inclusive Economy	Major Transport Schemes	<b>Delivery of the final section of the National Cycle Network (NCN) 422 route</b>		
36	Inclusive Economy	Major Transport Schemes	<b>Secure external funding for future sustainable transport schemes</b>		
37	Inclusive Economy	Powered by People Strategy - Reading CIC Economic growth and Recovery 2020-24	<b>Actions arising from the Powered by People strategy</b>	The Covid Economic Recovery plan involves several parts of the Borough working with Reading UK CIC. Specific programmes to directly tackle inequality and create opportunities around the Borough through employment and skills activity, run alongside programs to enhance quality of life including the Town Centre Strategy, Drone Super Highways, Reading Place Branding, and development of the Visitor Economy. Plans for the next stage of activity based on response to economic downturn and cost of living crisis are now taking shape.	
38	Inclusive Economy	Thames Valley Berkshire ADEPT Live Labs Project	<b>Thames Valley Berkshire ADEPT Live Labs</b>		
39	Inclusive Economy	Town Centre Regeneration	<b>Agree delivery model and commence marketing of former Civic Centre site</b>		

	Corporate Plan Theme	Initiative	Project	Update May 2022	RAG status
40	Inclusive Economy	Town Centre Regeneration	Production of a Town Centre Strategy		●
41	Thriving Communities	Housing Strategy 2020-25 and housing initiatives	Complete the final phase of Hexham Road refurbishment and landscaping		●
42	Thriving Communities	Housing Strategy 2020-25 and housing initiatives	Deliver 40 homes with intensive support to people with a history of rough sleepers	40 homes delivered and occupied by rough sleeping cohort since 15th December 2021.	●
43	Thriving Communities	Housing Strategy 2020-25 and housing initiatives	Develop social inclusion plans for the most deprived areas	All drafts need updating to include an action plan for community development work when direction for team has been agreed	●
44	Thriving Communities	Housing Strategy 2020-25 and housing initiatives	Improvements to Wensley Road existing homes		●
45	Thriving Communities	Housing Strategy 2020-25 and housing initiatives	Installation of 41 heat pumps		●
46	Thriving Communities	Housing Strategy 2020-25 and housing initiatives	Reduce fuel poverty		●
47	Thriving Communities	Housing Strategy 2020-25 and housing initiatives <sup>1</sup>	Review of Allocations Scheme		●
48	Thriving Communities	Reading Community Safety Partnership strategy	Community Safety Partnership Strategy refreshed	Strategic Assessment is still being undertaken due to the vast amount of data and information that has been provided. Initial headlines have been presented to the CSP, with a priority setting meeting to be scheduled for June 2022.	●
49	Thriving Communities	Reading Community Safety Partnership strategy	Violence Steering Group to plan in preparation and response to the new Serious Violence Duty	Strategic Assessment is still being undertaken due to the vast amount of data and information that has been provided. The Steering Group are working towards finalising the strategy timeline to present to the Community Safety Partnership in July 2022.	●
50	Thriving Communities	Transforming Leisure Services	Invest £35 million in modern and new leisure facilities (Rivermead & Palmer Park pools)		●
53	Thriving Communities	Bereavement Service which is customer focused and resilient	Procurement for new cremator	FT confirmed Supplier for cremators. Contract for design team complete. First meeting held on 28th April	●
54	Thriving Communities	Equalities, Diversity and Inclusivity Initiatives	Highlight Reading's diverse arts, culture and heritage		●
55	Thriving Communities	Equalities, Diversity and Inclusivity Initiatives	Partnership to address challenges in accessing culture and funding		●
56	Thriving Communities	Equalities, Diversity and Inclusivity Initiatives	Support the Carnival Organising Committee to prepare for a successful Carnival 2022		●
57	Thriving Communities	Equalities, Diversity and Inclusivity Initiatives	Action Plan in place to improve community engagement mechanism across diverse communities	This project has been pulled into a wider project in developing a framework for engagement with communities, and is now complete	●

	Corporate Plan Theme	Initiative	Project	Update May 2022	RAG status
58	Thriving Communities	Equalities, Diversity and Inclusivity Initiatives	<b>Participatory research on the lived experience of diverse communities in the Borough</b>	Complete - lived experience research completed by CPAR Project, findings to be embedded in the work of the neighbourhood initiative teams	●
59	Thriving Communities	Equalities, Diversity and Inclusivity Initiatives	<b>Publish annually Gender and Ethnicity Pay Gap reports and a Workforce Equality Audit</b>	The Gender and Ethnicity Pay Gap reports for 2021 and the Workforce Profile for 2020/21 have been published on the Council's website. <a href="https://www.reading.gov.uk/the-council-and-democracy/council-strategies-plans-and-policies/equality-diversity-and-inclusion-policies/">https://www.reading.gov.uk/the-council-and-democracy/council-strategies-plans-and-policies/equality-diversity-and-inclusion-policies/</a>	●
60	Thriving Communities	Equalities, Diversity and Inclusivity Initiatives	<b>Tackle racial inequality in the workplace, through signing up to BITC's Race at Work Charter</b>	We are seeking proposals from 4 organisations to help with EDI Strategy Development. Funding for the work will be sought from the Corporate Learning and Development Budget, subject to CMT approval in June 2022. An update was provided to Personnel Committee in March 2022 confirming that many of the recommendations made in the BITC equality audit report have been progressed, including mandatory training on unconscious bias for anyone involved in recruitment.	●
61	Thriving Communities	Forbury Gardens Incident	<b>Forbury Gardens Memorialisation and commemoration plans</b>	We continue to work with stakeholders and the families to develop a suitable and fitting memorial for those killed and harmed in the attacks of June 2020.	●
62	Thriving Communities	Voluntary and Community Sector partnerships	<b>Commission services in line with the new operating model</b>		●
64	Thriving Communities	Adult Transformation Programme	<b>Day Services Review</b>	The project savings target has been met through right-sizings against the placements budget. In total 34 service users and 47 placements / 37% (out of 128) have been reviewed thus far, while 6 services out of 14 have signed and returned their contracts; a further 7 have signed the contracts but need to provide further detail about their service offer before the contracts can be completed; the remaining provider will not sign their contract, so their 2 service users will be issued with a Direct Payment so that they can continue accessing the service without a need for a contract.	●
65	Thriving Communities	Adult Transformation Programme	<b>Discharge to Assess &amp; Community Reablement</b>	Project documentation and approach has been agreed at DMT and an initial proposed model of delivery has been approved for development by the DACHS director. Data analysis of the overall service has been completed and a further analysis of staff utilisation and structure will be reviewed in the upcoming quarter to support the scoping of the new model.	●
66	Thriving Communities	Adult Transformation Programme	<b>Personal Assistant Market Development</b>	The homecare marketing campaign that was launched in January 2022 has attracted new Personal Assistants (PAs) to sign up to the Council's PA Portal. The PA Portal (that also launched in January 2022), is an online tool where service users can advertise vacancies for PA work and PAs can demonstrate their skills and experience in order to find employment. The PA team was also represented at a community event in March to encourage people to explore PA work as an alternative career choice.	●



	Corporate Plan Theme	Initiative	Project	Update May 2022	RAG status
67	Thriving Communities	Adult Transformation Programme	Priority 1 Prevention Programme (TEC)	The Council's in house TEC team was established during this period and has identified 3, 6 and 12 month service delivery priorities. A more holistic TEC service is being offered that works closely with all partners and incorporates all elements of people's lives to find the most suitable solutions for their needs.	
69	Thriving Communities	Adult Transformation Programme	Priority 3 Young People Programme (Transitions)	Practice Guidance shared with Team Manager, permanent now in post. A Mencap Transitions Family Advisor is in post and actively working with 16 - 25 year olds. Information booklet for young people finalised and echoes the Preparing for Adulthood Policy & Pathway which goes alongside the Information Guide for Parents/Carers already published. Internal processes continue to be embedded via the Peer Learning event, last one March 2022. Additional Preparing for Adulthood panels have been arranged to work through a back log. The savings target is on track to be delivered for this financial year. 34 young people presented to PFA panel in Q4, 25 agreed to transfer from Brighter Futures for Children, 5 not agreed. Aged between 16 - 20	
70	Thriving Communities	Adult Transformation Programme	Priority 4 Service Delivery Programme - DACHS Asset Review	Battle Street - Public Consultation is planned with newsletter to be sent week 09/05/22 and event to be held at a Community Centre 26/27 May 22. Hexham Road - is currently on hold while discussions with CQC continue regarding their concerns they have raised about the proposals due to the number of needs being met on one site i.e. Respite, PMLD Day Opportunities and Sheltered Housing. Discussions at a senior level with DACHS and CQC are being progressed to work through this with the aim of having assurance that the service will be registered on completion.?	
71	Thriving Communities	Adult Transformation Programme	Promoting Independence (Outcome Based Working)	The revised savings targets for 21/22 has been delivered through a combination of right-sizing reviewed POCs and mitigations.? Social Workers report that writing Goal Plans in respect of each review, is impacting on the volume of placement reviews they can complete each week. The limited gain to be made through this approach, combined with the fact that the project's savings target have been met while a number of Day Service users have outstanding reviews, necessitated a review of the project and the completion of an End of Project report, which was approved at the April Transformation Board. The project is now closed.	
					69.7% 
					30.3% 
					100.0% Total

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By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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READING BOROUGH COUNCIL  
REPORT BY DIRECTOR OF FINANCE

<b>TO:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
<b>DATE:</b>	<b>19<sup>th</sup> JULY 2022</b>		
<b>TITLE:</b>	<b>CLOSING FINANCIAL ACCOUNTS UPDATE</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR TERRY</b>	<b>PORTFOLIO:</b>	<b>CORPORATE AND CUSTOMER SERVICES</b>
<b>SERVICE:</b>	<b>FINANCE</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
<b>LEAD OFFICER:</b>	<b>MARK SANDERS</b>	<b>TEL:</b>	
<b>JOB TITLE:</b>	<b>CHIEF ACCOUNTANT</b>	<b>E-MAIL:</b>	<b>Mark.Sanders@reading.gov.uk</b>

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report updates the Committee on progress with the completion of the audit of the Council's Final Accounts for 2019/20, and the preparation for the 2020/21 and 2021/22 accounts. The information contained in the report was the position at 08 July 2022. This report should be considered alongside the External Auditors' (EY) progress report.

## 2. RECOMMENDED ACTION

- 2.1 That the Committee notes the progress made on the audit of the accounts for 2019/20, and the preparation for following years' 2020/21 and 2021/22 accounts.
- 2.2 That the Director of Finance, in consultation with the Chair of Audit & Governance Committee, be authorised to sign off the Statement of Accounts for 2019/20 on behalf of the Council.

## 3. SUMMARY

### 2019/20 Accounts

- 3.1 Members will recall that the draft 2019/20 accounts were published on 10 November 2021 and are currently subject to External Audit scrutiny.
- 3.2 At the last Committee meeting in April 22, it was reported that the accounts process was almost complete and likely to be concluded by July 22. Since then, despite an increase in the focus and resources by both the Council's and external auditor's teams the remaining audit queries have taken longer to resolve than anticipated.
- 3.3 This work has involved reviewing and re-calculating estimates for bad debt provisions and providing information to support income reconciliations.

- 3.4 There are two main areas of work which the Council has been working on that have not yet been concluded. These relate to Cash Income Suspense and Intercompany transactions between the Council and Brighter Futures for Children. This work is likely to be resolved by the time of the Committee meeting and a verbal update will be provided on the day.
- 3.5 With regard to the rest of the audit, EY have indicated that their work is almost complete, with residual write ups and reviews finished by around the end of July.
- 3.6 There have been a number of technical and presentational adjustments which have been made to the draft accounts, with both Council and External Audit Staff focussing on making improvements which will in turn help to reduce the time it takes to audit future years' accounts.
- 3.7 Based on the number of audit queries that remain, the Council aims to complete all the work relating to 2019/20 by the date of this of this Committee meeting. EY will then be able to consider their view on the accounts.
- 3.8 The final sign off will need to take account of the outcome of a technical CIPFA consultation on temporary changes to accounting for Infrastructure Assets. This consultation is affecting nearly all Local Authorities which may delay the receipt of formal audit opinions whilst the matters are being considered nationally.
- 3.9 Although it is not clear when the relevant Accounting Codes of Practice will be updated following the results of this consultation, it is anticipated that further information will be available in August 2022.

#### **National progress on audit opinions**

- 3.10 The latest national data on the completion of audit opinions shows the sector is facing significant challenges in completing external audits.
- 3.11 Up until 31 May 2022, a total of 51 local authorities have not had Audit Opinions issued for 2019/20, with a further 19 opinions delayed from earlier years. There are clearly several issues still being addressed at other authorities, and these issues present a significant challenge for the sector to overcome and impact on external audit resource planning.
- 3.12 The position for 2020/21 is that 201 audit opinions are still in progress. Given that CIPFA is consulting on changes to Infrastructure accounting, this may be a significant factor.
- 3.13 Looking forward, the Council will continue to work with EY in planning for the preparation and audit of future years' accounts.

#### **Adjusting Items**

- 3.14 There have been a number of adjusting items which the Council has agreed and corrected in the accounts. The more significant items concluded to date are in relation to:-
- 1) a miscoding error between short and long-term borrowing;
  - 2) the transfer of a school to Academy status which occurred in 2019/20 but which had not been reflected in the accounts at 31 March 2020;
  - 3) amendments have been made to bad debt provision calculations;

- 4) 4 duplicate assets which were reflected in both the HRA and the General Fund (GF)
  - 5) A Housing Benefit overpayment adjustment which reduces a short term debtor and also; and
  - 6) We identified mortuary assets which were transferred at nil value from the Home Office but we had not reflected on our Balance Sheet at 31 March 2020. We have now received valuations in respect of these assets which has added £0.1 million to the Council's Land and Buildings valuations.
- 3.15 The Council's finance officers have made a judgement regarding a reconciliation difference between sundry debtor's values that are identified on the Council's finance system, and the total held on a separate off ledger Academy system. A key Aged Debtor report was not run at the required 31 March cut off, which has resulted in timing differences between the two systems and difficulties in reconstituting the balance. A timing difference of £0.5 million has been identified, however this is not considered material and as the statement of accounts must reflect the actual transactions recorded in its general ledger, no further adjustments have been made.
- 3.16 At time of drafting this report, there are two areas of work in progress which are expected to be concluded by the date of this Committee meeting:-
- 1) Cash Income Suspense - verifying that income collected should be set against debtors; and
  - 2) Inter Company Accounts - Verifying offsetting Debtor / Creditor Balances between Reading Borough Council and its wholly owned subsidiary Brighter Futures for Children. This work has proved to be complicated in nature, where the need for timing accuracy between the two organisations is vital.
- 3.17 All the required amendments for the adjusting items to date, have now been made.

#### **Technical Assessments and CIPFA Consultation on Infrastructure Assets**

- 3.18 The external audit work to review the Council's use of technical advisors to provide specialist advice around Asset valuations; PFI contracts and pension liabilities are almost concluded with no significant issues arising. It was noted at the last meeting of this Committee that there were issues identified in the audit of the Pension Fund (none relating the Reading Borough Council), for completeness these issues have now been resolved and we have reflected the updates to the Pension Fund valuation, following its audit, in our accounts.
- 3.19 CIPFA has issued a consultation on implementing temporary proposals relating to accounting for Infrastructure Assets (road, footpaths etc). The closing date for this consultation was 14 June 2022.
- 3.20 This is a technical issue arising from a need to de-recognise (remove) the part of an infrastructure asset that is being replaced in a given year.
- 3.21 It could be considered that this de-recognition is not applied on the assumption that the asset lives are fully used up before the replacement expenditure takes place, with Council's depreciation policies reflecting this approach. In practice, Councils have held infrastructure balances for many decades, making the identification of detailed records challenging.

- 3.22 The gross book value and accumulated depreciation values of Infrastructure Assets may not have been adjusted to reflect de-recognition transactions in local authorities accounts where historic information is not held.
- 3.23 The consultation sought views with the aim of assisting the current reporting position and with the representation of meaningful information for the users of local authority financial statements.
- 3.24 Reading Borough Council has £130 million of Infrastructure Assets at 31 March 2020. It is worth noting that these assets are mainly of accounting significance, ie that they are not considered the same as a Land and Building Asset which could be readily sold.
- 3.25 The Council will review developments as they arise and incorporate any changes in accounting guidance when issued and formally include in relevant codes of practice.

#### **2020/21 and 2021/22 Accounts**

- 3.26 The Council's Final Accounts team has also been progressing the production of the Statement of Accounts for 2020/21, taking account of the roll forward impacts of adjustments to the 2019/20 accounts, reviewing areas and working papers where improvements need to be made.
- 3.27 The Council's External Auditors, EY, have confirmed they will allocate their resources to begin the 2020/21 audit process at the beginning of August 2022. This is excellent news and confirms that progress is being made with the aim to sign off the accounts by December 2022. This will be a significant improvement from previous years and reinforces that the Council is on track to return to a more timely audit process.
- 3.28 Subject to any remaining audit matters arising, it is intended that the draft 2020/21 accounts will be published and available for public inspection during August 2022.
- 3.29 The first stage in the production of the 2021/22 accounts has been completed. This is primarily based on the closure of the annual management accounts, and the receipt of asset and pension valuations from external advisors. Although focus will shortly turn to the 2020/21 process, many of the working papers for both years can be prepared and reviewed concurrently. The intention is for the 2021/22 Statement of Accounts to be made available for public inspection in January 2023 to coincide with the external audit work commencing, subject to agreement with EY.
- 3.30 The Council will continue to focus on controls and working paper improvements with the clear aim of reducing the time it takes to conclude audit processes. This will include taking account of emerging national accounting/auditing issues as they arise.

#### **4. CONTRIBUTION TO STRATEGIC AIMS**

- 4.1 The production of annual Statement of Accounts results in the publication of accurate, transparent financial information which gives a true and fair view of Reading Borough Council's economic performance and financial stability.

#### **5. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS**

- 5.1 None arising.

#### **6. COMMUNITY ENGAGEMENT AND INFORMATION**



6.1 The draft 2019/20 accounts were made available for public inspection during November / December 2021 as required under Part Five of the Accounts and Audit Regulations 2015.

## **7. EQUALITY IMPACT ASSESSMENT**

7.1 Not applicable.

## **8. LEGAL IMPLICATIONS**

8.1 Part Five of the Accounts and Audit Regulations 2015 requires authorities to allow the public to inspect the accounts for a single period of 30 working days and stipulates that must include the first 10 working days of June of the financial year immediately following the financial year to which the accounts relate. The Council was unable to comply with this requirement in respect of the 2017/18, 2018/19, 2019/20 and 2020/21 accounts as they were not ready for inspection.

## **9. FINANCIAL IMPLICATIONS**

9.1 The audit fees for 2019/20 will be reported in due course.

## **10. BACKGROUND PAPERS**

10.1 None.

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