

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

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12 July 2023

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NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE 20 JULY 2023

A meeting of the Audit and Governance Committee will be held on Thursday, 20 July 2023 at 6.30 pm in the Council Chamber, Civic Offices, Reading. The Agenda for the meeting is set out below.

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| This report updates the Committee with progress on completion of the audit of the Council's Final Accounts for 2019/20, 2020/21 and preparation for the 2021/22 accounts. | | |
| 5. INTERNAL AUDIT ANNUAL ASSURANCE REPORT | | 15 - 38 |
| 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. | | |
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| This report provides an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report. | | |
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This report provides the latest update on the Strategic Risk Register 2023/24.

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| 8. | ANNUAL TREASURY MANAGEMENT REVIEW 2022/23 | 107 - 120 |
| | <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 1st April 2022 to 31st March 2023.</p> | |
| 9. | 2022/23 QUARTER 4 PERFORMANCE REPORT | 121 - 194 |
| | <p>This report sets out the provisional revenue and capital outturn positions for the Council's General Fund and Housing Revenue Account (HRA) for 2022/23. The report also sets out performance against the measures of success published in the Council's Corporate Plan.</p> | |
| 10. | IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER | 195 - 208 |
| | <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> | |
| 11. | INFORMATION GOVERNANCE QUARTERLY UPDATE | 209 - 214 |
| | <p>This report provides an update on the actions in progress to improve the Council's policies, systems and processes around Information Governance.</p> | |

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Present: Councillor Williams (Chair); Edwards, Emberson, Gittings, Mitchell, Terry and Thompson;

Apologies: Councillor G Dennis.

37. MINUTES OF THE PREVIOUS MEETING HELD ON 24 JANUARY 2023

The Minutes of the meeting held on 24 January 2023 were confirmed as a correct record and signed by the Chair.

38. INTERNAL AUDIT QUARTERLY PROGRESS REPORT

Paul Harrington, Chief Auditor, submitted a report providing an update on the key findings emanating from the Internal Audit reports issued for the period 1 January to 31 March 2023 (Quarter 4).

The report provided a summary of the findings following each audit review, summarised the recommendations and management actions that had been put forward for each area and stated the overall assurance opinion level given by the Internal Audit team. A total of three audit reviews had been finalised in the period with two receiving positive opinions and one receiving a limited assurance opinion. The specific areas looked at were:

- Commercial Assets & Investments (Reasonable Assurance opinion given);
- Housing Revenue Account (Follow up) (Substantial Assurance opinion given); and
- Direct Payments (Limited Assurance opinion given).

The audit of Direct Payments had identified some process weaknesses, such as payment account setups not being authorised and checked, along with delays in the monitoring of user accounts, which had resulted in a 'limited assurance' opinion. There had been a strengthening in the separation of duties between setting up and monitoring accounts, but there were some poor procedural practices and compliance issues in the completion of system documentation that should be improved to support this further and provide an audit trail.

The report also detailed the audits that were currently in progress and gave a summary of investigations work that had taken place between 1 January and 31 March 2023.

Resolved:

- (1) That the audit findings be noted, and the recommendations and management action underway, as set out in the Internal Audit & Investigations Quarter 4 Update Report, be endorsed;
- (2) That an appropriate officer be invited to attend either the next meeting on 20 July 2023 or the subsequent meeting on 27 September 2023 to reassure the Committee that progress had been made to correct deficiencies in the Direct Payments' processes that had been identified by Internal Audit as requiring improvement and that the Audit

Recommendations, as described in Minute 45 below, had been implemented.

39. INTERNAL AUDIT PLAN 2023/2024 & INTERNAL AUDIT CHARTER

Paul Harrington, Chief Auditor, submitted a report setting out the work Internal Audit was planning to undertake during the financial year 2023/2024. 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 the Committee for approval.

Resolved: That the Audit Plan and Internal Audit Charter for the period April 2023 to March 2024, be approved, as attached to the report at Appendices 1 and 2 respectively.

40. STRATEGIC RISK REGISTER QUARTER 4/ QUARTER 1 2022/23 - 2023/24

Robin Pringle, Health, Safety & Risk Management Lead, presented a report outlining the Q4 updates to the Strategic Risk Register (SRR), in line with the requirements of the Council's Risk Management Strategy. A copy of the SRR was attached to the report at Appendix 1. The Risk Register covered the actions completed by the Council during Q4 and the risk ratings for Q1 of 2023/24. The SRR had been reviewed by CMT in March 2023 and no risks had been removed or de-escalated to the relevant Directorate Risk Register. There had also been no new risks added to the SRR.

The report stated that Risk Management Training had been delivered to Councillors on 2 February and 30 March 2023. Both training sessions had provided Members with the guidance on how to review and challenge reports when received as part of promoting good governance.

Resolved: That the Council's Strategic Risk Register, as at the end of Q4 (March 2023), be noted.

41. 2022/23 QUARTER 3 PERFORMANCE AND MONITORING REPORT

Stuart Donnelly, Financial Strategy & Planning Manager, submitted a report, which had been considered by Policy Committee on 13 March 2023 (Minute 62 refers) setting out the projected revenue and capital outturn positions for 2022/23 for both the General Fund and the Housing Revenue Accounts as at the end of Quarter 3 (December 2022). 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 - Capital Programme for Quarter 3;
Appendix 3 - Debt Write-offs;
Appendix 4 - Corporate Plan Measures for Quarter 3;
Appendix 5 - Corporate Plan Projects for Quarter 3;
Appendix 6 - Corporate Plan Measures Charts for Quarter 3.

Resolved: That the 2022/23 Quarter 3 Performance and Monitoring Report and the recommendations set out and approved by Policy Committee on 13 March 2023 be noted.

42. CIPFA FINANCIAL MANAGEMENT CODE

Stuart Donnelly, Financial Planning & Strategy Manager, submitted a report on the Financial Management Code 2019 (FM Code) (Appendix 1), 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. The Guidance to the Code (Appendix 2) expected Authorities to be able to provide evidence that they had reviewed their financial management arrangements against the standards and that they had taken such action as may be necessary to comply with them. Effectively, an annual self-assessment exercise had been required to assess compliance with the FM Code from 1 April 2021

The 2022/23 self-assessment had identified significant progress against three key areas:

- i) The Chief Auditor's annual assurance report had improved from Limited Assurance to Reasonable Assurance;
- ii) The positive findings of the Corporate Peer Challenge (as set out in paragraph 8.18), organised by the Local Government Association (LGA), that had taken place in June 2022; and
- iii) The Medium-Term Financial Strategy (MTFS), which had been approved by Council in February 2023, delivered a balanced budget in 2023/24 without the need to draw on reserves and set out a provisionally balanced budget for 2024/25.

As a result of these improvements, this self-assessment had identified that two standards (standards C and E) had improved from a previous rating of 'Amber' to 'Green'. All other standards remained as per the 2021/22 assessment. A proposed action plan, setting out the required actions to improve those standards rated 'Amber' to 'Green' was set out in Appendix 3.

Resolved: That the findings of the 2023/24 Financial Management Code Self-Assessment be noted.

43. IMPLEMENTATION OF THE NEW FINANCE SYSTEM - PROGRESS UPDATE

Darren Carter, Director of Finance, submitted a report updating on the progress made towards the implementation of a new finance system. The report stated that implementation of the new system had been delayed until Autumn 2023 to ensure that it would be fully operational at the point of 'go-live'. The revised project plan took into consideration resource availability, the impact of other system projects and dependencies on third parties. The plan included completing Integrated System Testing and Data Migration by the end of June 2023. User Acceptance Testing training and a cut-over rehearsal would then take place during the Summer, with the final cut-over work delivering an Autumn 2023 'go-live'. The revised plan was currently being reviewed by independent consultants to consider robustness and deliverability. The Project Team was meeting daily, with weekly meetings chaired by the Director of Finance to track progress.

Resolved: That progress of the implementation of the new Finance System be noted.

44. INFORMATION GOVERNANCE QUARTERLY UPDATE

Michael Graham, Assistant Director of Legal & Democratic Services, submitted 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: the action being taken to address the backlog of Subject Access Requests, including the completion of a contract for redaction software; the improvement in on-time responses to FOI requests to 77.2% and the ongoing work 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; the Information Management Strategy, which set out the Council's approach to information management and governance; and uptake of Cyber Security training which was compulsory for all staff and Members through Learning Pool, the Council's e-learning package.

The report stated that the current focus would be on the FOI Process mapping to support the organisation to respond to FOIs on time; meeting with the BfC and DACHS Data Stewards to start work on the IG Action Plan; and roll out communications to encourage staff to complete the required training set out in paragraphs 3.21 and 3.22 of the report by the end of June 2023.

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

45. IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER

Charlie Stewart, Executive Director of Resources, presented a report setting out a summary of Internal Audit recommendations and updated management responses since

AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 12 APRIL 2023

the last Committee. At the last meeting on 24 January 2023, it was agreed to focus only on audit recommendations with either a 'limited' or 'no assurance' opinion in the tracker report which was attached at Appendix 1. This meant that there were currently no comparison figures available and trends would start to be included in the next report in July 2023. In addition, it had been previously agreed that priority 3 recommendations would not be added to the tracker, as these were advisory points made by the Chief Auditor, which would allow the Committee to focus on the high to medium risk recommendations.

Prior to reporting to Committee, officers responsible for implementing the specific recommendations had been asked to update the audit tracker. Each recommendation had been marked with a percentage complete, which correlated to a red (up to 25%), amber (26%-75%), or green (76%+) rating. However, any recommendations that were less than 50% complete but had exceeded their agreed completion date had also been marked red. There were 49 recommendations currently on the tracker, of which nine had been completed since the last meeting and would be removed prior to the next meeting. Eleven recommendations had been added to the tracker since the last report.

The Committee noted the Audit Recommendations (ARs) 297-304, which referred to Direct Payments (see Minute 38 above), set out the action expected to address the limited assurance opinion given by Internal Audit. The Committee also noted that the status of ARs 299-302 was 'red'.

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.

46. CLOSING FINANCIAL ACCOUNTS UPDATE

Mark Sanders, Chief Accountant, provided a verbal update on closing the financial accounts. He explained that three sets of accounts (2019/20, 2020/21 and 2021/22) were being worked on concurrently. The Committee was advised that sign-off of the 2019/20 accounts was now imminent and assuming there were no last-minute alterations, it was anticipated that the audit opinion would be 'unqualified'. This outcome would be hugely beneficial for budget planning and the speed of conducting audits in future years, as confidence in the data increased. The focus of work had now transferred to the 2020/21 accounts and preparatory work was underway on 2021/22 accounts with the draft accounts expected to be submitted to Committee on 20 July 2023.

Resolved:

- (1) That the imminent sign-off of the audit of the accounts for 2019/20 be welcomed and the continuing work on the accounts for 2020/21 and 2021/22 accounts be noted;
- (2) That Finance & Accountancy Teams be thanked and recognised for the considerable volume of work that had been necessary to reach the current position in relation to the three sets of outstanding accounts and

in particular the likely achievement of an ‘unqualified’ opinion in relation to the 2019/20 accounts.

47. EXTERNAL AUDITOR UPDATE

Mark Sanders, Chief Accountant, submitted a covering report on the 2019/20 audit process and EY’s 2020/21 External Audit Plan, which was attached as an Appendix to the report.

Maria Grindley and Adrian Balmer, EY, presented the draft Audit Plan for 2020/21 summarising the assessment of the key risks driving the development of an effective audit for the Council and outlining EY’s planned audit strategy in response to those risks. The external auditors explained their key areas of focus and that they were aiming to bring an updated version of the Audit Plan to the next meeting on 20 July 2023.

The Committee noted that the Chair’s signature to the Management Representation Letter set out in Appendix E to the Audit Plan report would be to confirm it had been received by the Committee and that a clarification would be added to the letter to that effect.

Resolved:

- (1) That EY’s update on the accounts process be noted;**
- (2) That the draft 2020/21 External Audit Plan be noted.**

(The meeting commenced at 6.30 pm and closed at 7.53 pm)

Audit and Governance Committee

20 July 2023



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| | |
|------------------------------|---|
| Title | Closing Financial Accounts Update |
| Purpose of the report | To note the report for information |
| Report status | Public report |
| Report author | Mark Sanders, Chief Accountant |
| Lead Councillor | Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources |
| Corporate priority | Not applicable, but still requires a decision |
| Recommendations | 1. That the Committee notes the completion of the 2019/20 audit of accounts, the progress made on the audit of the accounts for 2020/21 and preparation for the 2021/22 accounts. |

1. Executive Summary

- 1.1. This report updates the Committee on the completion of the audit of the Council's Final Accounts for 2019/20, and the audit progress on the 2020/21 accounts. It also gives a progress update on the 21/22 accounts.

2. Summary

- 2.1. Since the last Committee meeting, the Council's 2019/20 audit of accounts has concluded and has been signed off under delegated authority by Darren Carter, Director of Finance (S151 Officer) and Councillor Williams, in his capacity of Chair of the Audit and Governance Committee.
- 2.2. The Final 19/20 Accounts and the Notice of Conclusion of Audit can now be found on the Council's website. www.reading.gov.uk/the-council-and-democracy/finance-and-legal-information/statement-of-accounts/.
- 2.3. The sign off and conclusion of the 2019/20 audit has been a significant milestone for the Council as we have received an "unqualified opinion" on the financial statements for the first time since 2015/16. This means our improvements in external financial reporting have been formally recognised by our external auditors.
- 2.4. The Council's External Auditor, EY, has begun the process to confirm their audit fees for 2019/20 which involves further discussion with Public Sector Audit Appointments and subsequently with the Council. At this stage the amount of additional fees above the scale fee of £84k has not yet been finalised, and this Committee will be updated with the final costs when they are confirmed.

- 2.5. The focus of the work now turns to the conclusion of the 2020/21 audit, which has been progressing well and the production of the 2021/22 and 2022/23 Accounts.
- 2.6. The Council's Finance team has continued to meet regularly with the External Auditor's team to manage the progress and discuss matters arising. This work is set to continue over forthcoming months.

Progress on 2020/21 Accounts audit

- 2.7. The Council's Finance team continues to work to answer all remaining audit questions from the 2020/21 audit, which began in August 2022. To date we have submitted responses to 301 audit queries, many of which involved multiple samples. The External Auditors have signed off 53 of these responses and we are currently working on 6 queries which are outstanding.

Table 1 – Audit Queries as at 19/06/23

| No of Queries | Status |
|----------------------|---|
| 6 | RBC – In Progress |
| 248 | EY – To review (response provided by RBC) |
| 53 | EY – Accepted |
| 307 | Total |

- 2.8. There have been a number of amendments to the draft accounts, some identified by the council as data improvements have been identified, and some raised through External Audit fieldwork. In all cases the statement of accounts has been updated where appropriate. We have also been mindful of the amendments and improvements we have made to the 2019/20 accounts and incorporated these into the 2020/21 accounts and future years.
- 2.9. It is notable that there has been increased and detailed scrutiny of valuations and our Fixed Asset Register. This is a feature for all councils as this is an area of significant risk and can involve varying valuation methodologies and opinions. We maintain a good working relationship with our valuers, Sanderson Wetherall and have found them very accommodating and efficient with their responses to audit questions. We continue to work collaboratively with them to challenge valuations and ensure that we have a "safe" and prudent position for our fixed assets which form a significant proportion of our balance sheet values.
- 2.10. Whilst the Council is not aware of any significant issues arising to date, EY have still to complete their reviews and provide feedback.
- 2.11. We understand the importance of answering queries promptly to maintain momentum throughout the audit, but we also recognise the pressure this puts on services who are working to close-down the 2022/23 financial year and maintaining their work on monitoring 2023/24 budgets.
- 2.12. EY are not able to attend for this evening's Committee meeting, however they have confirmed to the Council's Finance Team that they anticipate bringing a substantively complete Audit Results Report for 2020/21 to the September Committee meeting and are working to fully sign off the accounts around then.

Progress and Plan for 2021/22 Accounts

- 2.13. We have now closed our ledger for 2021/22 and are in the process of producing the draft statutory accounts. This draft will then be published on our website and shared with the auditors for them to begin their audit work.

National progress on audit opinions

- 2.14. The latest national position on audit delays continues to be a significant factor for councils and their stakeholders. We are working with our auditors to understand their resourcing issues and to align our resources to maintain momentum on closing our accounts and having the corresponding audits signed off. We are in regular contact with EY and we will provide a high level time plan to Committee in due course.
- 2.15. A recent report from LGimprove based on 314 local authorities suggests that only 116 (37%) have published their 2022/23 draft accounts. Only 19% have finalised their 2021/22 accounts, with 13% unpublished, one of which is Reading.
- 2.16. LGimprove go on to suggest that those councils who are significantly behind with their accounts are likely to be “struggling financially”. This is indeed the case for some councils with some notable examples gaining media attention but it is important to stress that Reading, as outlined in the Quarter 4 Financial Performance Report for 2022/23, shows an increase of General Reserve balances of £5.103m which is beyond the anticipated level in the 2023/24 budget setting process. Further details have been reported to the Council’s Policy Committee which can be found at the following link: <https://democracy.reading.gov.uk/ieListDocuments.aspx?CId=138&MId=5162&Ver=4>
- 2.17. The Quarter 4 Report goes on to say that we also continue to deliver significant savings against targets, with “a total of £7.401m of savings delivered in 2022/23” against a target of £10.224m. “The residual £2.823m will be carried forward for delivery in 2023/24”. This puts our provisional outturn position for General Fund Reserve Balances at £70.049m. The Director of Finance is, therefore, able to give assurances regarding robustness of budget setting and resilience.

3. Contribution to Strategic Aims

- 3.1. 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.

4. Environmental and Climate Implications

- 4.1. None arising.

5. Community Engagement

- 5.1. The draft 2019/20 accounts were made available for public inspection during November / December 2021 and the draft 2020/21 accounts during September / December 2022 as required under Part Five of the Accounts and Audit Regulations 2015.

6. Equality Implications

- 6.1. Not applicable.

7. Other Relevant Considerations

- 7.1. There are none.

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 this 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 financial years 2017/18 to 2022/23, as the accounts were not ready for inspection.

9. Financial Implications

- 9.1. The audit fees for 2019/20 and 2020/21 will be reported in due course.

10. Timetable for Implementation

- 10.1. As set out in the body of the report.

11. Background Papers

- 11.1. There are none.

Audit and Governance Committee

20 July 2023



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| Title | Chief Auditors Annual Assurance Report 2022/23 |
| Purpose of the report | To note the report for information |
| Report status | Public report |
| Report author (name & job title) | Paul Harrington Chief Auditor |
| Lead Councillor (name & title) | Cllr Liz Terry |
| Corporate priority | Our Foundations |
| Recommendations | 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. |

1. Purpose of the 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 2022/2023 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 Executive 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. Summary

- 2.1 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.
- 2.2 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 be placed on the adequacy and effectiveness of the Council's internal control framework within those areas audited in 2022/2023.
- 2.3 The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation and assurances should be taken from other sources, such as recommendations following the LGA Corporate Peer review, External Audit and other internal/external reviews.
- 2.4 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.
- 2.5 26% of audits received limited or no assurance in 2022-23, compared to 38% in 2021-22, and 45% in 2020-21 (see Appendix 1 section 3).
- 2.6 One of the most significant areas to influence the annual assurance opinion, are the results of audits of the key financial processes and systems within the Council. These include, but are not limited to, the General Ledger, Accounts Payable (Creditors), Accounts Receivable (Debtors), Payroll, and Bank Reconciliation. Through regular audits over several years, we have seen a gradual improvement in the control environment within these key financial systems and processes. Whilst it is not feasible to audit every system or financial process annually, with the frequency dependent on available resources, informed by a risk assessment, all areas except for intercompany accounting arrangements between RBC and Brighter Future for Children (BFfC) have now received a positive audit assessment (opinion).
- 2.7 The General Ledger represents the Council's main accounting system which currently operates via Oracle Fusion. Several feeder systems interface with the General Ledger and as per last year, we were able to provide reasonable assurance over several key functions where significant issues have been raised in the past, primarily around the management of journals and the operation of holding/suspense accounts.
- 2.8 The Chief Accountant and the Finance Business Partner have introduced control features since April 2022 to manage Holding/Control Accounts, key Reconciliations, and critical information to assist with the development of the new financial system Chart of Accounts. A Finance Dashboard, which is a new initiative introduced this year, identifies all required reconciliations, and tracks their progress via a RAG status for each monthly accounting period across the year. It should also be noted that the Dashboard remains a work in progress to some extent, as the aim is to capture a range of performance management data for financial services, such as the percentage of invoices paid within 30 days. However, once in place, it will help provide and improve corporate oversight.
- 2.9 Journal control remains robust, with well-defined segregation of duties and appropriate approval/authorisation of journals. There are clear descriptions and supporting documentation to journals, together with timely processing of journals during 2022/2023.

- 2.10 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 tackled promptly requires further development.
- 2.11 The governance arrangements underpinning budgetary control have improved. Equally, the Medium-Term Financial Strategy (MTFS), which was approved by Council in February 2023, delivered a balanced budget in 2023/24 without the need to draw on reserves and set out a provisionally balanced budget for 2024/25.
- 2.12 A review of governance arrangements in place for monitoring the Council's Housing Revenue Account (HRA), undertaken in 2021/2022, flagged several areas for improvement. A subsequent follow-up review this year recognised that substantial progress has been made since the last audit, that previous gaps in control are being more effectively managed, which means that relevant risks for the Council are now being mitigated more robustly.
- 2.13 The first stage of the Financial Transformation Programme has concluded, addressing several key audit concerns, such as separation of duties between the setting up of providers and the paying of invoices, bank reconciliation, budget and performance monitoring. The critical project activity over the next few months will now 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.
- 2.14 The new finance system (e5) had a planned go-live date of 1st April 2023; however, this date has been extended and at the time of writing, the system project is ongoing, including the mapping of the new chart of accounts and the extensive testing required (including User Acceptance Testing) prior to go-live which is anticipated will be during autumn 2023.
- 2.15 The new finance system will be at the cornerstone of organising, planning, and controlling financial activities to manage resources efficiently and it is imperative that business processes work with the new Finance System, otherwise efficiencies and improvements will not be achieved. This new system will provide the general ledger, accounts payable and accounts receivable functions for both the Council and Brighter Futures for Children. Underpinning this will be the implementation of new and improved processes around the purchase-to-pay cycle including a new Portal to help manage purchase order workflows, an enhanced debt management process to streamline our processes for collecting debt and a new budget forecasting platform 'Collaborative Planning' which will automatically be linked to the e5 finance system to enable at least hourly updates to budget forecasts.
- 2.16 In addition, there will be a refreshed and simplified general ledger coding structure, a reviewed Scheme of Delegation to ensure appropriate levels of spend authorisations are in place, and enhanced controls around access to sensitive financial information. Debtors' and Creditors' master data records will be brought up to date, and individual user access rights will be reset.
- 2.17 The above must be reinforced with written procedures and training support for both budget holders and users.
- 2.18 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 to the control environment are needed.
- 2.19 The report also highlights the performance of the audit & investigations team over the year ending the 31 March 2023.

3. Contribution to Strategic Aims

3.1 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. The Council's new Corporate Plan has established three themes for the years 2022/25. These themes are:

- Healthy Environment
- Thriving Communities
- Inclusive Economy

3.2 These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:

- People first
- Digital transformation
- Building self-reliance
- Getting the best value
- Collaborating with others

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](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

4. Environmental and Climate Implications

4.1 There are no environmental or climate implications arising from the report.

5. Community Engagement

5.1 N/A

6. Equality Implications

6.1 No equalities impact implications have been identified as arising from this report.

7. Other Relevant Considerations

7.1 None

8. Legal Implications

8.1 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.

8.2 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.

9.1 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”. The annual assurance opinion is required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards.

10 Financial Implications

10.1 n/a

11 Timetable for Implementation

11.1 n/a

12 Background Papers

12.1 n/a

3.1

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Internal Audit & Investigations Annual Assurance report

For the year ended 31 March 2023

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 Standards¹ (PSIAS) and corresponding Local Government Application Note².
- 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.

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 Public Sector Internal Audit Standards - Applying the CMIIA International Standards to the UK Public Sector. Institute of Internal Auditors, April 2013 (amended 2016)

² CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards

- 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 An external assessment of the internal audit service conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the spring of 2022 concluded that the Council's Internal Audit function 'generally conforms' to the requirements of the Public Sector Internal Audit Standards. The Assessor concluded that, *"Reading Borough Council has a professional and well-respected internal audit service that is effective and not only follows best practice, but is itself a good example of best practice in local government internal audit"*
- 1.4.3 As well as the external assessment, post-audit feedback and an annual survey (see section 7.6) have been completed. In addition, the Chief Auditor and Principal Auditors undertake periodic reviews of the quality of internal audit work completed and review all draft and final reports issued.
- 1.4.4 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 and the subsequent Local Government Application Note in respect of PSIAS published by CIPFA.
- 1.4.5 The Chief Auditor is therefore able to report for 2022/23 compliance with the Public Sector Internal Audit Standards and considers the Internal Audit Service to be effective.
- 1.4.6 There have been periods of long-term sickness in the internal audit team and resources remain finite, with limited resilience in service provision.

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 2022/23 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 2022. This Plan did not include resources deployed on reactive and proactive fraud which is referred to in section 8. 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 2022/2023

2.2.1 Audit work has been undertaken to obtain all information and explanations considered necessary to provide sufficient assurance that the control environment is both reasonable and effective. 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 be placed on the adequacy and effectiveness of the Council's internal control framework within those areas audited in 2022/2023.

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 26% of audits received limited or no assurance in 2022-23, compared to 38% in 2021-22, and 45% in 2020-21 (see section 3).

- 2.2.4 One of the most significant areas to influence the annual assurance opinion, are the results of audits of the key financial processes and systems within the Council. These include, but are not limited to, the General Ledger, Accounts Payable (Creditors), Accounts Receivable (Debtors), Payroll, and Bank Reconciliation. Through regular audits over several years, we have seen a gradual improvement in the control environment within these key financial systems and processes. Whilst it is not feasible to audit every system or financial process annually, with the frequency dependent on available resources, informed by a risk assessment, all areas except for *intercompany accounting* arrangements between RBC and Brighter Future for Children (BFfC) have now received a positive audit assessment (opinion)³.
- 2.2.5 The General Ledger represents the Council's main accounting system which currently operates via Oracle Fusion. Several feeder systems interface with the General Ledger and as per last year, we were able to provide *reasonable assurance* over several key functions where significant issues have been raised in the past, primarily around the management of journals and the operation of holding/suspense accounts.
- 2.2.6 The Chief Accountant and the Finance Business Partner have introduced control features since April 2022 to manage Holding/Control Accounts, key reconciliations, and critical information to assist with the development of the new financial system Chart of Accounts. A Finance Dashboard, which is a new initiative introduced this year, identifies all required reconciliations, and tracks their progress via a RAG status for each monthly accounting period across the year. It should also be noted that the Dashboard remains a work in progress to some extent, as the aim is to capture a range of performance management data for financial services, such as the percentage of invoices paid within 30 days. However, once in place, it will help provide and improve corporate oversight.
- 2.2.7 Journal control remains robust with well-defined segregation of duties and appropriate approval/authorisation of journals. There are clear descriptions and supporting documentation to journals; together with timely processing of journals during 2022/2023.
- 2.2.8 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 tackled promptly requires further development.
- 2.2.9 The governance arrangements underpinning budgetary control have improved. Equally the Medium-Term Financial Strategy (MTFS), which was approved by Council in February 2023, delivered a balanced budget in 2023/24 without the need to draw on reserves and set out a provisionally balanced budget for 2024/25.
- 2.2.10 A review of governance arrangements in place for monitoring the Council's Housing Revenue Account (HRA), undertaken in 2021/2022, flagged several areas for improvement. A subsequent follow-up review this year recognised that substantial progress has been made since the last audit, that previous gaps in control are being more effectively managed, which means that relevant risks for the Council are now being mitigated more robustly.

³ Substantial or Reasonable Assurance = Positive Opinion, Limited or No Assurance = Negative Opinion

- 2.2.11 The first stage of the Financial Transformation Programme has concluded, addressing several key audit concerns, such as separation of duties between the setting up of providers and the paying of invoices, bank reconciliation, budget and performance monitoring. The critical project activity over the next few months will now 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.
- 2.2.12 The new finance system (e5) had a planned go-live date of 1st April 2023; however, this date has been extended and at the time of writing, the system project is ongoing, including the mapping of the new chart of accounts and the extensive testing required (including User Acceptance Testing) prior to go-live which is anticipated will be during autumn 2023.
- 2.2.13 The new finance system will be at the cornerstone of organising, planning, and controlling financial activities to manage resources efficiently and it is imperative that business processes work with the new Finance System, otherwise efficiencies and improvements will not be achieved. This new system will provide the general ledger, accounts payable and accounts receivable functions for both the Council and Brighter Futures for Children. Underpinning this will be the implementation of new and improved processes around the purchase-to-pay cycle including a new Portal to help manage purchase order workflows, an enhanced debt management process to streamline our processes for collecting debt and a new budget forecasting platform 'Collaborative Planning' which will automatically be linked to the e5 finance system to enable at least hourly updates to budget forecasts.
- 2.2.14 In addition, there will be a refreshed and simplified general ledger coding structure, a reviewed Scheme of Delegation to ensure appropriate levels of spend authorisations are in place, and enhanced controls around access to sensitive financial information. Debtors' and Creditors' master data records will be brought up to date, and individual user access rights will be reset.
- 2.2.15 The above must be reinforced with written procedures and training support for both budget holders and users.
- 2.2.16 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 to the control environment 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 and reporting by the council's monitoring officer on information governance, to ensure that the Audit & Governance Committee has an informed decision on the Council's control environment.

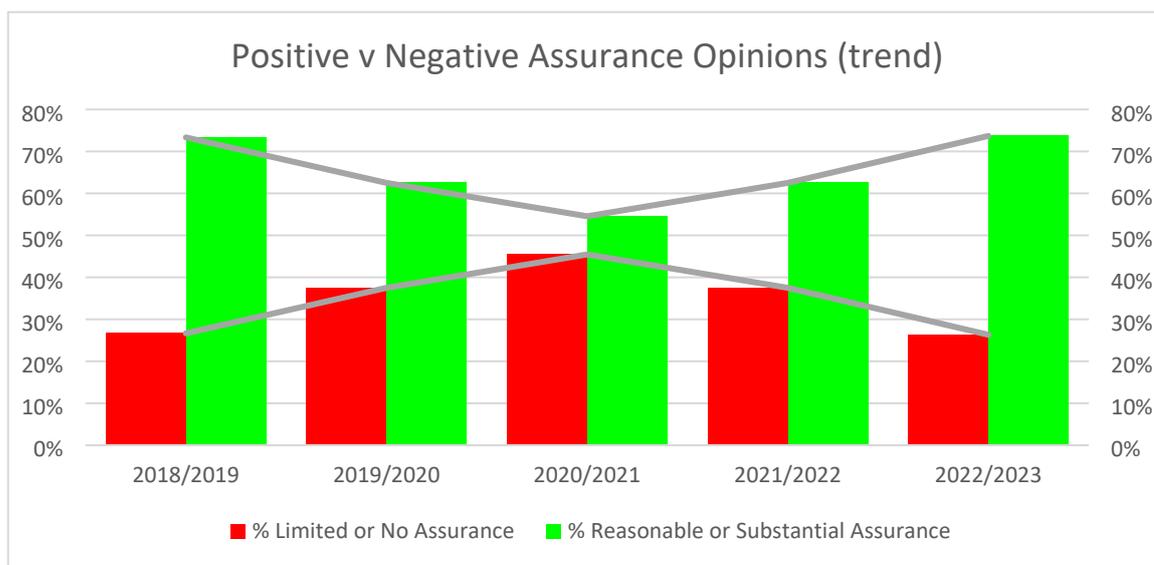
3 SUMMARY OF THE AUDIT WORK

- 3.1 The annual 2022/23 Annual Audit Plan was developed in line with the Public Sector Internal Audit Standards for Internal Audit. We will have completed 22 audits (including follow-ups) once all audits have been finalised and certified 9 grants. The table below summarises the report classifications.

| Report Classification (2022/23) | No. of Audits |
|---|---------------|
| Substantial Assurance | 3 |
| Reasonable Assurance | 11 |
| Limited Assurance | 5 |
| No Assurance | 0 |
| Total⁴ | 19 |
| Grant Claims certified | 9 |
| No of projects in progress, but yet to be finalised | 3 |

- 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 shows an improvement in the percentage of positive opinions given, compared to previous financial years. It should also be noted that the negative assurance opinions given during the 2022/2023 financial year do not relate to any of the Council's key financial systems.

Graph 1



3.4 Priority of Recommendations

⁴ This is in addition to the work undertaken for BfFC, which is reported separately to their Audit & Risk Committee

- 3.4.1 At the time of writing, we have made a total of 92 audit recommendations in our reports (both draft and finalised), of which 10 (11%) 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 2022/23, 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 LIMITED ASSURANCE REVIEWS

- 4.1 Some of the key areas for improvement identified during our audit work throughout the year are set out below:
- i. An audit of **Direct Payments** identified process weaknesses, such as payment account setups not being authorised and checked, along with delays in the monitoring of user accounts, with only 53% of accounts being reviewed on time.
 - ii. Our review of **Housing Repairs** (responsive maintenance) found data quality to be poor, with a lack of compliance and inconsistencies with various processes.
 - iii. Our audit of **Cyber Security** identified that there are weaknesses in respect of the internal configuration of the ICT estate. The roadmap to address the risks identified does not yet have clearly assigned priorities, timelines and resources including budgets to systematically address those risks, making compliance with the government Cyber Essentials benchmark difficult to achieve.
 - iv. Our audit of **Deputy & Appointeeship** concluded that there was a poor control framework in relation to the transfer of clients' funds from private to RBC designated deputy and appointee bank accounts and a high volume of manual processes.
 - v. We concluded that processes that underpin the administration of **Deferred Payments** required improvement. Inadequate internal processes, combined with poor communication and coordination between Adult Social Care and Legal Services, has resulted in deferred payment applications not being processed on a timely basis.

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, such as updating the Council's Financial Regulations and ensuring that the Finance System reflects the Scheme of Financial Delegation.
- 5.1.5 A follow-up review benchmarking the council's compliance with the Local Government Transparency Code 2015 noted that good progress had been made, but there was still work to be done to be fully compliant and ensure that this remains the case.
- 5.1.6 Likewise, a follow-up review of Freedom of Information (FOI) compliance earlier in the year reported that processes are now more automated; guidance has been published and performance monitoring has improved. Notwithstanding these measures, performance across the council remained disappointingly low. The council aspires to meet the 90% response rate expected by the Information Commissioner and this has been included as a Corporate Plan KPI.

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 now 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 helps 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 A new risk policy and reporting framework was introduced during 2022/2023 and has been supported by external training delivered by the Council's Insurers.
- 5.2.4 Internal Audit has 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 ASSURANCES FROM OTHER SERVICES

6.1 Corporate Peer Review

- 6.1.1 A Corporate Peer Challenge exercise was carried out at the council's request by the Local Government Association (LGA) in June 2022. In addition to other subject areas, the peer review focused on governance, culture and financial planning. The key assurances taken from the LGA report were that the council's model of governance is well-established, seen to work for the council and is valued and supported, recognising the work in place to review the Constitution and the Delegations Register. Their report recognised the council's financial position and financial management arrangements have recovered and strengthened significantly in recent years, but the financial base, whilst sound, remains vulnerable.
- 6.1.2 There were no adverse findings in the report which would have impacted on the overall assurance opinion provided.

6.2 External Audit

- 6.2.1 The Council's External Auditor (EY) presented the draft Audit Plan for 2020/21 summarising their assessment of the key control risks around clearing of suspense accounts, bank reconciliation and starters and leavers. These were issues which were known and reported at the time, by Internal Audit.

6.3 Information Governance

- 6.3.1 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.
- 6.3.2 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.

- 6.3.3 The Assistant Director of Legal and Democratic Services has provided quarterly update reports throughout the year on the actions in progress to improve the Council's policies, systems, and processes around Information Governance. Near misses and data breaches reported have informed the assurance opinion.

7.0 Performance of the Internal Audit Service

- 7.1 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.
- 7.2 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 | Target | Actual | | |
|--|--------------|---------|---------|---------|
| | | 2020/21 | 2021/22 | 2022/23 |
| i. Client Satisfaction | 90% or above | 88% | 98% | 86% |
| ii. Production of final report within 10 days of receipt of management responses | 90% | 85% | 95% | 81 % |
| iii. Management responses received within 15 days of issue of draft report | 75% | 37% | 46% | 39% |
| iv. Number of projects completed within agreed budgeted days relative to total number of projects undertaken | 75% | 56% | 62% | 70% |
| v. Percentage of audit projects completed relative to those in the (revised) plan | 75% | 82% | 75% | 81% |
| vi. Actual spending of controllable budget | 100% or less | 98% | 98% | 110% |
| vii. % Of working days lost to sickness | 2.0% | 5.51% | 5.53% | 12% |

- 7.3 Line 'v' shows that we have completed 81% of work we set out to achieve, which is admirable, given staff sickness and unplanned work added throughout the year. The percentage of days lost to sickness (vii) is very high and was predominately due to the long-term sickness of two members of staff.
- 7.4 Client satisfaction is assessed following the return of post-audit satisfaction surveys. The overall percentage of client satisfaction has dipped slightly (86%), when compared to the previous year (98%). A more detailed analysis is shown in sections 7.6 and 7.7 below.

7.5 Actual spend against the budget shows a 10% overspend, which is attributable to agency spend, which was required to cover the staff absence.

7.6 Post Audit Surveys

7.6.1 Following completion of an internal audit review, managers are asked to rate internal audits performance throughout the various stages of the audit process. The ratings being unsatisfactory, satisfactory, good, and very good.

7.6.2 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.

| | | Satisfaction |
|------------------------|---|--------------|
| Pre-audit arrangements | Explaining the audit process | 90% |
| | Consultation and scoping the audit | 90% |
| Audit visit | Conduct and professionalism of the auditor | 83% |
| | The auditor obtaining an understanding of your business needs | 88% |
| | Opportunity to discuss the findings during the audit | 88% |
| Post Audit | Usefulness of recommendations | 88% |
| | Clarity and fairness of the report | 85% |
| | Were your comments taken into account | 83% |
| | Average overall satisfaction rate | 86% |

7.7 Annual Reviews

7.7.1 Every two years we undertake a survey, with this year's survey carried out in May 2023, which asked managers to assess the importance and quality of the service provided.

7.7.2 Managers were asked to rate a total of 42 questions against 6 service areas; the summaries of the findings are detailed in table C below on a scale of either 1 to 4 (where 1 is excellent and 4 is poor) or 1 to 5 (where 1 is strongly agree and 5 is strongly disagree).

Table C: Annual Quality Review

| Importance Score | Service area | Performance Score |
|------------------|----------------------------------|-------------------|
| 79% | Audit Services | 74% |
| 91% | Audit Staff | 85% |
| 90% | Conduct of Audits | 87% |
| 89% | Audit Reporting | 84% |
| 83% | Customer Service | 90% |
| 86% | Overall rating of Internal Audit | 84% |
| 86% | Authority specific topics | 83% |

Response rate 25% (13 of 170)

- 7.7.3 In addition to the set questions, six free text fields were made available for individuals to provide further comments.
- 7.7.4 The detail supporting the results are set out in Annex B of the report.

8.0 Counter Fraud Activity

- 8.1 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.
- 8.2 The counter-fraud resource consists of 3.5 FTE's, all of whom are experienced investigators. Amongst other things, the team will investigate referrals relating to Council Tax Reduction, Single Person Discount, Social Care (Direct Payments), Tenancy Fraud, Blue Badges, etc. The team has had a successful year, demonstrating the value that they bring to Reading Borough Council. This is apparent when we take into account that the team have identified approximately £1.5M in notional and cashable savings (see table C below for more detail). The deterrent effect of this activity should not be underestimated.

| Table C Annual Summary of Investigations | 2020/21 | 2021/22 | 2022/23 |
|--|----------------|----------------|----------------|
| Housing Tenancy Fraud | | | |
| No. Housing Tenancy Referrals investigated | 43 | 28 | 46 |
| Properties Recovered | 9 | 11 | 8 |
| Estimated saving from Recoveries ⁵ | £837,000 | £1,023,000 | £744,000 |
| Prosecutions Secured | 0 | 0 | 0 |
| Application under the Proceeds of Crime Act | 0 | 0 | 0 |
| Value of POCA/Compensation award | 0 | 0 | 0 |
| Right to Buy Fraud | | | |
| No. of RTB applications investigated | 43 | 29 | 26 |
| No of RTB applications refused as a result of investigation ⁶ | 3 | 1 | 6 |
| Estimated savings from preventing sale of property ⁷ | £270,511 | £92,199 | £563,448 |
| Parking Fraud | | | |
| Blue badge referrals | 12 | 14 | 10 |
| Blue Badges recovered | 2 | 2 | 2 |

⁵ Using the notional savings multiplier is used by the Cabinet Office in its National Fraud Initiative report. Notional £93,000 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.

⁶ 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.

⁷ 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)

| Table C continued | 2020/21 | 2021/22 | 2022/23 |
|--|----------------|----------------|----------------|
| Prosecutions secured | 2 | 1 | 0 |
| PCN's issued | 0 | 0 | 5 |
| Estimated annual savings ⁸ | £1,350 | £1,150 | £1,150 |
| Single Person Discount | | | |
| Value of fraudulent overpayments identified ⁹ | £112,601 | £121,978 | - |
| Council Tax Support | | | |
| No. CTAX Referrals investigated | 66 | 75 | 56 |
| Prosecutions | 1 | 0 | 0 |
| Add pens | 0 | 0 | 0 |
| Value of fraudulent overpayments identified | £6,071 | £19,478 | £15,821 |
| Value of add pens | 0 | 0 | 0 |
| Social Care | | | |
| No. Social Care Referrals investigated | 2 | 2 | 35 |
| Financial value of cases ¹⁰ | £47,000 | £44,000 | £153,121 |
| Business Grants (Covid-19) | | | |
| No. Grants checked ¹¹ | 1278 | 539 | 0 |
| Value of fraudulent overpayments identified | 2 | 0 | 0 |
| Prosecutions | 0 | 1 | 0 |
| Financial value of cases | £20,000 | £10,000 | 0 |
| National Fraud Initiative (NFI) | | | |
| Matches received ¹² | - | - | 4119 |
| Cases investigated | - | - | 667 |
| Financial value of cases | - | - | £41,211 |
| Internal Investigations | | | |
| No. Internal Referrals | 1 | 1 | 4 |
| Number of cases investigated | 1 | 1 | 4 |
| Cases prosecuted | 0 | 0 | 0 |
| Financial value of cases | 0 | 0 | 0 |
| Other: | | | |
| Adult Social Care trace of undisclosed capital ¹³ | £34,000 | | |

⁸ £575 is the notional value applied by the Cabinet Office per blue badge cancelled to reflect lost parking and congestion charge revenue.

⁹ Data matching exercise, matching address records against tracing and occupier lookup databases to determine the strength of match. For 2023/2024, data will be sent monthly to Experian to provide matches on changes and new SPDs to avoid having large annual reviews.

¹⁰ Whilst no fraud was identified in 2022/2023, £153k in surplus funds was recovered in 2022/2023.

¹¹ 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

¹² Total RBC Matches 4,119. Total Creditors matches 3,255 (2,191 being potential duplicate addresses which is high given the suppliers' use of legitimate multiple payment sites and the fact that the period covered is over two years).

¹³ Assisted ASC to track and recover undisclosed capital.

ANNEX A: Detailed analysis of internal audit reviews 2022/23**SUBSTANTIAL ASSURANCE REVIEWS**

| Title | Start | Draft | Final | Recs | | |
|-------------------------------------|--------|--------|--------|------|---|---|
| | | | | H | M | L |
| Accounts Payable | Mar-23 | May-23 | Jun-23 | 0 | 1 | 2 |
| Budget Monitoring | Feb-23 | Mar-23 | Apr-23 | 0 | 1 | 1 |
| Housing Revenue Account (Follow up) | Nov-22 | Jan-23 | Jan-23 | 0 | 0 | 0 |

REASONABLE ASSURANCE REVIEWS

| Title | Start | Draft | Final | Recs | | |
|---|--------|--------|--------|------|---|---|
| | | | | H | M | L |
| Commercial Assets & Investments | Sep-22 | Jan-23 | Feb-23 | 0 | 4 | 2 |
| Waste Operations | Apr-22 | Jun-22 | Jun-22 | 0 | 2 | 0 |
| Rent Accounting | Apr-22 | Jun-22 | Aug-22 | 0 | 6 | 4 |
| Salary Sacrifice schemes | Jul-22 | Sep-22 | Oct-22 | 0 | 2 | 4 |
| Client Contributions Adult Care (Follow Up) | Feb-23 | Apr-23 | May-23 | 0 | 0 | 0 |
| Inflationary Uplifts (Follow up) | Nov-22 | May-23 | May-23 | 0 | 0 | 0 |
| Freedom of Information (Follow up) | Jun-22 | Jul-22 | Aug-22 | 0 | 0 | 0 |
| Transparency Code (Follow up) | Jun-22 | Jul-22 | Aug-22 | 0 | 0 | 0 |
| re3 waste PFI Contract | Jul-22 | Sep-22 | Nov-22 | 0 | 5 | 1 |
| General Ledger | Jan-23 | Mar-23 | May-23 | 0 | 6 | 1 |
| Purchasing cards | Sep-22 | Dec-22 | Feb-23 | 0 | 0 | 0 |

LIMITED ASSURANCE REVIEWS

| Title | Start | Draft | Final | Recs | | |
|------------------------------|--------|--------|--------|------|---|---|
| | | | | H | M | L |
| Housing Repairs | Nov-22 | Mar-23 | Apr-23 | 2 | 8 | 4 |
| Deputyship and Appointeeship | Jun-22 | Sep-22 | Nov-22 | 5 | 3 | 3 |
| Deferred Payments | Apr-22 | Jun-22 | Jul-22 | 1 | 8 | 0 |
| Direct Payments | Oct-22 | Nov-22 | Feb-23 | 2 | 6 | 3 |
| Cyber Security | Aug-22 | Dec-22 | May-23 | 2 | 3 | 2 |

NO ASSURANCE REVIEWS

| Title | Start | Draft | Final | Recs | | |
|-------|-------|-------|-------|------|---|---|
| | | | | H | M | L |
| NIL | | | | | | |

| GRANTS | | | | Recs | | |
|--|--------|--------|--------|------|---|---|
| Title | Start | Draft | Final | H | M | L |
| Local Transport Plan Capital Settlement | Apr-22 | Oct-22 | Oct-22 | 0 | 0 | 0 |
| Green Homes BEIS Grant | Nov-22 | Nov-22 | Nov-22 | 0 | 0 | 0 |
| Covid-19 NHS Test and Trace Support Payment Scheme Grant | Jun-22 | Jul-22 | Aug-22 | 0 | 1 | 0 |
| Covid-19 Test and Trace LA service support grant | Jun-22 | Jul-22 | Aug-22 | 0 | 0 | 0 |
| Covid-19 LA Contain Outbreak Management Fund grant [COMF] | Jun-22 | Jul-22 | Aug-22 | 0 | 1 | 0 |
| Rough Sleeping Initiative and Protect and Vaccinate Grant cert | Jun-22 | Jun-22 | Jun-22 | 0 | 0 | 0 |
| Crime & Reduction Grant | Aug-22 | Aug-22 | Aug-22 | 0 | 0 | 0 |
| Bus subsidy grant (covid) - certification | Nov-22 | Nov-22 | Nov-22 | 0 | 0 | 0 |
| Adult Weight Management grant | Jan-23 | Feb-23 | Feb-23 | 0 | 0 | 0 |

| PLANNED AUDITS STILL TO BE FINALISED | | | | Recs | | |
|--|--------|--------|-------|------|---|---|
| Title | Start | Draft | Final | H | M | L |
| Leavers and Movers processes | Jan-23 | Mar-23 | | | | |
| Adult Social Care Debt | Feb-23 | | | | | |
| Provider Payments (Adult Care) Follow up | Jan-23 | May-23 | | | | |

ANNEX B: Detailed analysis of Annual survey

Internal Audit Performance

| Internal audit undertakes work in several different areas. In respect of the following areas, where would you like to see them concentrate their efforts and how well do they currently perform? | Performance |
|---|--------------------|
| Advice and guidance on policies/procedures | 75% |
| Review of compliance with policies/procedures | 80% |
| Internal Control Reviews | 78% |
| Review of completed capital projects | 75% |
| Value for money reviews | 63% |
| Review of security of corporate assets | 80% |
| Audit of IT systems and controls | 69% |
| Facilitating the risk management process | 72% |
| Investigation of allegations | 79% |

Audit Staff

| Based on your contact with internal audit staff in the past year how well do you rate them in the following areas? | Performance |
|---|--------------------|
| Professionalism | 90% |
| Positive attitude | 90% |
| Unbiased and objective | 85% |
| Ability to establish positive rapport | 88% |
| Knowledge of key policies and procedure | 88% |
| Knowledge of the operation | 75% |
| Knowledge of the IT system | 80% |

Audit reporting

| The final product of an audit is the report. How do you rate our reporting process? | Performance |
|--|--------------------|
| Reports are well written and easily understood | 83% |
| Reports are factually correct | 86% |
| There is no delay in issuing reports | 88% |
| Conclusions are appropriate and supported by adequate evidence | 86% |
| Recommendations are constructive, practical and cost effective | 78% |
| Responses to issues raised are appropriately reflected in the report | 83% |

Conduct of audits

| Based on your experience how well does Internal Audit plan and carry out individual audits? | Performance |
|---|-------------|
| The timing of audits is appropriate | 85% |
| Audit objectives and procedures are discussed prior to commencement of the audit | 90% |
| Opportunity is given to change/comment on the audit brief | 87% |
| Audit's focus on significant risks | 88% |
| Business concerns and perspectives are adequately considered during the review | 83% |
| Auditors take care to minimise disruption to operations | 90% |
| Auditors' requests for information are reasonable | 88% |
| Auditors discuss issues with managers as they arise | 88% |
| The auditor offers a closure meeting to discuss audit findings | 87% |

Customer service

| The Internal Audit service aims to have a flexible and approachable manner, how do you rate: | Performance |
|--|-------------|
| The degree of interaction with Internal Audit management | 93% |
| Fostering of service department participation | 92% |
| Response to special requests | 95% |
| The extent to which Internal Audit meet your needs | 80% |

Authority specific topics

| Authority specific topics | Performance |
|---|-------------|
| Does the current style of audit report meet your requirements | 86% |
| Time allocated to individual audits is sufficient | 88% |
| Audit role in combating fraud and corruption | 78% |
| Audit's role in contributing to the improvement of governance | 83% |
| Audit's role in contributing to the improvement of control processes | 82% |
| Audit's role in contributing to promoting appropriate ethics and values within the organisation | 83% |

Audit and Governance Committee

20 July 2023



Reading
Borough Council
Working better with you

| | |
|---|---|
| Title | Internal Audit & Investigations Quarterly Update Report (Q1) |
| Purpose of the report | To note the report for information |
| Report status | Public report |
| Report author (name & job title) | Paul Harrington, Chief Auditor |
| Lead Councillor (name & title) | Cllr Liz Terry |
| Corporate priority | Our Foundations |
| Recommendations | The Audit & Governance Committee is requested to consider the report. |

1. PURPOSE OF REPORT

- 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 finalised in quarter one of the 2023/2024 financial year.

2. SUMMARY

- 2.1 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.
- 2.2 A total of seven audit reviews were finalised in the period between April and June 2023, with five receiving a positive opinion and two receiving a negative opinion¹. In addition, three grants were certified to confirm they had met the conditions of the grant determination.
- 2.3 The following documents are appended:
- Appendix 1 – Internal Audit & Investigations update report
 - Appendix 2 - Internal Audit Report - Housing Repairs
 - Appendix 3 – Internal Audit Report - Cyber Security – Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. In the circumstances of this case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because a key risk faced by the Council is minimising cyber-attacks and to publish this report would not be in accordance with the objectives of the Council’s Strategic Risk Register to minimise the likelihood of such attacks.

¹ positive = substantial or reasonable assurance, negative = limited or no assurance.

2.4 **Substantial Assurance Opinion Reviews**

- 2.4.1 Whilst the audit found that the **Accounts Payable** system was working satisfactorily, there are pressures particularly around how suppliers are set up and the time taken. The audit noted that statistics are kept on performance but that these are not widely circulated within the organisation. It may help demonstrate how issues like delays in receipting of invoices impact processing of payments if figures were more widely available to processing departments.
- 2.4.2 An audit of **Budget Setting and Monitoring** concluded that budget setting and monitoring is robust.

2.5 **Reasonable Assurance Opinion Reviews**

- 2.5.1 An audit of the **General Ledger** reported that there have been considerable improvements to journal processing in terms of i) clear segregation of duties and appropriate approval/authorisation of journals; ii) the provision of clear descriptions and supporting documentation to journals which had been a weak area previously; iii) timely processing of journals during 2022/23; and iv) a continuing reduction in the number of journals processed compared with previous years. Two key control documents have been maintained throughout the year and were up to date at the time of audit, these being: a) the Trial Balance Checker which lists all codes currently in the system in their respective categories (this has been in place for around four years) and b) the Finance Dashboard which is a new initiative commencing April 2022; this identifies all required reconciliations and tracks their progress through RAG status for each monthly accounting period across the year.
- 2.5.2 Our follow-up review of **Adult Social Care Client Contributions** recognised that good progress has been made in implementing the audit recommendations. Likewise, there has been positive progress in implementing audit recommendations to strengthen the **Inflationary Uplift** process which led to a considerable overpayment of one care provider in the 2021/2022 financial year.

2.6 **Limited Assurance Opinion Reviews**

- 2.6.1 Our review of **Housing Repairs** identified several areas with scope for improvement, with a lack of compliance and inconsistencies with various processes followed. Contracts had expired, performance review meetings were not being held with all sub-contractors and jobs were not being completed or closed on the relevant system. Data quality was poor, with over eight thousand open jobs open as at mid-February 2023, more than half of which were overdue.
- 2.6.2 Our audit of **Cyber Security** identified that there are weaknesses in respect of the internal configuration of the ICT estate. The audit found that the external perimeter defence for RBC was satisfactory, but that there were several internal weaknesses due to the use of legacy systems and work is needed to be undertaken and completed to reach the government cyber security benchmark. In response to the audit report a strategy has been put together to tackle the risks going forward.

2.7 **No Assurance Opinion Reviews**

- 2.7.1 N/A

3. Contribution to Strategic Aims

3.1 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 the Council's priorities. The Council's new Corporate Plan has established three themes for the years 2022/25. These themes are:

- Healthy Environment
- Thriving Communities
- Inclusive Economy

3.2 These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:

- People first
- Digital transformation
- Building self-reliance
- Getting the best value
- Collaborating with others

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](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

4. Environmental and Climate Implications

4.1 There are no environmental or climate implications arising from the report.

5. Community Engagement

5.1 N/A

6. Equality Implications

6.1 No equalities impact implications have been identified as arising from this report.

7. Other Relevant Considerations

7.1 None

8. Legal Implications

8.1 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.

8.2 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.

8.3 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 Timetable for Implementation

10.1 n/a

11 Background Papers

11.1 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 finalised in quarter one of the 2023/2024 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

| | | | | | |
|-----|-----------------|------|---|---|-----------|
| 2.1 | Housing Repairs | Recs | | | Assurance |
| | | 2 | 8 | 4 | Limited |

- 2.1.1 The purpose of the audit was to review the processes for ensuring that responsive repair work was prioritised in order to meet national and local targets and make efficient use of resources. It also reviewed the systems in place for Housing Repairs around budget monitoring and to ensure that job costs were accurately recorded and accounted for. In addition, the system in place to record what materials were used on jobs was evaluated, along with the reconciliation of material charges to records of work performed.
- 2.1.2 Our review of Housing Repairs identified several areas with scope for improvement, with a lack of compliance and inconsistencies with various processes followed.
- 2.1.3 Several sub-contractor contracts had expired and were due for renewal. Regular updates and performance review meetings were not being held with all sub-contractors. There was also a lack of a live system for sub-contractors or out-of-hours jobs. Sub-contractor jobs were not completed or closed on the relevant systems until an invoice had been received. The out-of-hours process was carried out manually and then the relevant systems were updated retrospectively. Supporting evidence for these jobs was located in a team Outlook mailbox.
- 2.1.4 A number of open jobs were on status 25 (“stop the clock”), with some on this status for a considerable amount of time (up to half a year in several instances sampled), often awaiting parts. A significant number of both open and overdue jobs were held on status 55 (full completion) awaiting supervisor review and approval, again sometimes for several months. This then led to delays in invoicing of jobs, impacting the income and expenditure reflected in the finance system.
- 2.1.5 We found it difficult and time-consuming to obtain performance data, which then impacted the ability to carry out testing and identify issues. Data quality was poor, with over eight thousand open jobs on Total¹ as at mid-February 2023, more than half of which were overdue. Sufficient and/or appropriate detail was not being requested and/or recorded when tenants reported a job, which then made it difficult in some instances to determine whether a job was valid and its urgency.
- 2.1.6 A split had been introduced between the client and contractor sides (DLO). There did not always appear to be clarity between the two and a repetition of roles in some instances, for example, both the surveyors and the performance team (client side) carrying out performance monitoring of the contractor. Similarly, there was a lack of consistent understanding between the client and contractor in relation to the carding process (how many times a trade should attempt to gain entry to carry out a job before the job was closed).

¹ Field Service Management software

2.1.7 Ohms² declarations of interest were not always completed and had not been retained for housing repairs officers. There was a lack of common understanding between housing repairs and rents as to whose responsibility this was.

2.1.8 The full report is attached at Appendix 2.

| | | | | | |
|-----|----------------|------|---|---|-----------|
| | | Recs | | | Assurance |
| 2.2 | Cyber Security | 2 | 3 | 2 | Limited |

2.2.1 Cyberattacks have become increasingly sophisticated and dangerous in recent years, targeting computer information systems, computer networks, infrastructures, personal computer devices, or smartphones. The risk of a security breach has become an increasing reality for local councils in the UK, as seen with the cyberattack on Hackney Council, which has reportedly cost at least £12 million.

2.2.2 Cyber risk is categorised as a high (red) risk on the Council’s Strategic Risk Register reflecting the council’s assessment of its vulnerability to losses if it was to be subject to a cyber-attack or data breach.

2.2.3 The purpose of the audit was to assess preparedness for prevention of cyber-attacks on RBC and how ICT is equipped to identify, respond, detect, protect, from an incident. The audit used the government’s own guidance on Cyber Essentials³ as part of the evaluation of RBC preparedness.

2.2.4 Our audit identified that there are weaknesses in respect of the internal configuration of the ICT estate. There are historical reasons that have contributed to this situation, including the change of external contractor and the impact of Covid on the need to carry out a major upgrade of Windows software and move user services such as Microsoft Office to the cloud. RBC has introduced many mitigations in respect of these risks and there are several actions ongoing, but the risk remains high due to internet-facing systems.

2.2.5 At the time of the audit, there was not a clear remediation strategy⁴ to systematically highlight the risks, on a RAG basis or similar methodology, which linked them to a timetable of achievable improvements in respect of environmental and technical improvements, alongside acknowledging legacy issues that will mean a residual risk will remain in some areas. The lack of a clear remediation strategy meant that at the time of our audit, the roadmap to address the risks identified did not have clearly assigned priorities, timelines, and resources, including budgets to systematically address those risks and that compliance to the current government Cyber Essentials benchmark may not be achieved.

² Housing Management System

³ Government assessment certification scheme

⁴ It should be noted that between the issuing of the draft report and receiving the management response, a remediation strategy was formulated. The actions that underpin this strategy have not been audited.

- 2.2.6 IT Health Check testing has revealed that the authority is relatively well prepared externally in its outward profile on the internet. However, internally, the authority could be vulnerable to exploitation should the external perimeter be breached or should an internal event arise from a bad actor⁵. The awareness of these issues has resulted in some actions to combat the situation, but at the time of our audit, not all these actions were in place.
- 2.2.7 The importance of training staff both in cyber security good behaviour and in awareness of the ICT Policies is therefore important, as failure of staff to observe good behaviour and policy guidance could result in compromise, either through ransomware or through an external actor gaining access to internal systems, which our audit identified are not as secure as they need to be. The move of users to Microsoft Office 365 and other cloud applications (software as a service) means that the perimeter is not as critical as it was, and that external testing is the most important.
- 2.2.8 User training for cyber security has improved considerably, but at the time of the audit it was not at a state where it can be said that all staff have been trained, have completed regular refresher training or that they have read and understood the ICT policies. This is being managed by the Information Governance (IG) Board. Policies are being agreed with the board and ICT Security to manage this situation but there is no agreement, as yet, on penalties for noncompliance.
- 2.2.9 Please refer to part 2 report on the agenda for further information.

| | Recs | | | Assurance | |
|-----|------------------|---|---|-----------|-------------|
| 2.3 | Accounts Payable | 0 | 1 | 2 | Substantial |

- 2.3.1 RBC has a centralised Accounts Payable (AP) function as part of the Oracle Fusion⁶ financial system which is overseen by a team in Finance. The AP function is classified as a 'key' financial system by the Council's external auditors and therefore is subject to an annual internal audit review.
- 2.3.2 The review used data and matches supplied as part of the National Fraud Initiative⁷ (NFI) to identify potential duplicate payments and VAT issues, as well as raw data extracted from Oracle Financials. It did not constitute a full system review but offers interim assurance on the current AP system prior to the implementation of a new financial system later on in the financial year.
- 2.3.3 Whilst the audit found that the Accounts Payable system was working satisfactorily, there are pressures particularly around how suppliers are set up and the time taken. The issues are experienced within the AP setup but are generated across the authority as a whole (both RBC and BfC).

⁵ Also known as a malicious actor, this is any person or organisation that intentionally causes harm in the digital sphere. They exploit weaknesses in computers, networks, and systems to carry out disruptive attacks on individuals or organisations.

⁶ Council's financial management system

⁷ The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. It is operated by the Cabinet Office under its statutory data matching powers set out in the Local Audit and Accountability Act 2014 (the 2014 Act).

- 2.3.4 The implementation of secure setup and amendment of suppliers as a separate function has significantly reduced risk around fraudulent payment but has also resulted in delays in setting up suppliers due to increasing demand, which suggests that there is still work to be done on the strategic side of procurement by the authority to reduce short-term surges in requests for new suppliers.
- 2.3.5 The audit noted that invoice processing was satisfactory (around 96% within 60 days or 92% within 31 days) but relatively the number of late payments, whilst statistically small, still amounts to around 3,000 invoices. Examination of some late payment data showed that the wrong invoice dates had been entered on Oracle Fusion. There did not appear to be one explanation that covered all the invoices paid late.
- 2.3.6 The audit noted that statistics are kept on performance, but that these are not widely circulated within the organisation. It may help demonstrate how issues like delays in receipting of invoices impact the processing of payments if figures were more widely available to processing departments.

| | | | | | |
|-----|---------------------------|------|---|---|-------------|
| | | Recs | | | Assurance |
| 2.4 | Budget Setting/Monitoring | 0 | 1 | 1 | Substantial |

- 2.4.1 The budget setting and monitoring processes are a fundamental part of the Council's financial governance framework. The purpose of this audit was to evaluate the controls in place to enable the Budget Setting and Monitoring process to meet its strategic, financial, and legal requirements.
- 2.4.2 We concluded that budgets are based on realistic projections regarding pay, inflation, corporate priorities and known cost pressures and realistic costs were reflected, considering over/under-spending in previous years. Three to five-year financial forecasts are prepared, key risks identified in advance, and service priorities are reflected in the distribution of resources. In addition, forecasts and revisions are reviewed and approved, and scenario planning regarding variables is conducted initially and as the scenario changes e.g., for inflationary pressures.
- 2.4.3 Budget performance information is in a format that is understandable to those it is provided to, updated and available in a timely manner, with key points/issues highlighted and supported by appropriate narrative. Furthermore, budget monitoring reports include details of forecast capital expenditure and funding for the financial year, as well as forecast levels of general fund and HRA revenue balances. These are supported with any significant issues identified that may impact on revenue and capital budgets in the medium term, a risk assessment of the overall budget, and an update on treasury management and investment positions.

| | | Recs | | | Assurance |
|-----|----------------|------|---|---|------------|
| 2.5 | General Ledger | 0 | 6 | 1 | Reasonable |

- 2.5.1 The General Ledger (GL) represents the Council's main accounting system which currently operates via Oracle Fusion. A number of feeder systems interface with the General Ledger. At the time of this audit (Quarter 4 2022/23), a project was underway to prepare for the implementation of a new financial system, Advanced e5.
- 2.5.2 At the start of this audit, the e5 system had a planned go-live date of 1st April 2023. However, this date has been extended and the system project is ongoing, including the mapping of the new chart of accounts and the extensive testing required (including User Acceptance Testing) prior to go-live, which is now anticipated during autumn 2023.
- 2.5.3 This audit review sought to provide assurances concerning several key functions where significant issues have been raised in recent years, primarily around the management of a) journals and b) holding/suspense accounts.
- 2.5.4 Several significant improvements since the previous GL audit were identified for the year 2022/23 (i.e., to period 11). Evidence was provided to illustrate that previous recommendations have been addressed in practice, particularly around the management and processing of journals. The Chief Accountant and the Finance Business Partner seconded to the new system project team have also introduced control features since April 2022 to manage Holding/Control Accounts, key reconciliations, and critical information to assist with the development of the new financial system Chart of Accounts.
- 2.5.5 Audit sample testing showed considerable improvements to journal processing in terms of i) clear segregation of duties and appropriate approval/authorisation of journals; ii) the provision of clear descriptions and supporting documentation to journals which had been a weak area previously; iii) timely processing of journals during 2022/23; iv) a continuing reduction in the number of journals processed compared with previous years.
- 2.5.6 An additional sample reviewed specifically from the BFfC Ledger/Group showed some exceptions in terms of the supporting documents for journals, where supporting information comprised sensitive case data and a clear audit trail was not available. However, discussions with BFfC Finance and evidence supplied confirmed a proactive approach to providing a consistent method of identifying the file paths containing the required information for all cases.
- 2.5.7 Whilst there remains a large number of account codes in the system (71,190 total codes in the system, with 1,063 Holding codes and 1,623 Balance Sheet codes as at March 2023), the mapping project to review and streamline these codes in order to prepare the revised Chart of Accounts for the new e5 system is in progress.

2.5.8 Two key control documents have been maintained throughout the year and were up to date at the time of audit, these being: a) the Trial Balance Checker which lists all codes currently in the system in their respective categories (this has been in place for around four years) and b) the Finance Dashboard which is a new initiative commencing April 2022; this identifies all required reconciliations and tracks their progress through RAG status for each monthly accounting period across the year. The Dashboard has been presented to the Finance Transformation Board and to Finance Leadership Team. The Dashboard remains a work in progress to some extent, as the aim is to capture a range of performance management data for financial services; however, details of reconciliations were up to date to Period 11 (end of February 2023).

2.5.9 A number of recommendations and considerations were made in preparation for the new financial system.

| | Recs | | | Assurance | |
|-----|--------------------------------|---|---|-----------|------------|
| 2.6 | Client Contributions Follow up | 0 | 0 | 0 | Reasonable |

2.6.1 A review of Adult Social Care Client Contributions in 2021/2022 highlighted delays in updating service users' financial circumstances and in carrying out annual reviews. At the time of the audit a total of 10 recommendations including one priority 1 recommendation were made.

2.6.2 Our follow-up review has recognised that good progress has been made in implementing the audit recommendations and although some are still work in progress, we are now able to provide a reasonable assurance opinion. No further recommendations have been made.

| | Recs | | | Assurance | |
|-----|----------------------------------|---|---|-----------|------------|
| 2.7 | Inflationary Uplifts (Follow up) | 0 | 0 | 0 | Reasonable |

2.7.1 Following a request by the Director of Finance to review the circumstances leading to an overpayment made to a social care provider in the 2021/2022 financial year, we concluded that the overpayment of circa £1m was triggered after inflationary increases were incorrectly applied. At the time of our audit, we found a lack of a common understanding of roles and responsibilities and ownership of processes. This resulted in a 'No Assurance' opinion being given.

2.7.2 There has been positive progress in implementing the recommendations, coordinated by the Head of Commissioning and Transformation Programme Team utilising the expertise and skills of the Project Management Office, for mapping existing processes, and involving all teams with responsibilities in the uplift process itself. This has ensured that all areas with responsibility have had the opportunity to input into the process and to highlight any potential weaknesses or subsequent impact on their teams, where further change has been identified. This level of involvement has served to support and solidify the process change.

2.7.3 A SharePoint site is used to hold documentation relating to the uplift process, although actual provider letters requesting an uplift were not located.

2.7.4 The governance processes and authorisation of the recommended uplift, and the potential impact of different options was well documented and presented appropriately, and these were held centrally on the SharePoint site.

- 2.7.5 A significant number of uplifts are unable to be actioned automatically (25%), some of which were due to the legacy set up method. This has been highlighted and an action was identified in the 6-month implementation project review meeting, to investigate the reasons behind all uplifts that require a manual process.
- 2.7.6 Another action identified in the 6-month implementation project and substantiated in audit findings is the need to schedule the implementation process in a timely manner, as testing found some uplifts did not take place until September and required back dating to April.
- 2.7.7 Given that recommendations have either been implemented or are work in progress and no further recommendations have been made in respect of this review, we are able to provide a positive assurance opinion on the control environment.

2.8 Grant Certifications

2.8.1 Homelessness Prevention and Winter Top-Up Grants

2.8.2 The Homelessness Prevention and Winter Top-Up grants have been used to provide emergency accommodation and all expenditure incurred was appropriate. The total of the two grants amounts to £1,803,722, with £1,556,206 attributable to the main grant and £247,516 to the winter top-up.

2.8.3 Rough Sleeping Prevention grant

2.8.4 Expenditure has been incurred in accordance with the grant determination, with £703,800 declared as spend against a total grant of £843,300. At the time of our certification, an underspend of £139,500 was being reported

2.8.5 Rough Sleeping Additional Pressures grant certification

2.8.6 The amounts declared on the grant certification form agree to transaction reports and appeared to relate to rough sleeping additional pressures. We identified a few non-material discrepancies but can confirm that all expenditure incurred was in accordance with the grant determination.

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

Audit reviews carried over from 2022/2023

| Audit Title | Timing | | | | Start Date | Draft Report | Final Report | Res | | | Assurance |
|----------------------------------|--------|----|----|----|------------|--------------|--------------|-----|----|----|-----------|
| | Q1 | Q2 | Q3 | Q4 | | | | P1 | P2 | P3 | |
| Housing Repairs | ● | | | | Nov-22 | Mar-23 | Apr-23 | 2 | 8 | 4 | |
| Cyber Security | ● | | | | Aug-22 | Dec-22 | May-23 | 2 | 3 | 2 | |
| Accounts Payable | ● | | | | Mar-23 | May-23 | Jun-23 | 0 | 1 | 2 | |
| General Ledger | ● | | | | Jan-23 | Mar-23 | Apr-23 | 0 | 6 | 1 | |
| Client Contributions Follow up | ● | | | | Feb-23 | Apr-23 | Jun-23 | 0 | 0 | 0 | |
| Inflationary Uplifts (Follow up) | ● | | | | Jan-23 | May-23 | May-23 | 0 | 0 | 0 | |
| Leavers and movers' processes | ● | | | | Jan-23 | Apr-23 | | | | | |
| Adult Social Care Debt | ● | | | | Feb-23 | Jun-23 | | | | | |
| Provider Payments (Adults) | ● | | | | Jan-23 | May-23 | | | | | |

Audit reviews for 2023/2024

| Audit Title | Timing | | | | Start Date | Draft Report | Final Report | Res | | | Assurance |
|--|--------|----|----|----|------------|--------------|--------------|-----|----|----|-----------|
| | Q1 | Q2 | Q3 | Q4 | | | | P1 | P2 | P3 | |
| Fuel system | ● | | | | May-23 | Jun-23 | | | | | |
| Commercial Assets & Investments | ● | | | | Jun-23 | | | | | | |
| Intercompany accounting (Follow Up Review) | ● | | | | Jul-23 | | | | | | |
| S117 of the Mental Health Act | ● | | | | Jun-23 | | | | | | |
| Rough Sleeping Accommodation Program Grant Determination RSAP 1 &2 | ● | | | | Apr-23 | Apr-23 | Apr-23 | 0 | 0 | 0 | n/a |
| Homelessness Prevent Grant including top up | ● | | | | Apr-23 | Apr-23 | Apr-23 | 0 | 0 | 0 | n/a |
| Rough Sleeping Initiative Grant additional pressures cert | ● | | | | Apr-23 | Apr-23 | Apr-23 | 0 | 0 | 0 | n/a |
| Iken billing process | ● | | | | Jun-23 | | | | | | |

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 | |
| Local Transport Plan Capital Settlement (Grant Certification) | | ● | | | | | | | | | |
| Local Authority Bus Subsidy Grant (BSOG) | | ● | | | | | | | | | |
| Coroners Service | | ● | | | | | | | | | |
| Bank & Cash Rec inc control account reconciliations | | ● | | | | | | | | | |
| CTAX | | ● | | | Apr-23 | Jun-23 | | | | | |
| Procurement end-to-end process | | ● | | | | | | | | | |
| Payroll (inc HR/Itrent processes) | | ● | | | | | | | | | |
| Public Health Grant | | ● | | | | | | | | | |
| Supported Living Placements | | ● | | | | | | | | | |
| Continuing Health Care (CHC) | | ● | | | | | | | | | |
| Employee gifts and hospitality & declarations of interests | | ● | | | Jun-23 | | | | | | |
| Reading Museums - Reading Foundation of Art | | ● | | | | | | | | | |
| Sec 106 Agreements | | | ● | | | | | | | | |
| Data Security/Information Governance | | | ● | | | | | | | | |
| New Finance System migration | | | ● | | | | | | | | |
| Accounts Payable | | | ● | | | | | | | | |
| Digital Technology and Change - Project Management | | | ● | | | | | | | | |
| Caseload management (inc ASC Front Door) | | | ● | | | | | | | | |
| Learning & Devt, Physical Dev and Mental Health Placements | | | ● | | | | | | | | |
| Community Infrastructure Levy | | | | ● | | | | | | | |
| Homelessness | | | | ● | | | | | | | |
| Accounts Receivable | | | | ● | | | | | | | |
| Deputyship and Appointeeship (Follow up Review) | | | | ● | | | | | | | |
| Scheme of Delegation | | | | ● | | | | | | | |

3.0 INVESTIGATIONS (APRIL 2023 – JUNE 2023)

3.1 Council Tax Support Investigations

- 3.1.1 Nineteen Council Tax Support investigations have commenced to date, with the discount removed in eleven cases resulting in estimated savings of **£3,237**.
- 3.1.2 The team have been supporting Council Tax by investigating forty-eight cases of suspected SPD fraud with **£3,604** recovered to date

3.2 Housing Tenancy Investigations

- 3.2.1 Since 1st April 2023, officers have completed investigations in to twelve referrals of alleged tenancy fraud. A total of two properties have been returned to stock to date. All these cases were tenancy-related investigations. There are another thirteen ongoing investigations.
- 3.2.2 The notional saving achieved on the properties returned to RBC stock is **£186,000** adopting the notional savings multiplier used by the Cabinet Office in its National Fraud Initiative report.
- 3.2.3 The team has also looked at and verified six Right to Buy applications of which four have been referred back to the applicant for further information to be supplied by the applicants.
- 3.2.4 The team also undertakes assurance verification on new homeless applications. During the first quarter of the 2023/2024 financial year, the team has reviewed thirty-one cases. There are twelve cases awaiting Council Tax to review the SPD, and to date, a total of **£1k** has been recorded as direct SPD savings.

3.3 Disabled Persons Parking (Blue) Badges

- 3.3.1 Since April 2023 the team has received a total of 20 Blue Badge referrals of blue badge misuse. We've been working with officers from Bracknell Forest Council (BFC) and twelve of these investigations were for BFC. We have closed fifteen investigations of which nine received warning letters, six blue badges were seized and destroyed, and two cases are with our legal colleagues pending charges.

3.6. National Fraud Initiative

- 3.6.1 In December Central Government uplifted specific datasets from Reading as part of the National fraud initiative. Since February 2023, when the matches were released for review, a total of 668 cases have been investigated which have resulted in an estimated saving of **£41,211.68**.

Classification: UNCLASSIFIED

Final Internal Audit Report

Housing Repairs

To: Nick Burston - Head of Housing Property Services
Sean Donaghue - Assistant Repairs and Maintenance Manager
Mark Sanders - Chief Accountant
Andy Edwards - Assistant Director of Environmental and Commercial Services
Zelda Wolfle - Assistant Director of Housing and Communities
Frances Martin - Executive Director for Economic Growth & Neighbourhood Services

From: Kirsty Hancock - Senior Auditor

Date: 6th April 2023



Limited Assurance

EXECUTIVE SUMMARY

1. BACKGROUND

- 1.1 Local authorities with housing stock need to ensure that they maintain those homes in good repair and that they meet relevant standards such as that for Decent Homes. Revenue repair costs are debited either directly or indirectly (via a housing repairs account) to the HRA.

2. OBJECTIVES & SCOPE OF THE AUDIT

- 2.1 The purpose of the audit was to review the processes for ensuring that responsive repair work was prioritised in order to meet national and local targets and make efficient use of resources. It also reviewed the systems in place for Housing Repairs around budget monitoring and to ensure that job costs were accurately recorded and accounted for. In addition, it also reviewed the system in place to record what materials were used on jobs and reconciling material charges to records of work performed.
- 2.2 The audit only included the delivery side of Housing repairs for Reading Borough Council and did not include a review of the contract in place with Wokingham Borough Council for the provision of Housing Repairs.
- 2.3 This audit (and report) was undertaken in accordance with the Public Sector Internal Audit Standards ([PSIAS](#)).

2.4 This report is confidential and has been prepared solely for use by officers named on the distribution list and if requested, the Council's External Auditor and its Audit and Governance Committee to meet legal and professional obligations. It would therefore not be appropriate for this report, or extracts from it, to be made available to third parties before it has entered the public domain. It must not be used in response to FOI or data protection enquiries without the written consent of the Head of Internal Audit. We accept no responsibility to any third party who may receive this report, in whole or in part, for the reliance that they may place on it.

3. CONCLUSIONS

3.1 The audit identified several key issues relating to reactive repairs.

3.2 There was a lack of a formal, overarching repairs policy, although there were various documents in place such as the tenant agreement, the service level agreement for responsive repairs and maintenance and an Ohms¹ repairs procedures guide.

3.3 There was also a lack of a live system for sub-contractors or out-of-hours jobs. Sub-contractor jobs were not completed or closed on the relevant systems until an invoice had been received. The out-of-hours process was carried out manually and then the relevant systems were updated retrospectively. Supporting evidence for these jobs was located in a team Outlook mailbox.

3.4 Overall, data quality was poor, with over eight thousand open jobs on Total² as at mid-February 2023, more than half of which were overdue. Sufficient and/or appropriate detail was not being requested and/or recorded when tenants reported a job, which then made it difficult in some instances to determine whether a job was valid and its urgency.

3.5 There was a lack of compliance and inconsistencies with various processes. A number of open jobs were on status 25 ("stop the clock"), with some on this status for a considerable amount of time (up to half a year in several instances sampled), often awaiting parts. A significant number of both open and overdue jobs were held on status 55 (full completion) awaiting supervisor review and approval, again sometimes for several months. This then led to delays in invoicing of jobs, impacting the income and expenditure reflected in the finance system. In addition, no charge to tenants was made for aborted or unable-to-obtain-access jobs nor was a deposit routinely taken from residents.

3.6 A number of sub-contractor contracts had expired and were due for renewal. Regular updates and performance review meetings were not being held with all sub-contractors.

¹ Housing Management System

² Field Service Management software

- 3.7 A split had been introduced between the client and contractor sides (DLO). There did not always appear to be clarity between the two and a repetition of roles in some instances, for example, both the surveyors and the performance team (client side) carrying out performance monitoring of the contractor. Similarly, there was a lack of consistent understanding between the client and contractor in relation to the carding process (how many times a trade should attempt to gain entry to carry out a job before the job was closed).
- 3.8 Ohms¹ declarations of interest were not always completed and had not been retained for housing repairs officers. There was a lack of common understanding between housing repairs and rents as to whose responsibility this was.
- 3.9 There was also an underlying assumption within the service that any balance at the year-end would be charged back to the Housing Revenue Account (HRA).
- 3.10 Internal audit found it difficult and time-consuming to obtain certain performance data, which then impacted the ability to carry out testing and identify issues. It should be noted that the audit was unable to review all areas and therefore there may be other issues that have not been identified. It should also be noted that no review was conducted in relation to stores as this was reviewed in a separate audit in August 2020.
- 3.11 A total of 14 recommendations have been made in respect of this review, of which two are considered high priority. The recommendations and corresponding management action plan are attached at Appendix 1.

| Management Action Plan | | | | | |
|--|--|------------|---|---|-------------|
| Ref | Recommendation | Rec | Management Response | Responsible Officer(s) | Target Date |
| POLICIES AND PROCEDURES | | | | | |
| <i>RISK: There is a lack of consistency in carrying out key processes, which may result in a lack of compliance, for example with relevant legislation</i> | | | | | |
| 1 | <p>a. There should be accurate and complete documented policies and procedures for all reactive repairs processes, which clearly show roles and responsibilities and the split between the client and contractor side.</p> <p>b. Policies and procedures need to be regularly reviewed and updated as appropriate, including ensuring that all processes are fully documented and reflect the current structure (i.e., client and contractor).</p> <p>c. A review of access should be conducted to ensure it is appropriate and that all relevant staff can both access policies and procedures and are aware of their existence and location.</p> | Priority 3 | <p>a. We currently operate a reactive repairs service according to statutory responsibility within Sections 8-11 of the Landlord and Tenant Act 1985 as a social landlord. The overarching policy for repairs is the Tenancy Agreement, as this sets out the landlord and tenant responsibilities in relation to repairs performance in a legal document.</p> <p>b. There are several repairs-related policies; however, a number of these are due for review, and these will be reviewed, amalgamated & published in a combined document to provide staff and residents with a clear policy guide with clear review dates</p> <p>c. Procedures will be reviewed for trade staff and managers across the client and contractor split, amalgamated in procedure guides available in one access point.</p> | Head of Housing Property Services | 31/12/2023 |
| 2 | <p>a. There should be current contracts in place with all repairs/maintenance sub-contractors, with extensions agreed as per the Council's documented processes and prior to the initial contract expiring.</p> <p>b. There should also be regular monitoring of jobs allocated to sub-contractors to ensure they are being carried out in a timely manner, invoiced once completed and the job closed down on Ohms and Total.</p> | Priority 1 | <p>a. The current construction climate has made it difficult to get suitable contractors on board. A Quantity Surveyor role is being recruited to, to provide the focussed resource to work with our legal and procurement teams to prepare and prioritise tender documents to retender expired contracts. Legal and procurement teams will work with the service to prioritise this area of work. There are currently a number of managers/supervisors in secondment/interim positions; the service will seek to get permanent managers/supervisors into position.</p> <p>b. Managers and supervisors will be set clear objectives to ensure that performance management of subcontractors is treated as a priority to include regular contract and finance meetings as well as ensure that jobs are managed, closed and invoiced in a timely way.</p> | Head of Housing Property Services/ Assistant Repairs and Maintenance Manager | 31/12/2023 |

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| Management Action Plan | | | | | |
|--|--|------------|--|---|-------------|
| Ref | Recommendation | Rec | Management Response | Responsible Officer(s) | Target Date |
| 3 | a. There should be clear audit trails to support all reactive repairs saved in a central location. | Priority 3 | a. The main place for audit trails in relation to jobs raised through the system in working hours is - OHMS/Total/Mobile. The process will be reviewed where requests are coming from non-standard routes i.e., call outs, webforms to ensure these are stored appropriately as the current systems do not manage these effectively. The NEC Housing IT system is due to be implemented in September and should provide a clear audit trail on these moving forward. | Quality and Business Assurance Manager / Managers | 30/09/2023 |
| STAFFING | | | | | |
| <i>RISK: There is not an adequate number, level and skill of Officers, leading to over-reliance on sub-contractors (and associated increased cost) and inability to deliver jobs on time and to the required standard.</i> | | | | | |
| Page 59 4 | a. Further review of staffing levels needs to be undertaken, including a review of the balance of employees versus sub-contractors, an appropriate split of trades, replacement of leavers/succession planning particularly in relation to apprentices and officer sickness levels. b. Information from key systems e.g., iTrent and the finance system (currently Oracle Fusion) needs to be readily available and able to be reported on. | Priority 1 | A full review has taken place with HR colleagues in terms of a staffing action plan including updating the relevant finance and HR systems. The plan is being worked through with the priority on filling vacant posts and managing sickness levels in the service. | Assistant Repairs and Maintenance Manager/ Managers | 30/09/2023 |

| Management Action Plan | | | | | |
|------------------------|---|------------|---|---|-------------|
| Ref | Recommendation | Rec | Management Response | Responsible Officer(s) | Target Date |
| 5 | <p>a. Further consideration needs to be given to the full implementation of a pay and rewards scheme.</p> <p>b. It should be ensured that the time recording system for jobs is used correctly. Trades will need to use their PDAs correctly to accurately record the time taken on each job for example, to record the time when trades accept a job, are on the way to it, arrive and start the job and complete it. This will also help to ensure that residents are notified when the trade is on route to them.</p> | Priority 2 | <p>a. The pay and productivity scheme is to be reintroduced.</p> <p>b. In September 2023, implementation of the new NEC Housing IT System will introduce a change to the way that the work is allocated. Currently, trade staff receive their full day's work the previous evening. From September, jobs will be allocated one at a time; this will enable closer monitoring of each task from allocation to completion. Residents will be notified when the job is allocated to the operative that they are then on route - Management will continue to monitor Except, Depart, Arrive, Complete reports and staff that are highlighted through this will be challenged.</p> | Assistant Repairs and Maintenance Manager/Managers | 30/09/2023 |
| Page 60 6 | <p>a. Roles and responsibilities both within and between the client and contractor need to be clarified to avoid roles being repeated or not fulfilled. Also, consideration needs to be given to the roles of the Finance and Quality and Business Assurance teams to avoid replication of roles/meetings, for example having a joint meeting with both teams.</p> <p>b. Declarations of interest should be made at the start of employment and then on a regular basis, with declarations retained in a central, secure location for future reference, together with associated clarification of roles and responsibilities for this between rents/repairs teams.</p> <p>c. Appropriate safeguards should be put in place for related staff - for example, they should not be arranging systems access for each other.</p> | Priority 2 | <p>a. It is recognised that there needs improved clarity of roles and responsibilities between the client and contractor split. However, a wider exercise will now take place to consider the best solution for future service delivery.</p> <p>a. A restructure for the Housing Repairs and Maintenance section is under review with clarification of roles and responsibilities</p> <p>b. Declarations of interest are completed by all new starters. Further consideration will be given to implementing a review period and as to where those records are stored.</p> <p>c. Appropriate safeguards will be put in place.</p> | <p>a. Head of Housing Property Services</p> <p>b. Assistant Repairs and Maintenance Manager</p> <p>c. Managers Quality and Business Assurance Manager</p> | 31/10/2023 |

| Management Action Plan | | | | | |
|---|--|------------|--|--|-------------|
| Ref | Recommendation | Rec | Management Response | Responsible Officer(s) | Target Date |
| SYSTEMS AND ACCOUNTING | | | | | |
| <i>RISK: The accounting system does not accurately reflect the cost of repairs leading to misstatement of the financial accounts.</i> | | | | | |
| 7 | <p>a. It is recommended that housing repairs charges be automatically transferred to the finance system (currently Oracle Fusion) with appropriate reconciliations to ensure the correct amounts have been transferred. Manual transfer processes should be avoided where possible as they are subject to errors and omissions and are time and labour intensive.</p> <p>b. It should be ensured that the correct schedule of rates is used for works carried out.</p> | Priority 2 | <p>a. It is not possible to deliver automation based on existing systems; Oracle Fusion and Northgate OHMS are due to be replaced. The service will work with the Finance team to ensure as much integration as possible when the new systems are implemented.</p> <p>b. When the new NEC Housing IT System is implemented, staff will only be able to raise a job using the correct national schedule of rate per trade. This will drive up the accuracy of the order including, approx. time taken to deliver and description.</p> | All managers | 30/12/2023 |
| 8 | <p>a. There should be consistency and clarity as how costs are arrived at to recharge to tenants. If standardised costs are to be used, it should be clear when, and these should be reviewed and updated to reflect current prices.</p> <p>b. Tenants should be recharged costs where appropriate, an agreed deposit taken, and a clear audit trail should be maintained to provide a rationale where recharges are not made. Consideration should also be given to charging tenants for aborted/carded/unable-to-access property jobs.</p> | Priority 2 | <p>a. Standard charges are in place & set by the Housing Management Service. There is a maximum charge set at £2000. The service will check the frequency of review cycles.</p> <p>b. Typical recharge jobs are blocked drainage, broken windows, and lock changes. This is identified to the tenant at the point the job is raised by the corporate call centre and a deposit is taken at that point.</p> <p>b. Consideration will be given to recharging tenants for missed or abortive calls.</p> | Housing Management and Income Recovery Service Manager | 30/09/2023 |

| Management Action Plan | | | | | |
|------------------------|--|------------|---|--|-------------|
| Ref | Recommendation | Rec | Management Response | Responsible Officer(s) | Target Date |
| 9 | <p>a. There needs to be a review of the appropriateness of the costs of jobs to ensure they are charged and at the correct amount for both internal and subcontractor work.</p> <p>b. Client and contractor representatives need to review call centre scripts to ensure a more efficient customer service experience and use of trades time.</p> <p>c. Clarity should be obtained in relation to the agreed process where trades were unable to gain access to a site and the number of attempts that should be made before a job is closed and shared with all trades.</p> <p>d. Supervisors need to challenge trades where jobs are not completed on the allocated day.</p> | Priority 2 | <p>a. The costs are decided based on the use of the national schedule of rates, and they should be comparable for internal and external delivery. The charge based on the NSR is to cover RBC costs and not to make a profit. The national schedule of rates has only recently been introduced, and it will take time to establish if these schedules offer an over- or under-recovery. At that point, an adjustment can be made to +/-% the schedules so that the end-of-year recovery is broadly balanced.</p> <p>a. Regular review meetings are held monthly, and each area is looked at to determine if it is projecting an over- or under-recovery at year-end; however, % variations have to be managed on an annual basis.</p> <p>b. Call centre review to take place.</p> <p>d. Within the new NEC system, this will be easier to monitor, with one job at a time issued.</p> | Head of Housing Property Services / Assistant Repairs and Maintenance Manager / Quality and Business Assurance Manager | 31/12/2023 |

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| MANAGEMENT ACTION PLAN | | | | | |
|--|---|------------|--|---|-------------|
| Ref | Recommendation | Rec | Management Response | Responsible Officer(s) | Target Date |
| BUDGETING | | | | | |
| <i>RISK: The Budget does not accurately reflect the cost of repairs leading to overspending and financial pressure on the Council as a result.</i> | | | | | |
| 10 | <p>a. Consideration should be given to reviewing the budget build and the underlying assumptions as to whether they are still realistic/relevant. Some consideration should be given to setting an income budget that is realistic/achievable and including recharging relevant overheads.</p> <p>b. Consideration should also be given to phasing the budget going forward to better reflect any seasonality of repairs.</p> | Priority 3 | The service will work with the Finance Strategic Business Partner to review the position | Head of Housing Property Services/ Assistant Repairs and Maintenance Manager | 31/12/2023 |

| MANAGEMENT ACTION PLAN | | | | | |
|--|---|------------|---|---|--|
| Ref | Recommendation | Rec | Management Response | Responsible Officer(s) | Target Date |
| JOBS DATABASE | | | | | |
| <i>RISK: Jobs are not accurately and completed recorded, leading to poor prioritisation, lack of timely repairs being undertaken and completed and financial and reputational damage to the Council.</i> | | | | | |
| Page 4 | <ul style="list-style-type: none"> a. Reports of key information need to be readily available to those who require them with an agreement reached as to what information is required, by whom and when. b. Time taken to complete jobs needs to be reviewed and issues identified and addressed where completion times do not fall within the agreed timeframe. c. Jobs need to be completed/closed down correctly to avoid jobs being raised twice/charged twice and completed on a "first time right" principle to avoid recalls and correct schedule of rates and time etc. charged to the jobs. d. Completed jobs should be reviewed and approved/rejected in a timely manner to ensure timely invoicing/recharge of repairs costs. e. Where possible, workflows/inputs should be automated rather than manual. Where manual input cannot be avoided, these should be entered and reviewed in a timely manner to allow meaningful review of completion times for jobs, to ensure jobs are closed in a timely manner and to allow appropriate analysis for example customer satisfaction. | Priority 2 | <ul style="list-style-type: none"> a. It is recognised that key reporting data has not always been available since the client contractor split due to a key staff member leaving and priority of tasks for other staff leading on the implementation of the NEC Housing Management System, Repairs and Contractor Modules. A number of additional posts have been identified and this, along with the reintegration of the client and contractor services, should resolve this issue. c. Current performance of jobs completed on first visit is 93.66%. d. A review of performance reporting requirements is currently in progress. The newly appointed lead for the Housing Repairs Service has taken on board the comments within the report and is seeking to ensure that managers are furnished with the tools to monitor end-to-end job progress. e. Within the new NEC system, jobs will be issued one at a time and this will allow much closer real-time scrutiny of internal trade activity as well as have the visibility of external contractor workflow. | Assistant Repairs and Maintenance Manager | 31/9/2023 For performance reporting |

| Management Action Plan | | | | | |
|------------------------|--|------------|--|--|-------------|
| Ref | Recommendation | Rec | Management Response | Responsible Officer(s) | Target Date |
| 12 | <p>a. More detail needs to be captured on out-of-hours calls to help determine what the job was and its level of urgency.</p> <p>b. Relevant action should be taken on issues highlighted in reports for example closing of open out-of-hours jobs. Additional training should be considered for back office in relation to out-of-hours jobs to include immediately closing them once raised on Total.</p> <p>c. Key information/documents should be retained and stored centrally for easy identification/access where future queries arise.</p> | Priority 2 | <p>a. Where insufficient information has been given by the Out of Hours Call Handling Service to support a call out, this will be referred back to them for clarification</p> <p>b. The Out of Hours call answering service is an externally procured service across multiple council services. At the start of each working day, the out-of-hours team send across the previous evening details. This information is loaded on the repairs system by a recently recruited dedicated admin support and closed immediately as a confirmation order.</p> <p>c. In conjunction with the requirements identified in REC 3, a central storage area to store documents will be put in place.</p> | Assistant Repairs and Maintenance Manager | 30/9/2023 |

| MANAGEMENT ACTION PLAN | | | | | |
|--|--|------------|---|---|-------------|
| Ref | Recommendation | Rec | Management Response | Responsible Officer(s) | Target Date |
| JOB ALLOCATIONS | | | | | |
| <i>RISK: Jobs are not carried out on a first-time right/agreed basis as detailed in the SLA leading to increased trade visits, a risk of reputational damage, jobs backlog and lack of delivery of value for money/best value.</i> | | | | | |
| 13 | <p>a. Consideration should be given to the customer survey process and whether this can be made more automated/online and less reliant on manual input/processes and analysis. Any hard copies of completed customer satisfaction surveys should be scanned and retained centrally in a timely manner, with any transportation being secure.</p> <p>b. Analysis of satisfaction forms should be carried out on a regular basis, recorded centrally, patterns identified, and any (recurring) issues identified and addressed. The central record should be readily available to those as and when they require it.</p> | Priority 3 | <p>a. The service does not currently have an IT system in place to automate the way that customer feedback is received. Surveys continue to be sent to all allocated repairs. Within the NEC project, there are stated requirements to include automation of the end-to-end repair ordering process, with residents offered to self-service reporting a repair - order, amend, track, and cancel, similar to other frontline organisations. All paper surveys are scanned and maintained in a password-protected folder with paper copies destroyed confidentially.</p> <p>b. A Quality Assurance Officer is now in place who monitors customer satisfaction. Monitoring also includes dissatisfaction feedback, where a negative comment is reviewed and responded to by the team manager within seven working days of receipt to ensure that they do act upon feedback.</p> | Head of Housing Property Services / Assistant Repairs and Maintenance Manager | 30/06/2024 |
| 14 | <p>a. Post-work inspections need to be carried out on a regular basis and on an agreed sample size, outcomes recorded, and issues/common issues identified and addressed in a timely manner.</p> | Priority 2 | <p>a. Our post-inspection target is 5% of all jobs completed from a range of sources, and a process is now in place to automatically record the outcome (not including notes). Trade Supervisors are tasked to monitor both the internal workforce and external contractors. Surveyors, the Clerk of Works & the Quality Assurance Officer all carry out work in progress and post inspections. A reminder will be issued to ensure post-inspections are recorded when on-site. A review will be undertaken to ensure that issues/themes are recorded & learnt from. All future procurement exercises will include contractor KPIs to ensure a minimum of 10% work post inspected, issues/themes with dissatisfaction recorded, and reported back.</p> | Assistant Repairs and Maintenance Manager & managers | 30/09/2023 |

4. FINDINGS

4.1 POLICIES AND PROCEDURES

- 4.1.1 Discussions with Officers identified that there was no formal overarching repairs policy (Rec 1); the tenancy agreement set out roles and responsibilities including relating to repairs, together with the Looking after your home factsheet and the repairs handbook which were available to tenants and detailed likely timeframes for different types of repairs and repair responsibilities of the Council and tenant.
- 4.1.2 The Service Level Agreement (SLA) in place for responsive repairs and maintenance detailed that responsive repairs were carried out via the Council's responsive and gas and plumbing contracts for in and out-of-hours work, what constituted responsive and repairs work, client responsibilities, service provider responsibilities, guidance on works orders, use of a schedule of rates, details of prioritisation of work and associated timeframes for works, recharges and customers requiring additional support.
- 4.1.3 There was an Ohms Housing repairs procedures guide (dating from 2016) (Rec 1) that detailed repairs priorities and associated timeframes, including for vulnerable tenants and logging repairs. There was also a flowchart for raising a job, and back-office procedures (including out-of-hours and emergency calls and pre-inspection works and allocating to a trade - although it was noted that these were incomplete with some queries and processes not completely documented in all cases (Rec 1)). It was noted that there was a newly appointed Continuous Improvement Officer in the Quality and Business Assurance Team who would be considering service improvements including reviewing policies and procedures and updating them, including reflecting new processes once the new Housing Management System (HMS) was implemented. Back-office training was conducted on the job, together with monitoring of work to ensure jobs were raised correctly/to the right person, etc.
- 4.1.4 Policies and procedures detailed above were generally available on a SharePoint site (with tenant-related ones on the RBC website). A range of staff had access to them, mainly on the client side, although knowledge of them did not seem to be widespread and at the time of audit review, access was available to Officers who had either changed roles or left (Rec 1).
- 4.1.5 Some reactive repairs and maintenance work was carried out by sub-contractors on behalf of service delivery. These contracts should be awarded in accordance with RBC's standing orders and financial regulations. A repairs and maintenance contract was awarded to Pilon in October 2021 via a Framework agreement and found to be appropriately authorised. The framework contract was extended for one year in December 2022 (i.e., retrospectively), and again appropriately authorised. The stores contract had been extended for a further two years as detailed in the original contract after an Officer decision in consultation with the Lead Councillor, albeit after the original contract had expired. Other contracts awarded such as for glazing, roofing and windows were long-standing and understood to have expired with no formal extension agreed; signed final copies of the original contracts had been requested but not provided (Rec 2). The Interim Housing Repairs and Maintenance Manager was proposing using a Quantity Surveyor post currently vacant but recruitment was currently paused due to the service review being conducted to

create the capacity to retender, with a longer-term plan to tender for a larger generic building service-wide contract to encompass the majority of individual contractors used.

- 4.1.5 It was noted during the audit review that there were no clear, documented, centrally held (and timely saved) audit trails in all instances (Rec 3). Out-of-hours call-out sheets were only retained in the back-office Outlook mailbox and were unable to be located at all in some instances (Rec 3). Also, descriptions on Total did not always clearly detail what the job entailed and, in some cases, provided the action taken rather than detailing the initial problem (Rec 3). In addition, copies of completed customer satisfaction forms were also not readily available in the majority of cases sampled (Rec 3).
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4.2 STAFFING

- 4.2.1 The Housing Repairs and Maintenance Manager had been on long-term sick leave and had now resigned; an interim had been covering the post. This contract had been extended into 2023, albeit on reduced hours (full-time to three days a week) (Rec 4). Discussions with the Interim Housing Repairs and Maintenance Manager and other Officers identified that there were a number of vacancies that were unable to be filled for trades, with shortages at both trades and manager/supervisor level (Rec 4). However, it was difficult to easily substantiate this and whether it related specifically to reactive repairs, both from iTrent and also salary monitoring (as all repairs staff had been moved to one Oracle Fusion cost centre) (Rec 4). Further discussion with the Finance Business Partner identified that as at the end of January 2023, there were 49 operatives and 11 vacancies (Rec 4). It was also noted that two apprentices had reached the end of their contract during the year and left the organisation (Rec 4).
- 4.2.2 There was a significant backlog of jobs, particularly for electrical and carpentry, where there had been some significant sickness absences since December 2021 (Rec 4). Review of occupied positions in iTrent identified that there were a number of electricians and carpenters in post; however, there were shortages of fencers and multi-skilled bathroom fitters, bricklayers/roofers and plasterers. Review of finance salary monitoring identified vacancies for carpenters, electricians, labourers, a bathroom fitter and a bricklayer. Review of complaints identified tenants complaining about delays in repairs and the rebooking of appointments.
- 4.2.3 It was also queried whether there were adequate staffing levels within the Quality and Business Assurance Team with the manager now only part-time and the Service Improvement Officer working a proportion of their time on the new Housing Management system (Rec 4).
- 4.2.4 As detailed earlier in 4.1.5, some reactive repairs were delivered by sub-contractors; for example, there was a contract in place with a named sub-contractor to deliver reactive repairs when required i.e., where there was not the in-house capacity to deliver jobs. In addition, there were named sub-contractors used for the delivery of replacement glazing, roofing, scaffolding and PVCu windows

and rear doors. There had been a significant amount of work carried out by sub-contractors in the current year (see section 4.4 - budget monitoring) due to staffing issues.

- 4.2.5 Review of a sample of 25 open jobs identified in nearly half the cases, these were with subcontractors and had been in excess of the timescales in the SLA. It was unclear whether the jobs had been completed but the invoice had not been received and hence the job was not closed or the job had not been completed (Rec 2). Further discussion with the Interim Housing Repairs and Maintenance Manager identified that a weekly progress tracker on jobs was provided by one contractor and monthly review meetings had recently been restarted. This was due to be replicated with the other subcontractors (informed currently a total of 22 contractors were being used to deliver service provision) (Rec 2).
- 4.2.6 A pay and reward scheme had only been partially implemented and did not appear to be well understood. Individual operatives were paid a salary plus part of a pay and productivity scheme that had not been fully implemented to date, with a time-based scheme in place. The national schedule of rates was being used, which provided an amount of time for a job to be completed based on the average amount of time taken to complete the job. If this timeframe was not met, it led to officers having deductions from their pay. It was planned to also have deductions in the future if cash targets were not met. However, it was noted that this would require trades to use their PDAs correctly to accurately record the time taken on jobs (see 4.5.9 for further details on this) (Rec 5).
- 4.2.7 There did not always appear to be clearly defined and understood roles and responsibilities (Rec 6). Discussions with the Housing Projects Team Leader identified that there was overlap between the client contract monitoring role of his team and that of the Quality & Business Assurance Manager (Rec 6). It was noted that the latter team sat both within the client and the contractor sides of the organisation. The overall reactive repairs process sat between the client and the contractor, with neither side having complete control over it. Repairs ordering was carried out by the customer contact centre (client), who identified the repair required, with the scheduling of jobs split between them and the back office (contractor). Work was carried out by the contractor /subcontractor (overseen by the contractor) but budget setting/monitoring and performance information was overseen by the client side.
- 4.2.8 Discussion with the Trade Supervisor in relation to roles and responsibilities identified that there was a soft split between client and contractor. Toolbox talks (team meetings for trades staff which included information sharing, new products, H&S and performance discussions) included coverage of the roles of client and contractor (although no evidence was able to be provided of this) and it was unclear if there were clear, documented policies for each (see Section 4.1 / Rec 1).
- 4.2.9 Declaration of interest forms, which should be required before access to Ohms was provided, were not being retained for housing repairs staff. It was also unclear whether declarations of interest were made in all instances by housing repairs staff prior to being set up on Ohms (Rec 6).

4.2.10 During testing, an instance was identified where two members of the same immediate family were working within the same team, with one provided system access by the other (under their manager's instruction). Completed declaration of interest forms were unable to be located in either instance and further inquiry identified that declaration of interest forms were not being retained for housing repairs staff, with a lack of common understanding between housing rents and housing repairs as to whose remit this fell within (Rec 6).

4.3 SYSTEMS AND ACCOUNTING

4.3.1 Housing repairs information was split between Ohms (repairs module) and Total, with the job initially logged in Ohms, including details of the job, what and where it was, the schedule of rates to be used and the job's priority level. This information was then transferred to Total to schedule with the relevant trade, and the time and action taken were recorded. Once the job was completed, the information was then transferred back to Ohms repairs. It was noted that a new Housing Management System (HMS) was in the process of being implemented which would consolidate the two systems into one. As detailed later (see 4.5), a number of delays were encountered by internal audit when trying to obtain various key information from the systems.

4.3.2 As reviewed during the rent accounting audit, the DEGNS Accountant conducted quarterly reconciliations between Ohms (rents module) and Fusion, which included a reconciliation of repairs recharges to residents (although it was noted that this amounted to only a relatively small amount). No formal reconciliation between Ohms (repairs) and Total was carried out. Discussion with the Quality and Business Assurance Manager identified that Ohms (repairs) and Total would not match as there were some jobs that were incorrectly input into Ohms repairs that would not be processed. Where jobs were not transferred from Ohms repairs to Total or vice versa, there was a system-generated report which was received into the Housing Building Maintenance inbox and reviewed by a member of the Quality and Business Assurance Team or tenants would be in contact if a job was not carried out. In addition to the check the Accountancy Assistant - Economic Growth and Neighbourhood Services carried out between what was held on Total for repairs charges and what was charged in Fusion, the Quality and Business Assurance Manager reviewed balances on Total and Ohms repairs as part of responsive repairs budget projections, although there was some discrepancy which was not investigated. As noted above, the introduction of a new HMS would consolidate the use of two systems (Ohms and Total) into one.

4.3.3 It was noted that overheads (such as finance, legal etc.) were not recharged to the client. For sub-contractor works, there was an assumption that work had been carried out and when invoices were received, the job was closed on Total. A percentage of jobs were inspected. As noted in 4.2.5, a significant number of the test sample of jobs allocated to sub-contractors were open on Total.

- 4.3.4 Housing repairs were accounted for via a manual journal upload process, with details provided by a weekly autogenerated report manually copied ultimately onto a journal for upload into Oracle Fusion on a monthly basis. This was because there was no automatic link between Total and Oracle Fusion necessitating the use of a manual journal upload process (Rec 7). This was subject to error and omission. A check was conducted to ensure that the total of each type of repair agreed to the report total provided and also to check the amount to be uploaded to Oracle Fusion. Details of the various totals for each type of work, what was being uploaded to Fusion, and what was being posted separately were detailed on a separate spreadsheet, and totals between the report, spreadsheet and what was uploaded to Oracle Fusion reconciled.
- 4.3.5 Review of the weekly transaction reports received for November, December and January 22/23 identified that the total on the report agreed to the total entered on the spreadsheet and the total on the journal upload spreadsheet and repairs seemed to be appropriately coded in Oracle Fusion.
- 4.3.6 Review of a sample of 25 jobs marked as status 72 (invoice export) on Total identified that in 21 out of 25 cases, the cost of the repairs agreed between Ohms, Total and Fusion with repairs charged correctly. In one case, the amount recorded on Ohms/Total did not agree to the sub-contractor invoice (5% added) and it also did not agree to what had been charged to Fusion. The job cost had been recorded on Total using a schedule of rates rather than 5% added to the sub-contractor's invoice. In one case, it was unclear if a resident had been recharged for the cost of repairs and in one instance the cost charged appeared to be incorrect (charged for completion of the job but it appeared the resident had not been at the property and had been carded). Post-work inspections identified that where jobs required follow-up work, in a number of instances this was because the incorrect schedule of rate/work had been charged (Rec 7). No evidence was found during testing that the incorrect tenant had been recharged for repairs.
- 4.3.7 The Housing Income Recovery Team (HIRT) were responsible for recharging housing repairs to tenants, where appropriate. A weekly system auto-generated Total report was received, detailing any repairs that had been marked as rechargeable and was reviewed by the HIRT for completed/rechargeable works. In some instances, there was a standardised price (average of what the job usually costed) for the most common jobs regularly carried out. Otherwise, the cost from Total was used or confirmation of cost was sought from the contractor. A recharge was then made on that basis. It was noted that the standardised costs dated from 2019 and therefore did not reflect the current cost nor take account of inflation, price rises, etc. so the tenant was not necessarily being recharged the true cost of the repair (Rec 8).
- 4.3.8 Review of a sample of 15 recharges from November 2022 identified that it was not always clear why/when the standardised prices were used and when Total/schedule of rates were used when recharging tenants (Rec 8). Discussion with the Senior Housing Income Recovery Officer identified that generally Total costs seemed to be used where they differed significantly from the standardised price list. There was

one instance where a recharge had been reversed but there was a lack of audit trail as to why this was, one instance where a tenant had been recharged but there was a dispute as to whether they had carried out the work or RBC and two instances where no recharge had been made to the tenant due to oversights. There were also two cases where it was unclear how the charge amount had been arrived at (Rec 8). It was also noted that currently no charge was made for abortive/carded/unable to gain access jobs and that often a deposit was not taken on jobs and if one was taken, £5 was charged; however, it should be 15% of the predicted job cost with non-essential works not booked in/carried out without a deposit (Rec 8). Review of November 2022 recharges also identified some discrepancies between Total recharge reports, what had been recharged to tenants and what had been recorded as recharges on Fusion (Rec 8).

- 4.3.9 Review of a sample of 25 reactive repairs carried out since April 2022 identified that, excluding three cases where either costs were not held or were void works, expected to actual costs varied by up to circa £260. It was also noted that there was one repair sampled where the trade attended to identify that the works were not RBC's responsibility to undertake but those of a private tenant. From the sample, it was also noted that time taken by trades undertaking jobs were not always accurately recorded with on-the-way, arrived and/or completed job times being recorded as the same time in some instances (i.e misuse of their PDAs). Post-work inspections and spot checks had also identified issues in some instances with costs charged for jobs, instances where jobs were not charged, charged more than once and sub-contractor errors with quantities and trades (Rec 9).

4.4 BUDGETING

- 4.4.1 For the 2022/23 and 2023/24 DLO budget, the Finance Business Partner identified that the budget build had not changed significantly and had effectively been rolled forward (Rec 10), the salaries moved to a central code (resulting in it being difficult to see salary costs for individual teams without further analysis (Rec 10), new roles and apprentices also included. Discussion with the Finance Business Partner identified that the budget should be based on breaking even; however, a recharge was carried out at the end of the year to the HRA on any excess. The income target did not have a clear rationale behind it i.e., whether/what was achievable/stretch target and was based on breaking even (Rec 10).
- 4.4.2 Budget setting for the contractor side started with a salary build, together with any business cases for the service. There were no business cases for housing repairs for the 2022/23 budget. The payroll build was based on current staffing, whether an increment was likely to be awarded and assumed a 2% pay award for 2022/23; this was subsequently adjusted to reflect the agreed flat rate pay award. Also, some additional posts had been built into the current year. For 2022/23, salaries had been transferred to a central code to avoid individual salaries being split between a number of codes where trades were working across a number of areas. An analysis

of salaries for each code would be carried out based on the percentage of budget that was moved to the central code from each separate cost centre.

- 4.4.3 It was noted that spend should be covered by income; however, discussions identified that currently there was an overall credit budget of circa. £600k relating to a virement carried out in a previous year which was currently being investigated by finance. For 2023/24 payroll build, a business case had been included for a workforce review with an increased budget of £241k. The budget was currently phased³ equally across the year, although managers should be able to phase their budget themselves once the new e5 finance system was introduced (Rec 10).
- 4.4.4 Further discussion with the Finance Business Partner identified that he met with the Interim Housing Repairs and Maintenance Manager roughly every couple of months to review the managers' view report produced from Oracle Fusion, salaries and expenditure and discuss any issues. More detailed meetings were held with the Quality and Business Assurance Manager, ideally on a monthly basis, although this was subject to capacity issues (Recs 4, 6); the focus at these meetings was on subcontractors. None of these meetings were formally documented. Where issues were identified i.e., significant balances, more regular meetings were held to address the issues. It was understood that separate budget monitoring for the HRA (client side) was held, to which the Interim Housing Repairs and Maintenance Manager was invited.
- 4.4.5 It was noted that as at February 2023, it was anticipated that salary costs would be c£600k under budget at the year-end-, due to vacancies, as detailed in 4.2.1. Sub-contractor labour was 50% overspent on budget, which was identified as partly resulting from them carrying out more work due to RBC sickness/vacancies (Rec 4). Discussion with the Finance Business Partner identified that also there was a big backlog in jobs when the interim Housing Repairs and Maintenance Manager came into post (also see 4.2.2), plus there had been some exceptional weather (storm and cold spell pre-Christmas). As a result, sub-contractors had been used to carry out more work.
- 4.4.6 As at February 2023, there was a balance of c£1.6m (as discussed earlier in 4.1.1 this should break even); the Finance Business Partner identified that it had likely to be related to delays in invoicing both to Wokingham and internally to the client side. As noted previously, there were also a number of open jobs which, if completed and invoiced, would generate more income. In addition, the Quality and Business Assurance Manager also undertook responsive repairs projections on an ad hoc basis, projecting the outturn of the service at year-end (last carried out in January 2023 with Dec 2022 information). However, it was noted that there were circa 8,000 outstanding jobs, so if the majority of these were not completed and/or the costs of them changed, then the associated projections would be inaccurate.
- 4.4.7 It was also noted during testing that in some instances there were some quite significant delays between status 55 (full completion) and status 65 (authorised for

³ Allocation/splitting of the budget across the financial year to match the anticipated pattern of expenditure

invoicing RBC) for jobs (Rec 11). This then led to a delay in invoicing/recharging the cost of repairs to the client side and hence an understatement of income /expenditure. It was noted that status 55 reports should be reviewed weekly.

4.5 JOBS DATABASE

- 4.5.1 Repairs were initially recorded in Ohms Housing Management System when reported before being transferred to Total, where details of allocation, commencement and completion/cancelling of job, etc. were recorded. Once agreed, the details were then transferred back to Ohms.
- 4.5.2 It was noted that it was very difficult for internal audit to obtain reports with key information from Ohms or Total to allow for testing of all data rather than a small random sample (Rec 11). It was also noted that jobs carried out by sub-contractors/out-of-hours were not recorded in detail on Total (Rec 11).
- 4.5.3 A report of jobs raised since the beginning of April 2022 until the end of October 2022 from Total was provided, which detailed the priority of each job ranging from P0 (planned work) to P6 (emergency work) and an associated timeframe. In roughly a third of the cases sampled, the required timeframe for the job did not appear to have been met (Rec 11).
- 4.5.4 It was also noted that for sub-contractors, the process for recording the job status was manual rather than workflowed (Rec 11). The jobs were detailed on Ohms and Total when received and shown as allocated to a sub-contractor. Once invoices for jobs were received from the sub-contractors, the job was closed on Total with the date of completion entered. This was reliant both on invoices being sent for jobs completed (and in a timely manner) and then the system being manually updated on receipt of invoices to reflect that the job had been completed (Rec 11). It also meant that there was not a live system for sub-contractor works to determine the current position with jobs for example whether they were underway.
- 4.5.5 Similar to the process for sub-contractors, the out-of-hours process was manual rather than workflowed and retrospectively reflected on Total (and Ohms) (Rec 11). If a call was received out of hours, operatives on call-out were contacted either via email or telephone call (i.e., outside of the PDA system). The trade then completed a call-out sheet as to what work they carried out and how long it took (all of which was manual) (Rec 11). The following morning, any major issues identified the previous night were carried out as a priority and the job input onto Total. Review of a sample of 25 out-of-hours jobs identified that the job description detailed often did not capture sufficient information (for example to identify what the problem was, whether it was urgent, how long it had been occurring) to identify if an emergency call was required (Rec 12). No recharges of costs were seen in the sample selected despite several jobs not appearing to be urgent from the description provided and one detailing that there was tenant damage (Rec 8). In addition, call-out sheets to evidence the jobs carried out were only retained in the back-office Outlook mailbox and for approximately a quarter of jobs sampled, the relevant call-out sheet was unable to be located (Rec 12). There were also three instances where a new job was required but did not appear to have been raised and one instance where the job appeared to have been raised more than once (Rec 12).

- 4.5.6 Discussion with the Quality and Business Assurance Manager also identified that a Total report of out-of-hours jobs still open was provided to the back office on a daily basis (Rec 12). These should not be occurring as out-of-hours jobs were raised retrospectively on the system and then should be immediately closed down after opening.
- 4.5.7 Further discussion identified that an open and outstanding jobs report was run approximately weekly/fortnightly and provided to the contractor side, detailing all open jobs, those in progress and those outstanding past their due date, although it did not identify whether there were internal or sub-contractor jobs. As at 15th February 2023:
- there were 8,053 open jobs, of which over half (5,357) were with the back office.
 - nearly a third of these were on status 15 (job allocated) and another third on status 20 (job notified).
 - approximately 400 jobs were with trades and just over 2,000 i.e., roughly a quarter, with supervisors - nearly all on status 55 - awaiting approval.
 - over a quarter of open jobs (2,230) were for electrical, with about an eighth in each case being carpentry, plumbing and gas servicing (roughly half of these were status 55 awaiting approval for carpentry and gas servicing).
 - the number of outstanding (i.e., overdue jobs) as at 15/2/23 was 5,332, nearly a third of which related to electrical jobs, with again plumbing and carpentry also having high numbers.
 - the majority of outstanding jobs were with the back office, although a significant number are also with supervisors.
 - a month previously, there were 8,174 open jobs and 5,449 outstanding (overdue jobs) i.e., the figures had slightly reduced between January and February but not significantly, with electrical and carpentry outstanding jobs slightly decreasing but plumbing slightly increasing.
 - about 40% of outstanding jobs were overdue by 100 days or more. It was unclear if all these jobs were new ones or if some of these were duplicates (Rec 11).
- 4.5.8 For jobs allocated to sub-contractors, the back office held details of all these jobs. Meetings should be held with the sub-contractors to verify what jobs they had been allocated, progress with them and to ensure that invoices were sent once the job was completed so that the job could be closed down on Total, although this was not regularly happening at present (see 4.2.5).
- 4.5.9 Review of a sample of 25 reactive repairs jobs raised since 1st April 2022 identified that in all cases (other than two which were not examined as they were void cases) details of when the job was allocated to a trade, when they had accepted, detailed they were on their way, arrived and completed/cancelled a job and associated costs were recorded on Total. However, it was noted that there were a number of instances where the time recording system had not been used correctly with the same times entered for when the trade was on their way, had arrived and/or completed the job, resulting in recorded travel/job time being detailed as zero. Discussion with the Trades Supervisor identified that Trades were not using their PDAs correctly to record their time (Rec 5). Whilst the pay and productivity scheme was currently on hold (see section 4.2.6), it did mean that the time recording was not a true reflection of how trades were using their time, making performance management difficult (although there were trackers on the vehicles that could assist) (Rec 5). Also, when trades entered on their PDA that they were on the way

to a job, a text was automatically sent to the resident to inform them. If they did not enter this on their PDA until they either arrived at the job or once they had completed it, the resident had no advanced notification that they were on their way to them (Rec 5).

- 4.5.10 For sub-contractors, whilst Total identified that a job had been allocated to a sub-contractor, details of time taken to carry out the job (subcontractor on their way, arrived and completed job) was not recorded, unlike internal work. Review of a sample of 25 sub-contractor reactive jobs identified that Total detailed that the job was being undertaken by a sub-contractor and the name of the sub-contractor carrying it out. Details of when the job was allocated and notified were held, together with details of the completion date and cost once an invoice had been received.
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4.6 JOB ALLOCATION

- 4.6.1 Repair orders were raised for works carried out to allow the trade to carry out the job. Where jobs were routine, there was no need for them to be approved. A review of a sample of 25 repairs raised in the year identified that an order had been raised in all cases.
- 4.6.2 For out-of-hours jobs, external call handlers received the call and determined whether it was an emergency and required a call-out which was actioned by a telephone call. Non-urgent cases should be asked to call back within working hours to book an appointment although from out-of-hours testing this did not necessarily seem to be occurring (see 4.5.5). For sub-contractor jobs, a job and works order was raised as for those conducted in house.
- 4.6.3 Post work inspections identified a number of issues regarding the incorrect charging for work carried out and incomplete jobs. The Service Improvement Officer produced performance information, looked at appointments that were open on the system and whether repairs were carried out on a first-time right principle. Contractor reports identified that for June 2022, a significant number of jobs were not completed the first time and were still open (Rec 9).
- 4.6.4 It was also noted that the call centre was not always making appropriate inquiries/detailing that they had made appropriate inquiries. During testing, there was an instance where a trade attending to mend a fence identified that the fence was a private tenant's responsibility. It is queried whether this should have been identified up front without necessitating a trade visit; this resulted in a loss of productive time for the trade, with time taken away from legitimate jobs (Rec 9).
- 4.6.5 Where trades were unable to gain access to a property, they left a card. It was detailed in the SLA that trades should attempt to gain access twice before the job was closed. However, a discussion with the Trades Supervisor identified that trades only attended a site once before the job was closed unless there was a Health and Safety issue/emergency etc. (Rec 9).
- 4.6.6 It was noted during internal audit testing that there had been some significant delays to some jobs and that open/carded/stop-the-clock jobs were not being effectively monitored to help reduce delays/identify problems and follow them up to ensure jobs were completed in a timely manner. Evidence of supervisor challenge was not observed (Rec 9).

- 4.6.7 Stop-the-clock should be used when a trade attended a job and did not have the required materials to complete it. They stopped the clock, went and acquired the necessary items then returned and completed the job. Where items were out of stock or were unable to be acquired the same day, the job should be closed, and an additional works order raised. There should be a code/note on the system as to why this has been used. However, this did not appear to be occurring nor were those jobs on this designation being (regularly) reviewed/issues actioned as there were a number of long outstanding stop-the-clock jobs. This included issues relating to ordering materials which are then not being followed up to ensure new appointments were booked, materials not arriving were not being followed up, jobs being superseded, and a new job raised but the old job not being closed down and jobs put on stop-the-clock multiple times (Rec 11). Review of a sample of 25 cancelled jobs identified that in the majority of cases there was a valid reason for cancelling the job.
- 4.6.8 Customer satisfaction surveys were provided to tenants for completion. Once the customer satisfaction form was returned in hard copy, the responses were manually keyed into a section in Ohms. A report writer was then used to export the data to Microsoft Excel for analysis (this was the sole way to analyse/review survey responses once they were input into Ohms). It is noted there had been issues with the report writer following a systems upgrade meaning that analysis had not been carried out for several months and was not readily available to internal audit for review (Rec 11, 13). Once keyed in, the hard copies were sent in bulk via the post to be scanned into NEC document management. Internal audit review did not locate the scanned surveys in the majority of cases sampled (Rec 13).
- 4.6.9 Post-work inspections were carried out; however, the central record of them was not readily available to internal audit. Discussion with the Interim Housing Repairs and Maintenance Manager identified that there should be a check of work undertaken being carried out both by trade supervisors and the client side on a percentage of repairs completed. However, it was noted that due to an increase in the number of complaints received, supervisors were spending time resolving these and therefore were unable to carry out post-work inspections (Rec 14). A random sample of works completed to be post-work inspected was selected by the Housing Stock Information Analyst and details sent to the supervisors to carry out. Supervisors contacted the tenants to arrange a visit with inspections recorded on a spreadsheet, with any works failing the post-works inspection followed up.
- 4.6.10 The client-side inspections were carried out by the Clerk of Works and the Quality Assurance Officer. The Quality Assurance Officer completed post-work inspection forms on a PDA, which were then sent to the Service Improvement Officer to capture the information. The Clerk of Works received a form detailing key information relating to the job, with a post-inspection form completed on her mobile telephone which was sent to the Quality and Business Performance Team for the Quality Assurance Officer to review. Where issues were identified during the post-work inspection, the clerk of works contacted the repairs team directly and kept a spreadsheet of these jobs with issues.

4.6.11 Review of the post-inspection summary received identified that a total of 322 reactive repairs inspections had been carried out to date in 2022/23, with 41 inspections failed overall on quality (just under 13%) on a total of 14,445 responsive repairs i.e., an overall inspection rate of just over 2%. Further analysis found that just under 13% of internal jobs failed inspection and just over 17% of subcontractor jobs failed (although it should be noted that circa 90% of the inspections were internal and only circa 5% sub-contractors). However, just over 30% (i.e., nearly a third) of those inspected required follow-up action. The majority of the follow-up action related to the incorrect schedule of rates being used/charges for jobs or incomplete work (Rec 11).

4.7 REPORTING AND MONITORING

4.7.1 It was noted in a discussion with the Interim Housing Repairs and Maintenance Manager that there had not been a service review for more than four years and not since the client/contractor split had been put in place.

4.7.2 There was a performance dashboard in place that focused on various areas such as number of cancelled, completed, emergency jobs and jobs completed within the required timeframe. There were also analyses of customer satisfaction, complaints and post-inspections (as discussed earlier), job costs and sickness.

4.7.3 Performance meetings were held between the client and contractor sides with Interim Housing Repairs and Maintenance Manager and members of the Quality and Business Assurance Team in attendance, usually on a monthly basis, with a summary of the meeting produced. In addition, contract review meetings should be held with the Property Client Team, the latter of whom were responsible for setting these up. No minutes from these meetings were available at the initial time of audit testing and further discussion identified that these meetings had not been occurring due to resource issues within both teams (Rec 6).

4.7.4 It was noted that there was an overlap in the contract review meetings due to be held between the contractor/delivery side and the Quality and Business Assurance and Housing Projects Teams. There did not appear to be clarity between all parties as to roles and responsibilities to ensure that contract monitoring was adequately overseen whilst ensuring a lack of duplication of tasks between the different teams (Rec 6).

4.7.5 Complaints were dealt with through the corporate complaints procedure. Issues identified included delays to carry out repairs, not fixing the problem first time (including not having the necessary part to resolve the problem, or fixing it at all, incomplete job), failure to attend the agreed appointment, behaviour of the trade/call handler, lack of communication with tenants about changed or cancelled appointments, damage to the property as a result of the repair, poor clean up after the repair, tenant carded but at property and miscommunication with out of hours service. Discussion with the Interim Housing Repairs and Maintenance Manager

identified that post-inspections were carried out where complaints were received by the supervisor or manager. The Quality Assurance Officer reviewed complaints as part of her remit and had recently commenced carrying this out.

- 4.7.6 As detailed in 4.6.8, surveys were used to gauge customer satisfaction. It was noted that 681 responses for reactive repairs had been received in 2022/23 out of a total of 14,445 repairs completed to date in the year i.e., roughly a five percent response rate. In the vast majority of cases (circa 90%), the response was positive with approximately 7.5% being negative overall. Action taken where there were negative comments was not detailed in the majority of cases.
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Audit and Governance Committee

20 July 2023



Reading
Borough Council
Working better with you

| | |
|---|--|
| Title | Strategic Risk Register Q1/Q2 2023/24 |
| Purpose of the report | To note the report for information |
| Report status | Public report |
| Report author (name & job title) | Robin Pringle, Corporate Health, Safety and Risk Management Lead |
| Lead Councillor (name & title) | Councillor Liz Terry |
| Corporate priority | Our Foundations |
| Recommendations | Audit and Governance Committee are asked to consider the Council's Strategic Risk Register at the end of Q1 2023/2024 (Appendix 1) |

1. Executive Summary

- 1.1 This report outlines the 2023/2024 Q1/Q2 update of the Strategic Risk Register. The Register is presented to the Council's Audit & Governance Committee, quarterly. The Q4/Q1 report was presented to the Council's Audit and Governance Committee in March 2023.
- 1.2 The following document is appended:
Appendix 1 - the Council's Strategic (Corporate) Risk Register Q1

2. Policy Context

- 2.1 The updated Risk Management Policy and Procedure was presented to Audit & Governance Committee in July and signed off by Policy Committee on the 21st September 2022.
- 2.2 Risk management is a key part of corporate governance. Good risk management will help identify and deal with key strategic risks facing the Council in the pursuit of its goals and is a key part of good management, not simply a compliance exercise. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving the Council's outcomes.

3. The Proposal

- 3.1 RBC are operating a more comprehensive risk management system, to provide greater governance and reassurances to our insurers and Members.
This is achieved by improving:
 - The 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

- 3.2 The Corporate Management Team (CMT) and Directorate Management Teams (DMT's) are required to periodically 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 the Risk Registers. DMT's were also asked to determine if any risks should be escalated to the Strategic Risk Register.

All individual risk cards have been updated on the SharePoint site.

- 3.3 The Strategic Risk Register provides a concise, focused, high-level overview of strategic risks that can be easily communicated to all staff, councilors and stakeholders (e.g. Council's Insurers). It should always be supplemented by directorate, service and project risk registers.
- 3.4. The risk register covers the actions completed by the Council during Q1 and the risk ratings for the Council for Q2 of 2023/2024. Timing of reports to Audit & Governance Committee means the report is produced slightly before the end of quarter 1.
- 3.5 Audit & Governance Committee are requested to note that quantitative data is now being recorded within the 'Background Context' box, where information can be reported in this format. Moving forwards, this will allow the Council and Risk Owners to understand the impact of the control measures implemented.

3.6 **Q1 Strategic Risk Register - changes**

- 3.6.1 The Strategic Risk Register was reviewed by the Corporate Management Team (CMT) on the 6th June 2023.

3.6.2 **Risks that Continue:**

1. Risk of loss from cyber attack
2. Brighter Future for Children (BFfC) - Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand
3. Unable to achieve the budget savings, manage costs, as a result of cost-of-living increases and achieving income targets
4. Companies Risk – That the council fails to have in place appropriate oversight and scrutiny of its companies.
5. Failure to implement the social inclusion agenda within the Borough
6. Failure to adapt to the impacts of climate change
7. Failure to deliver zero carbon commitments
8. Information Governance - Failure to protect personal data
9. Staffing - Failure to retain and recruit staff
10. Failure to safeguard vulnerable adults and children
11. Failure to manage a significant outbreak of a communicable disease(s)

3.6.3 **Proposed risks for escalation, from Brighter Futures for Children (BFfC) and Directorate registers, to the Strategic Register**

- **BFfC**
 - No risks to escalate
- **Directorate of Resources**
 - No risks to escalate
- **'Directorate of Adult Care and Health Services**
 - No risks to escalate
- **Directorate of Economic Growth and Neighbourhood Services**
 - No risks to escalate

3.6.4 **Proposed risks for de-escalation from the Strategic Risk Register to BFfC or Directorate registers**

- **BFfC**
 - No risks for de-escalation
- **Directorate of Resources**
 - No risks for de-escalation

- **Directorate of Adult Care and Health Services**
 - No risks for de-escalation
- **Directorate of Economic Growth and Neighbourhood Services**
 - No risks for de-escalation

3.6.5 **New Risks Introduced**

There are no new risks being introduced.

- 3.7 The Strategic Risk Register (Appendix 1) for agreement, consists of 11 risks (*if all proposals are accepted*) compared to 11 for Q4 2022.
- 3.8 Guidance is provided in relation to the scoring of risks, to enable as much consistency as possible, it remains a subjective process. The primary aim of the Strategic Risk Register is to identify those key vulnerabilities that CMT consider need to be closely monitored in the forthcoming months and, in some instances, years ahead. In many cases this will be because the risk is relatively new and, whilst being effectively managed, the associated control framework is yet to be fully defined and embedded. In such circumstances it follows that not only will the potential impact be large, but the risk of likelihood of occurrence could also be increased.
- 3.9 In order to focus senior management and Member attention on areas of greatest risk, the Register should include only the key current risks that have not been mitigated down to the acceptable risk level. Where risks have been rated as green for 2 or more consecutive quarters they are removed from the Register. These can be re-instated should the risk increase again.
- 3.10 Risk Management Training was delivered to Councillors on 2nd February 2023 and the 30th March 2023. Both training sessions provide Members with the guidance on how to review and challenge reports when received (as part of good governance). Feedback from the sessions was positive.
- 3.11 In order to support the embedding of risk management principles across the Council, training for managers and service managers is planned for:
- 6th July 2023 – AM & PM sessions available
 - 13th September 2023 – AM & PM sessions available
 - 26th September 2023 – AM & PM sessions available
 - 10th October 2023 – AM & PM sessions available
 - 26th October 2023 – AM & PM sessions available
 - 8th November 2023 – AM & PM sessions available

With a further 8 further sessions are yet to be arranged.

These will be provided by Gallagher Bassett, the Councils Risk Consultant and the Senior Risk and Health and Safety Adviser.

- 3.12 To support managers and project leaders across the council a guidance document has been prepared and launched on the Intranet:
- Risk Management Projects and Programmes

4. Contribution to Strategic Aims

- 4.1. Regular review of the Policy, and Strategic Risk Register, is an integral part of effective risk management arrangements and corporate governance. Each risk is linked to a Corporate Plan theme.

- 4.2. The Council's new Corporate Plan has established three themes for the years 2022/25. These themes are:
- Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 4.3. These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:
- People first
 - Digital transformation
 - Building self-reliance
 - Getting the best value
 - Collaborating with others
- 4.4. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

5. Environmental and Climate Implications

- 5.1. There are no specific environmental and climate implications arising from the decision. The Strategic Risk Register includes two risks related to climate implications and the actions to mitigate these risks are included in Appendix One.

6. Community Engagement

- 6.1 The consultation duty is not applicable to the Risk Management Policy & Procedure.

7. Equality Implications

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

8. Other Relevant Considerations

- 8.1. There are no other considerations relevant for 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.

11. Timetable for Implementation

- 11.1. Each individual risk card identifies its own implementation timetable.

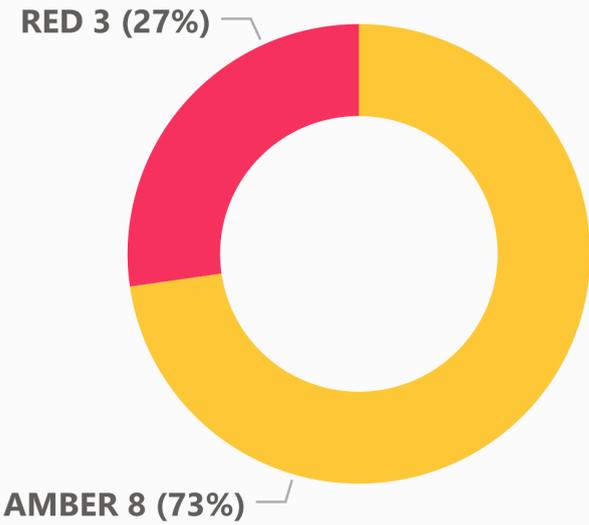
12. Background Papers

- 12.1. There are no background papers.

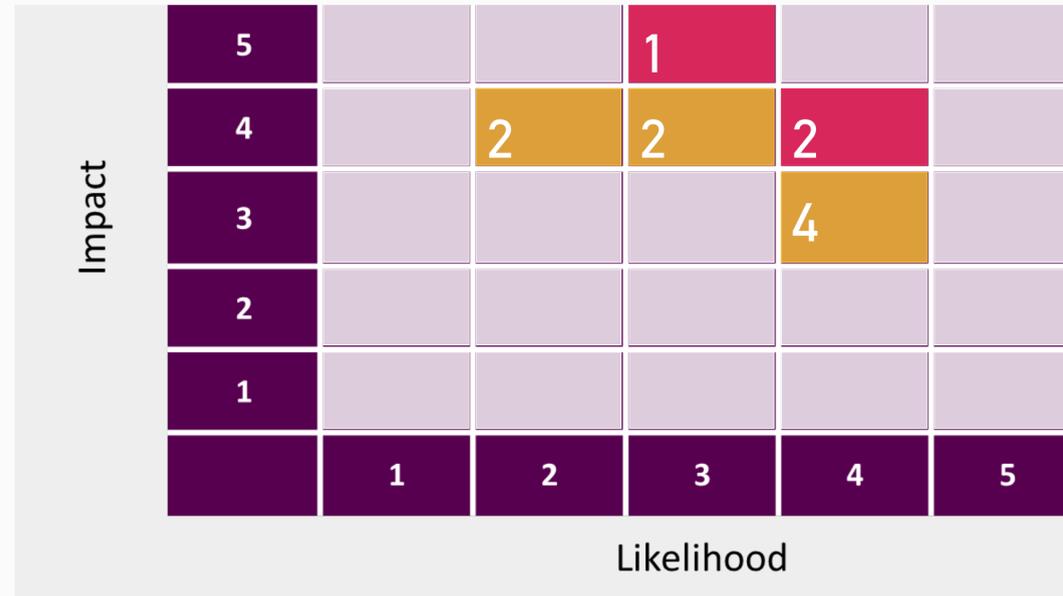
Appendices

1. **Strategic Risk Register Q1 / Q2 2023 /2024**

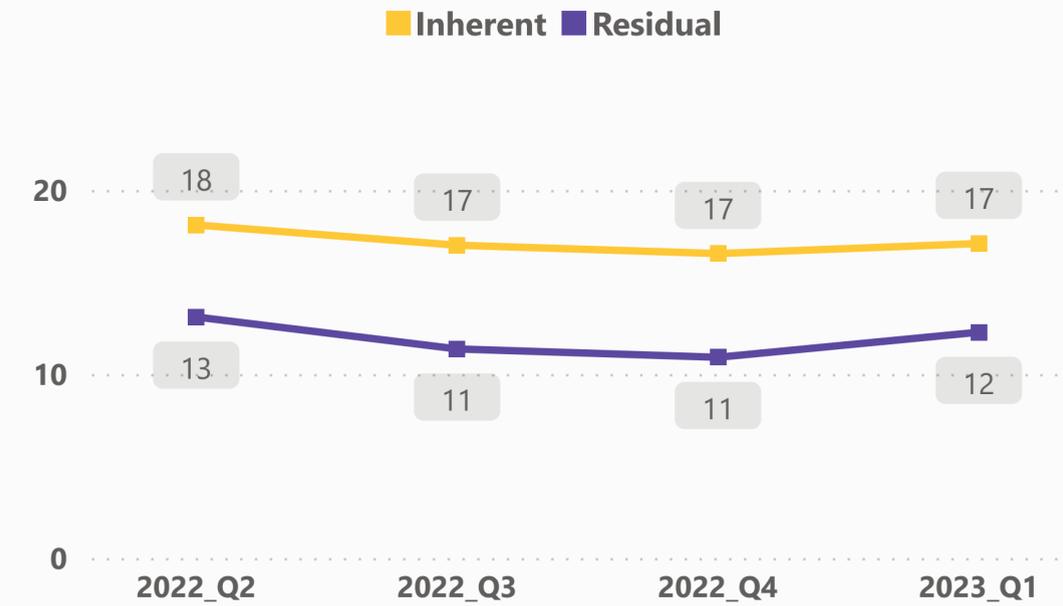
Count of Risk by Status



Risk Distribution



Rolling 4 Quarter Risk Score by Type



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| Risk | 2022_Q2 Residual | 2022_Q3 Residual | 2022_Q4 Residual | 2023_Q1 Residual | Current RAG |
|--|------------------|------------------|------------------|------------------|-------------|
| Strategic Risk: BfFC - Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand | 0 | 16 | 16 | 16 | Red |
| Strategic Risk: Companies Risk – That the council fails to have in place appropriate oversight and scrutiny of its companies. | 8 | 8 | 8 | 8 | Amber |
| Strategic Risk: Cyber - Risk of loss from cyber attack | 20 | 16 | 16 | 16 | Red |
| Strategic Risk: Failure to adapt to the impacts of climate change | 12 | 12 | 12 | 12 | Amber |
| Strategic Risk: Failure to deliver zero carbon commitments | 20 | 12 | 12 | 12 | Amber |
| Strategic Risk: Failure to implement the social inclusion agenda within the Borough | 12 | 12 | 12 | 12 | Amber |
| Strategic Risk: Failure to respond to a major incident health hazard or manage a significant outbreak of communicable disease | 9 | 9 | 9 | 12 | Amber |
| Strategic Risk: Failure to safeguard vulnerable adults and children | 10 | 10 | 10 | 15 | Red |
| Strategic Risk: Information Governance - Failure to protect personal data | 8 | 8 | 8 | 8 | Amber |
| Strategic Risk: Staffing - Failure to retain and recruit staff | 12 | 12 | 12 | 12 | Amber |
| Strategic Risk: Unable to achieve the budget savings, manage costs, as a result of cost of living increases and achieving income targets. | 20 | 10 | 5 | 12 | Amber |



Risk: Strategic Risk: BfFC - Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future

Register: BfFC

Risk owner: Patel, Lara

16
Current Score
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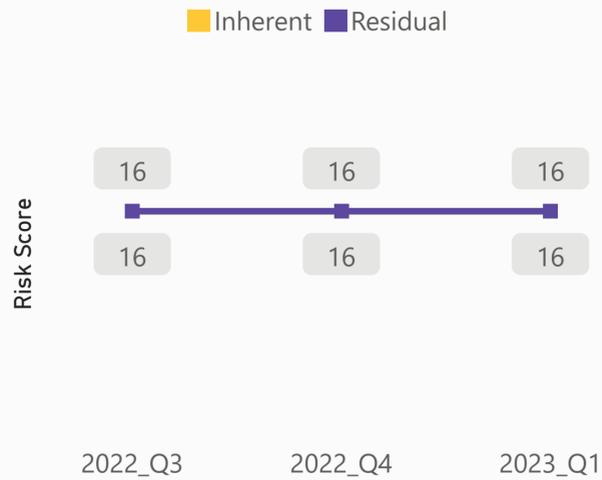
Cause

Risk that the needs of children with SEND cannot be met in Reading and/or Out of County placements will be required, leading to costs exceeding budget and poorer outcomes for the children in question.

Potential Impact

Risk that the needs of children with SEND cannot be met in Reading and/or Out of County placements will be required, leading to costs exceeding budget and poorer outcomes for the children in question.

Trends - Risk Scores



Risk Scoring

| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | | 4 | 4 | 4 |
| Likelihood (Inherent) | | 4 | 4 | 4 |
| Inherent | 0 | 16 | 16 | 16 |
| Impact (Residual) | | 4 | 4 | 4 |
| Likelihood (Residual) | | 4 | 4 | 4 |
| Residual | 0 | 16 | 16 | 16 |

Background information

The LA has a statutory responsibility to provide sufficient school places for pupils, including those with Special Educational Needs and Disabilities (SEND). Brighter Futures for Children (BfFC) works in partnership with RBC and other stakeholders to discharge this duty. There is a national and local shortage of resources and placements for children within SEND, in addition to an increase in demand for support and services. Following a steady increase in the number of Educational Health and Care Plan's (EHCP) since 2018 there has been a sharper increase in EHCP's in 2022/2023, which has been at a higher rate than the increase in the population of children and young people, meaning that a higher proportion of pupils now have an EHCP. Following the period of the pandemic more children and young people are being identified as having SEND, including in the early years, particularly increased levels of speech, language and communication needs and social and emotional mental health needs. There has also been an increase in children with autism. Collectively these needs have resulted in the increase in EHCP's

Existing mitigations

- The local area SEND Strategy 2022-27 sets out partnership actions to identify and respond to needs of children with SEND at the earliest opportunity and in the most efficient way and develop the appropriate range of provision to meet need. **In progress.**
- New free special school confirmed as opening in September 2023 will provide 75 places for children, as a joint partnership between Reading and Wokingham Councils. There will be a phased opening with a total of 33 places from September 2023, 17 of which have been secured for Reading children. **In progress**
- Further places being sought from local schools to deliver Additionally Resourced Provision and specialist places. BfFC and RBC have undertaken work to appraise options, including RBC owned assets and schools sites to secure more mainstream and specialist school places for children with SEND. **In progress**
- Two independent special school providers have established additional local provision in the past nine months, which is helping meet immediate need for places for children with Special Educational Needs and Disabilities. Exploring options with other providers to establish provision in the area for 2023/24 continues. **In progress**
- Brighter Futures for Children and RBC are engaged with the Department for Education on the Delivering Better Value project which seeks to address pressures on the High Needs Block including sufficiency of Special Educational Needs and Disabilities places. Phase 1 concluded on 3/3/23, identifying priority areas which will most improve sufficiency. Phase 2 begins w/c 13/3/23 with case audits & assessment of priority areas. Phase 2 is informing a deeper understanding of both the need and cost drivers in our local system to identify the top three changes we could make that would have the greatest impact. This will inform the submission of a proposal for further DfE investment in by June 2023. The investment will contribute to the development of a more inclusive system that prevents the escalation of need. **In progress.**

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Specific Actions Required

| | Title | Date for completion | Status |
|---|--|---------------------|-------------|
| 2 | Review Early Years funding to prevent the requirement for an EHCP | 31/08/2023 | In progress |
| 4 | Increase number of specialist school places for children with SEND | 31/08/2024 | In progress |
| 3 | Increase number of places available for children with SEND in mainstream schools by developing additionally resourced provision with appropriately skilled staff and by developing SEND advisory support | 31/08/2023 | In progress |
| 5 | Continue to improve transition to adulthood planning for children with SEND by closer working with Adult Social Care | 31/08/2023 | In progress |
| 1 | Complete Delivering Better Value work to agree priorities for investment and action | 31/05/2023 | In progress |

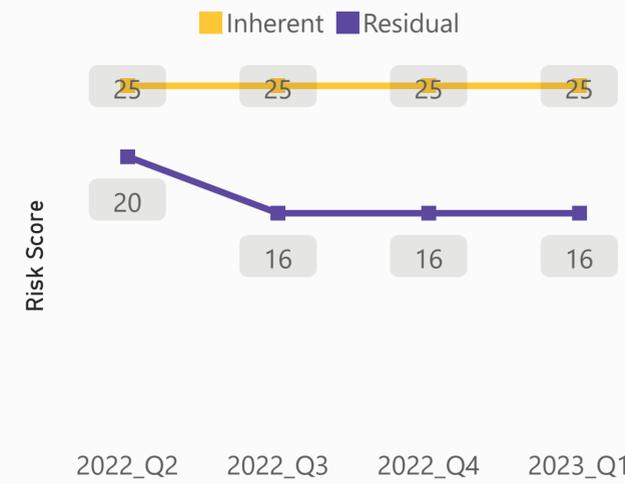
Cause

Attack by hostile nation states, criminals or activists. Likelihood remains high. The continuing evolution of the threat environment means that the likelihood will remain high, notwithstanding the sitions is exerting downward pressure on likelihood, this is balanced by worsening of the threat environment. (See first ever Government Cyber Security Strategy to step up Britain’s defence and resilience - GOV.UK (www.gov.uk)).

Potential Impact

Loss of service, loss of reputation, legal challenges, recovery costs. Current impact is 5 to reflect recent learning from incidents such as those experienced by Haringey and Redcar & Cleveland ransomware attacks (the latter having been assessed as having had total business impact of £6m). Given that £1m is the threshold for impact level 5, the level is not expected to change.

Trends - Risk Scores



Risk Scoring

| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | 5 | 5 | 5 | 5 |
| Likelihood (Inherent) | 5 | 5 | 5 | 5 |
| Inherent | 25 | 25 | 25 | 25 |
| Impact (Residual) | 5 | 4 | 4 | 4 |
| Likelihood (Residual) | 4 | 4 | 4 | 4 |
| Residual | 20 | 16 | 16 | 16 |

Background information

The continuing evolution of the threat environment means that the likelihood will remain high, notwithstanding the significant set of actions in place. The purpose of our investment in counter measures is to avoid even higher likelihood and to maximise ability to mitigate impact

Existing mitigations

- Cyber incident response plan and cyber incident “playbooks” to reflect learning from recent attacks on the public sector and the latest guidance from the National Cyber Security Centre (NCSC). **Complete**
- Cyber resilience planning and rehearsal Limited exercise run in Legal & Democratic Services; wider exercise being explored as part of Business continuity Planning but may be deferred into 2023-24 to enable lessons learned from Legal exercise to be reflected into plans of all. - **In progress**
- The Information Governance Board is working with the Business Continuity Planning Officer to improve cyber awareness on the part of those developing Business Continuity Plans and to assess whether the risk is being adequately covered, in preparation for the proposed exercise (previous bullet).
- Staff awareness and training is critical. Training (including annual refresher training) has been made mandatory. Brighter Futures for Children (BFfC) has now also made cyber training mandatory. A refresher course will be compulsory in 2022/23, has been launched. **Complete - but monitoring and driving of take up will be an ongoing requirement.**
- External certification of cyber measures (Internal assessment conducted; technical issues are being addressed; some issues require joint action with business; further assessment against new Local Government Cyber Assessment Framework to be conducted, funded by Future Councils grant. - **In progress**
- Security governance has been strengthened with the establishment of the Information Governance Board, which will review policy and strategy relating to cyber security, and also monitor reports of security incidents corrective action. Assistant Director Legal & Democratic Services has been appointed as cyber security champion for Corporate Management Team (CMT), and a similar role is played in Council by the Lead Member Corporate & Customer Services. **Complete**
- Cyber insurance **Complete (and ongoing)**
- Implementation of improved defences against attack from Internet via email and internet - **Complete**



An internal audit report has raised observations on training take up, current security remediation plans and active threat monitoring. Actions 2 and 5 below are part of our response to this.

Specific Actions Required

| | Title | Date for completion | Status |
|---|--|---------------------|-------------|
| 1 | Conduct Local Government Cyber Assessment Framework assessment and complete remediation plan | 29/06/2023 | In progress |
| 2 | Conduct independent assessment of security improvement plans and threat monitoring | 27/07/2023 | In progress |
| 3 | Achieve Cyber Essentials Plus certification | 29/09/2023 | In progress |
| 4 | Conduct cyber resilience rehearsal | 29/09/2023 | Not started |
| 5 | Agree and implement policy and approach to enforcing mandatory training | 27/07/2023 | In progress |



Risk: Strategic Risk: Companies Risk – That the council fails to have in place appropriate oversight and scrutiny of its companies.

Register:
DOR
Risk owner:
Graham, Michael

8
Current Score

Cause
Corporate mismanagement

Potential Impact
Risk that the Council fails to have in place appropriate oversight and scrutiny of its companies (Reading Transport Ltd, Brighter Futures for Children Ltd, Homes for Reading Ltd and Reading Hampshire Property Partnership Ltd) and is unaware of risks to those companies (pension fund deficits, GDPR compliance etc) and is impacted by an unplanned exposure relating to those companies. The risks could be financial, legal or reputational.



| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | 4 | 4 | 4 | 4 |
| Likelihood (Inherent) | 3 | 3 | 3 | 3 |
| Inherent | 12 | 12 | 12 | 12 |
| Impact (Residual) | 4 | 4 | 4 | 4 |
| Likelihood (Residual) | 2 | 2 | 2 | 2 |
| Residual | 8 | 8 | 8 | 8 |

Background information

The Council owns, or has a significant interest, in a number of companies either as shareholder or member. Whilst these companies do operate services for specific reasons, they have to be managed within a comprehensive governance framework to ensure there is effective oversight by the Council. This will allow the Council to properly discharge its duties as shareholder or member.

Existing mitigations

- The Council commissioned a review of the governance and performance of Reading Transport Ltd (RTL). As a result, new appointments were made to the Board for non-executive directors. A new independent non-executive Chair has also been appointed. **Completed 21/22**
- Regular Contract Management Group meetings are in place with Brighter Futures for Children Ltd (BFFC). The financial reporting has greatly expanded and provides greater visibility of financial risks. Overspend related to Looked After Children is supported by relevant panel meetings with high cost placements to be signed off by the Reading Borough Council Chief Executive. **In progress**
- There are contract governance arrangements in place with Brighter Futures for Children to monitor company performance, including monthly financial reporting and bi-monthly (once every 2 months). **In progress**

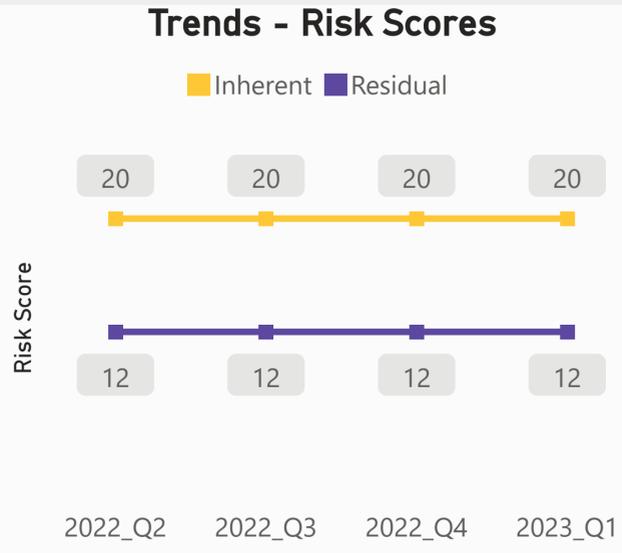
Go back

Specific Actions Required

| | Title | Date for completion | Status |
|---|---|---------------------|-------------|
| 1 | Reading Trasnport Limited: Seeking to ensure greater consistency of Council / Company oversight through review of respective Company Articles and governance. | 27/07/2023 | In progress |
| 2 | The Council has commissioned an independent review of the business model for Homes for Reading Ltd in light of possible changes to the local government borrowing regime. | 29/07/2023 | In progress |

Cause
Inadequate planning and preparedness and long-term planning to adapt to the impacts of climate change.

Potential Impact
Climate change impacts (hotter drier summers, warmer wetter winters, and more extreme weather events) have a range of negative social, economic and environmental consequences, up to and including loss of life, as well as amplifying other risks (e.g. to public health, economic security, service continuity, infrastructure and supply chains). Action to adapt can reduce impacts, though the likelihood of such impacts occurring remains high, and generally rising in the coming decades, in the context of global warming which is 'baked in' as a result of historic emissions.



| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | 5 | 5 | 5 | 5 |
| Likelihood (Inherent) | 4 | 4 | 4 | 4 |
| Inherent | 20 | 20 | 20 | 20 |
| Impact (Residual) | 3 | 3 | 3 | 3 |
| Likelihood (Residual) | 4 | 4 | 4 | 4 |
| Residual | 12 | 12 | 12 | 12 |

Background information
Flood Risk: the Council is responsible for surface water flooding and produced a Local Flood Risk Management Strategy in 2015.
Heatwave risk: various local agencies, including the Council and National Health Service (NHS), participate in the Berkshire Heatwave Plan and England Heatwave Plan.

Existing mitigations

- Flood Risk: The Council is responsible for surface water flooding and produced a Local Flood Risk Management Strategy in 2015. Action has been taken in all but one of 6 'hotspots' identified and plans for works at the remaining site have been approved. Flash flooding from extreme rainfall events is likely to be an increasing but unpredictable risk. The Environment Agency is responsible for fluvial flooding and we are working with the Agency to address our main fluvial flood risks from the Thames, though the Agency's decision not to proceed with the Reading & Caversham Flood Alleviation Scheme raises questions about how to address the inherent flood risk which remains. **In progress**
- Heatwave risk: Various local agencies, including the Council and National Health Service (NHS), participate in the Berkshire Heatwave Plan and England Heatwave Plan. These plans were recently tested in the July and August 2022 heatwaves but data is awaited on the public health outcomes. As the severity and frequency of hot weather events increases, however, more action will be needed to protect vulnerable people and infrastructure. Changes to working practices to protect staff will also be needed (e.g. refuse crews were sent out an hour earlier to avoid the heat of the day in summer 2022) **In progress**
- Extreme weather events: service continuity plans are in place to help prepare for such events but it will be important to ensure that these reflect the changing risk profile associated with climate change and extreme weather. **In progress**
- Climate impact assessment in decision-making: A protocol for climate impact assessment in Committee reports is now in place and being used by report authors - this includes tests to ensure that decisions are taking account of key climate impacts such as has been audited and room for improvement identified. **In progress**
- Planning policy and new development: The Reading Local Plan includes policies on climate change adaptation (CC3) and flood risk (EN18) designed to ensure that new development is resilient to climate impacts. The Local Plan monitoring process should enable assessment of how well these policies are being applied, and the Local Plan review starting this year provides an opportunity to revisit policies which may support resilience to climate impacts **In progress**
- An internal audit process in February 2022 giving 'reasonable assurance' but the report highlighted the need for the Council to develop a more comprehensive climate change adaptation plan for its own services - work on this is now underway with the aim of completion within the next few months. **In progress**



Specific Actions Required

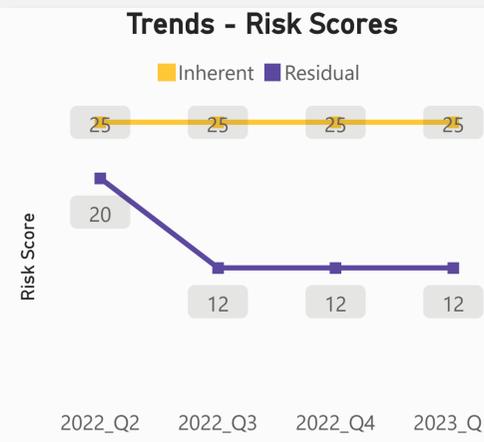
| Title | Date for completion | Status |
|-------|---------------------|--------|
|-------|---------------------|--------|

Cause

1. Lack of clear policies and plans in place to deliver 2. Insufficient investment of Council resources in delivery; 3. Inadequate government funding and policy support for delivery

Potential Impact

The main direct impacts on the Council are, however (i) practical in the sense that if the Council is not seen to be leading by example, the success of its efforts to persuade other partners and residents to cut their emissions will be reduced and (ii) reputational, in that the Council may be accused of not delivering on its promises, noting that some of the action required to deliver a net zero Reading by 2030 is beyond the Council's control. The 'impact' score is therefore based on this rather than the ultimately catastrophic impacts which will arise in the long-term from unmitigated climate change (see also 'Failure to adapt to climate' risk card).



| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | 5 | 5 | 5 | 5 |
| Likelihood (Inherent) | 5 | 5 | 5 | 5 |
| Inherent | 25 | 25 | 25 | 25 |
| Impact (Residual) | 5 | 3 | 3 | 3 |
| Likelihood (Residual) | 4 | 4 | 4 | 4 |
| Residual | 20 | 12 | 12 | 12 |

Background information

Failure to deliver the Councils net zero commitments will ultimately contribute to catastrophic climate change impacts through the 'contribution' of greenhouse gas emissions from Reading will ultimately be indistinguishable from that of other jurisdictions



Existing mitigations

Action is broken down in relation to 'cause' categories listed above as follows:

Lack of clear policies and plans in place to deliver:

- Reading Borough Council (RBC) worked with partners to develop the Reading Climate Emergency Strategy 2020-25 - includes action plans for all key policy areas (endorsed by Strategic Environment, Planning & Transport (SEPT) Committee November 2020) **Complete - delivery in progress**
- Reading Borough Council produces its own Corporate Carbon Plan to set out its pathway to net zero and action required (adopted by Strategic Environment, Planning & Transport Committee November 2020) **Complete - delivery in progress**
- Annual Reports on progress on both the Climate Strategy and Carbon Plan are presented to Strategic Environment, Planning & Transport (SEPT) Committee on the anniversary of their publication **Complete - latest Annual Reports published November 2022**
- A mandatory section of Committee Reports requires report authors to assess the environmental and climate impacts of decisions, using a climate impact assessment tool and accompanying guidance where appropriate **Complete - periodic audit of compliance completed Q4 2022-23 and remedial action underway**

2. Insufficient investment of Council resources in delivery:

- The Council's capital programme includes significant investment designed to directly or indirectly support net zero goals, including investment in public transport, energy efficient housing, sustainable waste management practices, and carbon reduction measures in the Council's own buildings and fleet. Further work is, however, needed to establish whether this will be sufficient to deliver net zero ambitions for the Council and for Reading as a whole. **In progress**
- While the Council's revenue budgets for dedicated work on climate change are modest in isolation, efforts are being made to ensure that climate action is embedded in all services and service plans through provision of support such as guidance and training for officers. **In progress**

3. Inadequate government funding and policy support for delivery

- While Government policy is aligned to net zero, the national target of 2050 remains less ambitious than the local target of 2030. As such some policies are not fully aligned, and while Government has made significant funding available it is not of the scale required to support net zero by 2030. Furthermore most funding streams are extremely competitive and/or over-subscribed. The Council therefore works through representative bodies to lobby for more generous financial support and a more ambitious policy framework to enable net zero by 2030. **In progress**

The annual progress report on the Reading Climate Change Strategy in November 2022 highlighted that while progress was being made with Borough-wide emissions reduction (which have been cut by 55% since 2005, the 4th largest reduction out of 374 UK local authorities), the pace of the reduction needs to increase significantly to achieve 'net zero by 2030'. Some of the Borough-wide action needed to achieve net zero is beyond the Council's control, but the wider community understandably looks to the Council to lead by example. In this regard the Council is on track to meet its own corporate Carbon Plan target of an 85% reduction in emissions by 2025 (en-route to net zero by 2030) - achieving a 71.3% cut since 2008/09. **In progress**

An internal audit of the Council's climate action programme was concluded in February 2022 giving 'reasonable assurance' - this made a number of recommendations to improve accountability for delivery of the Council's net zero commitments which are in the process of being implemented, including:

- Clear identification of responsible teams/officers for actions in the Reading Climate Emergency Strategy where RBC is listed as a delivery partner, with these actions being better reflected in the Service Plans of relevant services - this work was **completed in September 2022** and guidance was issued to Assistant Directors' on how to reflect climate action in Service Plans from 2023-24
- Clearer articulation of timescales and accountability for various actions in the corporate Carbon Plan - this was **completed in November 2022** and, again, guidance was issued to Assistant Directors on reflecting these actions in Service Plans from 2023-24
- Improved support and training for officers and services to embed climate action in their work - a climate module is included in staff induction, guidance on climate assessment in Committee Reports has been produced, and sessions on climate have been included in Team Talk and Senior Leadership Group meetings. A more comprehensive 'Carbon Literacy' training offer for members and managers is underway to be rolled out in 2023. **In progress**

Reading's Climate Emergency Declaration made clear that additional powers and resources would be needed from central government to enable delivery of 'net zero by 2030' - to date, these have not been forthcoming to the extent required and this remains probably the biggest risk to delivery of the Council's commitments.

The Council will work with partners to initiate a review of the Climate Emergency Strategy in 2023 as long lead times are required to enable the appropriate level of community and stakeholder engagement in preparing to update the Strategy for the period 2025-2030. **Process initiated with report to Reading Climate Change Partnership Board January 2023.**

Specific Actions Required

| Title | Date for completion | Status |
|-------|---------------------|--------|
| ▲ | | |

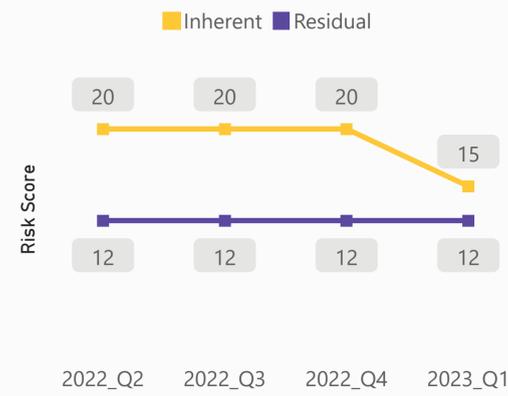
Cause

Lack of resources, focus and coordination of internal teams, deficit of community infrastructure to support local delivery, lack of effective community engagement leading to inappropriate interventions and lack of support.

Potential Impact

Skills and income deficit is not addressed, leading to low pay/worklessness, children living in poverty and poorer outcomes in terms of health.
Lack of aspiration and hopefulness
Increased isolation and marginalisation of residents in less affluent areas.

Trends - Risk Scores



Risk Scoring

| Risk Type | Risk Scoring | | | |
|-----------------------|--------------|---------|---------|---------|
| | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
| Impact (Inherent) | 5 | 5 | 5 | 5 |
| Likelihood (Inherent) | 4 | 4 | 4 | 3 |
| Inherent | 20 | 20 | 20 | 15 |
| Impact (Residual) | 4 | 4 | 4 | 4 |
| Likelihood (Residual) | 3 | 3 | 3 | 3 |
| Residual | 12 | 12 | 12 | 12 |

Background information

The most recent national analysis of deprivation (Index of Multiple Deprivation (IMD) 2019 & 2021 census) highlighted that within Reading there are some areas that are within the bottom 5% of the country for education, skills, and training, and for income deprivation affecting both children and older people. These pockets of substantial deprivation exist within broader areas of the borough which are within the bottom 10% and 20% of areas of the country for overall deprivation. The Tackling Inequality Strategy details how the Council will support and work with residents to achieve a more self-sustainable future built on improving education, skills and employment opportunities. A key element of the strategy are the two Place-Based Pilots within the Church and Whitley wards. [Go back](#)

Existing mitigations

- Place-Based Pilots - delivery meetings and local engagement - **In progress**
- Community Project Officer Recruitment - **In progress**
- Update provided to Social Inclusion Board **Complete**
- Presentation to Voluntary and Community Sector (VCS) Assembly - **Complete**
- Place-Based Pilots - set up meeting - **Complete**
- Social Inclusion funding agreed for 2022/23- 2024/25 **Complete**
- Social Inclusion Strategy (now the Tackling Inequality Strategy) and action plan to go to Policy Committee in January 23 **Complete**
- New Social Inclusion and Voluntary & Community Sector (VCS) Partnership Manager appointed to focus on developing the strategic partnership with the Voluntary & Community Sector and coordination /visibility of activity taking place across the Council. **Complete**
- Further post to be appointed to. **In progress**
- Voluntary and Community Sector strategic action plan agreed and work commenced. **In progress**
- Social Inclusion Board (Chaired by Chief Executive), with senior stakeholders from Directorate of Economic Growth & Neighbourhoods Services (DEGNS), Brighter Futures for Children (BFfC), Public Health and Directorate of Resources (DoR). The Board covers: Development and co-ordination of the broader Social Inclusion agenda, commissioning work to address skills and education, using a place based approach to address the barriers to education, provide oversight on key work programmes such Voluntary & Community Sector action plan, Community Health Champions, Volunteering for Reading road map. Detailed work programme to be presented to Policy Committee in October 2022. **Ongoing**
- Closing the Gap – Phase 1 of the prospectus for £1.3m 3yr Commissioning framework with the Voluntary & Community Sector completed. Covering three priorities: Getting out and staying out of Poverty; Building Community wellbeing and resilience; and Voluntary & Community Sector Infrastructure. Phase 2 commissioned to increase capacity for Debt and Money Management advice and support, targeted peer support for autistic, learning disability, and deaf communities. **Complete**
- Small Grants Scheme – phase 1 scheme delivered and distributed around £100k of funding. Phase 2 to allocate a further £100k in October. **Complete**
- New work experience offer designed for schools and more targeted approach to apprentice recruitment to be implemented. **Ongoing**
- Procurement activity to ensure the Council's Social Value aspirations are effectively embedded delivering additional training, job opportunities, infrastructure etc. **Ongoing**
- New Education Strategy being drawn up by Brighter Futures for Children reflecting the need to boost aspiration and attainment. **Ongoing**
- Refugee Settlement Schemes in place and resourced to support to; Ukrainian, Afghan and Syrian refugees. **Ongoing**
- Accessible information and Communications strategy adopted in November 2021 covering; accessible information standards online (Web Content Accessibility Guidelines (WCAG) Accessible for All standard) , inclusive standards for written and visual communications, provision of translation and interpretation services. Implementation of the strategy has been communicated to staff and is delivered as part of the Customer Excellence Programme. **Ongoing**
- Health and Wellbeing Strategy – The Berkshire West Health & Wellbeing Strategy addresses health inequalities through a number of priority workstreams. The Reading Integration Board (RIB) provides the oversight for the delivery against the Health & Wellbeing Strategy. **Ongoing**
- Housing Strategy – Community Development Team (CDT) in place to tackle inequality in deprived council estate areas, debt and money advice provision to prevent homelessness, detached youth workers carry out community engagement with young people **Ongoing**
- New Directions College provides skills and community learning to adults aged 19+ in Reading, in particular skills for life and work including maths, English and digital skills as well as apprenticeships and work based learning courses. **Ongoing**
- Reading Play provide play opportunities for 0 to 13 year olds through After School Clubs, Holiday Play clubs, and events such as the Summer Play Days. We ensure that all of Reading’s children, young people and families have fair and equal access to free play activities on a daily basis. The service also provides a specialist service for schools which includes respite and Special Education Needs & Disabilities (SEND) support. **Ongoing**
- Libraries support children and adults with provision of free resources, including access to information, internet/wifi, and IT and free activities such as 'Rhymetime' and story time which support the development of children. **Ongoing**
- Increasingly cultural services, including the museum, are adapting services for adults and children who are neuro-diverse. **Ongoing**
- Reading Museum provides a reminiscence service that can be sent out to care homes and other organisations around Reading. The Museum regularly goffers project work to schools in areas of deprivation. **Ongoing**

Specific Actions Required

| Title | Date for completion | Status |
|-------|---------------------|--------|
|-------|---------------------|--------|



Risk:

Strategic Risk: Failure to respond to a major incident health hazard or manage a significant outbreak of communicable disease

Register:
DACHS

Risk owner:
White, Martin

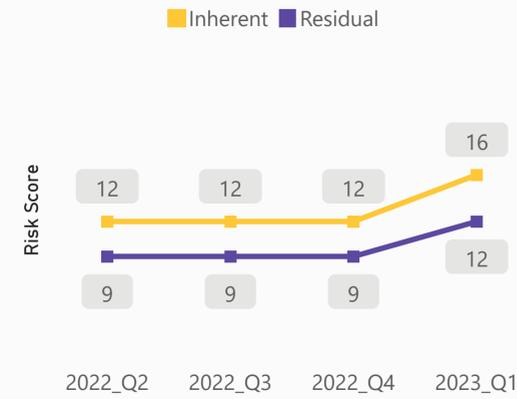
12

Current Score

Cause
Lack of public health protection specialist staff capacity to respond and manage the situation

Potential Impact
Death or injury. Reputational Damage. Insurance claims. Legal challenges

Trends - Risk Scores



Risk Scoring

| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | 4 | 4 | 4 | 4 |
| Likelihood (Inherent) | 3 | 3 | 3 | 4 |
| Inherent | 12 | 12 | 12 | 16 |
| Impact (Residual) | 3 | 3 | 3 | 4 |
| Likelihood (Residual) | 3 | 3 | 3 | 3 |
| Residual | 9 | 9 | 9 | 12 |

Background information

Local authorities statutory responsibilities for Public Health are set out in the Health and Social Care Act (2012). Regulation 8 imposes a duty on local authorities to provide information and advice to certain persons and bodies within their area in order to promote the preparation of, or participation in, health protection arrangements against threats to the health of the local population, including infectious disease, environmental hazards and extreme weather events. This also encompasses Regulation 6 which requires local authorities to provide, or make arrangements to secure the provision of open access sexual health services in their area including HIV. Each area should have or be part of a Health Protection Partnership which enable horizon scanning for risks and processes for mitigation and response. Pandemic Influenza has been the highest risk to health in the UK and therefore each area should have a Pandemic Influenza plan in place that is widely understood, exercised and annual review of business continuity planning. These structures are not in place and therefore we are not meeting our mandatory requirements on health protection. There is also fragmentation as the Public Health Team currently has no oversight of emergency planning in terms of joined up working on preparedness, response, and recovery of major incidents.

Section 30 of the 2012 Act requires each upper-tier local authority, acting jointly with the Secretary of State, to appoint a director of public health whose role is integral to the duties for health improvement and health protection. Currently there is an Interim Director of Public Health in post across Berkshire West Local Authorities pending an LGA review of the structure.

Existing mitigations

- Continue to support vaccine rollout and use data to consider where hesitancy exists. This is progress in Reading and targeted work was undertaken during Covid to reach communities where there was reduced take up - **In progress**
- Focus of vaccine uptake should also include all immunisation programmes from new born work with Integrated Care Partnerships, Primary Care Networks and higher education settings for Measles, Mumps & Rubella catch up awareness through to shingles and pneumonia in the elderly. This should be a focus on the Health Protection Annual report to the Health and Wellbeing Board. **In progress**
- Service delivery and risk assessments pertaining to business continuity plans in relation to pandemic flu form part of the annual health protection exercise across the Council sit with Services/Directorate. There is no recorded evidence that this is in place in the absence of an annual health protection annual report **Not started**,
- Recruiting to an interim post for a Consultant in Public Health (Health Protection) in the Berkshire West Team. Essential aspects of this are:
 - Update the Pandemic Flu Plan and review procedures **Not started**
 - Undertake a flu exercise **Not started**
 - Ensure Flu is a consideration is a consideration in all Business Continuity Plans **Started.(JP)**
 - In partnership with Public Health colleagues in Wokingham and West Berkshire, we have re-established the Berkshire West Health Protection Board, which meets regularly to monitor the risks. **Ongoing**
- Establish a robust structure for dealing with Health Protection, from preparedness through response to recovery. A full review of these structures are underway. Good structures were established during Covid across Reading and these have served well in supporting additional need such as settlement of Afghanistan nationals and Ukraine refugees. A partnership needs to be established, building on this success, so there is a forum for bringing together Public Health, social care, emergency planning, housing and screening and immunisations to meet Public Health statutory requirements around health protection and resilience, to plan, exercise and mitigate risk and establish a clear process should response be required.- **In progress.**
- Create a Health Protection Board to focus on all Infectious diseases, mandatory requirement under the Health & Social Care Act 2012. A proposal on the establishment of a Health Protection & Resilience partnership is being developed, following a review and mapping of existing processes, this will come to Corporate Management Team for initial discussion by October 2023 - **In progress.**
- Staffing capacity - there is a need for additional staffing support - health protection specialist required. A job description has been developed with the intention of filling this role on a Full Time Contract for 12 months from non recurring funding, to help establish working practices, update plans and put in place systematic exercising. **In progress**
- Closer alignment of health protection to emergency planning. These disciplines sit closely together in an incident, and the need to ensure the public health aspects are considered. - **In progress.**
- Thames Valley Local Resilience Forum is being supported by a Consultant colleague from Wokingham. Currently the Public Health representatives sit on the Local Resilience Forum executive and co-chair the Local Health Resilience Partnership. No mechanism in place for linking Public Health risks identified within the Local Resilience Forum back to the Council to ensure they are addressed. **Not started**

Specific Actions Required

| | Title | Date for completion | Status |
|---|---|---------------------|-------------|
| 3 | Appointment of a Director of Public Health with strategic oversight of health protection and emergency planning functions | 31/01/2024 | Not started |
| 1 | Recruitment of Consultant in Public Health (Health Protection) to lead actions outlined above | 30/07/2023 | In progress |
| 2 | Recruitment of Public Health Specialist (Health Protection) to deliver against actions outlined above | 30/07/2023 | In progress |





Risk: Strategic Risk: Failure to safeguard vulnerable adults and children

Register:
DACHS

Risk owner:
Ross, Susan

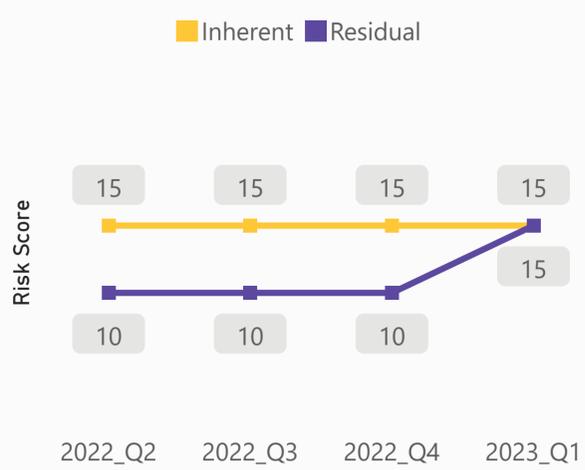
15

Current Score

Cause
Inadequate risk assessment and management, lack of or poor safeguarding response, failure to provide adequate health and safety measures

Potential Impact
Harm, injury or death of person(s) to whom adult and children's social care has a duty
Potential of legal claim for negligence, corporate manslaughter
Reputational damage
Media coverage
Young people experience serious harm and negative long term impacts

Trends - Risk Scores



Risk Scoring

| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | 5 | 5 | 5 | 5 |
| Likelihood (Inherent) | 3 | 3 | 3 | 3 |
| Inherent | 15 | 15 | 15 | 15 |
| Impact (Residual) | 5 | 5 | 5 | 5 |
| Likelihood (Residual) | 2 | 2 | 2 | 3 |
| Residual | 10 | 10 | 10 | 15 |

Background information

Key aim is to safeguard vulnerable adults and children and supporting adults and children who have been subject to the neglect or abuse or exploitation.

Adult context:

Existing mitigations

Adult Social Care and Health

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- All Directorate staff and relevant other officers receive mandatory training to assess safeguarding risks. Staff and Managers have regular refresher training which is monitored by the Department Workforce Lead. Ongoing
- Staff receive 1-1 supervision from their managers where safeguarding is discussed and practice support is available. Ongoing support is provided through the Quality & Safeguarding Team. Ongoing
- Open safeguarding episodes are reviewed and reported weekly, managers in the teams have oversight and support from senior managers and the Principle Social Worker. Ongoing
- RBC follows the local policies and procedures, as set out by West Berkshire Safeguarding Adults Board (SAB) who provide scrutiny. Ongoing
- All referrals received are screened, risks assessed and prioritised decisions made. Additional resources have been brought into the team to manage the increased demand which is being monitored. Ongoing
- All learning from Safeguarding Adult Reviews (SAR) is used to improve practice across ASC and multi-agency partners.

Brighter Futures For Children

- Risks relating to children's services are managed by Brighter Futures for Children, who have their own risk management arrangements.
- An extra familial risk / contextual safeguarding pathway for adolescents have been established to provide support for young people who would otherwise have been subject of a Child Protection Plan. In 2022 /2023 council activity will be embedded to enhance support available for adolescents at risk. Ongoing
- Through the leadership of Community Safety and Brighter Futures for Children (BFfC), continue to deliver partnership actions with Thames Valley Police (TVP), the Berkshire, Oxfordshire and Buckinghamshire Integrated Care System, and the Berkshire West Adolescent Risk group to ensure an effective safeguarding response to the risks of extra-familial harm, exploitation and serious violence. Ongoing
- Ensure that work regarding extra-familial harm, exploitation and the prevention of serious violence is informed by and connects to the work of Social Inclusion Board Ongoing
- Corporate Violence Group and partnership working in place Ongoing

Go back

Corporate Parenting

- Chief Executive and Director Children Services - led work with the Local Government Association to instigate learning and development regarding the Corporate Parenting duties. Ongoing
- Mapping across all departments in the Autumn will benchmark all current work supporting Children Looked After and Care Leavers.
- Working with Local Government Association. Ongoing

Specific Actions Required

| | Title | Date for completion | Status |
|---|---|---------------------|-------------|
| 1 | Adults: Establish and recruit to a Safeguarding Lead role acting at a Senior Level | 29/09/2023 | In progress |
| 2 | Adults: Develop a Safeguarding Improvement Plan to address backlog of cases and improve quality | 30/07/2023 | In progress |
| 3 | Adults: Move the Safeguarding function to the Advice & Wellbeing Hub to streamline the customer journey | 29/09/2023 | In progress |

Cause
User error, lack of policy guidance and procedures, failure of system reminders, staff workloads resulting in insufficient care and attention to details.

Potential Impact
Fines/penalties, reputation damage, service failure. Wasted time and cost involved in responding to service failure.



| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | 4 | 4 | 4 | 4 |
| Likelihood (Inherent) | 4 | 4 | 4 | 4 |
| Inherent | 16 | 16 | 16 | 16 |
| Impact (Residual) | 4 | 4 | 4 | 4 |
| Likelihood (Residual) | 2 | 2 | 2 | 2 |
| Residual | 8 | 8 | 8 | 8 |

Background information

Information governance is an important issue for the council as information is a corporate resource and is essential for the delivery of services to residents. The Council has duties to manage information properly, under the General Data Protection Regulation. In addition, in order to make best use of the information, it should be organised in a way that allows Services to derive maximum benefit from it.

Existing mitigations

- Information Governance Board (IGB) set up to oversee delivery of Information Management Strategy and compliance. **Complete**
- Information Management Strategy agreed at Policy Committee on 7 March 2022. **Complete**
- Ongoing corporate training programme for data protection, raising awareness with staff groups of the need to handle personal data securely and properly. Data Protection Training is mandatory for all staff. **Ongoing**
- Oversight from the Audit and Governance Committee on a quarterly basis. **Ongoing.**
- Face to Face Data Protection refresher training is available for staff as and when needed. **Ongoing.**
- Cascade of compliance requirements now through the Information Governance Champions Network (IGCN). This is being rolled out from Autumn 2022. Now underway in the Directorate of Adult Care and Health Services (DACHS) and Brighter Futures for Children (BFfC). **Ongoing**
- Subject Access Request policy and Breach Management policy reviewed by Information Governance Board. Further training to be delivered to staff. **Complete.**
- Privacy Notices are being updated for each service area and made available to service users. This is kept under review in Information Governance Champions Network (IGCN). **Ongoing**
- Information Sharing Protocols have been centralised and will be reviewed by Information Governance Champions Network. **Ongoing**
- The Council now has retention schedules for each directorate. All retention schedules have been updated and will be reviewed through ongoing IGCN programme to ensure they are **actioned**. Further work through the Information Governance Champions Network will ensure that the schedules are given greater visibility and to assess level of compliance. **In progress**
- Records of Processing Activities (ROPA) being further developed by Data Protection Officer and will help to identify Information Asset Owners within Services. **In progress**

[Go back](#)

Specific Actions Required

| | Title | Date for completion | Status |
|---|--|---------------------|-------------|
| 1 | Review of Breach Management Policy commissioned in relation to external suppliers of software systems. | 27/07/2023 | In progress |
| 2 | New Information Governance and Cyber Security modules to be rolled out as mandatory training | 29/06/2023 | In progress |

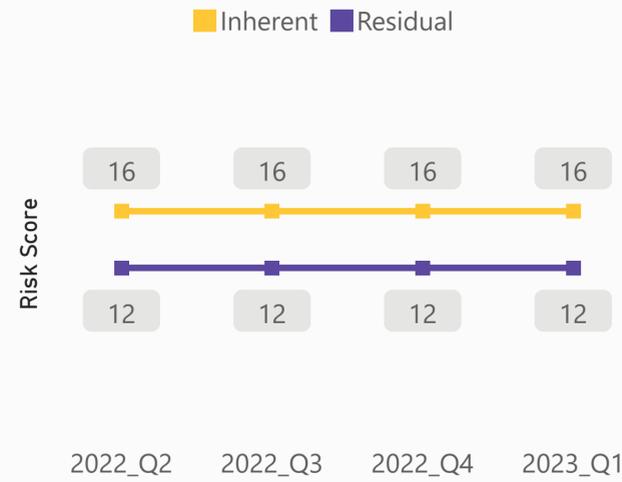
Cause

For some areas there is a national shortage of skilled staff (e.g. Social Workers, Occupational Therapists, local government lawyers and financial professionals, Planners etc). In other areas local government salaries and the impact of the cost of living crisis may mean that the Council is not able to keep pace with salaries being offered in the private sector (e.g. Surveyors, IT professionals and Drivers) and staff may leave for higher paid jobs in other sectors

Potential Impact

Failure to meet demand. Statutory duties not met. Negative impact on staff motivation and stress related illness.

Trends - Risk Scores



Risk Scoring

| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | 4 | 4 | 4 | 4 |
| Likelihood (Inherent) | 4 | 4 | 4 | 4 |
| Inherent | 16 | 16 | 16 | 16 |
| Impact (Residual) | 3 | 3 | 3 | 3 |
| Likelihood (Residual) | 4 | 4 | 4 | 4 |
| Residual | 12 | 12 | 12 | 12 |

Background information

There is an on-going shortage of skilled staff (e.g. Social Workers, Occupational Therapists, local government lawyers and financial professionals) and therefore recruitment in these areas is difficult. We compare our data with other local authorities and national recruitment statistics.

Existing mitigations

Reading Borough Council

- Access to pool of appropriately qualified temporary staff via agency contract **Completed**. Contract has been re-procured from February 2021, for a period of 4 years, which will ensure ongoing value for money.
- The Team Reading Programme is embedded to support delivery of the People Strategy which aims to achieve a highly skilled, high performing and motivated workforce. Programme governance in place through monthly boards with Corporate Management Team (CMT) sponsor **In progress**.
- Resourcing team well established to ensure proactive approach and success of permanent and all other types of recruitment. Time to fill (advert to start date) has reduced to an average of 58 days (March 2023). Success rate of recruitment is currently 80% (March 2023). Whilst fill rates are high for most jobs, there are a small number of jobs where considerable challenges recruiting have been experienced. These difficulties are experienced on a national level by most local authorities and include jobs such as experienced solicitors and social workers. Our results in recent months have been more encouraging with a number of hard to fill roles recruited to, including experienced Solicitors, Social Workers, Senior Planners and roles in our finance team. The Human Resources Team continue to work with services to help improve recruitment and retention, this has included applying market supplements to Social Worker roles and projects to promote roles in our Adult Social Care and Legal Teams.
- Staff Surveys were run in 2021 and 2022 which provides valuable insight into how staff feel about the Council as an employer and an opportunity to build on and maintain positive results and address areas for improvement. Four priority areas for improvement have been identified at a corporate level and actions underway to address them, monitored by the Team Reading Programme Board **In progress**.
- Pulse surveys will take place in 2023 to track progress **In progress**
- Leadership Development Programme underway to ensure managers deliver high quality, inspiring leadership and role model the Team Reading Leadership Behaviours. **In progress**.
- The Council is part of national pay bargaining so has limited scope to increase pay but market supplement payments can be awarded for particularly hard to fill posts which present recruitment/retention challenges. A communications campaign to continually promote the benefits available to staff is underway (e.g. Employee Assistance Programme, benefits platform and discounts with retailers and gym memberships, lease cars scheme, pensions etc). **In progress**.



Specific Actions Required

| | Title | Date for completion | Status |
|---|--|---------------------|-------------|
| 1 | Team Reading Programme governance in place through monthly boards with Corporate Management Team sponsor | 31/03/2024 | In progress |
| 2 | Resourcing team established to ensure proactive approach and success of permanent and all other types of recruitment. | 31/03/2024 | In progress |
| 3 | Pulse survey will take place in 2023 to track progress of four priority areas for improvement | 31/03/2024 | In progress |
| 4 | Leadership Development Programme underway to ensure managers deliver high quality leadership | 31/03/2024 | In progress |
| 5 | Quarterly reporting of Human Resources performance metrics to Corporate Management Team and monthly to Directorate Management Team's | 31/03/2024 | In progress |

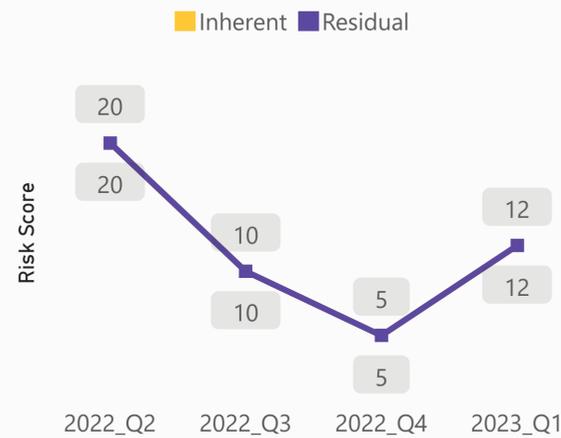
Cause

Overspends, cost of living increase caused by rising rates of inflation and fuel/energy costs, increasing demand, income targets not met

Potential Impact

Strategic objectives and statutory duties not met. Council unable to set legal budget. Impact on front-line services.

Trends - Risk Scores



Risk Scoring

| Risk Type | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 |
|-----------------------|---------|---------|---------|---------|
| Impact (Inherent) | 5 | 5 | 5 | 3 |
| Likelihood (Inherent) | 4 | 2 | 1 | 4 |
| Inherent | 20 | 10 | 5 | 12 |
| Impact (Residual) | 5 | 5 | 5 | 3 |
| Likelihood (Residual) | 4 | 2 | 1 | 4 |
| Residual | 20 | 10 | 5 | 12 |

Background information

The list of savings required to be delivered for 2023/2024 were agreed as part of the budget setting process. Monitoring of savings delivery is carried out on a monthly basis and reported via the 'Savings Tracker' and 'Performance and Monitoring Report'. Savings are reviewed annually as part of the budget setting process.

Existing mitigations

- Monthly meetings to review savings risk profiles, contingencies and reserves identified.
- The outturn report for 2022/23 will be presented to Policy Committee in July 2023. Although the report identifies an overall net favourable variance, it also identifies service level budget pressures that have not been addressed yet in budget planning.
- The Council set a balanced budget for 2023/24 at its council meeting in February 2023. First quarter monitoring for 2023/24 will be presented to Policy Committee in September 2023. **Not yet started**
- The detailed budget planning for the 2024/25 budget is underway. **In progress**
- The Medium Term Financial Strategy (MTFS) 2023/24-2025/26 approved by Council in February 2023 shows a forecast budget surplus of £2.8m for 2024/2025, and a budget deficit of £5.7m in 2025/2026.
- Monthly budget monitoring updates are provided to Corporate Management Team (CMT) and Leadership. **In progress**
- New savings and efficiency initiatives are developed and monitored through the Transformation & Efficiency Board. **In progress**
- A review of reserves was undertaken by the Director of Finance in January 2023 to ensure that they remain adequate. **Complete**
- Negotiation of robust and competitive energy supply contracts via the procurement process (available evidence suggests current contract is performing well, and 'switching' would be ill-advised at this point in any case) **In progress.**
- Implementation of the forward buying strategy within the Council's energy contract. **In progress**
- Settlement from Government received for 2023/24. Limited information available for 2024/25.

Go back

Specific Actions Required

| Title | Date for completion | Status |
|-------|---------------------|--------|
|-------|---------------------|--------|

Audit and Governance Committee

20 July 2023



Reading
Borough Council
Working better with you

| | |
|---|---|
| Title | Annual Treasury Management Review 2022/23 |
| Purpose of the report | To note the report for information |
| Report status | Public report |
| Report author (name & job title) | Stuart Donnelly, Financial Planning & Strategy Manager |
| Lead Councillor (name & title) | Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources |
| Corporate priority | Not applicable, but still requires a decision |
| Recommendations | 1. That the Committee notes the content of the Treasury Management Outturn Report for 2022/23. |

1. Executive Summary

- 1.1. The Council adopted a Treasury Management Strategy and an Annual Investment Strategy for 2022/23 at its meeting on 23rd February 2022.
- 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 1st April 2022 to 31st March 2023.
- 1.3. The Council has continued to finance capital expenditure through maximising the use of capital receipts, capital grants and internal borrowing. During 2022/23 the Council took out short-term loans (less than 1 year in duration) of £37.000 million (from other local authorities) at an average interest rate of 4.125% in line with the Borrowing Strategy set out within the Treasury Management Strategy. No long-term loans (over one year in duration) were taken out during the year.
- 1.4. Overall, the Council was under borrowed by £212.832 million as at 31st March 2023. As a consequence, the Council has effectively avoided the requirement to budget for and incur external interest costs in the order of £8.194 million during 2022/23, based on the average rate for the existing debt portfolio of 3.85%.
- 1.5. Against the 2022/23 General Fund budget there was an overall positive net variance of £3.508m on the Capital Financing budget as reported in the 2022/23 Quarter 4 Performance report to Policy Committee on 10th July 2023. This budget includes interest payable, interest receivable and Minimum Revenue Provision (MRP); a charge to the revenue budget made in respect of paying off the principal sum of the borrowing undertaken to finance the Capital Programme.
- 1.6. The Council did not breach any of its treasury management performance indicators during 2022/23.

2. Policy Context

- 2.1. 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).
- 2.2. 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 2022/23 treasury management activity.
- 2.3. Member training on treasury management issues was offered to, and undertaken by, Audit & Governance Committee Members during the year on 28th June 2022 to support members' scrutiny role.

3. Capital Expenditure and Financing

- 3.1. 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 Loan Board (PWLB) or through internal borrowing from the Council's own cash resources.
- 3.2. 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 | 2021/22 Actual* | 2022/23 Original Estimate | 2022/23 Actual |
|---|----------------------------|--|---------------------------|
| | (£m) | (£m) | (£m) |
| Capital Expenditure | 48.621 | 92.073 | 59.107 |
| Financed by: | | | |
| Capital Receipts | (2.348) | (2.126) | (1.268) |
| Government Grants & Other Contributions | (33.025) | (39.045) | (28.575) |
| Direct Revenue Financing | (2.122) | 0.000 | (3.035) |
| Net Borrowing Requirement | 11.126 | 50.902 | 26.229 |

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

| HRA | 2021/22 Actual* | 2022/23 Original Estimate | 2022/23 Actual |
|---|----------------------------|--|---------------------------|
| | (£m) | (£m) | (£m) |
| Capital Expenditure | 22.041 | 35.442 | 28.403 |
| Financed by: | | | |
| Capital Receipts | (1.941) | (0.915) | (1.180) |
| Government Grants & Other Contributions | (6.277) | (6.074) | (6.567) |
| Direct Revenue Financing | (0.384) | (0.600) | (0.574) |

| | | | |
|----------------------------------|--------------|---------------|--------------|
| Major Repairs Reserve | (7.560) | (16.790) | (12.976) |
| Net Borrowing Requirement | 5.879 | 11.063 | 7.106 |

- 2021/22 comparator figures have been updated following changes to the provisional 2021/22 Capital Programme outturn position

4. The Council's Borrowing Need

- 4.1. The Council's underlying need to borrow, or net borrowing requirement is termed the Capital Financing Requirement (CFR).
- 4.2. 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 (2022/23) plus the estimate of any additional capital financing requirement for the current (2023/24) 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 2022/23. The Council has complied with this prudential indicator.
- 4.3. The Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
- 4.4. The total CFR can also be reduced by:
- the application of additional capital financing resources, (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 4.5. The Council's 2022/23 MRP Policy, (as required by DLUHC Guidance), was approved as part of the Treasury Management Strategy Report for 2022/23 on 23rd February 2022.

Table 3. Gross Borrowing and the CFR

| | 31st March 2022 Actual (£m) | 2022/23 Estimate (£m) | 31st March 2023 Actual (£m) |
|---|---|--------------------------------------|---|
| Gross Borrowing | 387.180 | 486.703 | 404.840 |
| PFI Liabilities | 24.261 | 23.146 | 23.147 |
| Total Gross Borrowing | 411.441 | 509.849 | 427.987 |
| CFR – General Fund | 399.989 | 463.003 | 415.936 |
| CFR – HRA | 194.677 | 207.825 | 201.736 |
| Total CFR | 594.666 | 670.828 | 617.672 |
| (Under)/Over Funding of CFR | (182.225) | (160.979) | (189.685) |
| (Under)/Over Borrowing (exc PFI) | (207.486) | (184.125) | (212.832) |

- 4.6. The movement in gross borrowing in 2022/23 is explained in paragraphs 5.3-5.5.
- 4.7. The 2022/23 prudential indicators for gross borrowing were set as part of the Treasury Management Strategy report to Council on 23rd February 2022. The Council's

performance against these indicators is set out below, neither the Authorised Limit nor the Operational Boundary were breached in 2022/23:

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) |
|-----------------------|---------------------------|---|---------------------------------------|
| 730.828 | 690.828 | 413.010 | 385.811 |

- 4.8. 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 2022/23 for the General Fund and the HRA was set at 12.0%. The actual performance against this indicator for 2022/23 was 9.8% which reflects the reported positive net variance on the General Fund and HRA revenue Capital Financing budgets reported at Outturn.

5. Debt and Investment Portfolio

- 5.1. 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

- 5.2. At the end of 2022/23 the Council's treasury position (excluding borrowing by Public Finance Initiatives (PFIs) and finance leases) was as follows:

Table 5. Treasury Position as at 31st March

| General Fund & HRA | 31 st March 2022 | | | 31 st March 2023 | | |
|----------------------------------|-----------------------------|----------------|------------------------------|-----------------------------|----------------|------------------------------|
| | Principal (£m) | Average Rate % | Average Life Remaining Years | Principal (£m) | Average Rate % | Average Life Remaining Years |
| Debt Portfolio | | | | | | |
| Fixed Rate Loans | | | | | | |
| PWLB | 357.180 | 3.27 | 30 | 354.840 | 3.27 | 29 |
| Market | 30.000 | 4.18 | 48 | 20.000 | 4.14 | 49 |
| Short Term Local Authority Loans | 0.000 | 0.00 | 0 | 30.000 | 4.15 | 0 |
| Total Debt | 387.180 | 3.39 | 32 | 404.840 | 3.85 | 26 |
| Treasury Investments | 80.200 | 1.03 | | 58.996 | 4.22 | |
| Non-Treasury Investments | 35.721 | 3.93 | | 35.721 | 3.93 | |
| Total Investments | 115.921 | 3.18 | | 94.717 | 3.98 | |
| Net Debt | 271.259 | | | 310.123 | | |

Borrowing

- 5.3. During 2022/23 short-term loans totalling £37.000 million were arranged in February 2023, with £32.000 million of this drawn down in February 2023 and £5.000 million drawn

down in March 2023 to assist in managing the cashflow position. No long term loans were taken out during the year. The borrowing portfolio is detailed in full at Appendix 1.

- 5.4. During 2022/23 principal repayments totalling £19.340 million were made. This consists of principal repayments of £10.000 million on two Lender Option Borrower Option (LOBO) Loans, £2.340 million on other long term loans and £7.000 million on one of the short term loans drawn down in February 2023.
- 5.5. The net change in the gross borrowing position between 31st March 2022 and 31st March 2023 was therefore an increase of £17.660 million.

Borrowing in Advance of Need

- 5.6. 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

- 5.7. No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
- 5.8. Whilst debt rescheduling has not taken place, the two LOBO loans repaid during 2022/23 were repaid early to benefit from savings on the Council's Capital Financing budgets over future years. At the current time no further long-term external loans have been taken to replace those repaid.
- 5.9. The maturity structure of the debt portfolio as at 31st March 2023 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 | 31st March 2022 Actual (£m) | 2022/23 Original Upper Limit (%) | 2022/23 Original Lower Limit (%) | 31st March 2023 Actual (£m) | 2022/23 Actual (%) |
|------------------------------|---|---|---|---|-----------------------------------|
| Under 12 months | 2.340 | 10 | 0 | 32.340 | 8 |
| 12 months and within 2 years | 2.340 | 20 | 0 | 2.000 | 0 |
| 2 years and within 5 years | 17.500 | 20 | 0 | 17.000 | 4 |
| 5 years and within 10 years | 19.000 | 30 | 0 | 18.500 | 5 |
| 10 years and within 20 years | 44.000 | 40 | 0 | 43.000 | 11 |
| 20 years and within 30 years | 89.000 | 50 | 0 | 99.000 | 24 |
| 30 years and within 40 years | 118.000 | 60 | 0 | 108.000 | 27 |
| Over 40 years | 95.000 | 60 | 0 | 85.000 | 21 |
| Total | 387.180 | | | 404.840 | 100 |

Investments

- 5.10. 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 23rd February 2022. 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.
- 5.11. The investment activity during the year conformed to the approved Strategy, and the Council had no liquidity difficulties.

- 5.12. Treasury investments, including property funds, earned an average rate of 2.53%. The comparable performance indicator is the 7 days backward looking Sterling Overnight Index Average (SONIA) un-compounded rate, which was 2.23%.
- 5.13. The Council's budgeted General Fund investment return for 2022/23 was £0.670 million; the actual General Fund interest received from investments in 2022/23 was £2.321 million, a £1.651 million positive variance compared to budget. This budget includes loans to the Council's wholly owned companies, which are non-treasury investments and are therefore shown separately throughout this report.
- 5.14. The position on interest income must be compared with external interest costs payable. The Council paid General Fund external interest costs of £7.655 million against a budget of £8.760 million; a £1.105 million positive variance against the General Fund budget. The net General Fund position on interest receivable/payable is therefore a net positive variance of £2.756 million. This has been accounted for in the overall revenue General Fund outturn position for 2022/23.
- 5.15. The Council's investment position as at 31st March 2023 is detailed at Appendix 2 and is summarised as follows:

Table 7. Investment Portfolio

| | 31st March 2022 (£m) | 31st March 2022 (%) | 31st March 2023 (£m) | 31st March 2023 (%) |
|--|--|---|--|---|
| Treasury Investments | | | | |
| Banks | 12.748 | 16 | 0.842 | 2 |
| 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 | 15.000 | 19 | 0.000 | 0 |
| Money Market Funds (MMF) | 37.452 | 46 | 43.154 | 73 |
| Total Managed In-house | 65.200 | 81 | 43.996 | 75 |
| Total Managed Externally – Property Funds | 15.000 | 19 | 15.000 | 25 |
| Total Treasury Investments | 80.200 | 100 | 58.996 | 100 |
| | | | | |
| Non-Treasury Investments | | | | |
| Subsidiaries/Companies | 35.721 | 100 | 35.721 | 100 |
| Total Non-Treasury Investments | 35.721 | 100 | 35.721 | 100 |
| | | | | |
| Total – All Investments | 115.921 | 100 | 94.717 | 100 |

- 5.16. The maturity structure of the investment portfolio as at 31st March was as follows:

Table 8. Maturity Structure of the Investment Portfolio

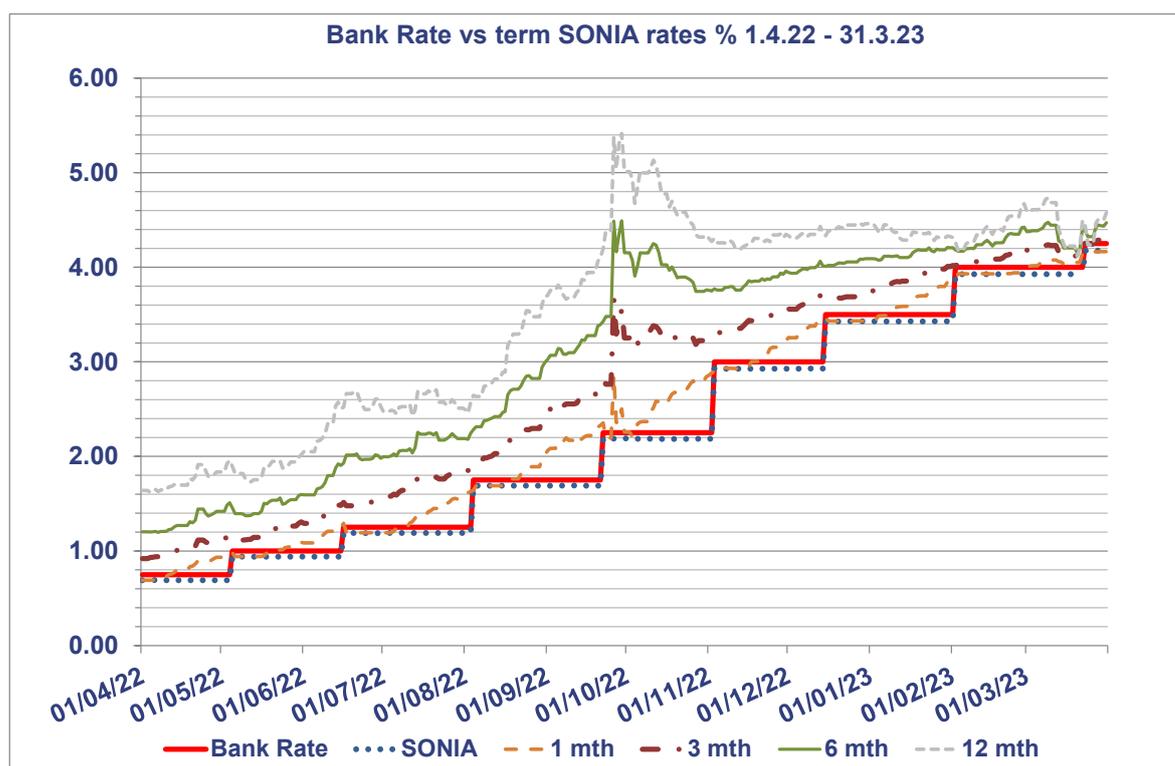
| | 31st March 2022 (£m) | 31st March 2023 (£m) |
|--------------------|--|--|
| Up to 1 year | 82.100 | 43.996 |
| Longer than 1 year | 33.821 | 50.721 |
| Total | 115.921 | 94.717 |

6. Treasury Management Strategy 2022/23

Investment Strategy and Control of Interest Rate Risk

- 6.1. Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, increased interest rates primarily as a tool to attempt to control rising inflation.
- 6.2. Starting in April 2022 at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year.
- 6.3. The incremental increases in investment rates meant that local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.
- 6.4. The Council did not add to its long-term investment portfolio in 2022/23, 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. Any surplus cash was invested on a short-term basis to ensure that it was accessible for in-year cash flow requirements and to ensure deposits were “laddered” to mitigate against the incremental increases in interest rates.
- 6.5. 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.
- 6.6. The following graph illustrates the interest rate trend throughout 2022/23:

Chart 1. Bank Rate vs SONIA (Sterling Overnight Index Average) 2022/23



Borrowing Strategy and Control of Interest Rate Risk

- 6.7. As set out above, during 2022/23 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 initially low and minimising counterparty risk on placing investments also needed to be considered.
- 6.8. A cost of carry generally remained in place during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. As the cost of carry dissipated, the Council sought to avoid taking on long-term borrowing at elevated levels and has focused on a policy of internal and temporary borrowing, in line with the approved Borrowing Strategy .
- 6.9. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this has been 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.
- 6.10. Interest rate forecasts were initially suggesting only gradual rises in short, medium, and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. The CPI measure of inflation fell to 8.7% in April 2023 and remained unchanged for May 2023, compared to expectations of a fall to 8.4%.

7. Other

IFRS 9 Fair Value of Investments

- 7.1. In 2018 the Government introduced a statutory override following the adoption of International Financial Reporting Standard 9 (IFRS 9). The statutory override requires authorities to remove the impacts of the fair value movements of pooled investment funds, such as the CCLA Property Fund, from their budgets and record them in an unusable reserve. The statutory override was time-limited to five years and was due to end in March 2023. However, in August 2022 the Government issued a consultation document seeking views regarding the future of the statutory override and announced a further two year extension to 31st March 2025 in December 2022, with the full Government response published in April 2023. In 2022/23, the net unrealised loss relating to the CCLA Property Fund investment was £0.765m, however due to the statutory override there was no impact on the General Fund. Conversely, if there was no override in place then any positive movement in valuation would be a benefit to the General Fund.
- 7.2. Due to the risk of this override not being further extended beyond 31st March 2025, this investment, and options to mitigate against any potential losses will be reviewed as part of forthcoming Treasury Management Strategies.

8. Contribution to Strategic Aims

- 8.1. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan

demonstrate how the Council meets its legal obligation to be efficient, effective, and economical.

- 8.2. Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

9. Environmental and Climate Implications

- 9.1. 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).

- 9.2. As part of the review carried out in 2022/23 and approved as part of the Annual Investment Strategy for 2023/24, the Council will only invest in countries deemed as "Free" as per the Freedom House Global Freedom rating system.

- 9.3. 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.

10. Community Engagement

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

11. Equality Implications

- 11.1. None have been identified as arising directly from this report.

12. Other Relevant Considerations

- 12.1. There are none.

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. Timetable for Implementation

15.1. Not applicable.

16. Background Papers

16.1. There are none.

Appendices

- 1. Borrowing Portfolio**
- 2. Investment Portfolio**

Appendix 1: Borrowing Portfolio

| Lender | Start Date | Maturity Date | Amount £m | Interest Rate | Annual Interest * £m |
|---------------------------------------|------------|---------------|----------------|---------------|----------------------|
| Public Works Loan Board (PWLB) | | | | | |
| PWLB | 26/03/18 | 25/03/68 | 15.000 | 2.28% | 0.3420 |
| 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 | 01/04/19 | 01/04/64 | 10.000 | 2.20% | 0.2200 |
| 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 | 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 | 0.340 | 2.70% | 0.0092 |
| PWLB | 31/08/10 | 25/03/60 | 10.000 | 3.92% | 0.3920 |
| PWLB | 14/07/11 | 25/03/26 | 1.500 | 3.59% | 0.0539 |
| PWLB | 15/09/11 | 25/03/31 | 4.000 | 3.35% | 0.1340 |
| 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 | 18.000 | 2.99% | 0.5382 |
| Total PWLB Loans | | | 354.840 | | 11.506 |

| Lender | Start Date | Maturity Date | Amount £m | Interest Rate | Annual Interest * £m |
|---|-------------------|----------------------|----------------------|--------------------------|-------------------------------------|
| Short Term Local Authority Loans | | | | | |
| London Borough of Croydon Pension Fund | 28/02/23 | 28/04/23 | 10.000 | 4.05% | 0.4050 |
| Tamworth Borough Council | 24/02/23 | 24/05/23 | 5.000 | 4.10% | 0.2050 |
| Oxfordshire County Council | 14/02/23 | 14/08/23 | 5.000 | 4.25% | 0.2125 |
| Middlesbrough Teesside Pension Fund | 15/02/23 | 18/04/23 | 5.000 | 4.05% | 0.2025 |
| Solihull Metropolitan Borough Council | 17/03/23 | 18/09/23 | 5.000 | 4.30% | 0.2150 |
| Total Short Term Local Authority Loans | | | 30.000 | | 1.240 |
| LOBO/Other Loans | | | | | |
| 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 |
| Dexia | 30/01/08 | 31/01/78 | 5.000 | 4.19% | 0.2095 |
| Total LOBO/Other Loans | | | 20.000 | | 0.827 |
| Total All Loans | | | 404.840 | | 13.573 |

*Annual interest – Total amount of annual interest payable per loan outstanding as at 31st March 2023. This won't equal the amount of interest paid during 2022/23 – as the total loan portfolio has changed during the year.

Appendix 2: Investment Portfolio

| Borrower | Amount £m | Interest Rate | Credit Rating |
|---------------------------------------|---------------|------------------|---------------|
| Treasury Investments | | | |
| Lloyds current account | 0.842 | 4.15% | A+ |
| SLI Sterling Liquidity/CI 2 | 16.000 | 4.06% | AAA |
| CCLA Local Authorities Property Fund | 15.000 | 4.79% | n/a |
| CCLA The Public Sector Deposit 4 | 19.904 | 4.12% | AAA |
| JPMorgan Liquidity Funds | 7.250 | 3.97% | AAA |
| Total Treasury Investments | 58.996 | | |
| Non-Treasury Investments | | | |
| 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 |
| Brighter Futures for Children Ltd | 5.000 | 1.81% | 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 |
| Total Non-Treasury Investments | 35.721 | | |
| Total Investments* | 94.717 | | |

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

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Audit and Governance Committee

20 July 2023



Reading
Borough Council
Working better with you

| | |
|---|---|
| Title | 2022/23 Quarter 4 Performance Report |
| Purpose of the report | To note the report for information |
| Report status | Public report |
| Report author (name & job title) | Stuart Donnelly, Financial Planning & Strategy Manager |
| Lead Councillor (name & title) | Councillor Terry, Deputy Leader of the Council and Lead Councillor for Corporate Services & Resources |
| Corporate priority | Not applicable, but still requires a decision |
| Recommendations | <p>That Audit & Governance Committee note:</p> <p>1. The 2022/23 Quarter 4 Performance Report and the recommendations set out and approved by Policy Committee on 10th July 2023.</p> |

This report contains exempt information within Appendix 9 which is within the meaning of the following paragraph of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

And in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because:

Having applied the public interest test, it is in the Council's interests not to publish this information to protect the Council's financial and commercial position.

1. Executive Summary

1.1 The 2022/23 Quarter 4 Performance Report was presented to Policy Committee on 10th July 2023. This report sets out the provisional revenue and capital outturn positions for the Council's General Fund and Housing Revenue Account (HRA) for 2022/23. 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.

Policy Committee

10 July 2023



Reading
Borough Council
Working better with you

| | |
|---|---|
| Title | 2022/23 Quarter 4 Performance Report |
| Purpose of the report | To make a decision |
| Report status | Public report |
| Report author (name & job title) | Stuart Donnelly, Financial Planning & Strategy Manager |
| Lead Councillor (name & title) | Councillor Terry, Deputy Leader of the Council and Lead Councillor for Corporate Services & Resources |
| Corporate priority | Not applicable, but still requires a decision |
| Recommendations | <p>That Policy Committee notes:</p> <ol style="list-style-type: none">2. That the provisional General Fund outturn position for 2022/23 is a £4.191m positive net variance (Appendix 1);3. That the provisional Housing Revenue Account (HRA) outturn position for 2022/23 is a net £2.022m transfer from HRA Reserves (Appendix 2);4. That the provisional General Fund Capital Programme outturn position for 2022/23 is a positive net variance of £15.327m against the proposed revised budget (Appendix 3);5. That the provisional HRA Capital Programme outturn position for 2022/23 is a positive net variance of £1.584m against the approved budget (Appendix 3);6. That £7.401m of agreed savings have been delivered in 2022/23, with £2.823m of non-delivered savings being carried forward into future years (Appendix 4);7. That £1.268m of Capital Receipts have been used to fund transformation in accordance with the Capitalisation Directive (Appendix 5);8. The performance achieved against the Corporate Plan success measures as set out in Section 13 of this report and Appendices 7-8. <p>That Policy Committee approves:</p> <ol style="list-style-type: none">9. The service requests to roll forward funds totalling £0.281m into 2023/24;10. That the remaining balance of £3.910m is transferred to earmarked reserves as set out in Appendix 6;11. That the Council provides £2.845m of additional funding support to Brighter Futures for Children (BFfC) over and above the 2022/23 contract sum in respect of their 2022/23 outturn position;12. The amendments to the General Fund Capital Programme (as set out in Section 6 of this report and Appendix 3) resulting in a revised Capital Programme budget of £74.434m for 2022/23 and £134.209m for 2023/24; |

| | |
|--|--|
| | <p>13. Scheme & Spend approval for the three General Fund Capital Programme schemes as set out in paragraph 6.7 and Table 11 totalling £0.105m;</p> <p>14. Spend approval for the Caversham Court Gardens General Fund Capital Programme scheme as set out in paragraph 6.8 and Table 12 totalling £0.015m;</p> <p>15. The amendments to the HRA Capital Programme (as set out in further detail in Section 7 of this report and Appendix 3) resulting in a revised HRA Capital Programme net budget of £28.403m for 2022/23 and £55.894m for 2023/24;</p> <p>16. The write-off of debt as set out in Appendix 9 relating to:</p> <p>(a) Non-Domestic Rates - £156,153.21;</p> <p>(b) Sundry Debt - £167,618.08.</p> |
|--|--|

This report contains exempt information within Appendix 9 which is within the meaning of the following paragraph of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

And in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because:

Having applied the public interest test, it is in the Council's interests not to publish this information to protect the Council's financial and commercial position.

1. Executive Summary

1.3 This report sets out the provisional revenue and capital outturn positions for the Council's General Fund and Housing Revenue Account (HRA) for 2022/23. 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)

1.4 The budget for 2022/23 was prepared during another challenging period due to the continuing uncertainty caused by the wide-ranging ongoing implications of the Covid-19 pandemic and yet another one-year Local Government funding settlement from Central Government. The Budget included £10.224m of savings to be delivered in 2022/23 to deliver a balanced budget position, with a planned contribution of £0.695m to reserves.

1.5 The actual outturn position is positive net variance of £4.191m as set out below, which is an improvement of £0.884m from the projected outturn position as at the end of Quarter 3 reported to Policy Committee in March. The outturn position is inclusive of £12.530m of net transfers from reserves approved under delegated authority by the Director of Finance. The reserve movements include a total net transfer to reserves of £7.398m from service and corporate budgets offset by the budgeted drawdown of £19.928m in respect of the Collection Fund within Funding. The £19.928m drawdown includes £18.148m of s31 grant funding received in 2020/21 and 2021/22 to compensate the Council for additional business rate reliefs awarded during the Covid-19 pandemic. These grants were then budgeted to be released from reserves to fund the Business Rates Collection Fund deficit balance brought forward from 2021/22 (resulting from the additional reliefs awarded) which is required to be accounted for in 2022/23.

- 1.6 The actual outturn position for net service expenditure is £137.408m, inclusive of approved net transfers to reserves of £6.592m, resulting in an adverse net variance of £3.989m. This includes adverse variances of £1.221m within Economic Growth and Neighbourhood Services, £0.123m within Resources, and £0.131m within Chief Executive Services, which are offset by positive variances of £0.237m within Adult Care and Health Services, and £0.094m within Children's Services Retained by the Council. Brighter Futures for Children (BFfC) are requesting additional funding support of £2.845m over and above the 2022/23 contract sum.
- 1.7 The adverse variance on service expenditure is a net increase of £0.004m from the projected outturn position reported to Policy Committee in March, with the most material movements being from the increase in the adverse variance reported by BFfC of £1.974m and the improvement in the Adult Care and Health Services position of £1.553m which is mainly due to additional Winter Pressures income.
- 1.8 Detailed explanations for all service variances are contained within sections 3.2 to 3.84 of this report.
- 1.9 The actual outturn position on Corporate Budgets is a positive net variance of £7.562m. This position includes £0.806m of approved net transfers to reserves. The positive variance on Corporate Budgets is an improvement of £0.270m from the position reported to Policy Committee in March.
- 1.10 The actual outturn position on Funding is a positive net variance of £0.618m which primarily relates to the end of year calculation of the Business Rates Levy payable to Central Government which was not anticipated as part of the Quarter 3 projections. This position includes £19.928m of approved net transfers from reserves.
- 1.11 Services have submitted two carry forward requests totalling £0.281m as set out in paragraph 4.1. If these requests are approved this will leave a remaining surplus of £3.910m that will be added to earmarked reserves. It is recommended per paragraph 4.2, that £0.500m is transferred to a new Hardship Fund and the remaining balance of £3.410m is transferred to the Capital Financing Smoothing Reserve to support the Capital Programme.
- 1.12 The original budget for 2022/23 included assumed savings of £10.224m, including £2.045m of savings brought forward from the previous year. A total of £7.401m of ongoing savings were delivered in 2022/23. This leaves a residual balance of £2.823m to be carried forward for delivery in future years
- 1.13 This balance of £2.823m will be added to the £5.295m of savings already included in the 2023/24 budget to give a revised savings target of £8.118m. Savings delivery will continue to be monitored and reported on regularly throughout 2023/24.

Housing Revenue Account

- 1.14 The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £2.154m. The provisional outturn position for the HRA requires an actual net drawdown from HRA reserves of £2.022m, this is comprised of a drawdown from HRA balances of £3.085m and a contribution to the Major Repairs Reserve balance of £1.063m relating to the excess Depreciation charge over budget in 2023/24. The HRA is therefore reporting a positive net variance compared to budget of £0.132m. The net drawdown from HRA balances of £3.085m is comprised of a drawdown of £3.158m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve.

Capital

- 1.15 The provisional General Fund Capital Programme outturn is a £15.327m positive net variance against the proposed revised budget of £74.434m. A net total of £15.443m of

budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme as set out in Appendix 3.

- 1.16 The provisional HRA Capital Programme outturn is a £1.584m positive net variance against the approved budget of £29.987m. A net total of £1.584m of budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme as set out in Appendix 3.

Performance

- 1.17 The report also sets out performance against the measures of success published in the Council's Corporate Plan.
- 1.18 Of the 58 Corporate Plan Performance Measures, 72% are currently "green", 16% "amber" and 10% "red".
- 1.19 Of the 27 measures monitored monthly or quarterly, 70% have improved since Quarter 3, whilst 19% have gotten worse.
- 1.20 Of the 52 Corporate Plan Projects, 67% are currently "green", 31% "amber" and 2% "red".
- 1.21 Those measures that have shown significant change since Quarter 2 are set out in Appendix 8.

2. Policy Context

- 2.1. The Council approved the 2022/23 Budget and Medium-Term Financial Strategy (MTFS) 2022/23 – 2024/25 in February 2022.

3. General Fund Revenue Summary

- 3.1. The provisional outturn position of the General Revenue Fund is a positive net variance of £4.191m. This includes £12.530m 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 and Health Services | 43.921 | 44.391 | 0.470 | (0.707) | (0.237) |
| Economic Growth and Neighbourhood Services | 19.821 | 16.966 | (2.855) | 4.076 | 1.221 |
| Resources | 18.382 | 14.757 | (3.625) | 3.748 | 0.123 |
| Chief Executive Services | 1.556 | 1.687 | 0.131 | 0.000 | 0.131 |
| Children's Services retained by the Council | 0.781 | 0.687 | (0.094) | 0.000 | (0.094) |
| Children's Services delivered by BfC | 48.958 | 52.328 | 3.370 | (0.525) | 2.845 |
| Total Service Expenditure | 133.419 | 130.816 | (2.603) | 6.592 | 3.989 |
| Capital Financing Costs | 16.381 | 12.873 | (3.508) | 0.000 | (3.508) |
| Contingency | 3.627 | 0.000 | (3.627) | 0.000 | (3.627) |
| Movement to/(from) Reserves | 0.695 | 0.000 | (0.695) | 0.695 | 0.000 |
| Other Corporate Budgets | (4.132) | (4.670) | (0.538) | 0.111 | (0.427) |
| Total Corporate Budgets | 16.571 | 8.203 | (8.368) | 0.806 | (7.562) |
| Net Budget Requirement | 149.990 | 139.019 | (10.971) | 7.398 | (3.573) |
| Financed by: | | | | | |

| | | | | | |
|--|------------------|------------------|---------------|-----------------|----------------|
| Council Tax Income | (104.403) | (104.403) | 0.000 | 0.000 | 0.000 |
| NNDR Local Share | (26.510) | (27.123) | (0.613) | 0.000 | (0.613) |
| New Homes Bonus | (2.038) | (2.038) | 0.000 | 0.000 | 0.000 |
| Section 31 Grant | (12.580) | (12.580) | 0.000 | 0.000 | 0.000 |
| Revenue Support Grant | (2.108) | (2.108) | 0.000 | 0.000 | 0.000 |
| Other Government Grants | (2.404) | (2.409) | (0.005) | 0.000 | (0.005) |
| One-off Collection Fund (Surplus)/Deficit | 3.219 | 3.219 | 0.000 | 0.000 | 0.000 |
| One-off Collection Fund (Surplus)/Deficit – Business Rates (Covid Reliefs) | 16.762 | 16.762 | 0.000 | 0.000 | 0.000 |
| Section 31 Grants Released from Reserves | (18.148) | 0.000 | 18.148 | (18.148) | 0.000 |
| Release from Collection Fund Smoothing Reserve | (1.780) | 0.000 | 1.780 | (1.780) | 0.000 |
| Total Funding | (149.990) | (130.680) | 19.310 | (19.928) | (0.618) |
| (Positive)/Adverse Variance | 0.000 | 8.339 | 8.339 | (12.530) | (4.191) |

Adult Care and Health Services

3.2. Adult Care and Health Services' provisional outturn position is a positive net variance of £0.237m. This is an improvement of £1.553m from the Quarter 3 forecast.

3.3. The following table summarises the outturn position for 2022/23.

Table 2. Adult Care and Health Services Outturn 2022/23

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|---|---------------|---------------|--------------|-----------------------------|-------------------|
| | £m | £m | £m | £m | £m |
| Commissioning & Transformation | 2.163 | 1.953 | (0.210) | 0.000 | (0.210) |
| Adult Services Operations | 39.892 | 39.030 | (0.862) | 0.788 | (0.074) |
| Public Health | 0.000 | 1.495 | 1.495 | (1.495) | 0.000 |
| Directorate Other | 0.491 | 0.547 | 0.056 | 0.000 | 0.056 |
| Safeguarding, Quality, Performance & Practice | 1.375 | 1.366 | (0.009) | 0.000 | (0.009) |
| Total | 43.921 | 44.391 | 0.470 | (0.707) | (0.237) |

3.4. The explanation for these variances is set out below.

Commissioning & Transformation - £0.210m positive variance

3.5. Commissioning & Transformation is reporting a positive net variance of £0.210m, which is comprised of:

- £0.066m positive variance relating to additional income linked to the Winter Pressures Hospital Discharge (Non-Placements);
- £0.144m positive variance relating to contract spend and other non-payroll related budgets.

Adult Services Operations - £0.074m positive variance

Placements Budget

3.6. There is an overall pressure of £1.000m on the placement budgets (inclusive of hospital discharges). This is an improvement of £0.500m from Quarter 3 inclusive of associated income budgets. This is linked to the introduction of the Winter Pressures Hospital Discharge Fund where the Council was able to claim back funds to support additional

placements costs and support charges, and additional one-off income linked to recoupment of direct payments.

Non-Placements Budget

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

- £0.225m positive variance on staffing budgets due to a high level of vacancies and having to re-direct staff onto the Winter Pressures work which was fully funded through Health. The vacancy levels are already being addressed for 2023/24;
- £0.620m positive variance on additional income linked to the Winter Pressures Hospital Discharge (Non Placements);
- £0.229m positive variances on contract spend, non-payroll related budgets including software and staffing support.

3.8. The required roll-forwards of £0.788m of Better Care Funding is included within the above position.

Public Health – balanced budget

3.9. Public Health is reporting a balanced position which includes a roll-forward of unspent Public Health Grant to the Public Health Grant Reserve of £0.161m. The service has also drawn down £0.798m of Track & Trace and Contain Outbreak Management Fund grants, £0.485m from Community Vaccines Grant, and £0.373m of Rough Sleeping Drug & Alcohol Treatment Grant from the Revenue Grant Unapplied Reserve.

Directorate Other - £0.056m adverse variance

3.10. The £0.056m adverse variance relates to staffing budgets due to required interim cover arrangements.

Safeguarding, Quality, Performance & Practice - £0.009m positive variance

3.11. The £0.009m positive variance relates to an overachievement of income within the Deputies team.

Economic Growth and Neighbourhood Services

3.12. Economic Growth and Neighbourhood Services' provisional outturn position is an adverse net variance of £1.221m. This is an improvement of £0.148m from the Quarter 3 forecast.

3.13. The following table summarises the outturn position for 2022/23.

Table 3. Economic Growth and Neighbourhood Services Outturn 2022/23

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|-------------------------------------|---------|---------|----------|-----------------------------|-------------------|
| | £m | £m | £m | £m | £m |
| Transportation | (1.837) | (6.476) | (4.639) | 4.839 | 0.200 |
| Planning & Regulatory Services | 2.647 | 2.996 | 0.349 | 0.061 | 0.410 |
| Housing & Communities | 2.022 | 2.525 | 0.503 | (0.478) | 0.025 |
| Culture | 3.953 | 4.048 | 0.095 | 0.193 | 0.288 |
| Environmental & Commercial Services | 16.487 | 16.912 | 0.425 | (0.227) | 0.198 |
| Property & Asset Management | (3.966) | (4.044) | (0.078) | 0.000 | (0.078) |

| | | | | | |
|-----------------------------|---------------|---------------|----------------|--------------|--------------|
| Management & Sustainability | 0.515 | 1.005 | 0.490 | (0.312) | 0.178 |
| Total | 19.821 | 16.966 | (2.855) | 4.076 | 1.221 |

3.14. The explanation for these variances is set out below.

Transportation - £0.200m adverse variance

3.15. Transportation is reporting an adverse variance of £0.200m.

3.16. This variance arises mostly from income shortfalls still attributable to the aftermath of Covid-19. Income levels are above those achieved in 2021/22 and the recovery on the whole is gaining momentum, particularly for Off-Street Car Parking - the most material Parking income stream by budget. The table below shows the position since 2019/2020 the baseline year before the impact of the Covid Pandemic.

Table 4. Off-Street Car Parking Income Trend

| Financial Year | Budget | Actual/Forecast | Variance |
|----------------|---------|-----------------|----------|
| | £m | £m | £m |
| 2019/20 | (4.244) | (4.333) | (0.089) |
| 2020/21 | (4.734) | (1.183) | 3.551 |
| 2021/22 | (3.668) | (2.933) | 0.735 |
| 2022/23 | (4.126) | (3.549) | 0.577 |
| 2023/24 | (4.776) | | |

3.17. The adverse variance of £0.577m in Off-Street Car Parking is occurring despite a large increase in income compared to 2021/22. The income budget for this area was increased in 2022/23 towards pre-covid levels and whilst there has been increased income compared to last year, the level of income has not yet returned to the pre-covid levels. Additionally, the ongoing cost of living crisis with high fuel costs has led to less visits to the town centre, and renting spaces to Royal Berkshire Hospital at Queens Road has not delivered the income anticipated due to the Hospital trialling other arrangements.

3.18. There is a pressure of £0.075m for repairs on Broad Street Mall Car Park caused by heavy rain.

3.19. Additionally, there are pressures across the service on salary and agency costs of £0.098m.

3.20. These pressures are partially offset by income overachievements including from On-Street Pay & Display Car Parking and Bus Lane Enforcement of £0.550m.

3.21. The outturn position includes the following net transfers to reserves totalling £4.839m:

- £4.676m transfer to the Revenue Grants Unapplied Reserve in respect of unspent Bus Service Improvement Plan Grant;
- £0.263m transfer to the Revenue Grant Unapplied Reserve in respect of unspent Active Travel Capability Fund Grant;
- £0.100m transfer from the Revenue Grant Unapplied Reserve in respect of Active Travel Tranche 2;

Planning & Regulatory Services - £0.410m adverse variance

3.22. Planning & Regulatory Services is reporting an adverse variance of £0.410m.

- 3.23. There is an income shortfall of £0.601m across the service. These are primarily arising from the ongoing Covid recovery as well as the Supporting the Homes for Ukraine scheme. This shortfall consists of:
- The Building Control shortfall of £0.209m directly relates to the lack of staffing and a lack of availability of suitable agency staff to undertake the fee earning work;
 - Premises license fees are reporting an income shortfall of £0.120m. Within this, the largest element relates to a £0.066m shortfall in respect of Reading Festival which is entirely based on Festival Republic's need for a license variation which has not materialised in 2022/23, the need in future years is under discussion;
 - Planning applications and planning fees shortfall of £0.078m are market driven so it is difficult to control the level of fees particularly as the level of fee is statutorily set. Following on from the Covid recovery the supply chain issues around costs and availability of construction materials, plus skills shortages in the construction and design industry, is holding up the planning application process. Therefore, the ongoing uncertainty following on from the Covid pandemic and the ongoing Inflation and risk of recession is having a direct impact on fee generation that is likely to be an ongoing issue;
 - Houses of Multiple Occupancy is reporting an income shortfall of £0.194m. There is a requirement to inspect homes under the Homes for Ukraine scheme, so this decision to undertake this work has a direct impact on the ability to generate income in this area.
- 3.24. There are also pressures relating to ongoing public enquiries arising within Planning, forecast at £0.187m for 2022/23. There are some residual costs from a previous prosecution. One public enquiry has been withdrawn with one further public enquiry to be heard by April 2023 with spend likely to be incurred until Summer 2023.
- 3.25. There are pressures within the Coroners service of £0.155m relating to the Forbury Gardens inquest where the costs are being picked up by Reading Borough Council in full and not reapportioned across other Berkshire Authorities.
- 3.26. These pressures are partially mitigated by a staffing underspend due to vacancies arising within the service and lack of suitable agency staff of £0.367m, miscellaneous fees & charges overachievement of £0.193m and an adverse variance of £0.027m on other supplies and services.
- 3.27. The outturn position includes a net transfer of £0.061m to the Revenue Grants Unapplied Reserve in respect of various grant balances.

Housing & Communities - £0.025m adverse variance

- 3.28. Housing & Communities is reporting a £0.025m adverse variance for the year.
- 3.29. Homelessness is reporting an adverse net variance of £0.280m. Private sector evictions have been steadily rising following on from the Covid restrictions being released, with additional cost of living pressures placed on the sector. High Inflation pressures have been seen in the cost of emergency accommodation, the average nightly rate in April 2022 was £90 compared to £120 in March 2023. There has also been a reduction in the number of available properties to use. This area is a demand led service, and numbers of families in emergency accommodation have been steadily rising throughout the year; the total number of singles and families in April 2022 was 71, rising to a total of 131 in March 2023.
- 3.30. This pressure has been highlighted throughout the year and is partially offset by the previously reported overachievement of income within Community Safety of £0.255m.

- 3.31. The outturn position includes net transfers totalling £0.478m from the Revenue Grants Unapplied Reserve in respect of various homelessness related grant balances.

Culture - £0.288m adverse variance

- 3.32. Culture is reporting an adverse variance of £0.288m for the year. This is mainly due to an under recovery of income in the Hexagon and Concert Hall against pre-covid income targets in a challenging financial climate. There are also pressures relating to contract inflation and income delays in the Play Service.

- 3.33. The variance is comprised of the following elements:

- £0.063m net under recovery of income in Reading arts and venues including the Hexagon and Concert Hall. Despite strong sales, programming and bar sales, the service has not made pre-covid income targets due to the challenging financial climate however, there has been a strong performance of the Town Hall conferencing which has helped to offset other income shortfalls;
- A net £0.216m pressure is being experienced in leisure services. This is comprised of £0.222m of lost income from Play due to the Ranger Station opening later than planned, adverse weather conditions and staff sickness. There has also been additional and unplanned expenditure of £0.035m for external technical support at Christchurch Meadows Paddling Pool. There is also a further variance in Leisure Centres of £0.035m due to higher than anticipated contractual inflation within the GLL Leisure contract as this contract is based on CPI inflation as at March 2022. This has been offset by one-off refunds from prior years, utilities and business rates for the leisure sites now managed under the GLL contract of £0.076m;
- £0.079m of net pressures in Libraries including reduced level of rental income from tenants in the Central Library;
- £0.070m positive variance for 2022/2023 on Reading's contribution to the joint arrangement for the Archives service.

- 3.34. The outturn position includes a net transfer of £0.193m to the Revenue Grants Unapplied Reserve in respect of various unspent grant balances.

Environmental & Commercial Services – £0.198m adverse variance

- 3.35. Environmental & Commercial Services is reporting an adverse variance of £0.198m for the year.

- 3.36. Streetscene is reporting an overall positive variance of £0.065m. There is a net income shortfall of £0.617m largely due to staffing shortages in the Arboricultural Team resulting in commercial work not being possible and reductions in income from reduced grounds maintenance/commercial opportunities on industrial sites and New Build Housing developments. These pressures have been more than offset by a positive variance relating to staffing vacancy levels totalling £0.682m.

- 3.37. Recycling and Waste Collection is reporting an overall adverse variance of £0.212m. The staffing budget is reporting a pressure of £0.516m as a result of covering the full employee costs of the required level of service, particularly for covering sickness and annual leave to industry standards. This has been partially offset by application of £0.211m of grants, a positive variance within running costs of £0.043m and £0.050m overachievement of trade waste income.

- 3.38. Fleet Management is reporting an adverse variance of £0.239m. Fuel costs are currently around a third higher than a year ago and this has created a £0.160m adverse variance.

The increased cost of fuel and the recent introduction of five new electric refuse freighters to the fleet were considered as part of the 2023/24 budget setting process. The cost of vehicle maintenance has also been higher than planned and this has created a further adverse variance of £0.079m.

- 3.39. Highways and Drainage is reporting an overall adverse variance of £0.494m. This primarily relates to increased costs of direct materials, paying for waste disposal arising from our work programme and paying increased subcontractor rates totalling £0.580m of additional pressures. The service is also reporting an underachievement of income of £0.097m due to the number of vacancies in the team and the use of driving staff by the Waste Collection team, both of which have reduced capacity in this area to generate income. These pressures are partly offset by a positive variance of £0.183m relating to the aforementioned staffing vacancies within the team.
- 3.40. Civil Engineering is reporting an adverse variance of £0.073m. A positive variance of £0.023m due to vacancies within the team has been more than offset by an increase in the costs of various contracts (including winter maintenance), primarily due to inflationary increases, causing an adverse variance of £0.096m.
- 3.41. Network Management is reporting an adverse variance of £0.232m. This is primarily due to increased running costs and the costs of road traffic collisions damaging traffic system communications that required repairing creating an adverse variance of £0.191m. There has also been a reduction of £0.084m in the income from the Pan Berkshire Urban Traffic Control joint arrangement which arose due to National Highways having pulled out of the scheme. There is a mitigation plan in place for 2023/24 onwards to offset this loss of income. These pressures have been partly offset by £0.043m of vacancies within the team.
- 3.42. Waste Disposal is reporting a positive variance of £0.987m. This has arisen from reduced waste disposal costs, as a result of circa 8% less residual waste per household being presented for disposal. In addition, reductions in costs have been negotiated, reduced insurance premiums sought and the value of income from the sale of re3 recycling has been higher than predicted. Each of these factors has contributed to this positive position for Waste Disposal which was considered within the 2023/24 budget setting process.
- 3.43. The outturn position includes net transfers totalling £0.227m from the Revenue Grants Unapplied Reserve in respect of various grant balances.

Property & Asset Management – £0.078m positive variance

- 3.44. Property & Asset Management is reporting a positive variance of £0.078m.
- 3.45. There is a positive variance relating to Investment Property income of £0.048m comprising small additional income from a number of sites, and a further positive variance arising from Acre business Park additional lettings of £0.030m. These have been offset by an adverse variance £0.091m due to the decline in income from the Oracle shopping centre following on from the Covid-19 pandemic affecting footfall, which has had a knock-on effect of reducing the base rent received.
- 3.46. There is a positive variance on staffing costs within the Valuations team of £0.078m due to vacancies in the team, and other minor positive variances from business rates adjustments as well as overachievement of lettings income of £0.013m.

Management & Sustainability – £0.178m adverse variance

- 3.47. Management & Sustainability is reporting an adverse variance of £0.178m.

- 3.48. The Business Development service is reporting a pressure of £0.183m on advertising income schemes. There have been delays in the planning agreements for some advertising sites, as well as contractual and developer delays linked to reduced demand for use of advertising screens as an ongoing impact of the Covid-19 pandemic. This pressure is likely to continue and has been considered as part of the 2023/24 budget setting process.
- 3.49. Sustainability is reporting a positive variance of £0.028m. This has arisen due to staffing vacancies and an overachievement of solar panel income.
- 3.50. There are also further net pressures of £0.025m relating to costs of specialist reports and a reduction to the amount of staff costs able to be recharged to the HRA.
- 3.51. The outturn position includes the following net transfers from reserves totalling £0.312m:
- £0.065m transfer to the Revenue Grants Unapplied Reserve in respect of unspent grant balances;
 - £0.006m transfer to the Climate Change Reserve in respect of the surplus on the Reading Climate Change Partnership;
 - £0.030m transfer from the DEGNS Strategic Reserve in respect of training and mentoring costs incurred during the year;
 - £0.353m transfer from the Transformation Reserve in respect of funding revenue costs incurred on the two Levelling Up Fund (LUF) schemes (Civic Library and HexBox) and the Minster Quarter scheme.

Resources

- 3.52. The Directorate of Resources' provisional outturn position is an adverse net variance of £0.123m. This is an improvement of £0.167m from the Quarter 3 forecast.
- 3.53. The following table summarises the outturn position for 2022/23.

Table 5. Resources Services Outturn 2022/23

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|--|---------------|----------------|-----------------|------------------------------------|--------------------------|
| | £m | £m | £m | £m | £m |
| Policy, Performance & Customer Services | 2.650 | 2.275 | (0.375) | 0.064 | (0.311) |
| Human Resources & Organisational Development | 1.889 | 1.746 | (0.143) | 0.029 | (0.114) |
| Procurement & Contracts | 0.488 | 0.632 | 0.144 | (0.050) | 0.094 |
| Finance | 4.417 | 1.524 | (2.893) | 2.955 | 0.062 |
| Legal & Democratic Services | 2.630 | 3.314 | 0.684 | 0.000 | 0.684 |
| Digital, Technology & Change | 6.308 | 5.266 | (1.042) | 0.750 | (0.292) |
| Total | 18.382 | 14.757 | (3.625) | 3.748 | 0.123 |

- 3.54. The explanations for the material variances are set out below.

Policy, Performance & Customer Services - £0.311m positive variance

- 3.55. Policy, Performance & Customer Services is reporting a positive net variance of £0.311m. This variance has arisen due to an overachievement of income in Bereavement Services of £0.145m, staffing vacancies within the Policy Team of £0.170m and £0.107m of unallocated Voluntary Sector & Community Grants. These variances are partially offset

by an adverse net variance within Customer Fulfilment of £0.113m, which relates to £0.207m of unachieved savings, partially offset by £0.094m of staffing vacancies.

- 3.56. The outturn position includes transfers to the Revenue Grants Unapplied Reserve totalling £0.221m in respect of unspent Afghan and Syrian resettlement grants and a transfer from the Revenue Grants Unapplied Reserve of £0.157m in respect of the Household Support Fund.

Human Resources & Organisational Development - £0.114m positive variance

- 3.57. Human Resources & Organisational Development is reporting a positive net variance of £0.114m.
- 3.58. Health & Safety is reporting a positive variance of £0.071m relating to £0.063m of eligible staff costs being funded by Contain Outbreak Management Fund (COMF) and Homes for Ukraine grants. Additionally, there is an overachievement of external training income of £0.008m.
- 3.59. There are further net positive variances totalling £0.043m across the service.
- 3.60. The outturn position includes a transfer to the Revenue Grants Unapplied Reserve of £0.029m in respect of unspent mortuary related grant.
- 3.61. The service has requested that the positive variance delivered within the Health & Safety budget of £0.071m is rolled forward into 2023/24 as set out below:

- The Council has introduced a new Risk Management Policy and process. At the launch of the new Policy the introduction was supported by the Senior Health, Safety & Risk Management Advisor and a temporarily seconded member of staff. That seconded officer has now returned to their substantive post. The new processes are continuing to require a high level of support to ensure that risk management becomes embedded into normal management activity. It is proposed that the positive variance in the Health, Safety & Risk Management Team's budget is used to recruit a temporary Risk Management Officer to enhance the existing resources in the team, which currently for risk management is only 15 hours per week officer time.

Procurement & Contracts - £0.094m adverse variance

- 3.62. Procurement & Contracts is reporting an adverse variance of £0.094m due to unachieved Corporate Procurement savings of £0.100m, which is partially offset by a £0.006m positive variance relating to staffing costs.
- 3.63. The outturn position includes a drawdown of £0.050m from the Procurement Training earmarked reserve.

Finance - £0.062m adverse variance

- 3.64. Finance is reporting an adverse net variance of £0.062m.
- 3.65. There is an adverse net variance of £0.062m consisting of £0.681m of temporary staffing and agency pressures across Accountancy, Exchequer and Internal Audit which are predominantly offset by £0.619m of overachieved income, including new burdens grants, within Revenues & Benefits.
- 3.66. The outturn position includes the following transfers to/from reserves:
- £0.442m transfer to the Self-Insurance Reserve which is in line with the annual contribution as recommended per the last actuarial fund review;

- £2.502m transfer to the Revenue Grants Unapplied Reserve in respect of unspent Homes for Ukraine grant;
- £0.011m transfer to the Revenue Grants Unapplied Reserve in respect of New Burdens Grant for Housing Benefit Administration.

Legal & Democratic Services – £0.684m adverse variance

- 3.67. Legal & Democratic Services is reporting an adverse variance of £0.684m.
- 3.68. Customer Relations & Information Governance are reporting an adverse variance of £0.213m due to staffing costs exceeding the budgeted establishment.
- 3.69. Legal Services is reporting an adverse variance of £0.257m through using agency to cover vacancies, non-achievable fees & charges and HRA recharge income, additional spend on supplies and services including additional legal fees where the service has experienced demand for legal expertise outside of their in-house capability and capacity, particularly in areas of employment and data protection where counsel are having to be instructed to cover hearings.
- 3.70. Local Elections are forecasting an adverse variance of £0.155m due to the council holding an “all out” local election resulting in the need for an increased number of count staff. Additional costs also arose following the Local Government Boundary review, where the number of councillors increased from 46 to 48 and the number of polling stations increased from 69 to 75, as well as the Covid health and safety measures that were in place for the 2021/22 elections remaining in place for 2022/23.
- 3.71. Minor adverse variances of £0.059m are reported across the rest of service.

Digital, Technology & Change - £0.292m positive variance

- 3.72. Digital, Technology & Change is reporting a positive net variance of £0.292m which is comprised of the following:
- £0.105m positive variance due to staffing vacancies within the Project Management Office (PMO);
 - £0.105m positive variance relating to other staffing budgets across the service;
 - £0.050m positive variance resulting from savings in hosting rationalisation;
 - £0.053m positive variance on software licensing;
 - £0.021m adverse variance on mobile telephony.
- 3.73. The outturn position includes a transfer to the Revenue Grants Unapplied Reserve of £0.750m in respect of the Local Digital Future Councils grant received in March 2023.
- 3.74. The service has requested that the positive variances arising from the staffing budgets totalling £0.210m are rolled forward into 2023/24 as set out below:
- The positive variance derived from our inability to recruit to vacancies in the PMO team until its restructure completed at the end of April 2023. Recruitment has now been initiated but the need to fill the gaps is now so urgent that agency or consultancy resource will be needed as a short-term measure. This funding will help to bridge this gap.

Chief Executive Services

- 3.75. Chief Executive Services provisional outturn position is an adverse net variance of £0.131m. This is an improvement of £0.008m from the Quarter 3 forecast.
- 3.76. The following table summarises the outturn position for 2022/23.

Table 6. Chief Executive Services Outturn 2022/23

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|---------------------------|---------------|----------------|-----------------|------------------------------------|--------------------------|
| | £m | £m | £m | £m | £m |
| Corporate Management Team | 0.883 | 0.973 | 0.090 | 0.000 | 0.090 |
| Communications | 0.673 | 0.714 | 0.041 | 0.000 | 0.041 |
| Total | 1.556 | 1.687 | 0.131 | 0.000 | 0.131 |

- 3.77. The reported variances relate to £0.090m of expenditure pressures within Corporate Management Team budgets, including job advertising and recruitment costs and £0.041m of underachieved advertising income within Communications.

Children's Services retained by the Council

- 3.78. Children's Services retained by the Council's provisional outturn position is a positive variance of £0.094m. This is an improvement of £0.094m from the Quarter 3 forecast.
- 3.79. This variance has arisen following the annual reconciliation process of the Adoption Thames Valley contract, which for 2023/24 identified that a partial refund of the annual contribution was due back to the Council.

Children's Services delivered by BFfC

- 3.80. Brighter Futures for Children's (BFfC) have requested that the Council provides additional funding support of £2.845m, over and above the 2022/23 revised contract sum (including Service Level Agreements) of £48.958m.

Table 7. Children's Services delivered by BFfC Outturn 2022/23

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|---------------------------------------|---------------|----------------|-----------------|------------------------------------|--------------------------|
| | £m | £m | £m | £m | £m |
| Children's Services delivered by BFfC | 48.958 | 52.328 | 3.370 | (0.525) | 2.845 |
| Total | 48.958 | 52.328 | 3.370 | (0.525) | 2.845 |

- 3.81. BFfC is reporting that they have incurred exceptional costs totalling £1.855m in respect of:
- £0.425m contract inflation on social care placements;
 - £0.323m contract inflation on home to school transport;
 - £1.107m unavoidable high cost placements in relation to two individual cases.
- 3.82. Additionally, BFfC is reporting a further £1.887m of pressures consisting of:
- £0.897m placement, agency staff and home to school transport costs;

- £0.990m under accrual of placements costs from 2021/22.

3.83. Therefore, of the total pressures of £3.742m, BFfC have proposed that the company will fund the £0.897m relating to placement, agency staff and home to school transport costs, and are requesting that the Council funds the exceptional costs totalling £1.855m and the £0.990m placement costs relating to 2021/22.

3.84. The outturn position includes a drawdown of £0.525m from the Revenue Grants Unapplied Reserve in respect of funding ongoing Covid-19 recovery projects from the residual un-ringfenced Covid-19 grant, as originally approved as part of the 2021/22 Quarter 1 Performance Report to Policy Committee in September 2021.

Corporate Budgets

3.85. Corporate Budgets are reporting a provisional positive net variance of £7.562m. this is an improvement of £0.270m from the Quarter 3 forecast.

3.86. The following table summarises the outturn position for 2022/23.

Table 8. Corporate Budgets Outturn 2022/23

| Service | Budget | Outturn | Variance | Movement to/(from) Reserves | Adjusted Variance |
|-----------------------------|---------------|----------------|-----------------|------------------------------------|--------------------------|
| | £m | £m | £m | £m | £m |
| Capital Financing Costs | 16.381 | 12.873 | (3.508) | 0.000 | (3.508) |
| Contingency | 3.627 | 0.000 | (3.627) | 0.000 | (3.627) |
| Movement to/(from) Reserves | 0.695 | 0.000 | (0.695) | 0.695 | 0.000 |
| Other Corporate Budgets | (4.132) | (4.670) | (0.538) | 0.111 | (0.427) |
| Total | 16.571 | 8.203 | (8.368) | 0.806 | (7.562) |

3.87. The explanation for these variances is set out below.

3.88. Capital Financing Costs is reporting a positive total net variance £3.508m. As a result of the slippage on the Capital Programme reported in the 2021/22 Outturn Report, there is a positive variance of £0.752m relating to the Minimum Revenue Provision (MRP). There is a further positive variance of £1.105m on the interest payable budget which has arisen from a combination of the slippage on the Capital Programme and efficient management of the Council's cashflow negating the need to borrow and a revision to the share of the interest costs between the General Fund and the HRA. Finally, there is a positive variance of £1.651m on the interest receivable budget due to a combination of the rises in interest rates during the year, a higher amount of cash available for investment than originally anticipated and a revision to the share of the interest income between the General Fund and the HRA. This is an improvement of £1.003m from Quarter 3, which is primarily due to the Council being able to invest more surplus cash during the period than had previously been anticipated.

3.89. The Contingency budget of £3.627m to mitigate against non-delivered in-year savings has not been allocated out to services and therefore contributes a further positive variance.

3.90. Other Corporate Budgets is reporting a positive net variance of £0.427m. This variance includes a pressure of £0.954m relating to the 2022/23 pay award, which is more than offset by positive net variances of £1.381m within Other Corporate Budgets due to the release of all unspent contingencies and a reduction in the bad debt provision.

3.91. The outturn position includes the following transfers to/from reserves:

- £0.695m to the General Fund Reserve;

- £1.060m transfer to the Legal & Taxation Reserve ;
- £0.496m transfer to the Energy Earmarked Reserve;
- £0.050m transfer to the Capital Financing Smoothing Reserve;
- £0.025m transfer to the Housing Benefit Subsidy Loss Reserve;
- £1.520m transfer from the Collection Fund Smoothing Reserve.

Funding

3.92. There is a positive variance of £0.618m within Funding. The net NNDR Local Share which consists of the Council's share of retained business rates income, less the business rates Tariff and Levy. Whilst the retained business rates income and Tariff and fixed amounts and known throughout the year, the Levy is variable and is only finalised post completion of the NNDR3 return to Central Government in April at the end of the financial year. It had been assumed throughout the year that the Levy amount would be equal to the budget, however the final calculation has resulted in a positive variance of £0.613m. There is a further positive variance of £0.005m relating to other government grants.

4. Requested Roll Forwards

4.1. It is recommended that the following roll-forward request as set out in paragraphs 3.61 and 3.74 above, totalling £0.281m, are agreed:

Table 9. Requested Roll Forwards

| Directorate | Service | Reason | Amount £m |
|--------------------|--|--|----------------------|
| Resources | Human Resources & Organisational Development | To fund a temporary Risk Management Officer | 0.071 |
| Resources | Digital, Technology & Change | To fund temporary resource in the PMO whilst permanent recruitment processes are completed | 0.210 |
| Total | | | 0.281 |

4.2. It is recommended that £0.500m of the remaining £3.910m surplus is transferred to a new Hardship Fund and that the remaining balance of £3.410m is transferred to the Capital Financing Smoothing Reserve to support the Capital Programme.

5. Housing Revenue Account (HRA)

5.1. The approved Housing Revenue Account (HRA) budget assumed a drawdown from HRA reserves of £2.154m. The provisional outturn position for the HRA requires an actual net drawdown from HRA reserves of £2.022m, this is comprised of a drawdown from HRA balances of £3.085m and a contribution to the Major Repairs Reserve balance of £1.063m relating to the excess Depreciation charge over budget in 2023/24. The HRA is therefore reporting a positive net variance compared to budget of £0.132m. The net drawdown from HRA balances of £3.085m is comprised of a drawdown of £3.158m from the main HRA Reserve and a transfer of £0.073m to the North Whitley PFI Reserve. The breakdown of the net variance is set out in the following table and Appendix 2 and is explained below.

Table 10. Housing Revenue Account Forecast 2022/23

| | Budget | Outturn | Variance |
|--------------------|---------------|----------------|-----------------|
| | £m | £m | £m |
| Housing Management | 9.759 | 9.325 | (0.434) |

| | | | |
|--|----------------|----------------|--------------|
| Special Services | 3.606 | 3.047 | (0.559) |
| Revenue Repairs | 6.432 | 7.402 | 0.970 |
| PFI Costs | 7.197 | 7.405 | 0.208 |
| Bad Debt Provision | 0.753 | 0.069 | (0.684) |
| Major Repairs/Depreciation | 11.616 | 13.367 | 1.751 |
| Debt Costs | 6.741 | 6.044 | (0.697) |
| HRA Income | (43.950) | (43.574) | 0.376 |
| Over/(Under) Budget | 2.154 | 3.085 | 0.931 |
| Movement to/(from) HRA Balances | (2.154) | (3.085) | (0.931) |
| Movement to/(from) Major Repairs Reserve | 0.000 | 1.063 | 1.063 |
| Total movement to/(from) HRA Reserves | (2.154) | (2.022) | 0.132 |

5.2. The outturn position was due to:

Expenditure

- Positive variances within Housing Management and Special Services of £0.434m and £0.559m respectively due to staff vacancies and reduced support services costs;
- An adverse variance within Revenue Repairs of £0.970m mainly due to a high volume of works completed in the latter half of the year, cost inflation and the proportion of in-year expenditure being revenue repairs works, rather than major/improvement works which are capital. There was a corresponding reduction in the planned spend on the Major Repairs – Existing Homes Renewal line in the Capital programme which was reprofiled into later years during 2022/23;
- An adverse variance relating to PFI costs of £0.208m relating to higher inflation than budget affecting the contractual payments. The Business Plan for 2023/24 onwards incorporates the higher inflation rate;
- A positive variance on the movement on the Bad Debt Provision of £0.684m which reflects a good performance on rent collection this year requiring a lower contribution to cover rent arrears;
- An adverse variance on Depreciation of £1.751m which reflects the latest external HRA stock valuations;
- A positive variance on Interest charges on borrowing ('Debt Costs') which were £0.697m lower compared with the budget.

Income

- An adverse variance on Dwelling Rents of £0.557m. The Rent Collection rate was 95.96% for 2022/23;
- An adverse variance on Service Charges of £0.087m;
- A positive variance on Interest receivable on balances of £0.296m against budget due to an increased average interest rate an increase in the balances on which the interest is calculated;
- An adverse variance on Other Income of £0.028m.

6. General Fund Capital Programme

- 6.1. The General Fund Capital Programme for 2022/23 has an approved budget of £74.517m. The following amendments are requested to be formally approved which would result in a revised Capital Programme budget of £74.434m. These amendments are set out on an individual scheme basis in Appendix 3.
- 6.2. The provisional General Fund Capital Programme outturn position is a positive net variance of £15.327m against the proposed revised budget of £74.434m.

Table 11. General Fund Capital Programme Amendments

| General Fund Capital Programme | £m |
|--|---------------|
| Revised Budget Quarter 3 2022/23 | 74.517 |
| Budget Movements Between Schemes | 0.000 |
| Additional Budgets added to the Programme - Funded by Grants & Contributions | 2.220 |
| Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing | 0.000 |
| Reduced Budgets - Completed Schemes & Other carry forward budget adjustments | (2.303) |
| Proposed Revised Budget Quarter 4 2022/23 | 74.434 |

- 6.3. A total of £2.220m of additional budgets across eleven schemes (as set out in Appendix 3) that are fully funded by grants and contributions are requested to be formally added into the Capital Programme. This includes:
- £0.105m for three new schemes to the capital programme where scheme and spend approval is requested as set out in Table 11;
 - £0.647m for capital expenditure directly incurred by schools and funded by devolved formula capital grant funding;
 - £0.903m for the Construction of Green Park Station reflecting an increase in costs to complete the scheme;
 - £0.565m for other schemes.
- 6.4. A total of £2.303m of budget reductions/adjustments are requested to be formally approved as set out in Appendix 3. This includes:
- £2.250m budget reduction where it has been identified that spend will not go ahead as originally planned. This relates entirely to the Loan to Reading Transport (RTL) Ltd scheme. RTL advised that they would not be requesting a loan from the Council during 2022/23;
 - £0.066m budget reduction relating to a 2021/22 carry forward adjustment for the Leisure Procurement scheme;
 - £0.013m budget increase relating to a 2021/22 carry forward adjustment for the Public Sector Decarbonisation Funds – School Estate Double Glazing Programme scheme.
- 6.5. A net total of £15.443m of budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme as set out in Appendix 3. This includes:
- £1.229m for the Co-located Profound and Multiple Learning Disabilities Day Opportunities and Respite Facility and Sheltered Housing Flats scheme due to

delays and changes to plans for the works to be carried out for some of the properties;

- £1.216m for South Reading Mass Rapid Transit (MRT) to reflect the actual level of expenditure achieved for 2022/23;
- £2.797m for the Delivery Fund to reflect the actual outturn achieved across the transformation programme in 2022/23;
- £1.396m to be brought forward into 2022/23 from 2023/24 for the Reading West Station scheme, to reflect updated interim billing information provided by an external partner, where the Council acts as a banker for the funding, for expenditure incurred on parts of the scheme by this partner;
- £1.494m to be brought forward into 2022/23 from 2023/24 for the Leisure Procurement scheme where works have been completed ahead of previous estimates;
- £6.215m of net re-programming between years relating to the Education related schemes that are fully funded by grants and contributions;
- £6.876m of net re-programming between years across all other schemes.

6.6. The Capital Programme has been supported by a drawdown of £2.718m from the Capital Financing Smoothing Reserve to fund the following schemes:

- £0.629m Customer Digital Experience;
- £0.470m Universal Digital Systems;
- £1.116m IT Future Operating Model;
- £0.503m Re-procurement/re-implementation of Finance System.

6.7. It is requested the following capital schemes are given scheme and spend approval as they will be funded from grants and Section 106 contributions. The Caversham Court Gardens scheme is an approved scheme in the 2023/24 capital programme, but works have started in advance of the 2023/24 financial year.

Table 12. Capital Programme Scheme & Spend Approval Requests

| Scheme | Budget £m |
|--|--------------|
| New Directions Ways into Work Skills capital project | 0.072 |
| Forbury Gardens Bandstand | 0.012 |
| Ecological Works | 0.021 |
| Total | 0.105 |

6.8. It is requested that the Caversham Court Gardens capital scheme is given spend approval. This is an approved scheme in the 2023/24 capital programme, but works have started in advance of the 2023/24 financial year.

Table 13. Capital Programme Spend Approval Requests

| Scheme | Budget £m |
|---|--------------|
| Restoration of historic Wall at Caversham Court Gardens | 0.015 |
| Total | 0.015 |

7. Housing Revenue Account Capital Programme

- 7.1. The HRA Capital Programme for 2022/23 has an approved budget of £29.987m.
- 7.2. The provisional HRA Capital Programme outturn position is a £1.584m positive net variance against the approved budget of £29.987m. A net £1.584m of budget is requested to be slipped between 2022/23 and 2023/24 per Appendix 3.
- 7.3. A net total of £1.584m of budgets are requested to be reprogrammed from 2022/23 into future years of the Capital Programme as set out in Appendix 3. This includes:
- £0.448m and £0.754m to be brought forward into 2022/23 from 2023/24 for the Major Repairs rolling programme of works due to an increase in the programme in the final quarter of the year;
 - £0.114m to be brought forward into 2022/23 from 2023/24 for other schemes;
 - £2.900m of budget to be re-profiled into 2023/24 for the Local Authority New Build and Acquisitions schemes.

8. Savings Delivery

- 8.1. The Council had a challenging savings target for 2022/23 of £10.224m to meet current and expected funding pressures. This total was made up of £8.179m of in-year savings as per the 2022/23 MTFS and £2.045m of savings rolled forward from 2021/22.
- 8.2. A total of £7.401m of savings were delivered in 2022/23. The residual £2.823m will be carried forward for delivery in 2023/24. Further details regarding the delivery of savings are set out in Appendix 5.
- 8.3. Despite £2.823m of savings not being delivered in 2022/23 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.
- 8.4. The following table summarises the final savings delivery for 2022/23:

Table 14. General Funds Savings Tracker Summary

| Directorate | Savings Target 2022/23 | Savings Delivered 2022/23 | Non-Delivered Savings 2022/23 | Savings Removed at 2023/24 Budget Setting | Savings Carried Forward to 2023/24 |
|--|------------------------|---------------------------|-------------------------------|---|------------------------------------|
| | £m | £m | £m | £m | £m |
| Adult Care & Health Services | (1.735) | (1.735) | 0.000 | 0.000 | 0.000 |
| Economic Growth & Neighbourhood Services | (6.579) | (4.140) | (2.439) | 0.000 | (2.439) |
| Resources | (0.658) | (0.351) | (0.307) | 0.000 | (0.307) |
| Chief Executive Services | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Corporate | (0.077) | 0.000 | (0.077) | 0.000 | (0.077) |
| Total Council Services | (9.049) | (6.226) | (2.823) | 0.000 | (2.823) |
| Children's Services (BFfC) | (1.175) | (1.175) | 0.000 | 0.000 | 0.000 |
| Total | (10.224) | (7.401) | (2.823) | 0.000 | (2.823) |

- 8.5. 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 2022/23 and mitigations sought so far as possible for any identified delay in implementation or delivery.
- 8.6. The following table shows the revised savings required over the period 2023/24-2025/26, including the £2.823m of savings brought forward from 2022/23.

Table 15. Savings Targets 2023/24-2025/26

| Directorate | Savings Target 2023/24 | Savings Target 2024/25 | Savings Target 2025/26 | Total |
|--|------------------------|------------------------|------------------------|-----------------|
| | £m | £m | £m | £m |
| Adult Care & Health Services | (0.461) | 0.000 | 0.000 | (0.461) |
| Economic Growth & Neighbourhood Services | (5.716) | (1.771) | (0.930) | (8.417) |
| Resources | (1.314) | (0.846) | (0.299) | (2.459) |
| Chief Executive | 0.000 | 0.000 | 0.000 | 0.000 |
| Corporate | (0.327) | 0.000 | 0.000 | (0.327) |
| Total Council Services | (7.818) | (2.617) | (1.229) | (11.664) |
| Children's Services (BFfC) | (0.300) | (0.600) | (0.100) | (1.000) |
| Total | (8.118) | (3.217) | (1.329) | (12.664) |

9. Delivery Fund

- 9.1. 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 are currently due to end at 31st March 2025.
- 9.2. £1.268m was spent in delivering 2022/23 savings and transformation. Including previous years, a total of £15.351m has been invested from the Delivery Fund to assist in delivering identified savings and transformation proposals as at 31st March 2023.
- 9.3. Further details on the Delivery Fund are set out in Appendix 5.

10. Reserves

- 10.1. The impact of the 2022/23 outturn position on the Council's reserves, as proposed in Appendix 6 is set out in the following table.

Table 16. Reserves Summary

| | Balance as at 1 April 2022 | In-Year Transfers (To)/From Reserves | Proposed Transfers (To)/From Reserves (Service Requests) | Proposed Transfers (To)/From Reserves (Outturn) | Balance as at 31 March 2023 | Projected Balance at 31 March 2023 per 2023/24 Budget Setting | Movement |
|------------------------------|----------------------------|--------------------------------------|--|---|-----------------------------|---|----------|
| | £m | (To)/From £m | (To)/From £m | (To)/From £m | £m | £m | £m |
| General Fund Reserves | | | | | | | |
| Minimum Balance | (7.500) | (0.721) | 0.000 | 0.000 | (8.221) | (8.221) | 0.000 |
| Earmarked Reserves | (80.027) | 15.968 | (0.281) | (3.910) | (68.250) | (61.828) | (6.422) |

| | | | | | | | |
|------------------------------------|------------------|---------------|----------------|----------------|------------------|------------------|----------------|
| Total General Fund Reserves | (87.527) | 15.247 | (0.281) | (3.910) | (76.471) | (70.049) | (6.422) |
| Schools' Reserves | (0.855) | 2.833 | 0.000 | 0.000 | 1.978 | 1.281 | 0.697 |
| Housing Revenue Account Reserves | (51.295) | 3.085 | 0.000 | 0.000 | (48.210) | (51.170) | 2.960 |
| Total Revenue Reserves | (139.676) | 21.165 | (0.281) | (3.910) | (122.702) | (119.938) | (2.764) |

- 10.2. The General Fund Reserve balance of £8.221m is in line with the recommendation made in the Chief Finance Officer's Report on the Robustness of the Council's 2023/24 budget that the level of working balance for the General Fund should be 5% of net revenue expenditure.
- 10.3. Net transfers totalling £15.968m from earmarked reserves have been processed during 2022/23 to date. This includes previously approved transfers as well as those transfers that are a requirement such as required roll forwards of government grants. The reserve movements include a total net transfer to reserves of £7.398m from service and corporate budgets offset by the budgeted drawdown of £19.928m in respect of the Collection Fund within Funding, and a transfer to the General Fund Reserve of £0.721m. Additionally, £2.718m has been transferred from the Capital Financing Smoothing Reserve to support the Capital Programme.
- 10.4. Service roll-forward requests totalling £0.281m have been received as set out in paragraph 4.1.
- 10.5. It is proposed that the General Fund positive net variance of £4.191m is transferred to earmarked reserves as set out in Appendix 6 (which includes the service roll-forward requests of £0.281m). The total earmarked reserve balance as at 31st March 2023 would therefore be £68.250m which is £6.422m higher in total than the estimated £61.828m projected at 2023/24 budget setting, primarily due to additional grants carried forward to the Revenue Grant Unapplied Reserve.
- 10.6. Schools' reserves are ringfenced for local authority managed schools. There is a net transfer from reserves of £1.534m resulting in a balance of £1.485m as at 31st March 2023. The Dedicated Schools Grant Reserve deficit has increased by £1.299m to £3.463m.
- 10.7. The provisional outturn for the Housing Revenue Account (HRA) is a positive net variance compared to budget of £0.132m which results in a net drawdown from HRA reserves of £2.022m, comprised of a drawdown of £3.158m from the main HRA Reserve, a transfer of £0.073m to the North Whitley PFI Reserve and a transfer to the HRA Major Repairs Reserve of £1.063m (the Major Repairs Reserve is a capital reserve and therefore is not included within Table 16).
- 10.8. The HRA reserve balance as at 31st March 2023 is therefore £37.990m. The North Whitley PFI reserve balance of £10.220m is also contained within the overall HRA reserves, therefore total HRA revenue reserves as at 31st March 2023 are £48.210m. The total HRA revenue balances are £2.960m lower than forecast at 2023/24 budget setting but this partially offset by an increase in HRA capital reserves of £1.063m due to increased depreciation and a reduced level of capital expenditure.

11. Collection Fund

- 11.1. The following table shows the Council's collection rate of the total annual debit raised for Council Tax and Non-Domestic (Business) Rates as at the end of Quarter 4.
- 11.2. Council Tax collection rates are marginally behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) but are ahead when compared to 2021/22 and 2020/21. This indicates a near full recovery from the impacts of the Covid-19 pandemic; a full recovery is likely being restricted due to the impacts of the cost of living crisis beginning to take hold.
- 11.3. Non-Domestic collection rates are also still behind the collection levels at the same point when compared to pre-Covid-19 pandemic rates (2019/20) but ahead when compared to 2021/22 and 2020/21. The improvement compared to the last two financial years is likely due to no periods of national lockdowns as a response to the Covid-19 pandemic having been required in 2022/23.

Table 17. Collection Fund Collection Rates

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Comparison to 2021/22 | Comparison to 2019/20 |
|--------------------|---------|---------|---------|--------------|-----------------------|-----------------------|
| | % | % | % | % | % | % |
| Council Tax | 96.17 | 95.43 | 95.53 | 96.07 | 0.44 | (0.10) |
| Non-Domestic Rates | 97.71 | 94.22 | 95.56 | 96.61 | 1.05 | (1.10) |

12. Impact on 2023/24 Budget and Medium-Term Financial Strategy

- 12.1. The provisional outturn figures, as set out above, will have the following impact in 2023/24 and future years:
- overall General Fund Reserve balances of £70.049m were assumed as part of 2023/24 budget setting. Based on the provisional outturn there is therefore an overall net increase of £6.422m;
 - £2.823m of non-delivered 2022/23 savings have been rolled forward into 2023/24. These savings were assumed as delivered in the 2023/24 base budget setting and require delivering.

13. Corporate Plan Performance

- 13.1. A new three-year Corporate Plan for 2022/23-2024/25 was published in March 2022, and a revised set of 58 performance measures were developed for monitoring from April 2022, along with a set of 52 key projects and initiatives which are helping to deliver the Council's mission and priorities. 31 of the performance measures are annual measures that will not be reported on until after March 2023.
- 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 2022/23-2024/25:
- Healthy environment;

- Thriving communities;
- Inclusive economy.

13.4. The Council is now using a new system for performance management reporting, following the expiry of our InPhase licence. We are now using SharePoint for data entry and Power BI for viewing and reporting performance. This system provides a more user-friendly experience.

Corporate Plan Measures

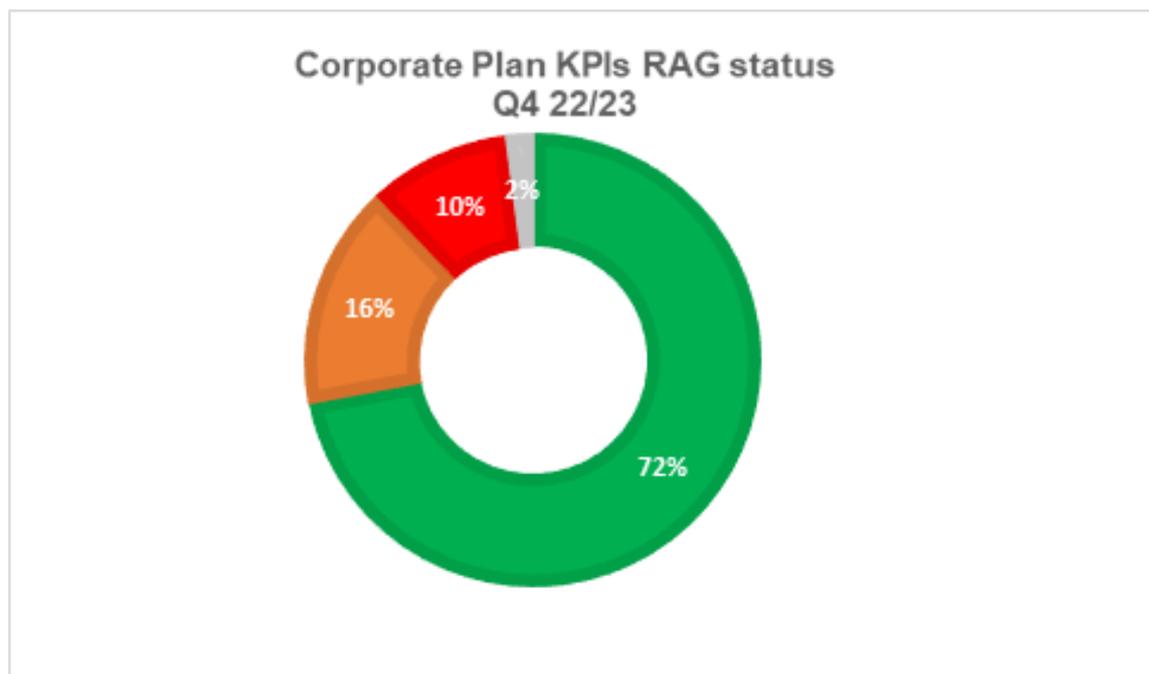
13.5. The tables and charts below display an overview of the shifts in performance for the Corporate Plan measures between Q3 and Q4 for the quarterly measures; direction of travel is not reported for the annual measures. Table 18 shows performance against the target (red/amber/green) for all the measures, including the annual measures.

Table 18. Summary of Direction of Travel

| | Q1-Q2 | Q2-Q3 | Q3-4 | |
|---|------------|------------|--------------------|------------|
| | % | % | Number of Measures | % |
| Getting better | 44 | 56 | 19 | 70 |
| Getting worse | 41 | 29 | 5 | 19 |
| Unchanged | 4 | 11 | 3 | 11 |
| N/A – No Target/Comparison ¹ | 11 | 4 | 0 | 0 |
| Total | 100 | 100 | 27 | 100 |

Table 19. Summary of Performance Against Target²

| | Q1 | | Q2 | | Q3 | | Q4 | |
|----------------------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|
| | No. | % | No. | % | No. | % | No. | % |
| Green | 13 | 48 | 15 | 54 | 19 | 70 | 41 | 72 |
| Amber | 4 | 15 | 8 | 29 | 4 | 15 | 9 | 16 |
| Red | 5 | 18 | 4 | 14 | 4 | 15 | 7 | 10 |
| N/A - No Target/Comparison | 5 | 19 | 1 | 3 | 0 | 0 | 1 | 2 |
| Total | 27 | 100 | 28 | 100 | 27 | 100 | 58 | 100 |



¹ Q2 data not available for comparison purposes

² Green = target achieved; Amber = up to 10% below target; Red = more than 10% below target figures in Qs 1-3 only include quarterly and monthly measures

- 13.6. The six Corporate Plan measures recorded with a 'red' status against 2022/23 targets are listed below.

Table 20. Corporate Plan Measures – Red Status

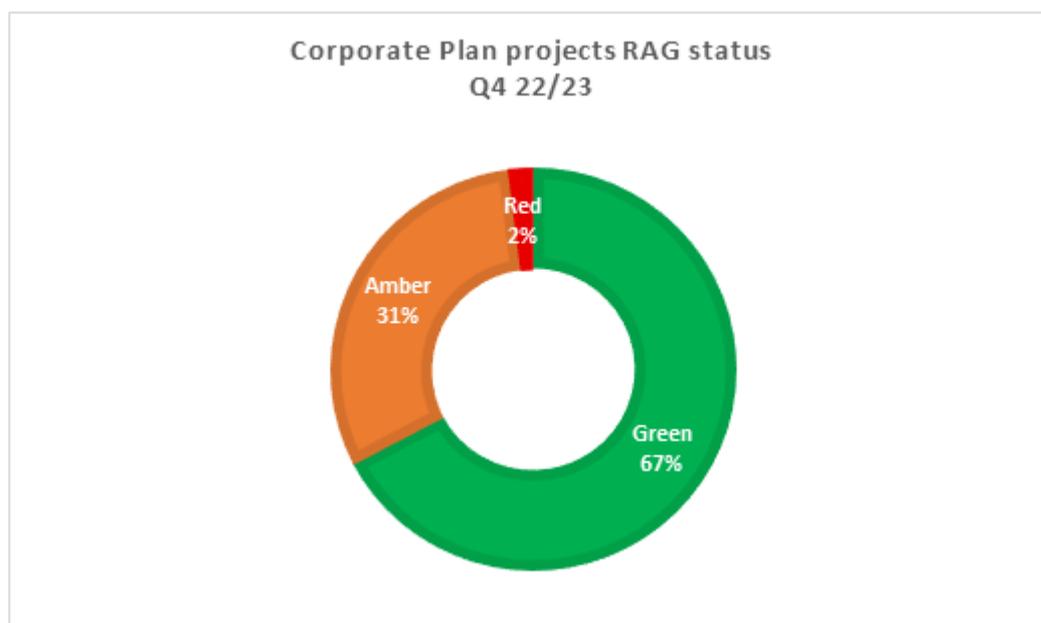
| Key Performance Indicator (KPI) | Commentary |
|--|---|
| Hectares turned over to re-wilding | Target not quite achieved due to the wet Winter which has meant that the full area couldn't be prepared. This will be added to the target for 2023/24. |
| Key stage 2 results - reducing the gap in attainment between advantaged and disadvantaged pupils | The Annual School Standards report being presented to ACE Committee on 12 July sets out current actions being taken and recommended next steps in the coming academic year to reduce the attainment gaps for disadvantaged pupils. |
| Percentage of people with a learning disability in paid employment | This KPI remains a high priority in the Transition and SEND groups, proactive work is being undertaken with the Elevate and New Direction College to target residents with LD. |
| Number of affordable homes delivered | <p>Affordable housing delivery is lower than 2021/22 (178) but significantly higher than 2019/20 (80) and 2020/21 (54). The amount of affordable housing delivered in a year is heavily dependent on when a limited number of large housing schemes are delivered, and this can fluctuate significantly from year to year. In addition, there were relatively low levels of local authority new build affordable housing completed in 2022/23 as some of the larger projects (e.g. Wensley Road, North Street and Arthur Hill) remain under construction.</p> <p>There are continued challenges with securing fully policy-compliant affordable housing on private sites for reasons of viability, which are likely to continue to impact on meeting affordable housing needs. With around 280 affordable homes currently under construction, there is expected to be increased provision in 2023/24.</p> |
| Number of people sleeping rough | Various factors since Covid and economic and socio-economic circumstances have influenced an increase and not achieving this target. A new National Rough Sleeping Strategy was released in 2022 and Reading's Rough Sleeping Strategy/Action Plan is due for revision in 2023, alongside additional funding streams and interventions to tackle the issue in Reading. These are being implemented between 2022 – 2025 aiming to reduce and sustain a reduction in this figure. |
| Percentage of service users in receipt of Adult Social Care Direct Payments | A Direct Payment set-up function has been established (one DP Officer post) to encourage usage of Direct Payments and support staff with the process. |

Corporate Plan Projects

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

Table 21. Summary of RAG Status

| RAG Status | Q1 | Q2 | Q3 | Q4 | |
|--------------|------------|------------|------------|-----------|------------|
| | % | % | % | No. | % |
| Green | 58 | 58 | 56 | 35 | 67 |
| Amber | 40 | 40 | 38 | 16 | 31 |
| Red | 2 | 2 | 6 | 1 | 2 |
| Total | 100 | 100 | 100 | 52 | 100 |



13.8. The one Corporate Plan project recorded with a 'red' status this quarter is:

- Review and expansion of the Community Reablement Team to maximise people's independence - this transformation project has paused whilst an operation improvement plan is completed by the service. The project will be reviewed for further action in Spring 2023.

13.9. Appendix 7 sets out the Q4 performance for the full list of measures and projects.

13.10. Appendix 8 sets out those measures where there has been a significant change in performance from the previous period.

14. Debt Write-Off

14.1. Having complied with the requirements of the Council's Debt Management Strategy, all recovery activity has been exhausted and the Director of Finance recommends that the total amounts submitted to the Committee for write-off for cases above £20,000 are:

- Non-Domestic Rates - £156,153.21;
- Sundry Debt (including Adult Social Care) - £167,618.08;

14.2. The list of specific debts requested to be written-off are set out in Appendix 9. It is considered that information contained within Appendix 9 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.

- 14.3. The Non-Domestic Rates 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.
- 14.4. 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%).

15. Contribution to Strategic Aims

- 15.1. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective, and economical.
- 15.2. Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

16. Environmental and Climate Implications

- 16.1. The Council declared a Climate Emergency at its meeting on 26th February 2019 (Minute 48 refers), with the intention of achieving a carbon neutral Reading by 2030. The Council endorsed the Reading Climate Emergency Strategy 2020-25 and its vision for a 'net zero, resilient Reading by 2030' in November 2020. At the same time it adopted a new corporate Carbon Plan for the Council's own operations, including the target of an 85% cut in Council emissions by 2025 en route to net zero by 2030. The Council's Corporate Plan monitors progress in reducing the carbon footprint of both the Borough and the Council (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

- 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 Implications

- 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. Other Relevant Considerations

- 19.1. There are none.

20. Legal Implications

- 20.1. 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.

- 20.2. 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.

21. Financial Implications

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

22. Timetable for Implementation

- 22.1. Not applicable.

23. Background Papers

- 23.1. There are none.

Appendices

- 1. General Fund Outturn**
- 2. Housing Revenue Account (HRA) Outturn**
- 3. Capital Programme Outturn**
- 4. Savings**
- 5. Delivery Fund**
- 6. Reserves Position as at 31st March 2023**
- 7. Corporate Plan Monitoring for Quarter 4 2022/23 (Measures & Projects)**
- 8. Corporate Plan Measures for Quarter 4 (Charts)**
- 9. Debt Write-Offs**

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Appendix 1 - General Fund Outturn 2022/23

| | Budget £000 | Outturn £000 | Variance £000 |
|--|----------------|-----------------|------------------|
| <u>Service Areas</u> | | | |
| Commissioning & Transformation | 2,163 | 1,953 | (210) |
| Adults Services Operations | 39,892 | 39,818 | (74) |
| Public Health | 0 | 0 | 0 |
| Directorate Other | 491 | 547 | 56 |
| Safeguarding, Quality, Performance & Practice | 1,375 | 1,366 | (9) |
| Adult Care and Health Services | 43,921 | 43,684 | (237) |
| Transportation | (1,837) | (1,637) | 200 |
| Planning & Regulatory Services | 2,647 | 3,057 | 410 |
| Housing & Communities | 2,022 | 2,047 | 25 |
| Culture | 3,953 | 4,241 | 288 |
| Environmental & Commercial Services | 16,487 | 16,685 | 198 |
| Property & Asset Management | (3,966) | (4,044) | (78) |
| Management & Sustainability | 515 | 693 | 178 |
| Environment and Neighbourhood Services | 19,821 | 21,042 | 1,221 |
| Policy, Performance & Customer Services | 2,650 | 2,339 | (311) |
| Human Resources & Organisational Development | 1,889 | 1,775 | (114) |
| Procurement & Contracts | 488 | 582 | 94 |
| Finance | 4,417 | 4,479 | 62 |
| Legal & Democratic Services | 2,630 | 3,314 | 684 |
| Digital, Technology & Change | 6,308 | 6,016 | (292) |
| Resources | 18,382 | 18,505 | 123 |
| Corporate Management Team | 883 | 973 | 90 |
| Communications | 673 | 714 | 41 |
| Chief Executive Services | 1,556 | 1,687 | 131 |
| Children's Services retained by Council | 781 | 687 | (94) |
| Children's Services delivered by BFfc | 48,958 | 51,803 | 2,845 |
| | 133,419 | 137,408 | 3,989 |
| <u>Corporate Items</u> | | | |
| Capital Financing Costs | 16,381 | 12,873 | (3,508) |
| Contingency | 3,627 | 0 | (3,627) |
| Movement to/(from) Reserves | 695 | 695 | 0 |
| Other Corporate Budgets | (4,132) | (4,559) | (427) |
| | 16,571 | 9,009 | (7,562) |
| <u>Total Expenditure</u> | 149,990 | 146,417 | (3,573) |

Funded by

| | | | |
|---|------------------|------------------|----------------|
| Council Tax Income | (104,403) | (104,403) | 0 |
| NNDR Local Share | (26,510) | (27,123) | (613) |
| New Homes Bonus | (2,038) | (2,038) | 0 |
| Section 31 Grant | (12,580) | (12,580) | 0 |
| Revenue Support Grant | (2,108) | (2,108) | 0 |
| Other Government Grants | (2,404) | (2,409) | (5) |
| One-off Collection Fund (Surplus)/Deficit | 19,981 | 19,981 | 0 |
| Section 31 Grants Release from Reserves | (19,928) | (19,928) | 0 |
| | (149,990) | (150,608) | (618) |
| (Positive)/Adverse Variance | 0 | (4,191) | (4,191) |

Appendix 2 - Housing Revenue Account (HRA) Outturn 2022/23

| | Budget £000 | Outturn £000 | Variance £000 |
|--|-----------------|-----------------|------------------|
| Housing Management | 9,759 | 9,325 | (434) |
| Special Services | 3,606 | 3,047 | (559) |
| Revenue Repairs | 6,432 | 7,402 | 970 |
| PFI costs | 7,197 | 7,405 | 208 |
| Bad Debt Provision | 753 | 69 | (684) |
| Debt Costs | 6,741 | 6,044 | (697) |
| Total Expenditure | 34,488 | 33,292 | (1,196) |
| Dwelling Rents | (37,863) | (37,306) | 557 |
| Service Charges | (965) | (878) | 87 |
| PFI Credit | (3,997) | (3,997) | 0 |
| Interest on Balances | (816) | (1,112) | (296) |
| Other Income | (309) | (281) | 28 |
| Total Income | (43,950) | (43,574) | 376 |
| (Surplus) / Deficit before Depreciation | (9,462) | (10,282) | (820) |
| Depreciation | 11,616 | 13,367 | 1,751 |
| Net (Surplus) / Deficit | 2,154 | 3,085 | 931 |
| Contribution to / (from) HRA Balances | (2,154) | (3,085) | (931) |
| Contribution to / (from) Major Repairs Reserve | 0 | 1,063 | 1,063 |
| Total Contributions to /(from) HRA Reserves | (2,154) | (2,022) | 132 |

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Appendix 3 - Capital Programme Outturn

| Scheme Name | Revised Budget Quarter 3 2022/23 £000 | Budget Movements Between Schemes £000 | Additional Budgets added to the Programme - Funded by Grants & Contributions £000 | Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing £000 | Reduced Budgets - Completed Schemes & Other carry forward budget adjustments £000 | Revised Budget Quarter 4 2022/23 £000 | Provisional Outturn 2022/23 £000 | Variance 2022/23 £000 | 2022/23 Roll-Forward/(Back) Requests | 2023/24 Approved Budget | 2023/24 Revised Budget |
|---|---------------------------------------|---------------------------------------|---|---|---|---------------------------------------|----------------------------------|-----------------------|--------------------------------------|-------------------------|------------------------|
| General Fund | | | | | | | | | | | |
| Adult Care and Health Services | | | | | | | | | | | |
| e-Marketplace & Equipment Renewal Portal Software | 0 | | | | | 0 | 0 | 0 | 0 | 170 | 170 |
| Mobile Working and Smart Device | 0 | | | | | 0 | 0 | 0 | 0 | 150 | 150 |
| Replacement of Community Re-ablement Software | 25 | | | | | 25 | 23 | (2) | 2 | 60 | 62 |
| Co-located profound and multiple learning disabilities day opportunities and respite facility and sheltered housing flats | | | | | | | | | | | |
| | 1,413 | | | | | 1,413 | 184 | (1,229) | 1,229 | 3,879 | 5,108 |
| Adult Care and Health Services Total | 1,438 | 0 | 0 | 0 | 0 | 1,438 | 207 | (1,231) | 1,231 | 4,259 | 5,490 |
| Economic Growth and Neighbourhood Services | | | | | | | | | | | |
| Transportation, Planning & Regulatory Services | | | | | | | | | | | |
| Air Quality Monitoring | 15 | | | | | 15 | 0 | (15) | 15 | 0 | 15 |
| Active Travel Tranche 2 | 113 | | | | | 113 | 411 | 298 | (298) | 885 | 587 |
| Active Travel Tranche 3 | 200 | | | | | 200 | 96 | (104) | 104 | 1,300 | 1,404 |
| Berkshire Coroner's Removals | 0 | | | | | 0 | 0 | 0 | 0 | 29 | 29 |
| Bus Service Improvement | 500 | | | | | 500 | 283 | (217) | 217 | 8,326 | 8,543 |
| Local Transport Plan Development | 40 | | | | | 40 | 176 | 136 | (136) | 1,391 | 1,255 |
| National Cycle Network Route 422 | 13 | | | | | 13 | 0 | (13) | 13 | 124 | 137 |
| Reading West Station | | | | | | | | | | | |
| | 622 | | | | | 622 | 2,018 | 1,396 | (1,396) | 3,620 | 2,224 |
| South Reading MRT (Phases 1 & 2) | 399 | | | | | 399 | 5 | (394) | 394 | 0 | 394 |
| South Reading MRT (Phases 3 & 4) | 1,641 | | | | | 1,641 | 425 | (1,216) | 1,216 | 0 | 1,216 |
| South Reading MRT (Phases 5 & 6) | 0 | | | | | 0 | 0 | 0 | 0 | 2,000 | 2,000 |
| Town Centre Street Trading Infrastructure | 28 | | | | | 28 | 0 | (28) | 28 | 0 | 28 |
| Construction of Green Park Station | 3,009 | | 903 | | | 3,912 | 3,617 | (295) | 295 | 0 | 295 |
| Car Park Investment Programme (inc P&D, Red Routes & Equipment) | 107 | | 209 | | | 316 | 316 | 0 | 0 | 326 | 326 |
| Additional Storage Capacity at Mortuary | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchase of Mortuary Equipment | 12 | | | | | 12 | 12 | 0 | 0 | 0 | 0 |
| CIL Local Funds - Community | 502 | | | | | 502 | 29 | (473) | 473 | 125 | 598 |
| CIL Local Funds - Transport | 212 | | | | | 212 | 144 | (68) | 68 | 656 | 724 |
| CIL Local Funds -Neighbourhood Allocation | 477 | | | | | 477 | 0 | (477) | 477 | 0 | 477 |
| S106 individual schemes list | 988 | | | | | 988 | 0 | (988) | 988 | 0 | 988 |
| Defra Air Quality Grant - Bus Retrofit | 70 | | | | | 70 | 0 | (70) | 70 | 318 | 388 |

Appendix 3 - Capital Programme Outturn

| Scheme Name | Revised Budget Quarter 3 2022/23 £000 | Budget Movements Between Schemes £000 | Additional Budgets added to the Programme - Funded by Grants & Contributions £000 | Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing £000 | Reduced Budgets - Completed Schemes & Other carry forward budget adjustments £000 | Revised Budget Quarter 4 2022/23 £000 | Provisional Outturn 2022/23 £000 | Variance 2022/23 £000 | 2022/23 Roll-Forward/(Back) Requests | 2023/24 Approved Budget | 2023/24 Revised Budget |
|---|---------------------------------------|---------------------------------------|---|---|---|---------------------------------------|----------------------------------|-----------------------|--------------------------------------|-------------------------|------------------------|
| Defra Air Quality Grant - Go Electric Reading | 18 | | | | | 18 | 1 | (17) | 17 | 0 | 17 |
| Electric Vehicle Charging Points | 0 | | | | | 0 | 0 | 0 | 0 | 250 | 250 |
| Air Quality Grant - AQ sensors awareness & behaviour change | | | | | | | | | | | |
| Transport Demand Management Scheme | 0 | | | | | 0 | 0 | 0 | 0 | 220 | 220 |
| Rogue Landlord Enforcement | 75 | | | | | 75 | 0 | (75) | 75 | 0 | 75 |
| Transportation, Planning & Regulatory Services - Sub Total | 9,041 | 0 | 1,112 | 0 | 0 | 10,153 | 7,533 | (2,620) | 2,620 | 19,970 | 22,590 |
| Housing & Communities | | | | | | | | | | | |
| Provision of Gypsy & Traveller Accommodation | 100 | | | | | 100 | 47 | (53) | 53 | 3,402 | 3,455 |
| Harden Public Open Spaces to Prevent Incursion | 42 | | | | | 42 | 54 | 12 | (12) | 25 | 13 |
| Green Homes Scheme - GF element | 244 | | | | | 244 | 203 | (41) | 41 | 0 | 41 |
| Disabled Facilities Grants (Private Sector) | 1,257 | | 94 | | | 1,351 | 1,351 | 0 | 0 | 1,197 | 1,197 |
| Foster Carer Extensions | 0 | | | | | 0 | 0 | 0 | 0 | 400 | 400 |
| Private Sector Renewals | 444 | | | | | 444 | 89 | (355) | 355 | 300 | 655 |
| Housing & Communities - Sub Total | 2,087 | 0 | 94 | 0 | 0 | 2,181 | 1,744 | (437) | 437 | 5,324 | 5,761 |
| Culture | | | | | | | | | | | |
| Leisure Centre Procurement | 19,525 | | | | (66) | 19,459 | 20,953 | 1,494 | (1,494) | 9,892 | 8,398 |
| Christchurch Meadows Paddling Pool | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Development of facilities at Prospect Park/Play | 238 | | | | | 238 | 208 | (30) | 30 | (8) | 22 |
| Reading Football Club Social Inclusion Unit to SRLC | 0 | | | | | 0 | 0 | 0 | 0 | 1,534 | 1,534 |
| Small Leisure Schemes | 61 | | | | | 61 | 0 | (61) | 61 | 246 | 307 |
| Levelling Up Delivery Plan - New performance space at the Hexagon Theatre | 0 | | | | | 0 | 0 | 0 | 0 | 3,245 | 3,245 |
| Levelling Up Delivery Plan - New Reading Library at the Civic Centre | 0 | | | | | 0 | 0 | 0 | 0 | 1,603 | 1,603 |
| Abbey Quarter restoration works | 10 | | | | | 10 | 0 | (10) | 10 | 149 | 159 |
| High Street Heritage Action Zone | 137 | | | | | 137 | 203 | 66 | (66) | 1,048 | 982 |
| Berkshire Record Office - extension of storage space | 0 | | | | | 0 | 0 | 0 | 0 | 279 | 279 |
| Hexagon lighting & emergency lighting replacement | 10 | | | | | 10 | 8 | (2) | 2 | 260 | 262 |
| Hexagon replacement of PA System | 0 | | | | | 0 | 0 | 0 | 0 | 360 | 360 |
| Town Hall Equipment | 190 | | | | | 190 | 161 | (29) | 29 | 15 | 44 |

Appendix 3 - Capital Programme Outturn

| Scheme Name | Revised | Budget | Additional | Additional | Reduced | Revised Budget | Provisional | Variance | 2022/23 Roll- | 2023/24 | 2023/24 |
|--|---------------|-----------|---------------|---------------|-------------|----------------|---------------|--------------|----------------|---------------|---------------|
| | Budget | Movements | Budgets added | Budgets added | Budgets - | Quarter 4 | Outturn | 2022/23 | Forward/(Back) | Approved | Revised |
| | Quarter 3 | Between | to the | to the | Completed | 2022/23 | 2022/23 | 2022/23 | Requests | Budget | Budget |
| | 2022/23 | Schemes | Programme - | Programme - | Schemes & | 2022/23 | 2022/23 | 2022/23 | | | |
| | £000 | £000 | Funded by | Funded by | Other carry | £000 | £000 | £000 | | | |
| | | | Grants & | Receipts & | forward | | | | | | |
| | | | Contributions | Borrowing | budget | | | | | | |
| | | | £000 | £000 | adjustments | | | | | | |
| | | | | | £000 | | | | | | |
| Tilehurst Library Works | 62 | | | | | 62 | 24 | (38) | 38 | 0 | 38 |
| New Directions Ways into Work Skills capital project | 0 | | 72 | | | 72 | 72 | 0 | 0 | 0 | 0 |
| Culture - Sub Total | 20,233 | 0 | 72 | 0 | (66) | 20,239 | 21,629 | 1,390 | (1,390) | 18,623 | 17,233 |
| Environmental & Commercial Services | | | | | | | | | | | |
| Playground equipment and Refreshment: Boroughwide | | | | | | | | | | | |
| | 274 | | | | | 274 | 429 | 155 | (155) | 702 | 547 |
| New Capital Bid - S106 Kenavon Drive Landscape | 120 | | | | | 120 | 122 | 2 | (2) | 33 | 31 |
| Victoria Rec | 0 | | | | | 0 | 0 | 0 | 0 | 462 | 462 |
| Levelling Up Parks Fund | 66 | | | | | 66 | 12 | (54) | 54 | 0 | 54 |
| Restoration of historic Wall at Caversham Court Gardens | 0 | | | | | 0 | 15 | 15 | (15) | 100 | 85 |
| Forbury Gardens Bandstand | 0 | | 12 | | | 12 | 12 | 0 | 0 | 0 | 0 |
| Ecological Works | 0 | | 21 | | | 21 | 0 | (21) | 21 | 0 | 21 |
| John Rabson skatepark | 50 | | | | | 50 | 23 | (27) | 27 | 325 | 352 |
| Re-wilding highways, parks and open space verges | 0 | | | | | 0 | 0 | 0 | 0 | 76 | 76 |
| Tree Planting | 30 | | | | | 30 | 46 | 16 | (16) | 67 | 51 |
| Annual Bridges and Carriage Way Works programme & Highway Infrastructure Works | 4,654 | | | | | 4,654 | 5,246 | 592 | (592) | 1,842 | 1,250 |
| Carriageways & Pavements Investment Programme | 0 | | | | | 0 | 0 | 0 | 0 | 5,000 | 5,000 |
| Cemetery Machinery | 0 | | | | | 0 | 0 | 0 | 0 | 66 | 66 |
| Chestnut Walk Improvements | 6 | | | | | 6 | 6 | 0 | (0) | 29 | 29 |
| CIL Local Funds - Heritage and Culture | 285 | | | | | 285 | 11 | (274) | 274 | 0 | 274 |
| CIL Local Funds - Leisure and Play | 550 | | | | | 550 | 433 | (117) | 117 | 732 | 849 |
| Highway Signals_Capital Bid | 300 | | | | | 300 | 166 | (134) | 134 | 100 | 234 |
| Highways Operational Resilience _ Capital Bid | 0 | | | | | 0 | 0 | 0 | 0 | 74 | 74 |
| Highways Structures Capital Bid | 350 | | | | | 350 | 650 | 300 | (300) | 4,950 | 4,650 |
| Invest to save energy savings - Street lighting | 550 | | | | | 550 | 593 | 43 | (43) | 621 | 578 |
| Pedestrian Defined Urban Pocket Gardens | 75 | | | | | 75 | 0 | (75) | 75 | 0 | 75 |
| Pedestrian dropped kerb facilities with tactile pavers | 240 | | | | | 240 | 0 | (240) | 240 | 0 | 240 |
| Pedestrian handrails | 240 | | | | | 240 | 0 | (240) | 240 | 0 | 240 |
| Pumping Station Upgrade Scheme (new) | 215 | | | | | 215 | 187 | (28) | 28 | 14 | 42 |
| Purchase of Electric Road Marking Machine | 0 | | | | | 0 | 0 | 0 | 0 | 65 | 65 |
| Railway footbridge lighting in West Reading | 70 | | | | | 70 | 0 | (70) | 70 | 0 | 70 |
| Reading Station Subway | 206 | | | | | 206 | 0 | (206) | 206 | 0 | 206 |

Appendix 3 - Capital Programme Outturn

| Scheme Name | Revised | Budget | Additional | Additional | Reduced | Revised Budget | Provisional | Variance | 2022/23 Roll- | 2023/24 | 2023/24 |
|--|---------------|--------------|---------------|---------------|-------------|----------------|---------------|----------------|----------------|---------------|---------------|
| | Budget | Movements | Budgets added | Budgets to be | Budgets - | Quarter 4 | Outturn | 2022/23 | Forward/(Back) | Approved | Revised |
| | Quarter 3 | Between | to the | added to the | Completed | 2022/23 | 2022/23 | 2022/23 | Requests | Budget | Budget |
| | 2022/23 | Schemes | Programme - | Programme - | Schemes & | 2022/23 | 2022/23 | 2022/23 | | | |
| | £000 | £000 | Funded by | Funded by | Other carry | £000 | £000 | £000 | | | |
| | | | Grants & | Receipts & | forward | | | | | | |
| | | | Contributions | Borrowing | budget | | | | | | |
| | | | £000 | £000 | adjustments | | | | | | |
| | | | | | £000 | | | | | | |
| Reading Town Centre Design Framework | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Smart City Cluster project and C-ITS | 0 | | 216 | | | 216 | 216 | 0 | 0 | 0 | 0 |
| Town Centre Improvements | 165 | | | | | 165 | 93 | (72) | 72 | 179 | 251 |
| Free bulky waste service - collection vehicle | 0 | | | | | 0 | 0 | 0 | 0 | 64 | 64 |
| Cattle Market Car Park | 0 | | | | | 0 | 3 | 3 | (3) | 519 | 516 |
| Digitised TRO's | 0 | | | | | 0 | 0 | 0 | 0 | 300 | 300 |
| Eastern Area Access Works | 0 | | | | | 0 | 0 | 0 | 0 | 199 | 199 |
| Local Traffic Management and Road Safety Schemes | 4 | | | | | 4 | 4 | 0 | 0 | 476 | 476 |
| Oxford Road Corridor Works | 0 | | | | | 0 | 0 | 0 | 0 | 299 | 299 |
| Traffic Management Schools | 0 | | | | | 0 | 0 | 0 | 0 | 431 | 431 |
| Western Area Access Works | 0 | | | | | 0 | 0 | 0 | 0 | 128 | 128 |
| New Kit/Vehicles for Commercial Services Dvlpt | 0 | | | | | 0 | 0 | 0 | 0 | 84 | 84 |
| Vehicle Maintenance Workshop | 0 | | | | | 0 | 0 | 0 | 0 | 1,312 | 1,312 |
| New Vehicle for Highways & Drainage Commercial Service | 0 | | | | | 0 | 0 | 0 | 0 | 71 | 71 |
| Replacement Vehicles | 2,108 | | | | | 2,108 | 2,166 | 58 | (58) | 673 | 615 |
| Environmental & Commercial Services - Sub Total | 10,558 | 0 | 249 | 0 | 0 | 10,807 | 10,433 | (374) | 374 | 19,993 | 20,367 |
| Property & Asset Management | | | | | | | | | | | |
| The Heights Permanent Site Mitigation | 44 | | | | | 44 | 31 | (13) | 13 | 343 | 356 |
| Invest in Corporate buildings/Health & safety works | 1,180 | | | | | 1,180 | 424 | (756) | 756 | 1,320 | 2,076 |
| 1 Dunsfold Fitout for BFFC Family Contact Centre - Development for Community Use | 370 | | | | | 370 | 377 | 7 | 0 | 0 | 0 |
| Accommodation Review - Phase 2A - 2C | 966 | | | | | 966 | 187 | (779) | 779 | 590 | 1,369 |
| Corporate Office Essential Works | 174 | | | | | 174 | 196 | 22 | (22) | 717 | 695 |
| Katesgrove Community and YOS Refurbishment - Development for Community Use | 730 | | | | | 730 | 693 | (37) | 37 | 0 | 37 |
| BFFC Accommodation Review | 0 | | | | | 0 | 0 | 0 | 0 | 150 | 150 |
| Maintenance & Enhancement of Council Properties | 0 | | | | | 0 | 0 | 0 | 0 | 8,800 | 8,800 |
| Regeneration Projects | 125 | (250) | | | | (125) | 0 | 125 | (125) | 2,329 | 2,204 |
| Acre Business Park | 0 | | | | | 0 | 0 | 0 | 0 | 478 | 478 |
| The Keep building works and improved arts/culture facilities | 94 | | | | | 94 | 0 | (94) | 94 | 0 | 94 |
| Property & Asset Management - Sub Total | 3,683 | (250) | 0 | 0 | 0 | 3,433 | 1,908 | (1,525) | 1,532 | 14,727 | 16,259 |

Appendix 3 - Capital Programme Outturn

| Scheme Name | Revised | Budget | Additional | Additional | Reduced | Revised Budget | Provisional | Variance | 2022/23 Roll- | 2023/24 | 2023/24 |
|---|---------------|--------------|---------------|---------------|-------------|----------------|---------------|----------------|----------------|---------------|---------------|
| | Budget | Movements | Budgets added | Budgets to be | Budgets - | Quarter 4 | Outturn | 2022/23 | Forward/(Back) | Approved | Revised |
| | Quarter 3 | Between | to the | added to the | Completed | 2022/23 | 2022/23 | 2022/23 | Requests | Budget | Budget |
| | £000 | Schemes | Programme - | Programme - | Schemes & | £000 | £000 | £000 | | | |
| | | £000 | Funded by | Funded by | Other carry | | | | | | |
| | | | Grants & | Receipts & | forward | | | | | | |
| | | | Contributions | Borrowing | budget | | | | | | |
| | | | £000 | £000 | adjustments | | | | | | |
| | | | | | £000 | | | | | | |
| Management & Sustainability | | | | | | | | | | | |
| Renewable Energy | 695 | | | | | 695 | 103 | (592) | 592 | 819 | 1,411 |
| Salix Decarbonisation Fund | 1,574 | | | | | 1,574 | 1,160 | (414) | 414 | 951 | 1,365 |
| Salix Re-Circulation Fund | 57 | | | | | 57 | 4 | (53) | 53 | 467 | 520 |
| Corporate Solar Programme | 0 | | | | | 0 | 0 | 0 | 0 | 491 | 491 |
| Management and Sustainability - Sub Total | 2,326 | 0 | 0 | 0 | 0 | 2,326 | 1,267 | (1,059) | 1,059 | 2,728 | 3,787 |
| Economic Growth and Neighbourhood Services Total | 47,927 | (250) | 1,527 | 0 | (66) | 49,138 | 44,514 | (4,624) | 4,631 | 81,365 | 85,997 |
| Resources | | | | | | | | | | | |
| Customer Digital Experience | 750 | | | | | 750 | 629 | (121) | 121 | 1,627 | 1,748 |
| Universal Digital Systems | 812 | | | | | 812 | 470 | (342) | 342 | 2,037 | 2,379 |
| IT Future Operating Model | 538 | | | | | 538 | 1,116 | 578 | (578) | 2,037 | 1,459 |
| Democratic Hybrid AV | 0 | | | | | 0 | 0 | 0 | 0 | 90 | 90 |
| Re-Procurement / Reimplementation of Finance System | 440 | | | | | 440 | 503 | 63 | (63) | 160 | 97 |
| Education Management System | 384 | | | | | 384 | 307 | (77) | 77 | 0 | 77 |
| Cemeteries and Crematorium | 0 | | | | | 0 | 0 | 0 | 0 | 85 | 85 |
| Cremator Procurement | 1,065 | | | | | 1,065 | 943 | (122) | 122 | 735 | 857 |
| Cremator | 0 | | | | | 0 | 0 | 0 | 0 | 55 | 55 |
| Burial Land Acquisition | 80 | | | | | 80 | 9 | (71) | 71 | 1,070 | 1,141 |
| Resources Total | 4,069 | 0 | 0 | 0 | 0 | 4,069 | 3,977 | (92) | 92 | 7,896 | 7,988 |
| Economic Growth and Neighbourhood Services (Education Schemes) | | | | | | | | | | | |
| Additional School Places - Contingency | 50 | | | | | 50 | 0 | (50) | 50 | 450 | 500 |
| Blessed Hugh Faringdon - Asperger Unit 30 place expansion (SE) | 0 | | 2 | | | 2 | 2 | 0 | 0 | 0 | 0 |
| Primary Schools Expansion Programme - 2013-2017 | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| DFC | 0 | | 647 | | | 647 | 647 | 0 | 0 | 0 | 0 |
| SEN Provision - Avenue Centre | 4,291 | | | | | 4,291 | 3,314 | (977) | 977 | 76 | 1,053 |
| Asset Management | 286 | | | | | 286 | 238 | (48) | 48 | 300 | 348 |
| Children in care Emergency Provision | 35 | | | | | 35 | 0 | (35) | 35 | 0 | 35 |
| Civitas- Synthetic Sports Pitch | 0 | | | | | 0 | 0 | 0 | 0 | 24 | 24 |
| Contribution to SEN School Wokingham | 123 | | | | | 123 | 123 | 0 | 0 | 0 | 0 |
| Crescent Road Playing Field Improvements | 311 | | | | | 311 | 185 | (126) | 126 | 0 | 126 |
| Critical Reactive Contingency: Health and safety (Schools) | 500 | | | | | 500 | 140 | (360) | 360 | 500 | 860 |
| Fabric Condition Programme | 3,448 | | | | | 3,448 | 2,273 | (1,175) | 1,175 | 2,000 | 3,175 |
| Green Park Primary School | 60 | | | | | 60 | 0 | (60) | 60 | 0 | 60 |
| Heating and Electrical Renewal Programme | 1,047 | | | | | 1,047 | 339 | (708) | 708 | 1,000 | 1,708 |

Appendix 3 - Capital Programme Outturn

| Scheme Name | Revised Budget Quarter 3 2022/23 £000 | Budget Movements Between Schemes £000 | Additional Budgets added to the Programme - Funded by Grants & Contributions £000 | Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing £000 | Reduced Budgets - Completed Schemes & Other carry forward budget adjustments £000 | Revised Budget Quarter 4 2022/23 £000 | Provisonal Outturn 2022/23 £000 | Variance 2022/23 £000 | 2022/23 Roll-Forward/(Back) Requests | 2023/24 Approved Budget | 2023/24 Revised Budget |
|---|---------------------------------------|---------------------------------------|---|---|---|---------------------------------------|---------------------------------|-----------------------|--------------------------------------|-------------------------|------------------------|
| Initial Viability work for the Free School at Richfield Avenue | 20 | | | | | 20 | 4 | (16) | 16 | 20 | 36 |
| Low Carbon Skills Fund - Bid Development | 5 | | | | | 5 | 0 | (5) | 5 | 0 | 5 |
| Low Carbon Skills Fund - Schools Estate Project Delivery | 24 | | | | | 24 | 0 | (24) | 24 | 0 | 24 |
| Katesgrove Primary Trooper Potts Building | 59 | | | | | 59 | 3 | (56) | 56 | 0 | 56 |
| Meadway Early Years Building Renovation | 1 | | | | | 1 | 0 | (1) | 1 | 0 | 1 |
| Modular Buildings Review | 50 | | | | | 50 | 0 | (50) | 50 | 950 | 1,000 |
| New ESFA funded schools - Phoenix College | 0 | | 36 | | | 36 | 36 | 0 | 0 | 0 | 0 |
| New ESFA funded schools - St Michaels | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pinecroft-Children who have complex health, physical,sensory,disabilities & challenging behaviour | 53 | | | | | 53 | 51 | (2) | 2 | 0 | 2 |
| Cressingham- Community Short Breaks Provision | 0 | | | | | 0 | 0 | 0 | 0 | 300 | 300 |
| Dee Park Regeneration - Housing Infrastructure Fund (school) | 500 | | | | | 500 | 40 | (460) | 460 | 5,500 | 5,960 |
| Public Sector Decarbonisation Funds - School Estate Double Glazing Programme | 1,065 | | | | 13 | 1,078 | 291 | (787) | 787 | 0 | 787 |
| SCD Units | 473 | | | | | 473 | 395 | (78) | 78 | 0 | 78 |
| School Estate Solar PV Programme | 323 | | 8 | | | 331 | 331 | 0 | 0 | 0 | 0 |
| Schools - Fire Risk Assessed remedial Works | 560 | | | | | 560 | 297 | (263) | 263 | 200 | 463 |
| SEN Norcot | 83 | | | | | 83 | 0 | (83) | 83 | 0 | 83 |
| SEN High Needs provision capital allocations | 0 | | | | | 0 | 0 | 0 | 0 | 4,977 | 4,977 |
| The Heights Temporary School | 351 | | | | | 351 | 0 | (351) | 351 | 0 | 351 |
| Park Lane Primary School Annexe Replacement | 500 | | | | | 500 | 0 | (500) | 500 | 2,000 | 2,500 |
| Economic Growth and Neighbourhood Services (Education Schemes) Total | 14,218 | 0 | 693 | 0 | 13 | 14,924 | 8,709 | (6,215) | 6,215 | 18,297 | 24,512 |

Appendix 3 - Capital Programme Outturn

| Scheme Name | Revised Budget Quarter 3 2022/23 £000 | Budget Movements Between Schemes £000 | Additional Budgets added to the Programme - Funded by Grants & Contributions £000 | Additional Budgets requested to be added to the Programme - Funded by Capital Receipts & Borrowing £000 | Reduced Budgets - Completed Schemes & Other carry forward budget adjustments £000 | Revised Budget Quarter 4 2022/23 £000 | Provisional Outturn 2022/23 £000 | Variance 2022/23 £000 | 2022/23 Roll-Forward/(Back) Requests | 2023/24 Approved Budget | 2023/24 Revised Budget |
|--|---------------------------------------|---------------------------------------|---|---|---|---------------------------------------|----------------------------------|-----------------------|--------------------------------------|-------------------------|------------------------|
| Corporate | | | | | | | | | | | |
| Delivery Fund (Pump priming for Transformation projects) | 4,065 | | | | | 4,065 | 1,268 | (2,797) | 2,797 | 1,798 | 4,595 |
| Loan To RTL (Bus replacement programme) | 2,250 | | | | (2,250) | 0 | 0 | 0 | 0 | 2,500 | 2,500 |
| Oracle Shopping Centre capital works | 100 | | | | | 100 | 209 | 109 | 0 | 100 | 100 |
| Minster Quarter - Brownfield Land Grant Element | 200 | | | | | 200 | 0 | (200) | 200 | 1,800 | 2,000 |
| Minster Quarter | 250 | 250 | | | | 500 | 223 | (277) | 277 | 750 | 1,027 |
| Corporate Total | 6,865 | 250 | 0 | 0 | (2,250) | 4,865 | 1,700 | (3,165) | 3,274 | 6,948 | 10,222 |
| General Fund Total | 74,517 | 0 | 2,220 | 0 | (2,303) | 74,434 | 59,107 | (15,327) | 15,443 | 118,765 | 134,209 |
| Housing Revenue Account (HRA) | | | | | | | | | | | |
| Disabled Facilities Grants | 600 | 81 | | | | 681 | 681 | 0 | 0 | 665 | 665 |
| Extra care (cedar court) | 0 | | | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing Management System | 502 | | | | | 502 | 551 | 49 | (49) | 553 | 504 |
| Major Repairs - Existing Homes Renewal | 10,029 | (81) | | | | 9,948 | 10,396 | 448 | (448) | 9,889 | 9,441 |
| Major Repairs - Zero Carbon Retrofit works | 1,145 | | | | | 1,145 | 1,899 | 754 | (754) | 13,911 | 13,157 |
| Local authority new build programme for Older people and vulnerable adults | 764 | | | | | 764 | 829 | 65 | (65) | 14,826 | 14,761 |
| New Build & Acquisitions - Phase 2 - 4 | 16,947 | | | | | 16,947 | 14,047 | (2,900) | 2,900 | 14,466 | 17,366 |
| Housing Revenue Account (HRA) Total | 29,987 | 0 | 0 | 0 | 0 | 29,987 | 28,403 | (1,584) | 1,584 | 54,310 | 55,894 |

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Savings Delivery 2022/23

Appendix 4

| Directorate | Saving | Delivered Savings 2022/23 £000 | Undelivered Savings 2022/23 £000 | Savings Removed at 2023/24 Budget Setting £000 | Savings Carried Forward to 2023/24 £000 |
|--------------------|--|-----------------------------------|-------------------------------------|---|--|
| DACHS | Removal of agreed 3 year Voluntary Care Service funding | (250) | | | 0 |
| DACHS | Young people Transitions - Supporting young people into adulthood | (50) | | | 0 |
| DACHS | Additional DACHS Staffing Efficiencies | (200) | | | 0 |
| DACHS | TEC: Promoting the use of Assistive Technology | (78) | | | 0 |
| DACHS | Development of the Personal Assistant Market | (50) | | | 0 |
| DACHS | Promoting Independence (Outcome Based Service Delivery) | (75) | | | 0 |
| DACHS | Review and Rightsizing of Care Packages (2021/2022) | (80) | | | 0 |
| DACHS | Efficiency savings secured through Public Health re-procurement | (300) | | | 0 |
| DACHS | Development of an Accommodation Pathway for Vulnerable Working Age Adults | (25) | | | 0 |
| DACHS | Closing the DACHS Budget Gap | (627) | | | 0 |
| DACHS Total | | (1,735) | 0 | 0 | 0 |
| DEGNS | School Crossing Patrollers | (14) | | | 0 |
| DEGNS | Fundamental Service Review - Parking | | (150) | | (150) |
| DEGNS | Increased revenue from on-street Pay and Display | | (540) | | (540) |
| DEGNS | Increased income from Parking Enforcement | (60) | (160) | | (160) |
| DEGNS | Increased provision of Red Routes | (50) | | | 0 |
| DEGNS | Review Public Car Park provision borough wide | | (200) | | (200) |
| DEGNS | Increase off street parking charges | | (150) | | (150) |
| DEGNS | Increase in fees and charges | (3) | | | 0 |
| DEGNS | Workforce Review [Transportation] | (200) | | | 0 |
| DEGNS | Increase parking permit charges | (43) | | | 0 |
| DEGNS | Recovery of reduced parking income due to Covid-19* | | (650) | | (650) |
| DEGNS | Mandatory HMO Licensing | | (75) | | (75) |
| DEGNS | Discretionary HMO Licensing | | (20) | | (20) |
| DEGNS | Fundamental Service Review - Planning and Regulatory | (66) | | | 0 |
| DEGNS | Increase in charges for pre-planning application and planning fees | (55) | (55) | | (55) |
| DEGNS | Proposed Fee Income Reading Festival | | (50) | | (50) |
| DEGNS | Reforecast income Licensing income budget | (10) | | | 0 |
| DEGNS | Increase in fees and charges | (20) | | | 0 |
| DEGNS | Reduction in professional specialist, management, enforcement and administrative resources; an increase to pre-planning application fees by 10%. | (120) | | | 0 |
| DEGNS | Town Centre Street Trading - New Pitches | (8) | | | 0 |
| DEGNS | Workforce Review [Planning & Regulatory Services] | (47) | | | 0 |
| DEGNS | Housing - Fundamental Service Review | (50) | | | 0 |
| DEGNS | Increase in fees and charges | (4) | | | 0 |

Savings Delivery 2022/23

Appendix 4

| Directorate | Saving | Delivered Savings 2022/23 £000 | Undelivered Savings 2022/23 £000 | Savings Removed at 2023/24 Budget Setting £000 | Savings Carried Forward to 2023/24 £000 |
|--------------------|--|-----------------------------------|-------------------------------------|---|--|
| DEGNS | Workforce Review [Housing] | (50) | | | 0 |
| DEGNS | On Going Pension Costs Savings | (30) | | | 0 |
| DEGNS | Contribution from Public Health Grant | (250) | | | 0 |
| DEGNS | In-house management restructuring of Cultural Services | (75) | (25) | | (25) |
| DEGNS | Increase in fees and charges | (33) | | | 0 |
| DEGNS | Workforce Review [Cultural Services] | (1) | | | 0 |
| DEGNS | Arts Fundraising campaign | (15) | (45) | | (45) |
| DEGNS | Visa Verification increased income | (45) | | | 0 |
| DEGNS | Revenue impact of new contract for borough leisure facilities | (830) | | | 0 |
| DEGNS | Covid19 income pressure on the Town Hall and recovery plan* | (247) | | | 0 |
| DEGNS | Covid19 income pressure on the Hexagon and South Street Theatres and recovery plan* | (75) | (75) | | (75) |
| DEGNS | Increase in Savings - Waste Operations | 130 | | | 0 |
| DEGNS | Fundamental Service review of Highways | (50) | | | 0 |
| DEGNS | Increase income on green waste due to additional uptake in years 1-3 and fee increase in years 2-3 | (25) | (25) | | (25) |
| DEGNS | Fundamental Service Review - Parks and Street Cleansing | (12) | (150) | | (150) |
| DEGNS | Increased income from traded waste services (previous ref to CIL & IPD not relevant) | (100) | | | 0 |
| DEGNS | Increase in fees and charges | (5) | | | 0 |
| DEGNS | Additional income from advertising | | (25) | | (25) |
| DEGNS | Rewilding highway verges | (15) | | | 0 |
| DEGNS | Waste Contract - Budget realignment inline with anticipated expenditure | (100) | | | 0 |
| DEGNS | Continued commercial growth of Highways service | (5) | | | 0 |
| DEGNS | In-sourcing of Highways Structures Consultancy | (10) | | | 0 |
| DEGNS | Workforce Review [Environmental and Commercial Services] | (196) | | | 0 |
| DEGNS | Reduced fuel costs due to increase in electrical vehicles | | (44) | | (44) |
| DEGNS | Highways operational resilience | (12) | | | 0 |
| DEGNS | Workforce Review [Regeneration and Assets] | (62) | | | 0 |
| DEGNS | Review of Rents on Garages and Shops | (5) | | | 0 |
| DEGNS | Increase in fees and charges. | (24) | | | 0 |
| DEGNS | Review of office and workspace requirements | (162) | | | 0 |
| DEGNS | Investment property rental income increase | (1,086) | | | 0 |
| DEGNS Total | | (4,140) | (2,439) | 0 | (2,439) |
| DoR | New customer services model | | (207) | | (207) |
| DoR | Additional Service Proposals for Registrar Services | (10) | | | 0 |
| DoR | Increase in Fees and Charges | (39) | | | 0 |
| DoR | Reduction in employer contributions arising from new Agency Contract | (90) | | | 0 |

Savings Delivery 2022/23

Appendix 4

| Directorate | Saving | Delivered Savings 2022/23 £000 | Undelivered Savings 2022/23 £000 | Savings Removed at 2023/24 Budget Setting £000 | Savings Carried Forward to 2023/24 £000 |
|--------------------|--|-----------------------------------|-------------------------------------|---|--|
| DoR | Increase in Fees and Charges (Kennet Day Nursery) | (5) | | | 0 |
| DoR | Procurement & Contracts savings - Resources Directorate | | (100) | | (100) |
| DoR | Efficiencies from procuring new finance system | (112) | | | 0 |
| DoR | Finance workforce review | (50) | | | 0 |
| DoR | Procurement of Case Management system | (45) | | | 0 |
| DoR Total | | (351) | (307) | 0 | (307) |
| CORP | Reducing mileage expenses through increased use of alternatives e.g. online meetings | | (77) | | (77) |
| CORP Total | | 0 | (77) | 0 | (77) |
| BFFC | BFFC Savings | (1,175) | | | 0 |
| BFFC Total | | (1,175) | 0 | 0 | 0 |
| Grand Total | | (7,401) | (2,823) | 0 | (2,823) |

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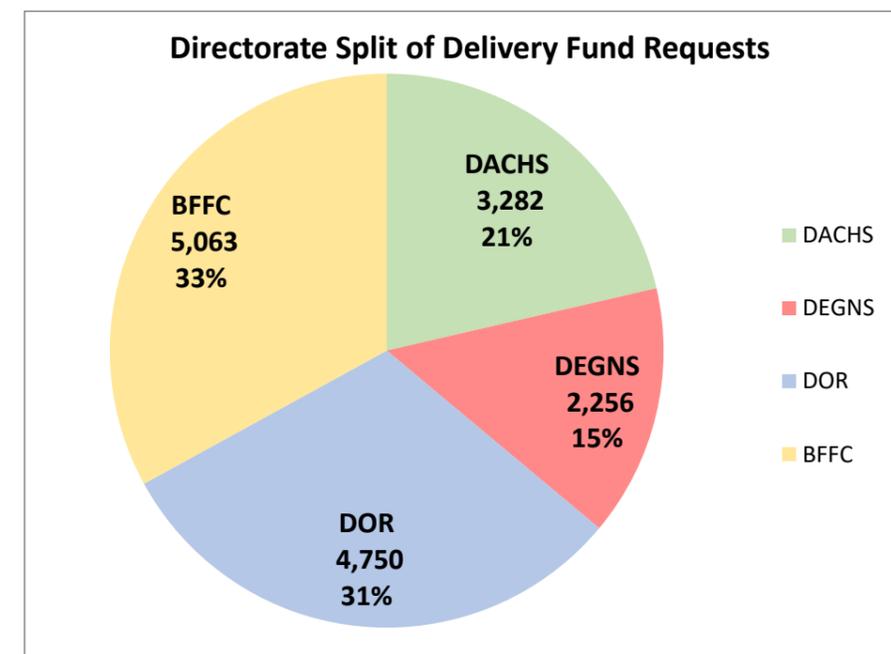
Section 1: Summary of resources by Directorate

Table 1 summarises the Delivery Fund programme totalling £15.352m over the 6 year period (2017-2023)

| | Number of schemes in 2022/23 | Approved resources (£000) | | | | | | Total |
|-------|------------------------------|---------------------------|-------|-------|-------|-------|-------|--------|
| | | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | |
| Total | 36 | 1,319 | 3,182 | 3,287 | 3,256 | 3,040 | 1,268 | 15,352 |

TABLE 1

| Directorate | Number of schemes in 2022/23 | Approved resources (£000) | | | | | | Total |
|-------------|------------------------------|---------------------------|-------|-------|-------|-------|-------|--------|
| | | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | |
| DACHS | 18 | 462 | 802 | 844 | 119 | 639 | 417 | 3,282 |
| DEGNS | 5 | 50 | 379 | 1,131 | 600 | 44 | 52 | 2,256 |
| DOR | 9 | 755 | 909 | 581 | 1,034 | 946 | 525 | 4,750 |
| BFFC | 4 | 52 | 1,093 | 731 | 1,503 | 1,410 | 274 | 5,063 |
| Total | 36 | 1,319 | 3,182 | 3,287 | 3,256 | 3,040 | 1,268 | 15,352 |

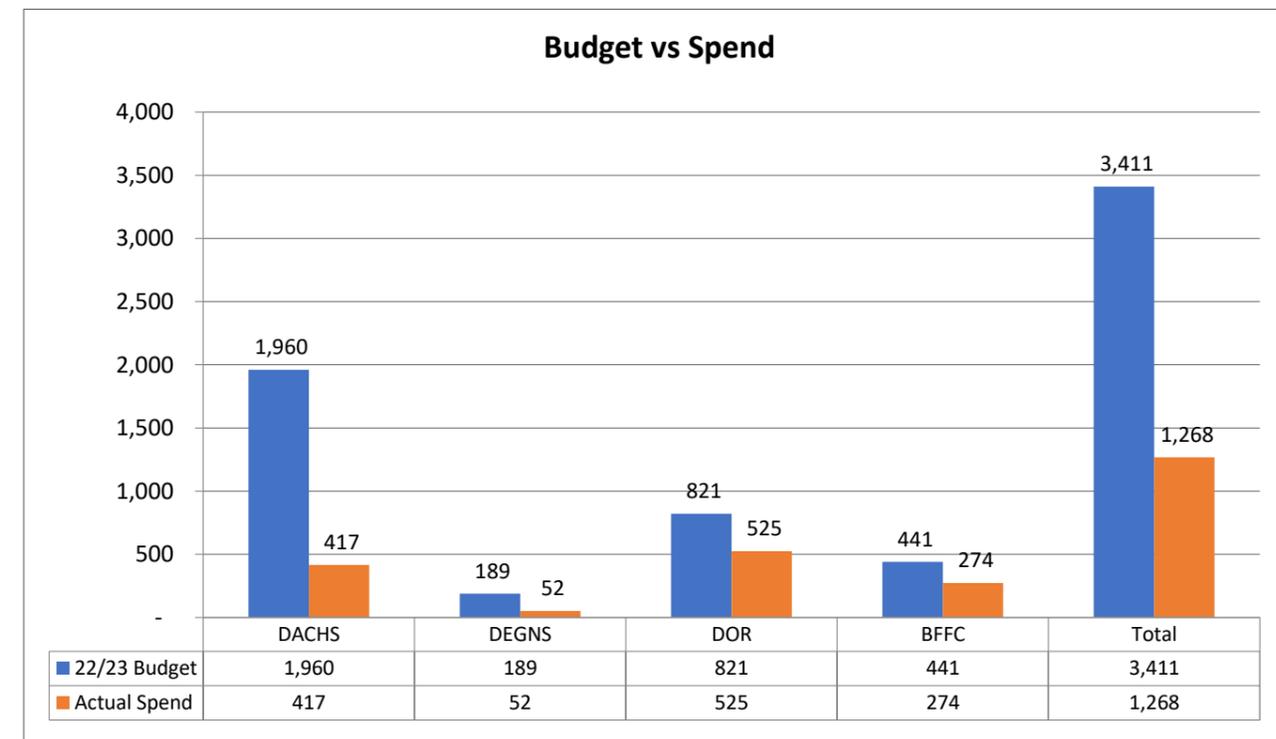


Section 2: Outturn Position 2022-23

Table 3 shows the 2022/23 budget (including unspent funds from 2021/22). These are requests that have been approved by CMT.

TABLE 3

| Directorate | 22/23 Budget | Outturn | Variance | Requested Roll Forward | 23/24 Resources | Revised 23/24 Resources |
|-------------|--------------|---------|----------|------------------------|-----------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| DACHS | 1,960 | 417 | (1,543) | 1,499 | 1,004 | 2,503 |
| DEGNS | 189 | 52 | (137) | 132 | 167 | 299 |
| DOR | 821 | 525 | (296) | 295 | 489 | 784 |
| BFFC | 441 | 274 | (167) | 167 | 0 | 167 |
| Total | 3,411 | 1,268 | (2,143) | 2,093 | 1,660 | 3,753 |



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Appendix 6 - Reserves Position as at 31st March 2023

| | | Balance 01/04/2022 | 2022/23 Transfers In | 2022/23 Transfers Out | Current Balance | Proposals per 2022/23 Outturn | Balance 31/03/2023 |
|--|---|-----------------------|-------------------------|-----------------------------|--------------------|-------------------------------------|-----------------------|
| | | £m | £m | £m | £m | £m | £m |
| General Fund Balance | Minimum level of unallocated reserves, 5% of net revenue budget | (7.500) | (0.721) | 0.000 | (8.221) | 0.000 | (8.221) |
| Earmarked Reserves - General Fund | | | | | | | |
| Emergency Planning Reserve | To cover for unforeseen emergencies not budgeted for | (0.610) | (0.698) | 0.000 | (1.308) | 0.000 | (1.308) |
| 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. | (0.600) | (0.025) | 0.000 | (0.625) | 0.000 | (0.625) |
| Public Health Reserve | The Public Health Grant is ring-fenced so any underspend is carried forward and spent in future years | (0.906) | (0.161) | 0.000 | (1.067) | 0.000 | (1.067) |
| Schools Deficit Liability Reserve | To fund potential deficits of schools that may become academies in the future | (0.674) | (0.330) | 0.000 | (1.004) | 0.000 | (1.004) |
| Climate Change Reserve | To allow for investment to address the climate emergency | (0.220) | (0.006) | 0.000 | (0.226) | 0.000 | (0.226) |
| Legal and Taxation Reserve | To meet potential one-off legal or tax liabilities | (0.300) | (1.060) | 0.000 | (1.360) | 0.000 | (1.360) |
| Pension Liabilities Reserve | To cover potential future Pension Fund liabilities arising from employer pension contribution rate fluctuations | (1.100) | 0.000 | 1.100 | 0.000 | 0.000 | 0.000 |
| Commercial Property Liabilities Reserve | To manage urgent liabilities associated with the Council's property | (1.700) | (1.100) | 0.000 | (2.800) | 0.000 | (2.800) |
| 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 | (30.031) | (9.009) | 21.501 | (17.539) | 0.000 | (17.539) |
| Self Insurance Reserve | To meet estimated liabilities in connection with internally-held risks related to the Council's Insurance programme | (2.756) | (0.442) | 0.000 | (3.198) | 0.000 | (3.198) |
| 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 01/04/2022 | 2022/23 | 2022/23 | Current Balance | Proposals per 2022/23 Outturn | Balance 31/03/2023 |
|--|--|-----------------------|--------------|------------------|--------------------|-------------------------------------|-----------------------|
| | | | Transfers In | Transfers Out | | | |
| | | £m | £m | £m | £m | £m | £m |
| Transformation Reserve | To allow for potential slippage in the delivery of capital receipts to fund transformation as well as funding transformation projects beyond the end of the flexible capital receipts directive in 2024/25. | (8.015) | 0.000 | 1.051 | (6.964) | 0.000 | (6.964) |
| Capital Financing Smoothing Reserve | To smooth funding across the period of the Medium Term Financial Strategy | (15.420) | 0.000 | 8.715 | (6.705) | (3.410) | (10.115) |
| 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 | 0.027 | (1.473) | 0.000 | (1.473) |
| Collection Fund Smoothing Reserve | To provide for the potential downturn in the economy that would reduce the level of Business Rates/Council Tax | (6.196) | 0.000 | 3.300 | (2.896) | 0.000 | (2.896) |
| Better Care Fund Reserve | To meet costs relating to the Hospital Discharge Scheme | (1.032) | (0.788) | 0.000 | (1.820) | 0.000 | (1.820) |
| 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 | (2.530) | (5.691) | 0.000 | (8.221) | 0.000 | (8.221) |
| 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 | 0.030 | (0.154) | 0.000 | (0.154) |
| Archives | Archives partnership funds | (0.031) | 0.000 | 0.000 | (0.031) | 0.000 | (0.031) |
| Energy | To mitigate against fluctuations in energy prices | (0.791) | (0.496) | 0.000 | (1.287) | 0.000 | (1.287) |
| Procurement Training | To fund one-off training to support the new Hub and Spoke Operating Model | (0.050) | 0.000 | 0.050 | 0.000 | 0.000 | 0.000 |
| Ministry of Justice | To fund overpaid liability orders | (0.119) | 0.000 | 0.000 | (0.119) | 0.000 | (0.119) |
| Health & Safety | To fund a temporary Risk Management Officer | 0.000 | 0.000 | 0.000 | 0.000 | (0.071) | (0.071) |
| Project Management Office | To fund temporary support to the Project Management Office | 0.000 | 0.000 | 0.000 | 0.000 | (0.210) | (0.210) |

| | | Balance 01/04/2022 | 2022/23 | 2022/23 | Current Balance | Proposals per 2022/23 Outturn | Balance 31/03/2023 |
|--|-------------------------|-----------------------|-----------------|------------------|--------------------|-------------------------------------|-----------------------|
| | | | Transfers In | Transfers Out | | | |
| | | £m | £m | £m | £m | £m | £m |
| Hardship Fund | To fund hardship relief | 0.000 | 0.000 | 0.000 | 0.000 | (0.500) | (0.500) |
| Total Earmarked Reserves - General Fund | | (80.027) | (19.806) | 35.774 | (64.059) | (4.191) | (68.250) |
| Total Revenue Reserves | | (87.527) | (20.527) | 35.774 | (72.280) | (4.191) | (76.471) |

| | | Balance 01/04/2022 | 2022/23 | 2022/23 | Current Balance | Proposals per 2022/23 Outturn | Balance 31/03/2023 |
|---|---|-----------------------|-----------------|------------------|--------------------|-------------------------------------|-----------------------|
| | | | Transfers In | Transfers Out | | | |
| | | £m | £m | £m | £m | £m | £m |
| Other Ringfenced Reserves | | | | | | | |
| Schools Reserves | | | | | | | |
| School Balances | Schools are able to carry forward any underspends on their budgets | (3.019) | 1.915 | (0.381) | (1.485) | 0.000 | (1.485) |
| Dedicated Schools Grant | This is in deficit due to overspends in high needs block. This is planned to be repaid by 31st March 2024 | 2.164 | 1.299 | 0.000 | 3.463 | 0.000 | 3.463 |
| Total Schools Reserves | | (0.855) | 3.214 | (0.381) | 1.978 | 0.000 | 1.978 |
| Housing Revenue Account (HRA) Reserves | | | | | | | |
| Housing Revenue Account | Represents the balance carried forward on these accounts | (41.148) | 0.000 | 3.158 | (37.990) | 0.000 | (37.990) |
| North Whitley PFI | To provide a smoothing reserve for PFI payments | (10.147) | (0.073) | 0.000 | (10.220) | 0.000 | (10.220) |
| Total Housing Revenue Account (HRA) Reserves | | (51.295) | (0.073) | 3.158 | (48.210) | 0.000 | (48.210) |
| Total Revenue Reserves (including Other Ringfenced Reserves & HRA) | | (139.676) | (17.386) | 38.551 | (118.511) | (4.191) | (122.702) |

Appendix 7 - Corporate Plan Monitoring for Quarter 4 2022/23 (Measures & Projects)



Corporate Plan KPI's - Foundations - Annual

| Status | DOT | Title | Frequency | Target | Unit | Mar-22 | Mar-23 | Comments |
|--------|-----|--|-----------|--------|------|--------|--------|---|
| ▲ | | Resident Survey: Agreement that the Council provides value for money | Annual | 50 | % | | 47.00 | |
| ● | | Resident Survey: Satisfaction with the way the Council runs things overall | Annual | 60 | % | | 63.00 | Targets for 23/24 and 24/25 amended as part of KPI review for 23/24 |

Corporate Plan KPI's - Foundations - Quarterly

| Status | DOT | Title | Frequency | Target | Unit | Q3 | Q4 | Comments |
|--------|-----|--|-----------|--------|-----------|--------|--------|---|
| ▲ | ↑ | Customer satisfaction in the Customer Fulfilment Centre | Quarterly | 89 | % | 73.50 | 81.40 | <ul style="list-style-type: none"> - Customers have experienced excessive wait times for calls to be answered. - Acute challenges with our housing repairs service means CFC colleagues are on hold for lengthy periods to speak to the back office. - The CFC has experienced a higher than usual rate of attrition. - A vibrant job market has meant the service has been unable to attract people to apply for roles in CFC. The current job description has been reviewed with a view to make the role and pay more competitive and attractive. |
| ▲ | ↑ | Percentage of responses to the public on Freedom of Information Act requests made within 20 days | Quarterly | 90 | % | 77.20 | 81.40 | <p>Q4 shows further improvement with the response rate, we have shared this data with the ICO during our last meeting with them, they are satisfied with the progress made so far and has formally closed the case with no further action. We have however agreed to share data by email.</p> <p>Weekly drop-in sessions are being run for FOI responders and ADs, however the attendace is very low and we will review this at the end of June.</p> <p>A new escalation procedure at day 11 to ADs and EDs is now in place, data on the effect of this will be available at the end of Q1.</p> |
| ● | ↑ | Deliver the Medium Term Financial Strategy | Quarterly | 149.9 | £ million | 146.68 | 145.55 | |
| ● | ↑ | Enquiries solved at first point of contact in the Customer Fulfilment Centre | Quarterly | 87 | % | 89.00 | 93.01 | |
| ● | ↓ | Number of invoices paid within 30 days of invoice date | Quarterly | 80 | % | 88.94 | 84.49 | The number of invoices paid within 30 days during 2022-23 has included a significant number of £150 energy rebate payments which had the effect of improving the KPI in Q1 when most of the rebates were paid, and to a lesser degree in Q2. |
| ● | ↑ | Percentage of responses to complaints within agreed timescales | Quarterly | 70 | % | 64.50 | 71.70 | Q4 shows improvement in responding to complaints over timescales compared to Q3 when 65.4% were responded to in time. However, the total number of complaints responded to in Q4 was 107, compared to 138 in Q3. |



Corporate Plan KPI's - Foundations - Monthly

| Status | DOT | Title | Frequency | Target | Unit | Feb-23 | Mar-23 | Comments |
|--------|-----|---|-----------|--------|------|-----------|-----------|---|
| ● | ↑ | Number of self- service transactions via My Account self- service | Monthly | 23333 | No. | 18,429.00 | 26,507.00 | <p>Figures for Jul, Aug, Sep, Oct, Nov, Dec 2022 corrected to reflect actual results.</p> <p>Actual Previously reported Jul-22 29746 27600 Aug-22 22589 20800 Sep-22 24026 19800 Oct-22 22012 17000 Nov-22 21073 16000 Dec-22 15199 11000</p> <p>We have been focusing on the calculation methodology used by Google Analytics to make the published figure as accurate as possible. Changes we have made in this quarter have, we believe, reduced the amount of double counted transactions, and now more accurately reports the current level of customer engagement online. We will continue to review this methodology and provide a further update at the next corporate review date. The target figure was based on current (at the time) reported figures, it is likely this will need reviewing after a further period of reporting (and confirmation that the changes to the process have resulted in more accurate figures).</p> |



Corporate Plan KPI's - Healthy Environment - Annual

| Status | DOT | Title | Frequency | Target | Unit | Mar-22 | Mar-23 | Comments |
|--------|----------|--|-----------|--------|---------|--------|----------|---|
| 🔴 | | Hectares turned over to re-wilding | Annual | 2.5 | ha | | 2.00 | Target not quite achieved due to the wet winter which has meant that the full area couldn't be prepared. This will be added to the target for 2023/24. |
| 🟡 | | Active travel trips to/from the town centre (walking and cycling) (mode share) | Annual | 35 | % | | 34.90 | Targets amended as part of KPI review for 23/24 |
| 🟡 | | Number of fixed penalty notices for flytipping | Annual | 240 | No. | | 235.00 | Measure has been changed from no of prosecutions, as published in the Corporate Plan, as the legal process for successful prosecution has been under review this year |
| 🟢 | | Air Quality (micrograms per meter cubed of Nitrogen Dioxide) | Annual | 34 | µg/m3 | | 32.00 | This is the annual average across our monitoring sites for 2022 |
| 🟢 | | Car trips to/from the town centre (mode share) | Annual | 39 | % | | 24.50 | Targets for 22/23 and 23/24 amended as part of KPI review for 23/24 |
| 🟢 | Page 177 | Carbon footprint (Reading Borough Council) - total carbon emissions | Annual | 6394 | t | | 5,675.00 | Figure and target is 2021/22 business year as there is a data lag. Figure quoted in tonnes CO2 per annum as gross corporate emissions reported in the Council's Green House Gas report 2021/22. |
| 🟢 | | Carbon footprint (Reading) - reduction in carbon emissions | Annual | 49.3 | t | | 55.36 | Figure quoted in % reduction against 2005 baseline 448kT (000's tonnes) vs 1003.5 kT in 2005. From data reported by Government for 2020 calendar year. There is a 1.5 year data reporting lag with figures typically published in June each year. |
| 🟢 | | Kilometres of roads and pavements resurfaced | Annual | 40 | km | 90.00 | 50.00 | This should be an annual indicator as it is not practical to provide on a monthly basis and dependant on when tenders are let and works can take place. We have resurfaced 50km of roadway to date up to end of March 2023. |
| 🟢 | | Public transport trips to/from the town centre (mode share) | Annual | 35 | % | | 40.60 | Targets for 22/23 and 23/24 amended as part of KPI review for 23/24 |
| 🟢 | | Remediation of tall buildings with cladding | Annual | 100 | % | | 180.00 | 22/23 in total 9 buildings were completed |
| 🟢 | | Trees planted on Council owned property | Annual | 14 | No. (k) | | 387.00 | 387 in total - 300 new trees and 87 replacement for those that had either died or were felled during the last year. |



Corporate Plan KPI's - Healthy Environment - Quarterly

| Status | DOT | Title | Frequency | Target | Unit | Q3 | Q4 | Comments |
|--------|-----|--|-----------|--------|------|-------|-------|---|
| ▲ | ▲ | Food waste recycled (percentage of household waste) | Quarterly | 14 | % | 12.90 | 13.30 | Food waste (from schools and the kerbside) represented 12.7% of household waste in 2022/23. This compares to 13.5% last year. Lower food waste tonnes compared to the same period last year could be the result of residents having become more aware of the amount of food they were wasting. If lower tonnages are the result of waste reduction, this is a positive outcome. Increased financial pressures may also be causing residents to waste less food. However we are also aware that some food waste is present in the residual waste, and we need to capture this for recycling. Officers will continue to monitor the tonnages. |
| ▲ | ▼ | Percentage of actionable (40mm depth) potholes repaired within 28 days | Quarterly | 99 | % | 99.00 | 96.00 | There was an issue with the WDM system not exporting the data - this has been resolved but caused a small amount to go out of date |
| ▲ | ▲ | Percentage total household waste recycled | Quarterly | 51 | % | 48.50 | 48.60 | The provisional recycling rate for 2022/23 is 49.5%. This compares to 51.5% last year. Total household tonnes fell as the economic situation changed, but recyclable tonnages fell more than those collected as non-recycled. The biggest decline has been in food waste. Some tonnages may be starting to recover and officers are continuing to monitor the data. |
| ● | ▲ | Percentage of Houses of Multiple Occupation that are licensed | Quarterly | 42 | % | 42.50 | 43.20 | |

Corporate Plan KPI's - Inclusive Economy - Annual

| Status | DOT | Title | Frequency | Target | Unit | Mar-22 | Mar-23 | Comments |
|--------|-----|--|-----------|--------|----------|--------|---------------|--|
| ● | ↑ | BAME employees in Council's workforce | Annual | 15 | % | 15.15 | 17.00 | Targets for 23/24 and 24/25 amended as part of KPI review for 23/24 |
| ● | ↑ | Borough bus usage | Annual | 14 | No. (m) | 11.00 | 14,100,000.00 | Targets amended as part of KPI review for 23/24 |
| ● | | Borough park & ride usage | Annual | 100 | No. (k) | | 300,000.00 | Targets amended as part of KPI review for 23/24 |
| ● | ↑ | Borough rail usage | Annual | 9 | No. (m) | 9.00 | 8,820,000.00 | Targets amended as part of KPI review for 23/24 |
| ● | | Ethnicity pay gap | Annual | 3.5 | % | | 1.76 | |
| ● | | Gender pay gap | Annual | 1.75 | % | | 0.13 | |
| ◆ | | Key stage 2 results - reducing the gap in attainment between advantaged and disadvantaged pupils | Annual | 25 | % | | 28.00 | The Annual School Standards report being presented to ACE Committee on 12 July sets out current actions being taken and recommended next steps in the coming academic year to reduce the attainment gaps for disadvantaged pupils. |
| ◆ | | Key stage 4 results – reducing the gap in attainment | Annual | 20 | Number | | 11.70 | |
| ● | | New Directions College Ofsted rating | Annual | 0 | Standard | | 100.00 | New Directions College remains a "Good" provider and was last inspected in July 2019. |
| ▲ | | New Directions College qualification achievement rates | Annual | 95.7 | % | | 91.40 | Final Achievement rates are published by the Department of Education every March for the previous academic year. The data for March 23 recorded above is the actual achievement rate for the academic year 21- 22. This rate is above national average. |
| ● | | Number of secondary school fixed term suspensions | Annual | 8 | % | | 7.70 | Reading schools, in common with most schools in England, have seen a sharp rise in emotional and behavioural issues from pupils following the pandemic period. Many young people continue to experience the effects of lack of socialisation and isolation following the pandemic period. Whilst Reading schools are working successfully with BfC to minimise the impact for young people of permanent exclusions, suspensions have seen a significant increase as schools seek to maintain children attending school, but developing healthy and respectful behaviours in class. Targeted work with schools with higher rates of suspensions are planned for the autumn term, to further develop our relational practice and trauma informed work with schools, which is expected to results in a reduced rate of suspensions in Reading secondary schools next academic year. |
| | | Percentage of Council contracts which include social value | Annual | | % | | | Not yet available |
| ▲ | | Percentage of residents who select 'reduction in crime' as a top 3 priority for the council to address | Annual | 25 | % | | 27.00 | |



Corporate Plan KPI's - Inclusive Economy - Quarterly

| Status | DOT | Title | Frequency | Target | Unit | Q3 | Q4 | Comments |
|--------|-----|---|-----------|--------|-----------|--------|------------|---|
| ● | ⇒ | Number of school places for children and young people with Special educational need and disability (SEND) | Quarterly | 402 | No. | 453.00 | 453.00 | No new places due to come online until April 2023 |
| ● | ⇒ | Percentage of Care Leavers who are not in education, employed or training for work (NEET) | Quarterly | 35 | % | 29.00 | 29.00 | |
| ● | ↑ | Cumulative reduction in crime (based on Thames Valley Police crime reporting figures) | Quarterly | 5 | % | 27.00 | | Data adjusted by Data Provider, Iquanta, following verification process. This now reflect a significant increase in crime reports against the 2020/21 base line for Q1. Narrative to be reviewed by the Community Safety Partnership Reducing Crime Delivery Group when it starts. March Data has not yet been released, therefore Q 4 cannot be updated. |
| ● | ↑ | Participation at Council cultural venues | Quarterly | 300 | No.(k)/yr | 300.82 | 402,023.00 | August closure reduces participation for Q2. Data is cumulative. |



Corporate Plan KPI's - Inclusive Economy - Monthly

| Status | DOT | Title | Frequency | Target | Unit | Feb-23 | Mar-23 | Comments |
|--------|-----|--|-----------|--------|-----------|--------|--------|--|
| ⬇️ | ⬇️ | Percentage of people with a learning disability in paid employment | Monthly | 5 | % | 4.52 | 4.48 | This KPI remains a high priority in the Transition and SEND groups, proactive work is being undertaken with the Elevate and New Direction College to target residents with LD. |
| ⬆️ | ⬆️ | Number of visits to our libraries | Monthly | 0 | No.(k)/yr | 221.00 | 241.00 | Tracking to target, Data is cumulative to date. fault on door counter so some estimations included |

Corporate Plan KPI's - Thriving Communities - Annual

| Status | DOT | Title | Frequency | Target | Unit | Mar-22 | Mar-23 | Comments |
|--------|-----|--|-----------|--------|------|--------|--------|---|
| ⬮ | | Number of affordable homes delivered | Annual | 169 | No. | 178.00 | 135.00 | Affordable housing delivery is lower than 2021-22 (178) but significantly higher than 2019-20 (80) and 2020-21 (54). The amount of affordable housing delivered in a year is heavily dependent on when a limited number of large housing schemes are delivered, and can fluctuate significantly from year to year. In addition, there were relatively low levels of local authority new build affordable housing completed in 2022-23 as some of the larger projects (e.g. Wensley Road, North Street and Arthur Hill) remain under construction. There are continued challenges with securing fully policy-compliant affordable housing on private sites for reasons of viability, which are likely to continue to impact on meeting affordable housing needs. With around 280 affordable homes currently under construction, there is expected to be increased provision in 2023-24. Baseline amended as part of KPI review for 23/24 |
| ⬮ | | Number of people sleeping rough | Annual | 8 | No. | | 36.00 | Various factors since Covid and economic and socio-economic circumstances have influenced an increase and not achieving this target. A new National Rough Sleeping Strategy was released in 2022 and Reading's Rough Sleeping Strategy/Action Plan is due for revision in 2023, alongside additional funding streams and interventions to tackle the issue in Reading. These are being implemented between 2022 – 2025 aiming to reduce and sustain a reduction in this figure. 23/24 and 24/25 targets amended as part of KPI review for 23/24. |
| ⬮ | | Number of the above that are 3 or more bed family homes | Annual | 117 | No. | | 128.00 | Baseline amended as part of KPI review for 23/24 |
| ⬮ | | Percentage of adults physically active more than 150 minutes per week | Annual | | % | 66.10 | | Figure not yet available; was expected in April |
| ⬮ | | Total (net) completed additional dwellings (new build and conversions) | Annual | 689 | No. | 850.00 | 888.00 | Baseline amended as part of KPI review for 23/24 |



Corporate Plan KPI's - Thriving Communities - Quarterly

| Status | DOT | Title | Frequency | Target | Unit | Q3 | Q4 | Comments |
|--------|-----|--|-----------|--------|-------------|--------|----------|---|
| ● | ↓ | Youth re-offending rate | Quarterly | 30 | % | 27.90 | 28.10 | The latest data is for the period Apr 20 to Mar 2021. |
| ● | ↑ | Number of carers supported to maintain their caring role | Quarterly | 120 | No. | 144.00 | 179.00 | With the new commissioned service the number of carers assessment continues to increase. |
| ● | ↑ | Number of NHS Health Checks delivered to residents | Quarterly | 150 | No. per qtr | 521.00 | 1,204.00 | GPs completed 1,124 checks; Royal Berkshire Hospital completed 80 Checks. A combination of these factors may account for the increase this quarter; practices continue to return to pre-pandemic levels of activity, and we've also been doing a lot of work behind the scenes to influence GP clinical leads. Targets amended as part of KPI review for 23/24 |
| ● | ↑ | Percentage of children in care living more than 20 miles from Reading | Quarterly | 28 | % | 27.00 | 26.00 | Proactive action taken to address the challenge of local place sufficiency (a challenge that Local Authorities across England are experiencing) is beginning to evidence impact, with more children being initially placed in or returning to placements in Reading. A reduction in the overall number of children coming into care means that the number of children who became looked after some years ago and are settled with long term carers beyond 20 miles continues to have a high proportionate impact on this indicator. |
| ● | ↑ | Proportion of stop smoking service users, who have set a date to stop smoking and are still not smoking 4 weeks later, that are routine and manual workers | Quarterly | 40 | % per qtr | 32.00 | 40.00 | Due to the lag in stop smoking service data, the previous quarter's data (Q3 - 32%) is the most robust. Q4 data is still provisional. The improvement has been largely due to the service being able to access more sites and setting up more drop-in clinics in targeted communities. |



Corporate Plan KPI's - Thriving Communities - Monthly

| Status | DOT | Title | Frequency | Target | Unit | Feb-23 | Mar-23 | Comments |
|--------|-----|--|-----------|--------|-------|--------|--------|---|
| 🔴 | 📈 | Percentage of service users in receipt of Adult Social Care Direct Payments | Monthly | 24 | % | 21.21 | 21.34 | A Direct Payment set-up function has been established (one DP Officer post) to encourage usage of Direct Payments and support staff with the process. |
| 🟢 | 📈 | Number of households prevented from becoming homeless | Monthly | 450 | No/yr | 468.00 | 525.00 | Data is cumulative to date. |
| 🟢 | 📉 | Older People (65+) who were still at home 91 days after discharge from hospital into reablement | Monthly | 80 | % | 90.30 | 85.30 | This winter was particularly high in demand and complexity, however, the service continues to deliver good outcomes. |
| 🟢 | 📈 | Percentage of new contacts to the Advice & Wellbeing hub resulting in a successful outcome not requiring an on-going service | Monthly | 80 | % | 94.00 | 95.00 | Activity in Q4 continues to increase, staff are supporting residents in a proactive manner, signposting residents to voluntary sector and continuing to use a Strength Based Approach |
| 🟢 | 📈 | Percentage of service users supported to live independently in the community | Monthly | 74 | % | 75.00 | 75.00 | Community Based provision remains a priority for Adult Social Care and teams are working with residents and families to remain at home as long as possible |

Corporate Plan Projects - Foundations

| Project or activity | Q3 | Q4 | DOT | Q4 22-23 Commentary |
|---|----|----|-----|---|
| Embedding the Hub and Spoke structure | ▲ | ▲ | ➔ | Delivery plan awaiting sign off. Policy paper in train |
| Implement new finance system with improved business processes | ▲ | ▲ | ➔ | |
| Implement Social Value Strategy and reporting | ▲ | ▲ | ➔ | Delivery plan awaiting sign off. Policy paper in train |
| Implementation of new customer platform | | ● | ⬆ | The delivery of the Customer and Case Management (CCM) platform continues to progress well. Build and configuration of the Built Environment and Regulatory Services e track for delivery Feb/March 2024. The discovery phase of the Customer element has been completed, and work is now in progress to sequence the build and configuration |
| Implementation of the Connected Reading Strategy | ▲ | ▲ | ➔ | <p>The Casework and Customer Management project has mobilised and is currently proceeding on track.</p> <p>PwC has been selected as our digital transformation delivery partner and a contract has been signed. The following work packages have mobilised:</p> <ol style="list-style-type: none"> 1) Finance system implementation review 2) Customer Journey Optimisation 3) Adult Social Care System and Process review 4) Adult Social Care Digital Front Door <p>The Housing Digital Presence work package is expected to mobilise in May. Application Rationalisation has been rescheduled to launch in Q3 to avoid overstretch both of the change.</p> <p>We are also scoping a workpackage to put in place a robust corporate Portfolio Management Officer service and toolset. This work includes a review of the overall corporate portfolio including digital transformation. This will affect the overall corporate portfolio including digital transformation.</p> <p>In Q2, we will bring forward a report to Policy Committee rebaselining the overall digital transformation programme, taking account of the results of the work packages designed will finally enable a return to green status.</p> <p>The status of other transformation projects is as follows:</p> <p>Independent Living -Equipment is now live with 11 live installations. However, the target for the pilot was 50 installations and the slow pace of referrals is a serious risk. Target increase pace. Review to be held at end of year to determine whether project should proceed on current plan, be extended or be halted.</p> <p>Digital inclusion - While the PREVENT issues affecting the public WiFi pilot were resolved, our experience with the supplier has been disappointing and we are reviewing options for connectivity, provided under social value arrangements with one of our providers, to all community centres (twelve rather than the six initially envisaged) has been confirmed.</p> <p>SharePoint migration - This project was formally closed in February. Training in SharePoint training remains a focus for our digital L&D function.</p> |
| Implementation of the Customer Experience Programme | ◆ | ▲ | ⬆ | Refreshed programme and workstreams developed and agreed. Workshop with key senior stakeholders to introduce these and reset the programme has been delivered. Programme & Change and our Digital Transformation and Delivery Partner with first set of prioritised projects agreed. Work now underway to identify, source and secure required resources |

Corporate Plan Projects - Healthy Environment

| Project or activity | Q3 | Q4 | DOT | Q4 22-23 Commentary |
|--|----|----|-----|---|
| The allocation of £1.6 million Community Infrastructure Funds and commencement of the approved schemes | ▲ | ▲ | ➔ | £1.6 million of Community Infrastructure Levy funds were allocated to 18 local projects in March 2022 by Policy Committee. Work has completed on seven of the preparatory stages or are awaiting the completion of projects previously allocated CIL funds in 2021. |
| Electrification of fleet | ▲ | ▲ | ➔ | A further 1 electric compact sweeper has been added to the fleet. Still awaiting confirmation from Finance on the amount of capital funding to be authorised for Phase 2 of the electric charging infrastructure for RCV's has been placed with installation scheduled for Summer 23. |
| Deliver and develop the new play hub at Prospect Park. | ● | ● | ➔ | Cafe lease at final stage with legal. Agreement and hand over expected April. |
| £9 million investment in resurfacing roads and pavements. | ● | ● | ➔ | Completed on time and within available budgets |
| Decarbonisation of the Hexagon theatre through improved heating and lighting. | ▲ | ▲ | ➔ | Decision on funding - unsuccessful on this round. scope of works to be reviewed to match budget. |
| Implementing the Environment Act 2021 | ▲ | ▲ | ➔ | Deposit Return Scheme latest information received, now awaiting final part of the jigsaw - Consistency of Collections where it has been indicated that it will be re information paper on the overall impact anticipated to RBC's waste collection and disposal services. |
| New Local Transport Plan (LTP) for Reading | ▲ | ● | ⬆ | Draft LTP being prepared to seek authority to undertake statutory consultation from SEPT Committee in June 2023. |
| Delivery of Capital Education Property Development Programme | ● | ● | ➔ | Projects and programme progressing as per the intended timescales |
| Retaining our position on the 'A' list for bold leadership on climate change | ● | ● | ➔ | Reading's 2022 annual submission to CDP was completed in July 2022. In November 2022, following detailed assessment, CDP confirmed that Reading has retained 19 UK local authorities who received this score in 2022. |
| Climate Emergency Strategy | ▲ | ▲ | ➔ | The majority of actions remain green (on track) or amber (progressing but at risk of not being delivered by the target date). Further details are included in the Annual SEPT Committee in November 2022 (see https://readingcan.org.uk/wp-content/uploads/2022/12/Reading-Climate-Emergency-Strategy-Annual-Report-2021-22) |
| Improvements to play areas and park environments | ▲ | ▲ | ➔ | There are 21 projects being carried out within our Parks and Open Spaces upgrading children's play grounds and outdoor gyms. Of these 4 are red for this financial availability of materials and equipment. There are 2 additional projects undertaken – Repair to the external walls and vaults at Caversham Court (Red) and repairs to the 'Bandstand' in the Forbury (Green) |



Corporate Plan Projects - Inclusive Economy

| Project or activity | Q3 | Q4 | DOT | Q4 22-23 Commentary |
|---|----|----|-----|---|
| Action plan in place to improve community engagement mechanisms across diverse communities | ● | ● | → | |
| Actions arising from the Powered by People strategy | ● | ● | → | The programme for skills and employment approved by Policy Committee on Dec 15 2022 began roll out in Q4. Outreach sessions for hard to reach residents have taken place in Whitley, Broad St Mall and Caversham. Signposting support has Rotary Club's self employment courses, 25 referred to working for yourself workshops in Whitley and Oxford Rod. A specific translation supported course was run for Hong Kong emigres, and similar work is in discussion for Afghan residents. D work is also shaping up around low carbon and screen production skills, working with a variety of partners. |
| Adoption of a new Town Centre Strategy | ▲ | ▲ | → | A new officer has been appointed who will commence work on the review of the strategy from mid June. Draft strategy to be readied for Autumn 2023. |
| Bring forward the Minster Quarter site for development | ● | ● | → | ITT stage of procurement for development partner has closed. Project Team are working on negotiation to further improve offers and refine proposals. Negotiation period will take up to 3 months after which a preferred bidder will be selected |
| Complete and open Green Park Station | ▲ | ▲ | → | Approval process being undertaken with the ORR, DfT, Network Rail and GWR, station opening being organised for late May 2023. |
| Complete Reading West Station upgrade | ▲ | ▲ | → | Construction works proceeding well on-site by GWR's contractor with completion due late spring. |
| Continued delivery of South Reading Mass Rapid Transport | ● | ● | → | Phase 5 design work being undertaken to be delivered with BSIP grant funding. |
| Deliver our Reducing Inequality Strategy through a place based approach to improving skills education and training. | ● | ● | → | Tackling Inequality Strategy agreed by Policy Committee on 23rd Jan 2023. Implementation and delivery has now commenced. |
| Implement and subsequently expand a new apprenticeship and work experience mentoring scheme | ● | ● | → | |
| Participatory research on the lived experience of diverse communities in the Borough | ● | ● | → | Completed |
| Review all community buildings for digital connectivity and access to computer equipment | ● | ● | → | |
| Shape the 3 year delivery plan 2022-25 for Reading's Culture and Heritage Strategy | ● | ● | → | Report has been to HNL and approach approved. Progress against plan to be provided in Q1 24/25. |
| Work in partnership to further the community and Council ambitions for Reading Gaol | ● | ● | → | |
| Create a workforce that is fully representative of the population we serve | ◆ | ▲ | ↑ | |
| Deliver the High Street Heritage Action Zones project objectives. | ▲ | ● | ↑ | The HSHAZ programme has managed to spent all the HE budget and we carried forward RBC unspent to the final year of the programme (year 4). The conseravtion works on buildings and shop fronts within the Oxford Road area is progressin very successfull. |
| Develop adult skills, employment support and implement training programmes | ▲ | ● | ↑ | This quarter we have introduced a new Essentail Digital Skills programme at Level 1, all our learners who attend the prevous Entry Leve had progressed resulting in an additional class. We also ran a successful SWAP program in Hospitality with the De Vere Hotel, and the learners received a very positive feedback from the Employer. A second group of Supported learners have successefully completed their first term with us and will progress to the next term in April. In addition, we have secured a new Employer (Biscuit Factory) to offer work experience to our most experience official launch in March, which enjoyed great media interest. Our learners and teacher were interviewed and broadcast on BBC South, cementing the success of our partnership. |
| Employment and Skills programme delivered via REDA | ▲ | ● | ↑ | A total of 18 apprenticeships, 416 local jobs, 35 work experience opportunities and outreach support to 126 students have taken place during 2022/23 thanks to ESPs at Station Hill, Greyfriars Church, Collards, Domain and others. ESPs have developed new relationships between contractors and the University, the College, several local schools and the Education Business Partnership. REDA-commissioned research on screen skills and low carbon skills, using S106 funding: work is being developed with sector employers through the Skills for Growth group. The Low Carbon Skills launch in March involved dozens of local empl "Green Skills" that will be developed locally. |

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Corporate Plan Projects - Thriving Communities

| Project or activity | Q3 | Q4 | DOT | Q4 22-23 Commentary |
|--|----|----|-----|--|
| Celebrate Reading's diverse arts, culture and heritage | ● | ● | → | |
| Commissioning a new smoking cessation service | ● | ● | → | The commissioning has been completed and the new service commenced on 1 October 2021 |
| Deliver 300 new Council homes | ● | ● | → | |
| Deliver key improvements to the library service, including plans for the Central Library. | ● | ● | → | |
| Deliver zero carbon initiatives within Council homes | ● | ● | → | |
| Delivery of a new Community Safety Plan with a focus on tackling serious violence and improving community engagement | ● | ● | → | CSP Delivery mechanisms have been approved by the Community Safety Partnership, with 7 delivery groups being introduced, each chaired by a lead from one of the CSP partners July 2023. |
| Delivery of the small grants funding | ● | ● | → | Round 1 22/23 interim reports received. Final reports due in August 2023. Round 2 22/23 intering reports due July 2023. |
| Develop social inclusion community development plans for the most deprived areas | ● | ● | → | Completed |
| Development of a Personal Assistant Market to enable people to live independently at home | ● | ● | → | One Personal Assistant (PA) project officer post has been extended until November 2023, supporting the newly set up Direct Payment set-up function. The percentage of eligible adults in Reading with Direct Payments employing a PA increased to 39% at the end of March 2023. This exceeded the 2022-23 target of 32%. End of Project report will be presented to Transformation Programme Board for approval in May 2023. PA monitoring will become BAU. |
| Development of an accommodation pathway for vulnerable working age adults | ● | ● | → | Work to understand the supported living market is underway and it is anticipated that a market analysis will be completed by the end of Q1 2023/24. |
| Implement plans to commemorate the Forbury Gardens attacks and install a permanent memorial in the Gardens | ● | ● | → | |
| Implementation of the VCS action plan to build our relationship with the VCS and increase capacity within the sector. | ● | ● | → | Engagement with VCS on Draft VCS Compact is taking place. VCS action plan activities being delivered through collaborative approach with VCS. |
| Recommissioning of Closing the Gap | ● | ● | → | |
| Review and expansion of the Community Reablement Team to maximise peoples independence | ◆ | ◆ | → | This transformation project has paused whilst an operation improvement plan is completed by the service. The project will be reviewed for further action in Spring 2023. |
| Supporting residents to recover from the devastating fire at Rowe Court, helping them to find alternative accommodation and welfare support | ● | ● | → | |
| Work with our partners and GLL new leisure provider to increase rates of physical activity and attendance at borough leisure centres | ● | ● | → | The use of leisure facilities continues to increase month on month with combined visitor numbers reaching 70,000 per month. Trends suggest this is likely to increase beyond this n 14,000 and it's anticipated this number will grow following the upcoming and various improvement works. There are currently 10,000 children per month learning to swim across the borough. Officers and GLL have agreed the new Public Health related targets. These are due to be rolled out from May 2023. GLL's Healthwise programme has been incorporated into the Public Health strategy and will come together on a monthly basis from May 2023. |
| Continue to deliver investment in the borough's leisure facilities, including improvements at South Reading Leisure Centre and progress on the new Rivermead Leisure Centre. | ▲ | ● | ↑ | Palmer Park has had a fantastic first quarter since opening in December 2022, attracting over 51,000 visitors and 2,000 new members. Both South Reading Leisure Centre and Meadway have made significant improvements to their swimming pool changing rooms. Significant changing room upgrades are scheduled at both South Reading and Meadway from Summer 2023 onwards. The Rivermead Leisure Centre will also be subject to significant improvements costing approx. £400k. Much progress was made between RBC and GLL this quarter regarding the Rivermead delays and agreed way forward. All dry side facilities in the new Rivermead will open to the public in Summer 2023. |

APPENDIX 8 - CORPORATE PLAN MEASURES SHOWING SIGNIFICANT CHANGE IN PERFORMANCE

Q4/MARCH 2023

Measures showing significant positive change since previous period

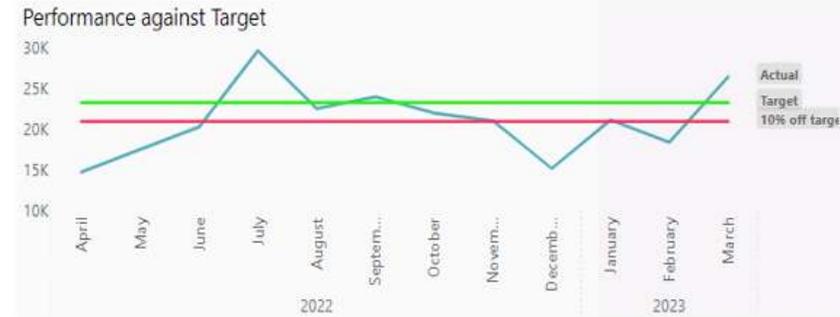
Customer satisfaction in Customer Fulfilment Centre

- Customers have experienced excessive wait times for calls to be answered.
- Acute challenges with our housing repairs service means CFC colleagues are on hold for lengthy periods to speak to the back office.
- The CFC has experienced a higher than usual rate of attrition.
- A vibrant job market has meant the service has been unable to attract people to apply for roles in CFC. The current job description has been reviewed with a view to make the role and pay more competitive and attractive.

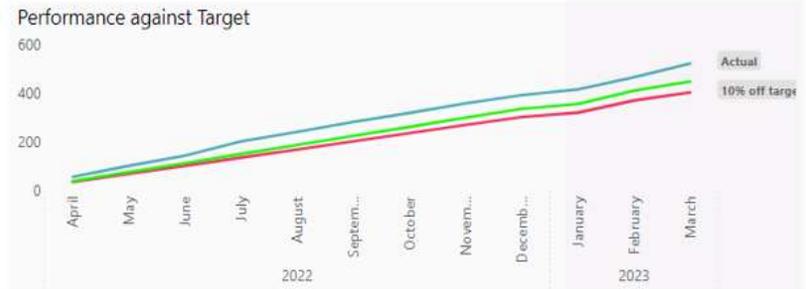


Number of self- service transactions via My Account self-service

- Figures for Jul, Aug, Sep, Oct, Nov, Dec 2022 corrected to reflect actual results.



Number of households prevented from becoming homeless



Number of NHS Health Checks delivered to residents

- GPs completed 1,124 checks; Royal Berkshire Hospital completed 80 Checks.
- A combination of these factors may account for the increase this quarter; practices continue to return to pre-pandemic levels of activity, and we've also been doing a lot of work behind the scenes to influence GP clinical leads.



Proportion of stop smoking service users

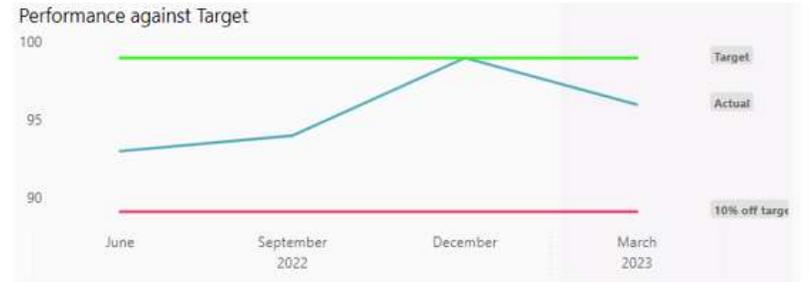
- Q4 data is still provisional. The improvement has been largely due to the service being able to access more sites and setting up more drop-in clinics in targeted communities.



Measures showing significant negative change since previous period

Percentage of actionable (40mm depth) potholes repaired within 28 days

There was an issue with the Asset Management System (WDM) not exporting the data - this has been resolved but caused a small amount to go out of date



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

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Audit and Governance Committee

20 July 2023



Reading
Borough Council
Working better with you

| | |
|---|---|
| Title | Implementation of Audit Recommendations Tracker |
| Purpose of the report | To note the report for information |
| Report status | Public report |
| Report author (name & job title) | Charlie Stewart, Director of Resources |
| Lead Councillor (name & title) | Cllr Liz Terry |
| Corporate priority | Our Foundations |
| Recommendations | <ol style="list-style-type: none"> 1. That Committee consider the report 2. That progress against the audit recommendations for audits which assigned a 'limited' or 'no assurance' opinion are noted |

1. Executive Summary

- 1.1. The outcomes of internal and external reports are reported to this committee.
- 1.2. In April 2018 Audit and Governance Committee (AGC) agreed to provide greater focus on the importance of the implementation of agreed audit recommendations. A tracker report would therefore be reported to all future meetings of this committee.
- 1.3. As agreed at the January 2023 meeting of AGC Appendix one attached sets out progress against audit recommendations for audits assigned a 'limited' or 'no assurance' opinion only.
- 1.4. Future reports will be automated, and a dashboard format developed using Power BI.

2. Policy Context

- 2.1. 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.

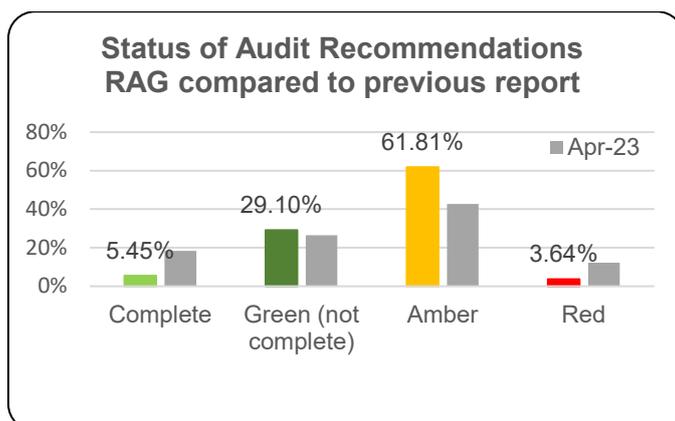
3. The Proposal

- 3.1. A summary of Internal Audit recommendations and updated management responses since the last Committee are provided in Appendix 1, attached.
- 3.2. In January 2023 it was agreed in future only recommendations for audits with either a 'limited' or 'no assurance' opinion will be included in the report and the tracker appendix.

- 3.3. In addition, previously agreed that priority three recommendations would not be added to the tracker in future 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 high to medium risk recommendations.
- 3.4. Prior to reporting to committee, officers responsible for implementing the specific recommendations are asked to update the Audit Tracker. Each recommendation is assigned a percentage complete which correlate to the following ratings:
- Red (up to 25%) & less than 50% complete but have exceeded agreed completion date
 - Amber (26-75%) or
 - Green (76%+)
- 3.5. Where there is a lack of progress with implementation, for example, regularly missing implementation dates etc, the Director / Assistant Director and Responsible Officer (if different) can be asked to attend the committee meeting to explain the difficulties with implementation and the steps being taken to address them
- 3.6. Fifteen recommendations added to the tracker and nine completed recommendations removed since April. There are currently fifty-five recommendations on the tracker, of which three reported as complete.
- 3.7. The age of the recommendations is in the table below:

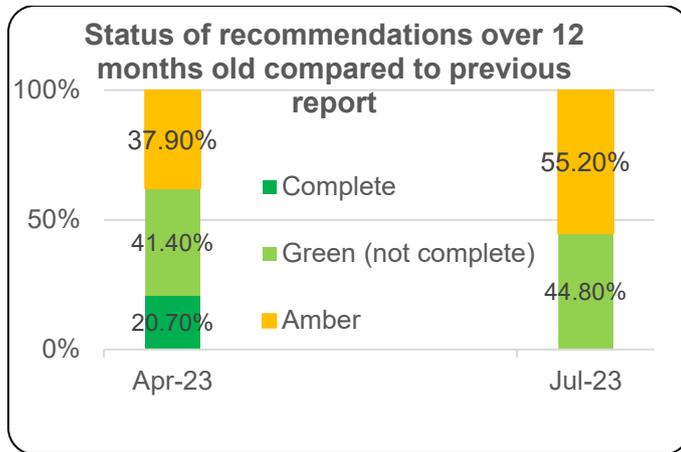
| Age of recommendations | | | | |
|-------------------------------|----------------|-------------------|-----------------|-------------------|
| | July 23 | | April 23 | |
| Year | Number | Percentage | Number | Percentage |
| 20/21 | 8 | 14.5% | 9 | 18.4% |
| 21/22 | 21 | 38.2% | 26 | 53.1% |
| 22/23 | 26 | 47.3% | 14 | 28.6% |
| Total | 55 | 100% | 49 | 100% |

- 3.8. The status of the recommendations detailed in Appendix one is as follows



There are no recommendations which have a RAG status in April & July 23.

- 3.9. The chart below shows the status of the recommendations which are more than 12 months old, compared to the previous report.



- 3.10 The next report, Appendix 1, will use Power BI and a dashboard format instead of Microsoft excel, used to date.
- 3.11 A timetable which aligns with performance reporting is also being considered.

4. Contribution to Strategic Aims

- 4.1. The proposals in this report support the Councils Corporate Plan, ensuring that the Council remains financially sustainable in order to deliver its service priorities.

5. Environmental and Climate Implications

- 5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers). There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

6. Community Engagement

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

7. Equality Implications

- 7.1. 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.

8. Legal Implications

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

9. Financial Implications

- 9.1. There are no specific financial implications arising directly from this report, the timely implementation of audit recommendations is critical in improving the Council's internal control and governance arrangements.
- 9.2. The Council's Chief Internal Auditor's reports have 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.
- 9.3. 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.
- 9.4. Whilst there are still recommendations that are RAG rated red, there has been positive engagement with the arrangements and significant improvement since implementing this tracking and reporting process and the number of red recommendations has reduced year on year.

10. Timetable for Implementation

- 10.1. Not applicable.

11. Background Papers

- 11.1. There are none.

Appendices

- 1. Implementation of Audit Recommendations Tracker – July 2023**

| | Assurance opinion | Dir | Audit Title | Recommendation | Rec. Priority Rating | Original Implementation Date | Rec Yr. | Original Audit Completion Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Current status (Red/amber/green) | Previous report status (Apr 23) |
|-----------|-------------------|-------|------------------------|---|----------------------|------------------------------|---------|--------------------------------|---|---|-------------------|---------------------|----------------------------------|---------------------------------|
| 114 20/21 | Limited | DoR | Intercompany transfers | <p>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:</p> <ul style="list-style-type: none"> •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.□ | 1 | complete | 20/21 | 15/07/2020 | Mark Sanders Chief Accountant Andy Jehan Exchequer Manager Jonathan Hopkins AD Procurement & Contracts Stuart Donnelly Financial Planning & Strategy Manager | CHAPS / Swiftpay are no longer used to make intercompany payments (MS/AJ) The design principles for a new double authorisation (ensuring approval from both RBC and BFC representative has been given) has been agreed and is being prepared for Systems Integration Testing as part of the e5 implementation programme. This will be tested in Quarter 2 2023 and become part of the new e5 system functionality when the new system is implemented. Mitigation prior to this includes close corroboration and agreement of SLA transactions and general ledger transactions between RBC and BFC finance staff with an additional quality assurance undertaken as part of the RBC statutory accounts team. | 14 June 2023 | 76 or more | Green | Green |
| 202 20/21 | Limited | 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"> •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. •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 | 1 | 31/12/2021 | 21/22 | 09/09/2021 | Lara Fromings - Head of Commissioning | Regular contract management meetings are taking place with all block contracted providers to support good commercial delivery throughout the lifecycle of the contract. All officers have completed Foundation Level Contract Management Training. Contract management will be on a risk based approach, with greater resource focused on higher value, business critical contracts. The Commissioning Team are working with the Council's Contract & Procurement hub to develop documentation to support the contract management framework. - this is still ongoing. The Commissioning Service is currently being reviewed. Formal consultation is planned to start in September 2023. The level of contract management resource is being reviewed as part of the engagement and review work for the Service. DACHS are currently consulting on the proposal to return Quality functions to Commissioning as part of a broader DACHS Operational Structure. Level of resource will be considered as part of the Commissioning Service review. | 22 June 2023 | 76 or more | Green | Green |
| 205 20/21 | Limited | 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"> •Strategic commissioning risk, •Contractual and service delivery risk of providers, •Compliance within ASC and with providers, •The completion of contractual documentations. | 2 | 11/10/2021 | 21/22 | 09/09/2021 | Lara Fromings - Head of Commissioning | Governance Structures are in place in line with the Contract Procedures Rules and Scheme of Delegation. The DACHS Commissioning & Procurement Board and DMT provides oversight of activity and output on key contracts. The Board meets every 6 weeks and has representation from Commissioning, Finance, Procurement, Ops and Legal. Monthly reports are provided to DACHS DMT and the Lead Member. | 22 June 2022 | 76 or more | Green | Green |
| 304 23/24 | Limited | DACHS | Direct Payments | <p>A cost-benefit analysis should be carried out to establish if it would be beneficial to increase the resource of the DP Support Team to help: -</p> <ul style="list-style-type: none"> • Recuperate funds • Inform the allocation of funds | 2 | 01/08/2023 | 22/23 | 28/02/2023 | Steve Saunders | Analysis has been carried out as part of Commissioning Workforce Review and it has been identified that additional capacity would be a solution. This is being picked up as part of the broader workforce review due for implementation in the Autumn subject to funding being secured. | 21 June 2023 | 51 to 75 | Amber | Red |
| 300 23/24 | Limited | DACHS | Direct Payments | <p>Policy and procedure confirmation is required on how inflationary uplifts should be communicated and applied to the 'care' and 'non-care' aspects of the direct payment scheme, to ensure the DP payment remains appropriate to needs</p> | 2 | 01/05/2023 | 22/23 | 28/02/2023 | Mel Jones | Update 21/06/23 Direct payment inflation is agreed by the DMT on an annual basis. The minimum rate for Personal Assistants has been agreed at £12 per hour for 23/24, letters have been sent to relevant direct payment users and inflation applied to associated direct payment accounts. A letter has also been sent to all other direct payment users informing them we have inflated our hourly rates for our framework contract providers, asking them to contact us if this affects the payments they make so we can inflate their direct payment accordingly. | 21 June 2023 | Complete | Green | Red |
| 301 23/24 | Limited | DACHS | Direct Payments | <p>The payment expenditure audit approach and procedures for carrying out and providing assurance on direct payment expenditure should be reviewed annually by the Adult Social Care directorate. E.g., It has been suggested to the Principal PBS Officer that the service could carry out themed reviews to either support or direct the current approach: -</p> <ul style="list-style-type: none"> • Balance of funds (why aren't these being used?) • Confirmation of direct payment agreement & approval of key controls • Duration between reviews • Risk identified from the previous review <p>The findings of these expenditure reviews should be summarised to provide a clear status overview and to inform the approach of future reviews and the Annual Governance Statement.</p> | 2 | 01/05/2023 | 22/23 | 28/02/2023 | Steve Saunders | An annual review will be carried out by the Principal Officer to report on: Balance of funds, personal budget agreements, key controls, reviews, risks. This review will then be made available to the DMT. The planning for the review has taken place and has been scheduled for September to test changes that have been put in place to processes and capacity. In the meantime the Officers in the team remain focussed on oversight. To note it is not unusual for a Direct Payment user to have a surplus balance where a service is temporarily suspended, for example when an individual is admitted to hospital or family members/carers have taken on the caring role for a short period. A 4 week contingency is considered appropriate to allow short term increases in care, which may result from a change in need e.g. discharge from hospital after a period of inpatient stay. me cases this may indicate a change in need, which can be referred to a care worker to review with the individual and carers. The Direct Payment team monitors accounts to identify excessive surplus accounts. The majority of Direct Payment accounts are Pre-Paid Card accounts and managed bank accounts that the Council has access to balance information. Direct Payment users have been encouraged over time to transition to these new methods as they provide a more robust monitoring of accounts. However, under the Care Act 2014 individuals must be given the option to maintain their own bank account (separate from their normal bank account) to manage a Direct Payment. These accounts are now the smallest proportion of Direct Payment users but take up the most monitoring as the Council is reliant on their compliance and managing their account efficiently. A review of monitoring and compliance procedures will be part of the review of procedures. The additional setup function within the team will allow improved frequency of monitoring reviews for both managed and directly managed cash accounts. A new Risk Stratification matrix will be developed to manage the frequency of these reviews. | 21 June 2023 | 51 to 75 | Amber | Red |

| | Assurance opinion | Dir | Audit Title | Recommendation | Rec. Priority Rating | Original Implementation Date | Rec Yr. | Original Audit Completion Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Current status (Red/amber/green) | Previous report status (Apr 23) |
|-----------|-------------------|-------|------------------------------|---|----------------------|------------------------------|---------|--------------------------------|---|--|-------------------|---------------------|----------------------------------|---------------------------------|
| 303 23/24 | Limited | DACHS | Direct Payments | Investigate the use of Allpay and Paycoll summary reports to obtain an overview of the total value of used and unused funds throughout the financial year. | 2 | 01/05/2023 | 22/23 | 28/02/2023 | Steve Saunders, Cliff Clynych | Allpay have submitted this request to their development team. An interim workaround is being used to generate this report. Payroll companies will be asked what functionality they have for summary reporting. Paycoll Payroll contacted 21/06/23 requesting feedback on support/functionality for regular reporting. Awaiting update | 22 June 2023 | 26 to 50 | Amber | Amber |
| 297 23/24 | Limited | DACHS | Direct Payments | The procedures, processes, and templates for reviewing and setting up direct payment applications should be reviewed annually to ensure these remain effective, efficient, and secure. The following areas require attention:- <ul style="list-style-type: none"> Ensuring a signed direct payment agreement is held for all payments. Ensure a Mosaic Purchase Order is raised. Ensuring all payment setups are checked and authorised by ERRG prior to payment. Ensuring there are no conflicts of interest between officers advocating, approving, and monitoring and the people receiving a direct payment. | 2 | 30/04/2023 | 22/23 | 28/02/2023 | Steve Saunders Mel Jones Cliff Clynych | A review is underway of procedures, processes and templates related to Direct Payment set up. All procedures will be documented as part of this review. The review will ensure the separation of duties identified in this audit. A review of monitoring processes will follow. Declarations of interest have been completed by all Direct Payment staff. A new Direct Payments function is in the process of being set up, which will separate the setting up of a direct payment from monitoring. Regular audits to be in place to check that ERRG approve all direct payments, that purchase orders are being raised & a signed direct payment agreement is held. 22/06/23 - Policies and Procedures Table of Contents now. Some Policies within still to be revised. Further update to be provided | 22 June 2023 | 26 to 50 | Amber | Amber |
| 289 22/23 | Limited | DACHS | Deputyship and Appointeeship | It is recommended that a full review of processes is undertaken by the Transformation Team with a view to streamlining them, moving away from manual processes/multiple spreadsheets, and to a more automated/work flowed approach. This would help identify progress, delays and approaching deadlines, enabling timely action to be taken. Working from one central document is preferable to using a number, some of which are located on personal drives, which is reliant on Officers updating them – SharePoint could help alleviate this problem. In association with this, an investigation should also be undertaken into the capabilities of NEC Document Management system (the system replacing i@w, the Council's current electronic document management system). It would also be beneficial to clearly document the calculations, including amounts/dates used, to determine deputy's and appointees' fees. | 1 | 31/03/2023 | 22/23 | 02/11/2022 | Marie Roeton Team Manager, Deputy's Office / Deputy's Administrator | Being completed by outside agency TVrx Kate Wigley procedure complete, policy's currently being reviewed processes in place | 29 June 2023 | 51 to 75 | Amber | Amber |
| 298 23/24 | Limited | DACHS | Direct Payments | A review of all current direct payment authorisations and agreements should be undertaken to ensure payments are valid and to ensure that the proper sign-offs and documentations are in place. | 1 | 28/02/2023 | 22/23 | 28/02/2023 | Steve Saunders | A review of all current direct payment authorisations and agreements has taken place. 100% authorisations are in place. 82.5% have a signed Personal Budget Agreement on Mosaic. Process now in place to confirm agreement of PBA by email means all new DPs have a signed PBA or confirmation of agreement recorded. | 21 June 2023 | Complete | Green | Amber |
| 302 23/24 | Limited | DACHS | Direct Payments | The reasons for unspent balances should be obtained and recorded on the Monitoring spreadsheet so that this can be discussed with the client's care worker to decide if they need assistance, reassessment, or if funds should be recovered, or stalled on Fusion were paid directly. These decisions should be reviewed and approved. | 2 | 15/02/2023 | 22/23 | 28/02/2023 | Cliff Clynych | Reasons for unspent balances will be recorded on the DP Monitoring workstep in Mosaic, along with confirmation of having reported this to the appropriate ASC operational worker/team. These decisions will be reviewed and approved by the senior DP monitoring officer. Planning has taken place to determine the required changes and a meeting is now scheduled with the MOSAIC Team to look at minor amendments needed to Monitoring Templates to capture info needed | 22 June 2023 | 51 to 75 | Amber | Red |
| 299 23/24 | Limited | DACHS | Direct Payments | Validation checking and system exception report controls should be introduced to ensure information or complete and accurate e.g., making sure officers are identified in relation to their role. This will help improve transparency in demonstrating separations of duties and declarations of interests. | 2 | 31/01/2023 | 22/23 | 28/02/2023 | Steve Saunders, Mel Jones, Cliff Clynych | Declarations of interest have been completed by all Direct Payment staff and are held by team Seniors. The new Direct Payment setup function has created a separation of duties, though due to current low resource in the new team, a total, permanent separation of duties is not possible. This is being reviewed as part of the DACHS restructure. Separations of duty will be checked in regular audits. System exception report controls will be explored with the Mosaic team. | 21 June 2023 | 51 to 75 | Amber | Red |
| 288 22/23 | Limited | DACHS | Deputyship and Appointeeship | It should be ensured that all Officers are aware of the existence of relevant policies and procedures. In addition, existing documentation should be reviewed to ensure there is sufficient detail and that they reflect current processes. Professional advice should be from RBC's legal (and other) teams as relevant to ensure that processes/procedures meet all required legal and best practice requirements and that actions are in clients' best interests (for example professional financial advice in relation to asset transfers/sales). Consideration should be given to archiving/deleting old versions of procedures to avoid confusion. | 2 | 31/12/2022 | 22/23 | 02/11/2022 | Marie Roeton Team Manager, Deputy's Office / Deputy's Administrator | All of the team is aware of where the office processes are held on file, we have started to introduce processes on Caspar. There are easy guide tick lists to follow that have been created. An Independent Financial Advisor (IFA) has been sourced for clients that hold over £50k; All processes are being reviewed; they will be saved in one central place on SharePoint for the team to access – all old processes have been deleted. | 29 June 2023 | 76 or more | Green | Green |
| 273 22/23 | Limited | DACHS | Deferred Payment | The operational performance of services supporting the deferred payment scheme should be evaluated through a service level agreement e.g., Social Workers, FAB team, and Legal Services. | 2 | Dec-22 | 22/23 | 11/07/2022 | Sarah Stockle Technical Policy Officer DACHS DMT / CMT decision | Work is taking place to set out service requirements to share with senior management teams involved in supporting the DPA scheme. This work links to work going on under 271 22/23, which would then form the basis of a proposed service level agreement across services involved with the DPA scheme. | 23 June 2023 | 51 to 75 | Amber | Amber |

| | Assurance opinion | Dir | Audit Title | Recommendation | Rec. Priority Rating | Original Implementation Date | Rec Yr. | Original Audit Completion Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Current status (Red/amber/green) | Previous report status (Apr 23) |
|-----------|-------------------|--------------------------|-------------------------|--|----------------------|------------------------------|---------|--------------------------------|--|---|-------------------|---------------------|----------------------------------|---------------------------------|
| 251 21/22 | Limited | BFFC and RBC joint audit | Intercompany accounting | <p>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:</p> <ul style="list-style-type: none"> •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 <p>These procedures and processes should be standardised, and where there is a business need for difference, there should be compatibility.</p> | 1 | 31/10/2022 | 21/22 | 14/03/2022 | <p>Stuart Donnelly Financial Planning & Strategy Manager RBC</p> <p>Steve Davies Strategic Finance Business Partner BFFC</p> | <p>The (RBC) Director of Finance in collaboration with (BFFC) Executive Director of Finance and Resources will develop agreed and documented systems, procedures and processes. This is being progressed firstly in the design work for the implementation of the new e5 finance system - then complimentary off system procedures will be documented thereafter.</p> <p>During the new finance systems implementation the following will be implemented:</p> <ul style="list-style-type: none"> •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 <p>this action is partially dependent on successful recruitment to Strategic Business Partner - an interim will commence employment on 26/06/2023.</p> | 14 June 2023 | 26 to 50 | Amber | Amber |
| 252 21/22 | Limited | BFFC and RBC joint audit | Intercompany accounting | <p>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.</p> <p>Roles and responsibilities need to be agreed, documented, and imparted to all relevant personnel.</p> <p>Some consideration should also be given to:</p> <ul style="list-style-type: none"> •The adoption of a single finance team for intercompany accounting actions supported by entity specific finance teams for the day to day financial tasks. •Shared repository for key data with appropriate permissions •Electronic authorisation process | 2 | 31/10/2022 | 21/22 | 14/03/2022 | <p>Stuart Donnelly Financial Planning & Strategy Manager RBC</p> <p>Steve Davies Strategic Finance Business Partner BFFC</p> | <p>Currently there are named officers from RBC and BFFC who have clarity on their roles and responsibilities with appropriate permissions and electronic authorisation.</p> <p>The policy / guidance and work processes are being reviewed as part of the design of the new finance system which will further clarify the roles and responsibilities.</p> <p>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. A mitigation control enabling a double authorisation for every intercompany transaction is being established as part of e5 system implementation</p> | 14 June 2023 | 26 to 50 | Amber | Amber |
| 253 21/22 | Limited | BFFC and RBC joint audit | Intercompany accounting | <p>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.</p> <p>Consideration should be given to including intercompany- tasks and responsibilities within the annual performance review goals / targets for relevant staff.</p> | 2 | 30/10/2022 | 21/22 | 14/03/2022 | <p>Stuart Donnelly Financial Planning & Strategy Manager RBC</p> <p>Steve Davies Strategic Finance Business Partner BFFC</p> | <p>Responsibilities are currently being undertaken directly by the Financial Planning & Strategy Manager and the Strategic Finance Business Partner BFFC with support from their respective business partnering teams. For the Council, these responsibilities will be allocated to the new interim Strategic Finance Business Partner who is due to start 26/06/2023. All prior year intercompany reconciliations are complete and the 2022/23 reconciliation is on course to be completed by the end of June 2023.</p> | 14 June 2023 | 76 or more | Green | Red |
| 250 21/22 | Limited | BFFC and RBC joint audit | Intercompany accounting | <p>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.</p> <p>Allocation of responsibilities should be highlighted across both entities.</p> <p>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.</p> | 1 | 30/06/2022 | 21/22 | 14/03/2022 | <p>Darren Carter Director of Finance</p> | <p>Whilst processes are being refreshed during 22/23 in line with the Finance Improvement Programme and taking on board advice on best practice as identified through the External Audit process of the 2019/20 and 2020/21 Statement of Accounts, this action is pending recruitment to strengthen the corporate business partner team. in the meantime, enhanced operating procedures have been put in place with RBC and BFFC finance staff meeting regularly to agree intercompany debtors and creditors. A new interim member of staff will be joining the Council on 26/06/2023.</p> | 14 June 2023 | 51 to 75 | Amber | Amber |
| 254 21/22 | Limited | BFFC and RBC joint audit | Intercompany accounting | <p>The Director of Finance (RBC) and the Executive Director of Finance and Resources (BFFC) need to establish coordinated monthly reconciliations, which should be compared for accuracy. Any anomalies should be investigated, agreed and adjustments made in a timely fashion.</p> <p>Responsibility for completing reconciliations should be allocated to an appropriate individual and include authorisation for any necessary adjustments.</p> | 2 | 30/06/2022 | 21/22 | 14/03/2022 | <p>Stuart Donnelly Financial Planning & Strategy Manager RBC</p> <p>Steve Davies Strategic Finance Business Partner BFFC</p> | <p>Initially it is proposed to do quarterly reconciliations and to be reviewed at a later date. This is being reviewed and will take on board the position as the Intercompany Reconciliations for 2020/21 and 2021/22 are now complete.</p> <p>This recommendation is dependent on successful recruitment to the Strategic Finance Business Partner - a new interim member of staff will be joining the Council on 26/06/2023.</p> | 14 June 2023 | 51 to 75 | Amber | Amber |

| | Assurance opinion | Dir | Audit Title | Recommendation | Rec. Priority Rating | Original Implementation Date | Rec Yr. | Original Audit Completion Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Current status (Red/amber/green) | Previous report status (Apr 23) |
|-----------|-------------------|-------------------------|-------------------------|---|----------------------|------------------------------|---------|--------------------------------|--|---|-------------------|---------------------|----------------------------------|---------------------------------|
| 234 21/22 | No assurance | 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. | 1 | 30/04/2022 | 21/22 | 13/01/2022 | Darren Carter Director of Finance Melissa Wise Executive Director for Health & Social Care | An interim communication has been circulated to all Officers clarifying the Financial Controls in Adult Social Care and expectation around authorisations. This is stored in the DACHS policies and procedures SharePoint Site and adherence is checked via the performance board. A revised Scheme of Delegation for DACHS has been developed and was agreed at DMT in March 23, subject to some minor amendments. Update The status of the Scheme of Delegation is tied to the status of ERRG and the re-assessment of this meeting and its purpose. Final Scheme of Delegation should be ready by end of August. DMT agreed as a time scale for work to be completed. This is due to the scale and interconnected nature of the work involved (links to ERRG, Mosaic & additional training required). DM agreed to complete the practical elements after the changes have been agreed by DMT to ensure mosaic authorisations are sent to the correct level and member of staff. | 23 June 2023 | 76 or more | Green | Green |
| 249 21/22 | Limited | BFC 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. | 2 | 30/04/2022 | 21/22 | 14/03/2022 | Stuart Donnelly Financial Planning & Strategy Manager RBC Steve Davies Strategic Finance Business Partner BFC | 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 BFC. Once completed to be formally signed off by the Director of Finance (RBC) and the Director of Finance, BFC. This work has occurred during October to December 2022 which has led to a new intercompany transactions designed being built as part of the e5 implementation which will be tested during Quarter 2 2023 by RBC and BFC finance staff | 14 June 2023 | 51 to 75 | Amber | Amber |
| 241 21/22 | No assurance | 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. | 2 | 31/03/2022 | 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. There is now a Workforce Development Group in place which also considers the wider training requirements of the staffing group. The workforce development group are developing an induction pack for new starters as part of our assurance process - Work is still in progress, these have been shared with Team Managers for their input. Section 1 – all information for new starters to DACHS (anything that is related to all of DACHS) Section 2 – Team specific Induction – this is a 'template' and will need to be filled in by Team Managers with the specific needs for their team. New SharePoint site is in place with the idea that Training records may be recorded in one place, this would also be in line with the new DACHS Induction so that all information for each team can be found in once place (such as mandatory training for each team). | 14 June 2023 | 76 or more | Green | Green |
| 229 21/22 | No assurance | 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. | 2 | 28/02/2022 | 21/22 | 13/01/2022 | Mark Sanders Chief Accountant | Audit Recommendations 189 20/21, 229 21/22 and 231 21/22 are linked The work to recover outstanding prepayments has now transferred to the AP team. A dedicated resource has been established to review the status on a case by case basis and progress recovery action. 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. | 14 June 2023 | 76 or more | Green | Green |

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| 231 21/22 | No assurance | DACHS | Adult Provider Payments | There should be consistent and appropriate treatment of offsetting provider invoices against prepayments including coding to the appropriate accounts. | 2 | 28/02/2022 | 21/22 | 13/01/2022 | Mark Sanders Chief Accountant | Audit Recommendations 189 20/21, 229 21/22 and 231 21/22 are linked The work to recover outstanding prepayments has now transferred to the AP team. A dedicated resource has been established to review the status on a case by case basis and progress recovery action. 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. | 14 June 2023 | 76 or more | Green | Green |
| 203 20/21 | Limited | DACHS | Contract Management | 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. 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. | 1 | 31/12/2021 | 21/22 | 09/09/2021 | Lara Fromings - Head of Commissioning | The DACHS Business Support Team ensure that contacts are shared and added to Intend. This has been reviewed and gaps identified. One of the barriers has been the level of resourcing in the Commissioning Team but two new officers are starting in April which will give additional capacity to complete this work. The Commissioning Team is working closely with the Procurement and Contract Hub to ensure that developing processes are in line with the Council approach. | 22 June 2023 | 76 or more | Green | Green |
| 159 20/21 | Limited | 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). | 2 | 30/09/2021 | 20/21 | 15/01/2021 | Michael Graham, Assistant Director of Legal and Democratic Services | Actions have been identified and are in hand. This work is being picked up as part of the wider Information Governance Action Plan, the IG Team has had initial meetings with the RMU and BFFC. The RMU Manager has been invited to attend the Data Stewards monthly meetings. | 23 June 2023 | 26 to 50 | Amber | Amber |
| 160 20/21 | Limited | Cross directorate | Records Management & Document Retention | There should be a centralised register, detailing records held across the Council, their format, location and responsible officer. Consideration also needs to be given to clearly documenting and addressing risks associated to records. 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). Risks relating to records remaining useable need to be identified and appropriate controls put in place. | 1 | 30/09/2021 | 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. The Information Management Strategy and Action Plan has been signed off by Policy Committee. Next steps is to train the Information Asset Owners. Training for the IAO are being planned. The Data Stewards for all Directorates and BFFC have been identified. The Action Plan with the of DS's will be rolled out across DACHS and BFFC first. The first DS's Network meeting was held on 24/03/23 to agree the ToR and plan the work ahead. Subsequent meetings have ensured the ROPAS for RBC DACHS and BFFC are complete, we are progressing the Action Plan with the help of the DS's. | 23 June 2023 | 26 to 50 | Amber | Amber |
| 189 20/21 | Limited | 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. | 1 | 30/09/2021 | 21/22 | 01/07/2021 | Mark Sanders Chief Accountant | Audit Recommendations 189 20/21, 229 21/22 and 231 21/22 are linked The work to recover outstanding prepayments has now transferred to the AP team. A dedicated resource has been established to review the status on a case by case basis and progress recovery action. 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. | 14 June 2023 | 76 or more | Green | Green |
| 194 20/21 | Limited | DEGNS | Facilities Management | The list of properties held on Planet FM should be reconciled periodically by Property Services against the list of properties held by Valuations. 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. | 1 | 02/08/2021 | 21/22 | 28/07/2021 | Paul Neale, Engineering and Compliance Manager Amanda Burton, Property and FM Technical Team Manager Glyn Bethell FM 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 Assets need to re confirm the current RBC responsibilities for leased property where it exists. The list produced in 2021 in consultation with Valuations will be revisited in April 2023 by FM and updated based on the current information held by Assets team. The status of the property is currently updated as part of the sale and empty property status property etc. as they change. | 22/03/2023 | 51 to 75 | Amber | Amber |

| | Assurance opinion | Dir | Audit Title | Recommendation | Rec. Priority Rating | Original Implementation Date | Rec Yr. | Original Audit Completion Date | Responsible Officer | Responsible Officer Latest Update | Updated on (date) | Status (% Complete) | Current status (Red/amber/green) | Previous report status (Apr 23) |
|-----------|-------------------|-------------------|---|--|----------------------|------------------------------|---------|--------------------------------|---|--|-------------------|---------------------|----------------------------------|---------------------------------|
| 194 20/21 | Limited | 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> | 1 | 02/08/2021 | 21/22 | 28/07/2021 | Paul Neale, Engineering and Compliance Manager Amanda Burton, Property and FM Technical Team Manager Glyn Bethell FM 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 GB chased 16/9/22 - 22/3/2023 - no updates, working on a case by case basis as the properties are identified. | 22/03/2023 | 51 to 75 | Amber | Amber |
| 194 20/21 | Limited | 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> | 1 | 02/08/2021 | 21/22 | 28/07/2021 | Paul Neale, Engineering and Compliance Manager Amanda Burton, Property and FM Technical Team Manager Glyn Bethell FM 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 GB chased 16/9/22 22/3/2023 - no updates, working on a case by case basis as the properties are identified. | 22/03/2023 | 51 to 75 | Amber | Amber |
| 194 20/21 | Limited | 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> | 1 | 02/08/2021 | 21/22 | 28/07/2021 | Paul Neale, Engineering and Compliance Manager Amanda Burton, Property and FM Technical Team Manager Glyn Bethell FM 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 GB chased 16/9/22 | 22/03/2023 | 51 to 75 | Amber | Amber |
| 194 20/21 | Limited | 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> | 1 | 02/08/2021 | 21/22 | 28/07/2021 | Paul Neale, Engineering and Compliance Manager Amanda Burton, Property and FM Technical Team Manager Glyn Bethell FM 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 GB chased 16/9/22 | 22/03/2023 | 51 to 75 | Amber | Amber |
| 187 20/21 | Limited | 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. | 1 | 10/07/2021 | 21/22 | 01/07/2021 | Chris Greenway, Assistant Director – Commissioning & Transformation Andrew Jehan Acting Accounts Payable and Accounts Receivable Manager | <p>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. Further mitigation has been put in place with Business Support oversight where decisions made at the Eligibility Risk and Review group are followed through to ensure they are completed in a timely manner. This action will unlikely ever be fully closed as it is an ongoing task that will need monitoring.</p> <p>The timeliness of APT's being completed sits as an Adult Social Care Operational Responsibility (see other recommendation 186 20/21) and is also being addressed.</p> | 22/03/2023 | 76 or more | Green | Green |
| 161 20/21 | Limited | 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> | 2 | 30/06/2021 | 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 | 27 June 2023 | 26 to 50 | Amber | Amber |
| 162 20/21 | Limited | 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. | 2 | 30/06/2021 | 20/21 | 15/01/2021 | Nayana George, Customer Relations & Information Governance Manager | Actions have been identified - as per comments above | 27 June 2023 | 26 to 50 | Amber | Amber |
| 140 20/21 | Limited | 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. | 2 | 31/03/2021 | 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. | 22/03/2023 | 51 to 75 | Amber | Amber |

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|-----------|-------------------|-------------------|---|---|----------------------|------------------------------|---------|--------------------------------|---|---|-------------------|---------------------|----------------------------------|---------------------------------|
| 141 20/21 | Limited | 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: • roles and activities of the different services and officers involved • the early capture and recording of the purpose and cost of schemes • the coordination and monitoring of schemes • the timely delivery and reporting of schemes. 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. | 1 | 31/03/2021 | 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. The CIL working group has now been running for some time and officers understand the roles related to 15% CIL much better. | 27/06/2023 | 76 or more | Green | Green |
| 158 20/21 | Limited | 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 be appropriate local policies/guidelines in place. | 1 | 31/03/2021 | 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 by Nayana for CMT and is with MG for review. Paper to CMT presented. MG updated SLG on 9/9/22. Training for the IAO are being planned. The Data Stewards for all Directorates and BFC have been identified. The Action Plan with the of DS's will be rolled out across DACHS and BFC first. The first DS's Network meeting is being held on 24/03/23 to agree the Tor and plan the work ahead. | 22/03/2023 | 26 to 50 | Amber | Amber |
| 204 20/21 | Limited | DACHS | Contract Management | 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. This review could be used as the basis for confirming compliance with Public Contract Regulations. | 2 | | 21/22 | 09/09/2021 | Lara Fromings - Head of Commissioning | The DACHS Business Support Team ensure that contacts are shared and added to Intend. This has been reviewed and gaps identified. One of the barriers was the level of resourcing in the Commissioning Team but two new officers started in May 2023 which has provided additional capacity to complete this work. The Commissioning Service Review is a further opportunity to review the level of resource to ensure this function is managed efficiently and effectively. The Commissioning Team is working closely with the Procurement and Contract Hub to ensure that developing processes are in line with the Council approach. | 22 June 2023 | 76 or more | Green | Green |
| 317 23/24 | Limited | DEGNS | Housing repairs | a. There should be current contracts in place with all repairs/maintenance sub-contractors, with extensions agreed as per the Council's documented processes and prior to the initial contract expiring. b. There should also be regular monitoring of jobs allocated to sub-contractors to ensure they are being carried out in a timely manner, invoiced once completed and the job closed down on Ohms and Total. | 1 | 31/12/2023 | 22/23 | 15/03/2023 | Nick Burston/ Sean Donaghue | New contracts are being procured but this is extremely time consuming with an estimated 9 months to get suitable contracts through the procurement process. This is further hampered by not having staff in post to support this work. Regular monitoring of jobs to subcontractors has been re established ensuring completion, status update and billing. | 15/6/23 | 51 to 75 | Amber | N/A |
| 319 23/24 | Limited | DEGNS | Housing repairs | a. Further review of staffing levels needs to be undertaken, including a review of the balance of employees versus sub-contractors, an appropriate split of trades, replacement of leavers/succession planning particularly in relation to apprentices and officer sickness levels. b. Information from key systems e.g., iTrent and the finance system (currently Oracle Fusion) needs to be readily available and able to be reported on. | 1 | 30/09/2023 | 22/23 | 15/03/2023 | Sean Donaghue/Managers | The establishment has been reviewed with finance and the relevant senior managers. The proposed Restructure has been put on hold to allow recruitment to the vacant posts (all recruitment is suspended if there is a restructure). The first stage is to fill the vacant post, most of which have been advertised several times. Delays in the HR processes have slowed the advertising of a number of posts. The lack of external candidates interested in these roles is a further issue. All suitable apprentices are encouraged to apply for vacant posts at the end of their training - we currently have an electrician applying for a vacant post. Once vacant posts have been filled and the trades productivity system is fully operating again we will have a better idea of the demand for subcontracting, but this will not be able to be established in the short term. | 15/6/23 | 76 or more | Green | N/A |
| 320 23/24 | Limited | DEGNS | Housing repairs | a. Further consideration needs to be given to the full implementation of a pay and rewards scheme. b. It should be ensured that the time recording system for jobs is used correctly. Trades will need to use their PDAs correctly to accurately record the time taken on each job for example, to record the time when trades accept a job, are on the way to it, arrive and start the job and complete it. This will also help to ensure that residents are notified when the trade is en route to them | 2 | 30/09/2023 | 22/23 | 15/03/2023 | Sean Donaghue/Managers | Staff have been written to and advised that the deductions element of the Pay and Productivity Scheme will recommence at the end of August giving staff 3 months to prepare for this, however the Union are objecting to the re commencement and are attempting to block this. Trades have been and will continue to be reminded of the need to appropriately use the PDA and were required disciplinary action will be followed for persistent failure to comply. | 15/6/23 | 76 or more | Green | N/A |

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|-----------|-------------------|-------|-----------------|---|----------------------|------------------------------|---------|--------------------------------|--|---|-------------------|---------------------|----------------------------------|---------------------------------|
| 321 23/24 | Limited | DEGNS | Housing repairs | a. Roles and responsibilities both within and between the client and contractor need to be clarified to avoid roles being repeated or not fulfilled. Also, consideration needs to be given to the roles of the Finance and Quality and Business Assurance teams to avoid replication of roles/meetings, for example having a joint meeting with both teams. b. Declarations of interest should be made at the start of employment and then on a regular basis, with declarations retained in a central, secure location for future reference, together with associated clarification of roles and responsibilities for this between rents/repairs teams. c. Appropriate safeguards should be put in place for related staff - for example, they should not be arranging systems access for each other. | 2 | 31/10/2023 | 22/23 | 15/03/2023 | a. Nick Burston b. Sean Donaghue c. Managers / Jene Bloomfield | Roles and responsibilities can only be clarified and finalised when it is understood where Housing Maintenance will be located i.e. permanently confirmed as part of Housing or moved back into Commercial Services. Declaration forms are completed and sent to Rents (Claire Goodlift) as they are owners of the Housing system this will need to be reviewed with the new NEC system. Managers have been reminded that related staff cannot set each other up on the system and that declarations must be completed and sent to housing rents as part of the induction process. | 15/6/23 | 26 to 50 | Amber | N/A |
| 322 23/24 | Limited | DEGNS | Housing repairs | a. It is recommended that housing repairs charges be automatically transferred to the finance system (currently Oracle Fusion) with appropriate reconciliations to ensure the correct amounts have been transferred. Manual transfer processes should be avoided where possible as they are subject to errors and omissions and are time and labour intensive. b. It should be ensured that the correct schedule of rates is used for works carried out. | 2 | 31/12/2023 | 22/23 | 15/03/2023 | All managers | The current Housing system is not capable of an automatic interface. It is hoped that the new Housing NEC system will be able to do this however, due to the upgrade of the Corporate finance system, this has had to be pushed back to phase 2 for implementation. | 15/6/23 | 25 or less | Red | N/A |
| 323 23/24 | Limited | DEGNS | Housing repairs | a. There should be consistency and clarity as how costs are arrived at to recharge to tenants. If standardised costs are to be used, it should be clear when, and these should be reviewed and updated to reflect current prices. b. Tenants should be recharged costs where appropriate, an agreed deposit taken, and a clear audit trail should be maintained to provide a rationale where recharges are not made. Consideration should also be given to charging tenants for aborted/carded/unable-to-access property jobs. | 2 | 30/09/2023 | 22/23 | 15/03/2023 | Jamie Hill | This piece of work is ongoing. We have appointed a new Team Leader for the area and are undertaking a wider review of the service. | 21/06/23 | 26 to 50 | Amber | N/A |
| 324 23/24 | Limited | DEGNS | Housing repairs | a. There needs to be a review of the appropriateness of the costs of jobs to ensure they are charged and at the correct amount for both internal and subcontractor work. b. Client and contractor representatives need to review call centre scripts to ensure a more efficient customer service experience and use of trades time. c. Clarity should be obtained in relation to the agreed process where trades were unable to gain access to a site and the number of attempts that should be made before a job is closed and shared with all trades. d. Supervisors need to challenge trades where jobs are not completed on the allocated day. | 2 | 31/12/2023 | 22/23 | 15/03/2023 | Nick Burston / Sean Donaghue / Jane Bloomfield | All works are charged in accordance with the NHF schedule of rates, this has been evaluated against the old RBC bespoke schedule which historically has always returned an over recovery. The schedules will be reviewed on an annual basis to determine if the service is over or under recovering and the appropriate + or - % will be added to the new years schedule. This cannot be done until the productivity scheme is back up and running and it is known that the service is running as it should do. Subcontractor prices will be tendered and can be used to benchmark RBC rates. Monthly meetings are held with the Call Centre who should be operating the Repair finder system to assist with identifying the correct job / ordering code, this is ongoing. Where a trade is cold calling it is expected that they will visit and card 3 times before any job is closed, where the job is appointed and the tenant is not there, it will be carded and closed unless it is a health and safety item or it relates to a Disrepair case in which case the job will not be closed and will continue to be chased until access is gained. Supervisors do challenge trades if the job is not completed in the required time and or day. | 19/6/23 | 26 to 50 | Amber | N/A |
| 326 23/24 | Limited | DEGNS | Housing repairs | a. Reports of key information need to be readily available to those who require them with an agreement reached as to what information is required, by whom and when. b. Time taken to complete jobs needs to be reviewed and issues identified and addressed where completion times do not fall within the agreed timeframe. c. Jobs need to be completed/closed down correctly to avoid jobs being raised twice/charged twice and completed on a "first time right" principle to avoid recalls and correct schedule of rates and time etc. charged to the jobs. d. Completed jobs should be reviewed and approved/rejected in a timely manner to ensure timely invoicing/recharge of repairs costs. e. Where possible, workflows/inputs should be automated rather than manual. Where manual input cannot be avoided, these should be entered and reviewed in a timely manner to allow meaningful review of completion times for jobs, to ensure jobs are closed in a timely manner and to allow appropriate analysis for example customer satisfaction. | 2 | 30/09/2023 | 22/23 | 15/03/2023 | Sean Donaghue/Managers | Budget monitoring is being held Monthly, individual contract meetings will be set up monthly as well, this is already in place for Planned but needs to be set up for the other areas. Time taken to complete jobs has been reviewed, vacant posts, level of sickness and lack of subcontracting are the key reasons for delay. Jobs being completed and closed down correctly are not the cause of duplications - duplications are as a result of the call centre re-raising the job because they have not checked on the system what has already been raised. Right First Time is the principle we are working to and this is being reinforced with the trades. Review, approve or reject is being worked on but with the number of vacant management and supervisor posts this is slow progress. Customer satisfaction is not dependent on the work flow, the customer satisfaction forms are sent with the job confirmation for tenants to complete when the work is done. | 19/6/23 | 51 to 75 | Amber | N/A |
| 327 23/24 | Limited | DEGNS | Housing repairs | a. More detail needs to be captured on out-of-hours calls to help determine what the job was and its level of urgency. b. Relevant action should be taken on issues highlighted in reports for example closing of open out-of-hours jobs. Additional training should be considered for back office in relation to out-of-hours jobs to include immediately closing them once raised on Total c. Key information/documents should be retained and stored centrally for easy identification/access where future queries arise. | 2 | 30/09/2023 | 22/23 | 15/03/2023 | Sean Donaghue/Managers | A detailed report comes in from the on call trade which confirms the issue and work completed, this is now cross checked with TAS who take the initial call and send in a basic report. All call outs are reported the following day and are raised and closed at the same time. This gives a central record on both Total and Ohms. Any sub contract labour that attend OOH's calls are contacted to provide the information if they are not forthcoming at providing us with job details | 19/6/23 | Complete | Green | N/A |
| 329 23/24 | Limited | DEGNS | Housing repairs | Post-work inspections need to be carried out on a regular basis and on an agreed sample size, outcomes recorded and issues/common issues identified and addressed in a timely manner. | 2 | 30/09/2023 | 22/23 | 15/03/2023 | Sean Donaghue | Post inspection is dependent on filling vacant posts a target of 5% to 10% has been set but is not practical for all teams with current resources. | 19/6/23 | 25 or less | Red | N/A |
| 338 22/23 | Limited | RES | Cyber Security | There needs to be a system that ensures that all staff have read the council policies and procedures in respect of ICT Security. | 2 | Within 6 months | 22/23 | 23/05/2023 | Tim Egan | Consideration of options is in progress. It is expected that the "system" will require policy and process aspects - gaining assurance that a document has been read cannot be achieved through purely technical means. | 22 June 2023 | 26 to 50 | Amber | N/A |
| 339 22/23 | Limited | RES | Cyber Security | There needs to be close monitoring of the cyber security training to ensure that all staff have been trained and that the training has been regularly refreshed. | 2 | Ongoing | 22/23 | 23/05/2023 | Mike Graham | Monitoring is undertaken regularly in the Information Governance Board and via the Audit and Governance Committee. | 5th July 2023 | 26 to 50 | Amber | N/A |

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|-----------|-------------------|-----|----------------|--|----------------------|---|---------|--------------------------------|---------------------------|--|-------------------|---------------------|----------------------------------|---------------------------------|
| 340 22/23 | Limited | RES | Cyber Security | There needs to be a complete and up to date cyber security assessment based on the current Cyber Essentials benchmark for the council. This assessment needs to link to risk assessment for the insurance and a wider risk assessment of threats to the council. This needs to be reinforced by a clear remediation strategy with RAG status against risks and a clear timeline to address risks and mitigate where they cannot be wholly addressed. | 1 | 30 Oct 2023 (latest action date on tracker) | 22/23 | 23/05/2023 | Caroline Croft / Tim Egan | An independent review of the gap against the cyber essentials requirement is being commissioned. This will also review other technical recommendations from the audit report. This action is amber until that review has been completed and a forward plan confirmed | 22 June 2023 | 26 to 50 | Amber | N/A |
| 341 22/23 | Limited | RES | Cyber Security | There should be active ongoing monitoring of the threat environment and regular reporting alongside the Agilisys partnership to derisk current operations. | 1 | 28/02/2023 | 22/23 | 23/05/2023 | Tim Egan | Approach to be determined through independent review reporting in July 2023. This action is amber until that review has been completed and a forward plan confirmed | 22 June 2023 | 26 to 50 | Amber | N/A |
| 342 22/23 | Limited | RES | Cyber Security | There needs to be a strategic review of Active Directory to leverage better security and operational effectiveness in respect of internal security including prompt removal of leavers. | 2 | | 22/23 | 23/05/2023 | Caroline Croft / Tim Egan | Approach to be determined through independent review reporting in July 2023. This action is amber until that review has been completed and a forward plan confirmed | 22 June 2023 | 26 to 50 | Amber | N/A |
| | | | | | | | | | | | | 25 or less | | 2 |
| | | | | | | | | | | | | 26-50 | | 17 |
| | | | | | | | | | | | | 51 -75 | | 17 |
| | | | | | | | | | | | | 76 or more | | 16 |
| | | | | | | | | | | | | Complete | | 3 |
| | | | | | | | | | | | | Total | | 55 |

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Audit and Governance Committee

20 July 2023



Reading
Borough Council
Working better with you

| | |
|------------------------------|---|
| Title | Information Governance Quarterly Update |
| Purpose of the report | To note the report for information |
| Report status | Public report |
| Report author | Michael Graham, Asst. Director of Legal and Democratic Services |
| Lead councillor | Cllr Liz Terry, Lead Councillor for Corporate Services and Resources |
| Corporate priority | Our Foundations |
| Recommendations | <p>The Committee is asked to:</p> <ol style="list-style-type: none"> 1. To note the progress to date and future actions outlined in this report 2. To identify matters of interest for future reports |

1. 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. Policy context

- 2.1. The Council's new Corporate Plan has established three themes for the years 2022/25. These themes are:
 - Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 2.2. These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:
 - People first
 - Digital transformation
 - Building self-reliance
 - Getting the best value
 - Collaborating with others
- 2.3. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate

Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

- 2.4. 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.
- 2.5. 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
- 2.6. 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.

3. Update

Subject Access Requests

- 3.1. 3 cases from 19/20 were completed and we now have no cases outstanding for 2019/20. 7 cases from 20/21 & 21/22 financial years have been completed since the last report in April 2023, leaving 18 cases outstanding.
- 3.2. In 22/23 a total of 46 new requests were received for RBC, all 46 have been completed. Of the 59 new cases received for BFfC, 39 have been completed with 20 outstanding. The data for Q1 of 23/24 is on the table below.
- 3.3. The contract for the redaction software has been signed by the supplier. We hope to start the implementation process at the end of August. This is later than expected as we had to liaise with the supplier over the terms and conditions of the contract on several occasions prior to signing.

SAR Backlog Data as of 30 June 2023

| | 20/21 | | 21/22 | | 22/23 | | 23/24 | |
|-----------------------|-------|------|-------|------|-------|------|-------|------|
| | RBC | BFfC | RBC | BFfC | RBC | BFfC | RBC | BFfC |
| No Received | 35 | 64 | 44 | 38 | 46 | 59 | 13 | 20 |
| No Completed | 28 | 62 | 35 | 38 | 46* | 39 | 7 | 8 |
| No Outstanding | 7 | 2 | 9 | 0 | 0 | 20 | 6 | 12 |

FOI cases

- 3.4. 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
- 3.5. Notwithstanding these measures, performance across the Council remained 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.
- 3.6. Following the update provided at the April 2023 meeting for quarter 3 of financial year, 2022/23 the data for quarter 4 is below.

Total number received in Q4 allocated to Directorates and FOI Team

| Directorate | Total No. Received | % | Q3 | Q2 | Q1 |
|-------------|--------------------|------|-----|-----|-----|
| BfFC | 36 | 10.9 | 38 | 51 | 41 |
| DACHS | 26 | 7.9 | 18 | 14 | 23 |
| DEGNS | 131 | 39.3 | 77 | 131 | 107 |
| DoR | 100 | 30 | 76 | 95 | 118 |
| FOI Team | 41 | 11.9 | 28 | 7 | N/A |
| Total | 334 | 100 | 237 | 298 | 289 |

FOI's Responded to in Timescale by Directorate and FOI Team in Q4

| Directorate | Total No. sent out in Timescale | % |
|-----------------|---------------------------------|------|
| BfFC | 27 | 75 |
| DACHS | 16 | 61.6 |
| DEGNS | 112 | 85.5 |
| DoR | 76 | 76 |
| FOI Team | 41 | 100 |
| Total | 272 | 81.4 |

- 3.7. There has been a 40.9% increase in the number of FOI's received during the quarter 4, the reasons for this may be as a result of enquires about Reading's plans for the Kings Coronation, about the Voter ID prior to the May elections, and given Q4 falls in the Winter months we have seen a rise in enquires about the cost of re-surfacing roads and maintenance of potholes.

Breakdown by month for Q4

| Directorate | FOI's received in January | % sent out in time in January | FOI's received in February | % sent out in time in February | FOI's received in March | % sent out in time in March |
|--------------|---------------------------|-------------------------------|----------------------------|--------------------------------|-------------------------|-----------------------------|
| BfFC | 11 | 72.7 | 10 | 50.0 | 15 | 73.3 |
| DACHS | 6 | 83.3 | 9 | 55.6 | 11 | 54.5 |
| DEGNS | 60 | 93.2 | 43 | 74.4 | 28 | 85.7 |

| | | | | | | |
|-----------------|-----|------|-----|------|-----|------|
| DoR | 33 | 73.5 | 32 | 78.1 | 35 | 77.1 |
| FOI Team | 14 | 100 | 12 | 100 | 15 | 100 |
| Overall | 124 | 86.2 | 106 | 74.5 | 104 | 80.6 |

- 3.8. In Q4 the Council and BFfC responded to 334 FOI's and 272 (81.4%) of these were within timescale, this shows continuous improvement from 58.1% in Q1, 72.1% in Q2 and 77.2% in Q3.
- 3.9. Of the 272 FOI's responded to, 11 of these came back to the Information Governance Team for Internal Reviews (IR). Of these 11 IR's, 5 were issued with revised responses and 6 were issued with the original information.
- 3.10. The FOI Act 2000 states all responses must be sent out within 20 working days. The Assistant Director of Legal Services and the Information Rights Services Manager (responsible for the Customer Relations & Information Governance Teams) met with Information Commissioners Office (ICO) in May to discuss the progress made from the Action Plan work undertaken to improve the response rates. The ICO agreed the Council was continuing along the correct path and was satisfied that the Action Plan tasks were complete. The ICO closed their case without issuing any formal advice. The data above has been shared with ICO and will continue to be shared with them to demonstrate ongoing improvement.
- 3.11. The above findings were also shared with the regular FOI responding officers and ongoing support to them has continued. The Intranet page is also kept updated to assist the responding officers and FOI approving managers.
- 3.12. The Assistant Director of Legal Services and the Information Rights Services Manager met with the Project Team involved in the implantation of the Council's new CRM system. We have asked them to write a new FOI form to improve our process and simplify the FOI management workflow. We have started this work by process mapping our requirements at a session that took place on 28 March. The findings from this work will be shared with the Project Team as part of the wider case management implementation programme.

Data Transparency

- 3.13. The Data Transparency pages were reviewed on 30 June 2023 and the Contract and Procurement data remain out of date. This has been highlighted to the Assistant Director Procurement and Contracts who is taking steps to update the data.

Information Governance Board

- 3.14. 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.
- 3.15. There have been no further cyber incidents since the last report to this committee. The cyber incident we reported in January 2023 to this committee, the ICO has now closed this case with no further action and no fault found by the Council. The cyber incident reported in April 2023 to this committee however is still under investigation by the ICO, we await their feedback.
- 3.16. The IG Board commissioned a review of the Council's and BFfC's breach management response and process in respect of these two third party software cyber incidents. This review is now complete, and we are in receipt of a draft report with the recommended action plan. The findings are in the process of being discussed by the IG Board and a recommendation will be made to the Board to appoint a working group from the Council and BFfC to work on the action plan.
- 3.17. The most common themes across both organisations continue to 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. These incidents and main themes are reported to IG Board on a monthly basis. The IG Team review each incident and identify learning for the staff/services involved to ensure repeat incidents do not reoccur. Additional team training sessions were provided to the Joint Legal Team (JLT) after a number of unrelated incidents were reported to the IG Board in the last two quarters. We have worked with the managers to create an action plan specifically for JLT and will assist them to work through this to reduce the number of breaches. This action plan is also in the process of being discussed at the IG Board. The training session with Children's Social Care staff is still at planning stage.

- 3.18. At the Board's request the Information Governance Team and IT Security team have explored measures that 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 an MS Office product as a security measure to address this problem.

Information Management Strategy

- 3.19. 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.
- 3.20. The Data Stewards have been identified for all of Directorates and the first meeting with the DS's in BFfC and DACHS took place on 24 March to agree the terms of reference and kick start the Action Plan work. The Action Plan work has been rolled out across BFfC and DACHS, the IG Team are meeting monthly with these Data Stewards who are engaged and helping towards the completion of tasks.

Training

- 3.21. The Board continues to monitor the Cyber Security and Information Governance training which is currently rolled out for all staff and members through Learning Pool, the Council's e-learning package. The uptake of the new Cyber Security training for 2023 show that 48% of staff RBC staff 27% of BFfC staff have completed the new 2023 Cyber Security module. We are disappointed by the low uptake, the need for completion of this training by the 30 June has been sent to staff weekly through messages via the all-staff newsletter. The Information Rights Services Manager also presented at the All Staff Briefing on 13 June 2023 to highlight the importance of completing this training. There will be further follow up with Services to ensure that the training uptake improves.
- 3.22. Managers who have staff that are non-IT users, have been asked to contact the IG Team to arrange bespoke face to face training.

Next Steps

- 3.23. The focus is on continuing the work with the Data Stewards, the action plan work from the Breach Management process review, JLT action plan and the implementation of the redaction software.

4. Contribution to strategic aims

- 4.1. 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".

5. Environmental and climate implications

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

6. Community engagement

- 6.1. 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.

7. Equality impact assessment

- 7.1. 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.

8. Other relevant considerations

- 8.1. Nothing relevant.

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. Timetable for implementation

- 11.1. Not applicable.

12. Background papers

- 12.1. There are none.