


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

Direct :  
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15 January 2024

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

**NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE 23 JANUARY 2024**

A meeting of the Audit and Governance Committee will be held on Tuesday, 23 January 2024 at 6.30 pm in the Council Chamber, Civic Offices, Reading. The Agenda for the meeting is set out below.

	<b><u>WARDS AFFECTED</u></b>	<b><u>Page No</u></b>
<b>1. DECLARATIONS OF INTEREST</b>		
<b>2. MINUTES OF THE PREVIOUS MEETING HELD ON 27 SEPTEMBER 2023</b>		<b>5 - 12</b>
<b>3. QUESTIONS</b>		
<b>4. CLOSING FINANCIAL ACCOUNTS UPDATE</b>	<b>BOROUGH WIDE</b>	<b>13 - 16</b>
This report updates the Committee on the progress of the audit of the Council's Final Accounts for 2020/21, as it nears completion. The report also provides an update on the 2021/22 and 2022/23 accounts.		
<b>5. EXTERNAL AUDITOR UPDATE</b>	<b>BOROUGH WIDE</b>	<b>17 - 18</b>
A representative from the Council's External Auditor, EY, will present an update on the audit of 2020/21 financial statements and the following year's statements and Value for Money assessments.		
<b>6. INTERNAL AUDIT QUARTERLY PROGRESS REPORT</b>	<b>BOROUGH WIDE</b>	<b>19 - 84</b>
This report provides an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report.		

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|-----|--|-------------------------|------------------|
| 7.  | <b>IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER</b>   | <b>BOROUGH<br/>WIDE</b> | <b>85 - 102</b>  |
|     | This report sets out a summary of those high and medium risk Internal Audit recommendations which remain outstanding together with an updated management response.   |                         |                  |
| 8.  | <b>STRATEGIC RISK REGISTER 2023/24</b>   | <b>BOROUGH<br/>WIDE</b> | <b>103 - 136</b> |
|     | This report provides the latest update on the Strategic Risk Register 2023/24.   |                         |                  |
| 9.  | <b>TREASURY MANAGEMENT REVIEW QUARTER 2 2023/24</b>  | <b>BOROUGH<br/>WIDE</b> | <b>137 - 152</b> |
|     | This report updates Members on the activity of the Treasury Management function during the second quarter of the year for the period 1 <sup>st</sup> July 2023 to 30 <sup>th</sup> September 2023.   |                         |                  |
| 10. | <b>IMPLEMENTATION OF NEW FINANCE SYSTEM UPDATE</b>   | <b>BOROUGH<br/>WIDE</b> | <b>153 - 156</b> |
|     | This report updates the Committee on the implementation of the new finance system, e5, which went live at the start of December 2023.  |                         |                  |
| 11. | <b>INFORMATION GOVERNANCE QUARTERLY UPDATE</b>   | <b>BOROUGH<br/>WIDE</b> | <b>157 - 164</b> |
|     | This report provides an update on the actions in progress to improve the Council's policies, systems and processes around Information Governance.  |                         |                  |
| 12. | <b>EXCLUSION OF PRESS &amp; PUBLIC</b>   |                         |                  |
|     | The following motion will be moved by the Chair:   |                         |                  |
|     | “That, pursuant to Section 100A of the Local Government Act 1972 (as amended) members of the press and public be excluded during consideration of the following item on the agenda, as it is likely that there would be disclosure of exempt information as defined in the relevant Paragraphs of Part 1 of Schedule 12A (as amended) of that Act” |                         |                  |

**ITEM TO BE CONSIDERED IN CLOSED SESSION**

- |     |                              |                         |                  |
|-----|------------------------------|-------------------------|------------------|
| 13. | <b>CYBER SECURITY UPDATE</b> | <b>BOROUGH<br/>WIDE</b> | <b>165 - 170</b> |
|-----|------------------------------|-------------------------|------------------|

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**Present:** Councillor Williams (Chair); G Dennis, Emberson, Gittings, McGoldrick, Mitchell, Thompson and Yeo.

### 10. CHAIR'S ANNOUNCEMENTS

The Chair welcomed Councillor McGoldrick to the Committee who had recently replaced Councillor Edwards. Councillor Williams also thanked Councillor Edwards for her service on the Committee.

### 11. MINUTES OF THE PREVIOUS MEETING HELD ON 20 JULY 2023

The Minutes of the meeting held on 20 July 2023 were confirmed as a correct record and signed by the Chair.

### 12. EXTERNAL AUDITOR UPDATE

The Committee received a covering report on EY's draft 2020/21 Audit Results Report, which was attached as an Appendix to the report.

Adrian Balmer, EY, presented the draft Audit Report 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 Committee was advised that the audit of accounts was substantially complete and it was anticipated that the final accounts for 2020/21 should be signed off before the Committee's next meeting in January 2024.

The Committee sought clarification of the summary of adjusted differences described in Section 4 of the Audit Results Report, Audit Differences, as 'unsubstantiated and unsupported', which totalled £1.186m.

#### **Resolved:**

- (1) That the External Auditors, draft Audit Results Report for 2020/21 be noted;**
- (2) That the Director of Finance and Chief Accountant be asked to circulate a briefing note explaining the Audit Differences, described as 'unsubstantiated and unsupported' in the Audit Results Report for the Committee's information.**

### 13. CLOSING FINANCIAL ACCOUNTS UPDATE

The Committee received a report on the progress of the audit of the Council's Final Accounts for 2020/21, as it neared completion. The report also gave a progress update on the 2021/22 accounts.

The 2020/21 audit of accounts was substantially complete and the Council's finance team had continued to amend and update the accounts in line with discussions and findings highlighted by the External Auditors. There were now no material issues outstanding. The Council was anticipating an unqualified audit opinion for 2020/21, subject to the completion and review of EY's audit work. The report sought approval for the audit of accounts 2020/21 to be signed off by the Director of Finance (S.151 Officer), in consultation with the Chair of the Audit and Governance Committee.

The report also stated that the draft 2021/22 accounts were on track to be produced by the end of October 2023 and would incorporate all changes from the 2020/21 audit. This would enable the Council to progress immediately into the 2021/22 audit process with the intention of having them signed off early next Spring. This would provide a good platform to continue the accounts

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preparation work and begin the collation of the 2022/23 accounts in line with the objective of returning to a timely position on the preparation of accounts within statutory deadlines.

### Resolved:

- (1) **That the progress made and findings to date on the audit of the accounts for 2020/21 and production of the 2021/22 accounts be noted;**
- (2) **That the Director of Finance, as S.151 Officer, in consultation with the Chair of the Audit and Governance Committee, be authorised to sign off the 2020/21 Accounts, on the conclusion of the audit.**

### 14. GOING CONCERN ASSESSMENT 2020/21

The Committee received a report on the Director of Finance's assessment of the Council's "Going Concern" status for the purpose of the Statement of Accounts 2020/21, which was that Reading Borough Council could continue to operate as a going concern for at least a period of 12 months from the date of signing the audit opinion, and accordingly would remain a going concern for the purpose of the 2020/21 Statement of Accounts. The report stated that a number of considerations and detailed documents had been reviewed to confirm the Going Concern assessment, and the conclusion was included in the Executive Summary. The report had attached the Draft Going Concern Disclosure Note for 2020/21 Statement of Accounts for the Committee's information.

**Resolved: That the outcome of the Director of Finance's assessment of the Council's "Going Concern" status be noted, which found that Reading Borough Council could continue to operate as a going concern for at least a period of 12 months from the date of signing the audit opinion, and accordingly remained a going concern for the purpose of the 2020/21 Statement of Accounts.**

### 15. INTERNAL AUDIT QUARTERLY PROGRESS REPORT

The Committee considered a report providing an update on the key findings emanating from the Internal Audit reports issued for the period 1 July to 30 September 2023 (Quarter 2).

The report summarised the findings, recommendations and management actions that had been put forward for each audit review and stated the overall assurance opinion level given by the Internal Audit team. A total of five audit reviews had been finalised in the period, as follows:

- Council Tax (Substantial Assurance opinion given);
- Leavers & Movers Process (Reasonable Assurance opinion given);
- Adult Social Care Debt (Reasonable Assurance opinion given);
- Payments to Care Providers Follow up (Limited Assurance opinion given); and
- Fuel System (No Assurance opinion given).

The audit of the Fuel System had found the systems and procedures for securing and accounting for fuel to be weak and no assurance could be given that the controls in place would protect the Council against loss of fuel. Further details were available to members of the Committee in a Part 2 Annex to the report that was exempt from publication under paragraph 7 of Part 1 of Schedule 12A of the Local Government Act (as amended). In relation to the follow up review of Payments to Care Providers, the audit identified that there had been considerable progress made since the original audit, but further progress still had to be made to address the high number of outstanding invoices.

## AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES – 27 SEPTEMBER 2023

The report also detailed the audits that were currently in progress and gave a summary of investigations work that had taken place between 1 April and 30 September 2023.

**Resolved: That the audit findings be noted, and the recommendations and management action underway, as set out in the Internal Audit & Investigations Quarter 2 Update Report, be endorsed.**

### 16. DIRECT PAYMENTS: RESPONSE TO INTERNAL AUDIT RECOMMENDATIONS

Further to Minute 38 of the meeting held on 12 April 2023, the Committee considered a report on the response to an internal audit of Direct Payments, which had identified some process weaknesses and made a series of recommendations to improve the service. The report set out the action that had been taken to address Internal Audit's eight recommendations, five of which had now been completed. The three outstanding recommendations were all scheduled to be completed in the next few months. The Committee would receive a further progress update as part of the Audit Recommendations Tracker report to the next meeting on 23 January 2024.

**Resolved: That the positive response to the Internal Audit recommendations to date in relation to Direct Payments be welcomed, and further progress to implement the remaining outstanding action be reported to the Committee in the regular Audit Tracker Recommendations report to the next meeting on 23 January 2024.**

### 17. CIPFA PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES ON AUDIT COMMITTEES

The Committee considered a report on the CIPFA Practical Guidance for Local Authorities on Audit Committees. Attached to the report at Appendix 1 were proposed revised terms of reference for the Committee and at Appendix 2 a Self-assessment of good practice against the CIPFA Practical Guidance for Local Authorities on Audit Committees.

The report noted that the Guidance updated previous CIPFA guidance from 2018 and complemented the CIPFA Position Statement on Audit Committees; it also incorporated recent legislative changes and professional developments following the Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities. Whilst it was guidance CIPFA expected that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. The report summarised the guidance relating to the purpose, independence and effectiveness, core functions, membership, engagement and outputs, and impact of the Audit Committee. CIPFA had endorsed the recommendation of the Redmond Review that the external audit annual report should be submitted to Council by the external auditor and the report sought the Committee's endorsement of this change.

The report explained that a self-assessment using the CIPFA self-assessment tool had been conducted by Internal Audit in January 2023. This had concluded that current arrangements partially complied with the guidance, with 'moderate' improvement required. One of the outcomes from the self-assessment review was to propose that the Committee's terms of reference should be updated to those suggested by CIPFA for local authorities.

The report noted that, generally, the current terms of reference addressed the core areas identified in CIPFA's Position Statement but would benefit from updating. Areas for possible increased emphasis included organisational risk profile, value for money and an oversight role on fraud and anti-corruption and a broadened reference to internal controls and financial management. Possible areas for specific inclusion were reviewing governance and assurance arrangements for significant

## AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES – 27 SEPTEMBER 2023

partnerships/collaborations, considering the assurance framework and whether it adequately addressed the Council's risks and priorities, detailing that both the Chief Auditor and External Audit had unrestricted access to the Committee Chair and an opportunity to meet privately with the Committee. The proposed Terms of Reference would also remove the decision-making powers of the Committee in relation to the approval of the annual financial statements, which would therefore revert to Council.

### Resolved –

- (1) **That the key points arising from the 'CIPFA Audit Committees: Practical Guidance for Local Authorities and Police', as summarised in the report, be noted;**
- (2) **That the recommendations of the Redmond Review that the external audit annual report should be submitted to Council by the external auditor be endorsed;**
- (3) **That Council be recommended:**
  - (a) **to approve the revised Audit & Governance Committee terms of reference, as set out at Appendix 1, and the removal of its decision-making powers in relation to the approval of the annual financial statements, returning the latter to Council;**
  - (b) **to require the Audit & Governance Committee to produce a public report annually on how it had complied with the CIPFA position statement, and discharged its responsibilities, including an assessment of its performance.**

### 18. REVIEW OF CONSTITUTION: CONTACT PROCEDURE RULES

The Committee considered a report on a refresh of the Council's existing Contract Procedure Rules (CPRs) to ensure the Council modernised the way it procured goods, services, and works, and that correct due diligence was in place to ensure that value for money was achieved. A copy of the proposed CPRs was attached to the report at Appendix 1. The CPRs were mandatory for all service areas and procurement staff and formed a fundamental part of the Council's Constitution. The main adjustments were highlighted in paragraphs 3.3 to 3.8 of the report and aimed to: simplify and improve consistency of terminology; set out the legislative and Public Policy obligations; prepare for the implementation of the Procurement Bill; define officers' practical obligations in establishing a contract, the procedural steps for undertaking a procurement and the required content of contracts; and clearly define the exceptions to the requirements for competition. A web-based supplementary Procurement Manual for staff containing procedural and practical details to support the processes would be produced to support use of the CPRs once agreed, and would be further embedded by an Awareness Programme. The Manual would sit outside of the Constitution and would therefore be easier to amend in response to changes in procurement practice.

### Resolved –

- (1) **That the updates to the Contract Procedure Rules, as set out in Appendix 1 to the report, be endorsed;**
- (2) **That Council be recommended:**

## AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES – 27 SEPTEMBER 2023

- (a) To adopt the Contract Procedure Rules, as set out in Appendix 1 to the report;
- (b) To support the further development and implementation of a Procurement Manual for staff, containing the procedural and practical details and guidance to support the processes outlined within the updated Contract Procedure Rules;
- (c) To authorise the Assistant Director of Procurement and Contracts, in consultation with the Chief Executive and Executive Director of Resources, to make appropriate amendments to ensure that the proposed Contract Procedure Rules aligned with terminology included within the new Procurement Bill when it was introduced in autumn 2024.

### 19. STRATEGIC RISK REGISTER 2023/24

The Committee considered a report outlining the 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 for June to September 2023 and the risk ratings for September to December 2023. The SRR had been reviewed by CMT on 11 September 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. However, the number of red risks had been increased to include 'Failure to deliver zero carbon commitments' due to decisions being awaited on capital bids for carbon saving projects and 'Unable to deliver a balance budget', because of the cost-of-living crisis, demand pressures and ability to achieve income targets.

**Resolved:** That the Council's Strategic Risk Register, as of 11<sup>th</sup> September 2023, be noted.

### 20. TREASURY MANAGEMENT REVIEW QUARTER 1 2023/24

The Committee considered a report on the activity of the Treasury Management function during the first quarter of the year for the period 1<sup>st</sup> April 2023 to 30<sup>th</sup> June 2023. The report stated that the CIPFA Code of Practice for Treasury Management 2021 recommended that the Committee should be updated on treasury management activities at least quarterly. The Committee was advised that there had been full compliance with the Treasury Management Strategy Statement (TMSS), as agreed by Council on 28 February 2023, during this period. The report had attached the Link Group Economics Update; Debt and Investment Portfolios; and the list of approved countries for investments.

**Resolved:** That the Treasury Management Review Quarter 1 report for 2023/24 be noted.

### 21. 2023/24 QUARTER 1 PERFORMANCE AND MONITORING REPORT

The Committee considered a report, which had been considered by Policy Committee on 25 September 2023 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 1 (June 2023). 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 – General Fund Revenue Financial Monitoring & Performance Quarter 1 (2023/24);
- Appendix 2 – Brighter Futures for Children Budget Monitoring Report Period 3 (2023/24);

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- Appendix 3 – Capital Programme Quarter 1 (2023/24);
- Appendix 4 – Corporate Plan Performance Measures (Monthly & Quarterly) Quarter 1 2023/24;
- Appendix 5 – Corporate Plan Projects and Initiatives Quarter 1 (2023/24).

**Resolved:** That the 2023/24 Quarter 1 Performance and Monitoring Report and the recommendations set out and approved by Policy Committee on 25 September 2023 be noted.

### **22. IMPLEMENTATION OF THE NEW FINANCE SYSTEM – PROGRESS UPDATE**

The Committee considered a report on the implementation of the new finance system, e5, which had recently passed a user acceptance testing milestone and was due to go live on 1 November 2023. The project was now at the stage of delivering training, finalising interfaces, rehearsing data migration, and assessing business readiness for go-live. The project Steering Group was meeting on a weekly basis to assess progress and advise on actions with representation from across the Council. The report summarised the key activities to be completed in the run up to go-live as well as the plans for user support and finance improvement post go live.

**Resolved:** That the progress to implement the e5 system and the plans for go-live and ongoing financial performance improvement be noted.

### **23. ANNUAL GOVERNANCE STATEMENT 2022/23**

The Committee considered a report setting out the updated action plan for the 2022/23 Annual Governance Statement (AGS), which was attached to the report at Appendix 1.

The report explained that the Council was required to prepare and publish an AGS each year as an accompaniment to the authority's financial statements. The Council was responsible for ensuring that its financial management was adequate and effective and that it had a sound system of internal control, which facilitated the effective exercise of the Council's functions, including arrangements for the management of risk. The AGS was a record of the overall effectiveness of governance arrangements within the Authority; it reflected the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrated how the key governance requirements had been met.

The report explained that, to support the Annual Governance Statement, each directorate had completed a Directorate Governance Statement in relation to systems and processes operational within their areas during the year. These were signed off by the relevant Executive Director. The Directorate Statements demonstrated that Directorates had evaluated and assessed their internal control environment.

**Resolved:**

- (1) That the Annual Governance Statement for 2022/23 be endorsed;
- (2) That the Assistant Director of Legal & Democratic Services be authorised to make minor amendments to the Statement, prior to signature by the Leader and Chief Executive.

### **24. INFORMATION GOVERNANCE QUARTERLY UPDATE**

## AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES – 27 SEPTEMBER 2023

The Committee considered 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; the on-time responses to FOI requests, which stood at to 73.6% in Quarter 1 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 the compulsory Cyber Security training for all staff and Members, which would be followed-up to improve compliance.

The report stated that the current focus would be on continuing the work with the Data Stewards, the action plan work from the Breach Management process review and the project plan for the redaction software.

**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.**

(The meeting commenced at 6.30 pm and closed at 8.16 pm)

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## Audit and Governance Committee

23 January 2024



**Reading**  
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<b>Title</b>	<b>Closing Financial Accounts Update</b>
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Report author</b>	Mark Sanders, Chief Accountant
<b>Lead Councillor</b>	Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources
<b>Corporate priority</b>	Not applicable, but still requires a decision
<b>Recommendations</b>	That the Committee notes the accounts progress and findings to date.

### 1. Executive Summary

- 1.1 This report updates the Committee on the progress of the audit of the Council's Final Accounts for 2020/21, as it nears completion. The report also provides an update on the 2021/22 accounts and also the 2022/23 accounts. This report should be considered alongside the External Auditor's progress update and findings to date reported elsewhere on tonight's agenda. The previous update to Committee requested approval for the audit of accounts 2020/21 to be signed off under delegated power by Darren Carter, Director of Finance (S.151 Officer) and Councillor Williams, in his capacity as Chair of the Audit and Governance Committee. We continue to monitor the progress of the External Auditors to finalise their work.
- 1.2 It is notable that in future the accounts will need to be signed off by Full Council, but the Audit and Governance Committee will continue to play a pivotal role in their scrutiny and debate.

### 2. Progress on 2020/21 Accounts audit

- 1.3 This report updates the Committee on the progress of the audit of the Council's Final Accounts for 2020/21 since the last update. There have been no further amendments to make, and we know of no material changes to report. We are hopeful that the External Auditors will conclude the audit imminently as there are no outstanding requests of us.
- 1.4 The Council is anticipating an unqualified audit opinion for 2020/21 subject to the completion and review of EY's audit work.
- 1.5 The position of the External Audit queries as of beginning of January is as follows:

**Table 1 – Audit Queries as at 08/01/24**

<b>No of Queries</b>	<b>Status</b>
0	Outstanding
132	EY – To review (response provided by RBC)
246	EY – Accepted
<b>378</b>	<b>Total</b>

**3. Update on the Publication of the 2021/22 Accounts**

- 3.1 We published the draft 2021/22 accounts at the latter end of November 2023 and the public inspection period commenced on 22 November 2023 and concluded on 10 January 2024.
- 3.2 We provided the accounts and the reconciled Financial System Report to the auditors at the beginning of 2024 but have yet to have been informed of their intended audit approach and any dates for the 2021/22 audit.

**4. Update on the Preparation of the 2022/23 Accounts**

- 4.1 We are on track to produce and publish the draft 2022/23 accounts by the end of January/beginning of February. This draft will incorporate any last changes from the 2020/21 audit, should there be any further findings.
- 4.2 This will give us a good platform to continue our closedown processes for 2023/24 with our objective of returning to a timely position on the preparation of accounts within statutory deadlines.

**5. Transition to new External Auditors, KPMG.**

- 5.1 The Statement of Accounts 2022/23 is the last year that our auditors will be Ernst and Young. It is prudent practice for the external auditors to change on a scheduled basis to avoid any bias and to ensure impartiality and an objective approach. Our new auditors from 2023/24 will be KPMG who will build upon the assurances they receive from EY and commence their audits with their own approach.
- 5.2 We anticipate being in a good position to work with both EY and KPMG to ensure a smooth transition. Producing timely accounts will aid this process.

**6. National Position.**

- 6.1 Although we continue to work “in arrears” on our accounts we have seen positive improvement in processes and the timely production of accounts is far more feasible than in previous years. It must be noted that our issues are not isolated and the majority of councils across the country are finding it difficult to either complete their accounts on time and/or have them audited in a timely manner.
- 6.2 The following is an extract from a post by an independent local government finance specialist, showing the results from a status tracker for December.

## Accounts Status by type of authority

	21/22 Not Published	21/22 Draft	21/22 Final	22/23 Not Published	22/23 Draft	22/23 Final
ILB	2	6	4	2	9	1
OLB	3	10	7	4	15	1
Met	2	18	16	3	31	2
Unitary	7	31	21	15	40	4
County	0	6	17	3	19	1
District	16	79	69	48	109	7
<b>Total</b>	<b>30</b>	<b>150</b>	<b>134</b>	<b>75</b>	<b>223</b>	<b>16</b>

6.3 We await further updates from DLUHC and EY to ascertain the next steps for our outstanding audits.

## 7. Contribution to Strategic Aims

7.1 The external audit process includes the approval of the annual Statement of Accounts results and the publication of accurate, transparent financial information which gives a true and fair view of Reading Borough Council's economic performance and financial stability.

## 8. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

8.1 None arising.

## 9 COMMUNITY ENGAGEMENT AND INFORMATION

91 The Public Inspection period has concluded (11 Jan 2024) and there are no implications to report.

## 10. EQUALITY IMPACT ASSESSMENT

10.1 None arising.

## 11. LEGAL IMPLICATIONS

11.1 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.

## 12. FINANCIAL IMPLICATIONS

12.1 The audit fees will be reported in due course.

## 13. BACKGROUND PAPERS

13.1 Previous Closing Accounts update reports to the Audit & Governance Committee.

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## Audit and Governance Committee

23 January 2024



**Reading**  
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<b>Title</b>	<b>External Auditor Update</b>
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Report author</b>	Mark Sanders, Chief Accountant
<b>Lead Councillor</b>	Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources
<b>Corporate priority</b>	Not applicable, but still requires a decision
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. That the Committee notes EY's update for 2020/21 financial statements.</li> <li>2. That the Committee notes EY's update for future audit work.</li> </ol>

### 1. Executive Summary

- 1.1. A representative from the Council's External Auditor EY will present an update on the audit of 2020/21 financial statements and provide an update with regard to the following year's statements and Value for Money assessments.

### 2. Contribution to Strategic Aims

- 3.1 The external audit process includes the approval of the annual Statement of Accounts results and the publication of accurate, transparent financial information which gives a true and fair view of Reading Borough Council's economic performance and financial stability.

### 3. Environmental and Climate Implications

- 3.1. None arising.

### 4. Community Engagement

- 4.1. This report will include where appropriate any feedback from public inspection of accounts.

### 5. Equality Implications

- 5.1. Not applicable.

### 6. Other Relevant Considerations

- 6.1. There are none.

## **7. Legal Implications**

- 7.1. 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.

## **8. Financial Implications**

- 8.1. The audit fees are reported within the detail of the report or appendices.

## **9. Timetable for Implementation**

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

## **10. Background Papers**

- 10.1. Previous Closing Accounts updates reports to the Audit & Governance Committee.

## Audit and Governance Committee

23 January 2024



**Reading**  
Borough Council  
Working better with you

<b>Title</b>	Internal Audit & Investigations Quarterly Update Report (Q3)
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Report author</b> (name & job title)	Paul Harrington, Chief Auditor
<b>Lead Councillor</b> (name & title)	Cllr Liz Terry
<b>Corporate priority</b>	Our Foundations
<b>Recommendations</b>	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 three 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 The areas selected for audit review are informed by risk assessment, audit knowledge and/or management concern, allowing Internal Audit resources to be focused on areas of perceived or known risk. This however can increase the likelihood of a negative assurance opinion, especially if controls have not yet been developed to mitigate risks.
- 2.3 A total of five audit reviews were finalised in the period between Sept 2023 and Dec 2023, with two receiving a positive opinion and three receiving a negative opinion<sup>1</sup>. In addition, two grants were certified to confirm they had met the conditions of the grant determination.
- 2.4 **Substantial Assurance Opinion Reviews**
- 2.4.1 N/A

<sup>1</sup> positive = substantial or reasonable assurance, negative = limited or no assurance.

## 2.5 Reasonable Assurance Opinion Reviews

- 2.5.1 Our audit of **Commercial Investments (Oracle Agreement)** concluded that a reasonable governance structure and financial management processes are in place. We have given a Reasonable Assurance level at this stage, given the overall governance framework applied in this area, however there is scope for improvement within the financial reconciliation and budget reporting process which is currently work in progress by the Finance Team. We made 5 medium priority recommendations with regard to administering the Agreement more effectively and improving the financial reporting structure.
- 2.5.2 Our audit of **iTrent (Payroll) Expenses**, we found satisfactory controls in place to allow managers to approve and monitor claims made, however guidance requires updating and controls need to be improved to ensure all expenses are supported by receipts, and mileage is claimed appropriately.

## 2.6 Limited Assurance Opinion Reviews

- 2.6.1 At the request of the Assistant Director, of an audit of **Reading Foundation for Art** reported a lack of clarity of roles and responsibilities carried out by RBC on behalf of the RFFA, with tacit knowledge of these held by a few individuals. There is a risk of tasks being overlooked, over-reliance on the Museum Curator, and loss of knowledge with the departure of key individuals. The lack of clearly understood and documented policies and procedures has led to issues with various finance processes.
- 2.6.2 Our audit of **Continuing Healthcare (CHC)** found systems used to identify and monitor contributions owed by the NHS were ineffective and allowed systems to be bypassed. Processes need to be standardised, documented, and evidenced to prevent disputed contributions and maximise the collection of NHS contributions.

## 2.7 No Assurance Opinion Reviews

- 2.8.1 Our audit of **Gifts, Hospitalitys and Declarations of Interests** found that although the Council has documented its expectations of staff including roles and responsibilities within these areas, there has been a failure to ensure that it has taken the opportunity to ensure staff are aware of these expectations, to provide a robust process which staff are proactively encouraged to use, and to manage, monitor and report outcomes.

## 2.8 Consultancy work

- 2.8.1 The definition of Internal Audit outlines the scope of the Internal Audit function which is not limited to assurance but includes a consultancy activity. Internal Audit's purpose is to be the 'critical' friend by questioning processes and controls within the outturn of these groups. With this in mind the Internal Audit function is currently involved in a number of boards/groups across the Council, including:
- Attendance on the Intend procurement project which is to assess the updates and changes to intend to establish if they will be able to deliver improvements in the way contracts are managed, data analysed, forecasting and monitor compliance.
  - Office 365 realisation Project – involved in the promotion of Office 365 and cascading key messages and functionality. Being the conduit between the end user and project team.
  - Information Governance Board – reviewing and providing advice on IT policies and information governance policies and procedures.



- Finance Systems Board – attended by the Chief Auditor.
- Iken – Providing assistance to the Assistant Director of Legal & Democratic Services in response to the identification of incomplete financial reporting to partners and to provide assurance how it occurred.

## **2.10 Corporate Investigations**

- 2.10.1 Since April 2023 the Corporate Investigations Team (CIT) has referred 58 Council Tax Support investigations.
- 2.10.2 As a result of forty-two Housing Tenancy investigations, a total of five properties have been returned to stock, and CIT has assisted in the return to stock of one property let through a registered social landlord (RSL). There are another fourteen ongoing investigations.
- 2.10.3 The Team has also verified sixteen Right to Buy applications of which nine have been referred back to the applicants and three applications have been refused.
- 2.10.4 From the thirty-eight Blue Badge referrals, three cases were successfully prosecuted, two have been seized, five warning letters issued, and three cases are ongoing.
- 2.10.5 The Corporate Investigations Team, supported by Internal Auditors, has been involved in several internal investigations, two of which are still ongoing, and one of which is a joint agency complex investigation that has been underway since July. Four cases have been concluded.
- 2.10.6 As the key contact for the National Fraud Initiative (NFI), Internal Audit has been coordinating and monitoring the upload of data submissions, ensuring that the data formats guidance and data specifications are followed. All data was provided within the statutory timeframes.
- 2.10.7 In December 2022 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.

## **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

#### **Appendices**

1 Internal Audit & Investigations update report.

2 Reading Foundation for Art Internal Audit Report.

3 Continuing Health Care Internal Audit Report

4 Employee Gifts Hospitality and Declarations of Interest Internal Audit Report

# **Appendix 1**

## **Internal Audit & Investigations**

### **Quarterly Update Report Q3**

## 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 three 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

	Recs			Assurance	
2.1	Commercial Investments (Oracle Agreement)	0	5	0	Reasonable

2.1.1 An audit of the Council's Commercial Assets and Investments was completed as part of the 2022/23 Internal Audit Plan, which gave a Reasonable Assurance opinion. This covered a range of controls with audit testing focussed upon a specified group of assets/properties. This audit was requested by the Assistant Director Property & Asset Management and focused upon the Oracle Lease Agreement with Hammerson Plc., plus RBC's percentage income relating to the Oracle.

2.1.2 Our audit concluded that a reasonable governance structure is in place. The current governance and financial management arrangements focus upon the wider Asset Management portfolio of which the Oracle Agreement forms a part. Having been in place for some 26 years (since 1997), this Agreement has operated quite smoothly for years and has yielded a stable income for RBC, initially with a standard clause whereby a minimum £165,000 per annum was due for the first three years of the Agreement and subsequently to an Equity calculation formula. This Agreement was significantly impacted by the Covid pandemic with effect from March 2020, with extensive closure of retail units and the subsequent permanent closure of several units during the past 2 to 3 years. In addition, capital allowances, i.e., "Capex" are deducted from the Head Rent total as part of the calculation payable to RBC thereby further reducing the rent apportionment sums received.

2.1.3 The financial audit trail is reasonably complex given the differing financial years between RBC and the Oracle Agreement Management Company Hammerson plc, thereby requiring accruals and adjustments in the financial reconciliations. Quarterly AR invoices set/raised throughout the year with values based on Estimates supplied; a Balancing Charge then calculated and invoiced separately (or repaid if applicable) following submission of the signed audited Accounting Statements for Hammerson. Capital adjustments required including Capex and REFCUS (Revenue Expenditure Funded from Capital Under Statute), applicable since 2015/16.

2.1.4 A reconciliation process has been developed since the current Finance Team have been working together in this area (the current Business Partner taking up this role in early 2020). Evidence was provided during this audit to confirm the current processes followed and the data reconciled each year to date, however a project is currently in progress by the Finance Team to develop the process to:

- More clearly reflect the Oracle income specifically within the asset portfolio group, ensuring that all adjustments applicable to each financial year between 2015/16 (when the REFCUS practice became effective) and 2022/23 are reflected accurately.
- Ensure that all items are correctly accounted for with a clearer reconciliation process in place going into the new e5 financial system from December 2023.

- 2.1.5 A process is also in place to review the budget position for each monthly period which covers the Asset Management portfolio group of which the Oracle forms a part. The above project is also expected to enable more specific budget management reporting for individual assets including the Oracle.
- 2.1.6 The income levels have fallen significantly in recent years from around £457,235 in 2020/21 (which includes brought forward Balancing Charges from the previous two years) to around £236,532 in 2021/22 and £186,908 in 2022/23 (however this does not include a Balancing Charge as yet).
- 2.1.7 The Finance Team have liaised with RBC’s external auditors (EY) concerning the falling valuation levels pertaining to the Oracle asset in recent years. This fell from around £12 million to £8.5 million by the close of 2020/21. A programme of annual valuations was set up with Sanderson Weatherall to help manage this risk and maintain a watching brief; asset revaluations would usually form part of the 5-year rolling programme. This has been included in Highlight reports presented to the Board, although the issue of falling asset values does not currently appear to be specified within the Risk Registers.
- 2.1.8 Several significant changes are on the horizon in the coming 3-year period which affect this Agreement, this forms part of the wider Reading Centre Regeneration Project. Although developments are at an early stage, the Oracle Agreement including the rent income apportionment arrangements are expected to be revised in due course.
- 2.1.9 We have given a Reasonable Assurance level at this stage, given the overall governance framework applied in this area, however there is scope for improvement within the financial reconciliation and budget reporting process which is currently work in progress by the Finance Team. We made 5 medium priority recommendations with regard to administering the Agreement more effectively and improving the financial reporting structure.

		Recs			Assurance
2.2	Itrent (Payroll) Expenses	0	2	1	Reasonable

- 2.2.1 Following our previous audit of payroll in January 2021, which provided a ‘substantial’ assurance opinion, this review was undertaken to provide assurance over the Itrent Employee’s Self-Service system for payments for additional time, staff expenses, and mileage claims.
- 2.2.2 ITrent is a cloud-based integrated payroll and human resource system. It has two access points, one for employees and one for managers. The employee self-service (ESS) allows employees to view and update their personal information, make expense claims, and casual workers to submit their timesheets, for their manager to authorise. The manager self-service (MSS) allows managers to review limited personal and employment details for the people who are set up as reporting to them and authorise (or reject) holiday requests and ‘time and expenses’ claims, managing sickness and holiday absence.
- 2.2.3 We found satisfactory controls in place to allow managers to approve and monitor claims made, however guidance requires updating and controls need to be improved to ensure all expenses are supported by receipts, and mileage is claimed appropriately.

- 2.2.4 We're able to confirm that a valid receipt is held on Itrent to substantiate the expenditure for 95% of expenses claimed and paid between April and June 2023 and that processes ensure they are treated appropriately for VAT. However, mileage and expense claims are still not being submitted within the required 90-day time frame to ensure these costs are accounted for on a timely basis for budget monitoring purposes.
- 2.2.5 There was no way to determine or quantify the risk of duplicate claims, because the only information available was from once the claim was submitted (authorised by the Manager). However, 5% of those submitted claims in Q1 were then rejected or corrected by Payroll. Discussions with service managers where errors were found, acknowledged that they needed to take more care in ensuring the time claims submissions were correct when being approved, and they would welcome help with a simpler schedule of rates as these are complicated.
- 2.2.6 There are satisfactory controls in place to ensure that expenses and time paid on Itrent are reconciled to the finance codes on Oracle Fusion so that these costs can be monitored by the service at the budgetary level.

	Recs			Assurance
2.3	Reading Foundation for Art			Limited
	2	5	2	

- 2.3.1 Reading Foundation of Arts (RFFA) was established in 1974 as a registered charity, to either purchase, or assist Reading Museum in the purchase, of significant works for the benefit of the public, by inclusion in the permanent collection maintained by Reading Borough Council (RBC). Purchased works are permanently loaned to RBC for periodic display in Reading Museum and Art Gallery or any public building or place owned, leased or under the control of RBC, or to lend for the purposes of exhibition (following the same processes as all Reading Museum objects).
- 2.3.2 Historically, the Reading Borough Council Treasurer/Head of Finance was the Honorary Treasurer and main bank signatory for the charity; RBC held a separate bank account on behalf of the RFFA. The Council's finance function also provided support in kind to the charity, including sign-off of their financial accounts and insurance. This audit was conducted at the request of the Assistant Director, who had highlighted concerns within this area.
- 2.3.3 There is a strong relationship between Reading Foundation for Art and the Council, which has been driven by the Museum Curator and the Honorary Secretary. The relationship between the Museum Curator and the Foundation is key, together with her knowledge, experience, and oversight. There is also clear alignment between the Reading Foundation for Art and RBC's strategic direction. However, arrangements are still based on the original declaration of trust from 1974 and would benefit from review and updating to reflect current best practice.
- 2.3.4 There is a lack of clarity and documenting of roles and responsibilities carried out by RBC on behalf of the RFFA, with tacit knowledge of these held by a few individuals. There is a risk of tasks being overlooked, over-reliance on the Museum Curator, and loss of knowledge with the departure of key individuals. The lack of clearly understood and documented policies and procedures has led to issues with various finance processes.

- 2.3.5 There is no separate bank account for the RFFA, with their monies being held within the main RBC bank account. Identification and re-allocation of Foundation income is reliant on finance being informed of its arrival, correct identification, and reallocation from the suspense account. There are also no documented or undertaken reconciliations for income or expenditure. There is therefore a risk that not all RFFA income is identified and transferred to the relevant cost code.
- 2.3.6 There also does not appear to be a common understanding as to whose responsibility it is (i.e., finance or the service) to ensure that the Museum service has up-to-date Foundation financial information, nor common agreement as to how often information should be provided to the trustees.
- 2.3.7 Insurance was based on details of items and values from 2018 with an annual inflationary uplift applied, with no updates provided to RBC's Insurance Team on RFFA-acquired items, detailing items held, their value, condition and location nor new acquisitions. There appeared to be a lack of clarity as to whose role and responsibility this fell under.

		Recs			Assurance	
2.4	Employee Gifts, Hospitality & Declaration of Interests	2	3	1		No Assurance

- 2.4.1 The Seven Principles of Public Life outline the ethical standards those working in the public sector are expected to adhere to. Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. It is important to avoid any suggestion of improper influence, real or perceived.
- 2.4.2 The Council's Code of Conduct reflects the Seven Principles of Public Life and includes guidance on managing the offer and receipt of gifts and hospitality. The Gift and Hospitality Policy further underpins the Code of Conduct.
- 2.4.3 Examples of personal interests that could conflict with policy, duties, or responsibilities that should be declared using a declaration proforma are also included in the Council's Code of Conduct, which includes membership in a secret organisation, financial and non-financial interests, and undertaking work for another organisation.
- 2.4.4 Although the Council has documented its expectations of staff including roles and responsibilities within these areas, there is a failure of governance to ensure that it has taken the opportunity to ensure staff are aware of these expectations, to provide a robust process which staff are proactively encouraged to use, and to manage, monitor and report declarations.
- 2.4.5 The Council has documented its expectations of staff and their responsibilities regarding gifts and hospitality and declaring of interests, however, these policies are not aligned, clear, or up to date and in some cases they were conflicting. Furthermore, it was not possible to establish which employees had received a copy of the Employee Code of Conduct (CoC), which details the expected behaviours, beliefs, and culture of the Council and forms part of the conditions of employment.



- 2.4.6 The onboarding process requires staff to receive a copy of the CoC, but systems do not allow for easy confirmation that this had happened or that staff had read the CoC and were aware of their responsibilities. The Council has missed an opportunity to obtain a declaration of interest from when the new starter commences employment or during the sign-off of the probationary period.
- 2.4.7 Only one (recently created) gifts and hospitality register, managed at Directorate level, was located during the audit. In addition, some historic records were located on the Iken system, further proving the process is disjointed and unorganised.
- 2.4.8 The gifts and hospitality register that was located was not replicated across the Council. A recommendation has been made to find a centralised solution that would allow for easy monitoring and reporting by service, directorate, or entire Council.
- 2.4.9 Generally, there was an accurate understanding of what a declaration of interest was, but with no registers located during the audit, it is obvious that the expected procedures are not embedded. Furthermore, agency workers are missed from this process and pose a risk, particularly in service areas of vulnerability.
- 2.4.10 The current method of Directorate registers (for both gifts and hospitality and declarations of interests) is outdated, ineffective, and disjointed. It is recommended that an electronic process be established that will allow declared interests to be accessible to the manager, whether that manager remains constant or changes due to reassignment or replacement. This would allow for mitigating intervention to be put in place to protect both the staff member and the Council, which is currently not being managed. For this reason, it is audit's opinion that the declaration of interests' process should be held on iTrent, as all employees have an iTrent account and the line manager is updated when necessary.
- 2.4.11 There is no corporate requirement to consider the risks associated with system access of staff that have declared an interest in an account, person, or company that is on one of the Council's key systems. Only three of the system owners contacted confirmed that declarations of interest are considered, two proactively upon user set up, although none refresh that declaration.

		Recs			Assurance
2.5	Continuous Healthcare	0	4	0	Limited

- 2.5.1 NHS continuing healthcare is an ongoing package of health and social care that is arranged and funded solely by the NHS when an individual is found to have a primary health need. Such care is provided to an individual aged 18 or over to meet needs that have arisen because of disability, accident, or illness.
- 2.5.2 The Council commissioned a project in 2022/23 to review a range of existing cases that were thought to be potentially eligible for CHC funding, the costs for which may be shared through the joint funding arrangement.

- 2.5.3 Although the Council is proactively redeveloping its procedures and processes to ensure people are appropriately assessed before a claim for Continuous Health Care (CHC) is submitted to the NHS, we found there is a risk that social workers could bypass the Council’s internal peer-review process of the application before it is submitted for a decision. Although CHC champions and surgeries have been established to help advise and peer review cases where CHC may be required, there is no current requirement or workflow that enforces managerial sign-off, which means there is a risk that either health concerns won’t be appropriately assessed before being submitted to MDT by the social worker or left as pending.
- 2.5.4 There are no controls in place for analysing the Multi-Discipline Team’s reasons for refusing a claim for CHC funding, advocated by the Council despite having a copy of the decision letter on file. An analysis of the reasons could mitigate the risk of incorrect/incomplete claims and the family’s disappointment if refused, provide a more efficient process in terms of social worker time and resources, and prevent the erosion of professional trust due to poor compliance with the CHC guidance, provided by the Department of Health and Social Care.
- 2.5.5 Although there are good separations of duties in place between the assessment and recovery, better communications are required to reduce the silo working practices currently in place.
- 2.5.6 The methodology for monitoring and reporting upon the assessment and approval status of the project and general CHC caseload needs to be standardised and consolidated under a common DASH board. This is currently uncoordinated and excludes confirmation on the closure of care packages on Mosaic and the recovery action. This is exacerbated by a lack of documented procedures clarifying the responsibilities and the methodology for calculating and ensuring the debt is paid and not disputed by the NHS. A better management accounting code structure needs to be developed to improve the transparency on the level of shared CHC funding and CHC costs that are being recuperated so that this can be monitored more effectively within the budget program and strengthen the accounting for any budget savings.

	Recs			Assurance	
2.6	Iken Billing Process	0	4	0	N/A

- 2.6.1 The Joint Legal Team (JLT) is a shared service, hosted by Reading Borough Council, which advises the Berkshire Unitarities with the discharge of their functions in children’s and adult’s social care.
- 2.6.2 At year end, the billing figures gave cause to query the data and it was suspected there was an error in the case management system, as figures would not balance as expected. After some enquiries with the system supplier, Iken, it was discovered that there were limitations to the total number of rows of data that can be exported within the report.
- 2.6.3 This review was requested by the Assistant Director of Legal & Democratic Services in response to the identification of incomplete financial reporting to partners and to provide assurance that the error was the issue.

- 2.6.4 Through our enquiries we identified that it was not a system error, as originally thought and the mistake occurred because of human error, as the responsible officer had not been made aware of the default Iken system configuration. This incident could have been avoided if partner reports were run individually rather than grouping them into a single report (thus breaching the report row limit). We were advised that the new approach involved producing one single report for all partner data, whereas previously reports were run for partners individually. In producing one report containing all partner data the system encountered a limitation that meant only the first 100,000 rows of data would be included in the output, with this report data providing the base for analysis and reporting, partners were not receiving complete information and were therefore undercharged.
- 2.6.5 The configuration has been changed following the audit and officers are now explicitly aware that default configurations can impact on report outputs, which should hopefully prevent this incident from occurring again. The Legal Operations Manager is implementing more checks on the data that they send out and is also arranging for the new Finance Subcommittee and Partners to sense check the data.

## 2.7 Grant Certifications

### **Local Transport Capital Block Settlement (Grant Certification)**

- 2.7.1 There are four funding streams within the Local Transport Capital Block funding, these being the Integrated Transport Block (£1.592k), Highways Maintenance needs element (£817k), Highways Maintenance incentive element (£204k) and the Pothole Fund (£817k).
- 2.7.2 The grants may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003 and the Chief Executive and Chief Internal Auditor are required to sign and return a declaration to the Department for Transport confirming the grants have been spent in accordance with the conditions of the grant determination.
- 2.7.3 Whilst we can confirm that grant funding has been spent in accordance with the grant the total funding for the Integrated Transport Block of £1.592m has yet to be spent.

### **Local Authority Bus Subsidy Grant**

- 2.7.4 A Government decision in 2013 devolved funding to local authorities which was broadly equivalent to the Bus Services Operators Grant (BSOG). Funding was allocated for the period April 2022 to March 2023 to a value of £74,192.
- 2.7.5 The grant can only be used for supporting bus services, including community transport services run under a section 19 permit, or for the provision of infrastructure supporting such services.
- 2.7.6 Having carried out appropriate investigations and checks, in our opinion, the conditions attached to the Local Authority Bus Subsidy (Revenue) Grant 2022/2023 have been complied with.

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	Reasonable Assurance
Cyber Security	●				Aug-22	Dec-22	May-23	2	3	2	Reasonable Assurance
Accounts Payable	●				Mar-23	May-23	Jun-23	0	1	2	Substantial Assurance
General Ledger	●				Jan-23	Mar-23	Apr-23	0	6	1	Reasonable Assurance
Client Contributions Follow up	●				Feb-23	Apr-23	Jun-23	0	0	0	Reasonable Assurance
Inflationary Uplifts (Follow up)	●				Jan-23	May-23	May-23	0	0	0	Reasonable Assurance
Leavers and movers' processes	●				Jan-23	Apr-23	July-23	0	5	2	Reasonable Assurance
Adult Social Care Debt	●				Feb-23	Jun-23	Sep-23	1	5	0	Reasonable Assurance
Provider Payments (Adults)	●				Jan-23	May-23	July-23	2	3	0	Reasonable Assurance

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	Jul-23	4	5	0	Limited Assurance
Commercial Assets & Investments	●				Jul-23	Nov-23	Dec-23	0	5	0	Reasonable Assurance
Intercompany accounting (Follow Up Review)	●				Delayed to Q4						
S117 of the Mental Health Act	●				Jun-23	Dec-23					
Rough Sleeping Accommodation Program Grant Determination RSAP 1 &2	●				Apr-23	Apr-23	Apr-23	0	0	0	Certified
Homelessness Prevent Grant including top up	●				Apr-23	Apr-23	Apr-23	0	0	0	Certified
Rough Sleeping Initiative Grant additional pressures cert	●				Apr-23	Apr-23	Apr-23	0	0	0	Certified
Iken billing process*	●				Jun-23	Sep-23	Oct-23	0	4	0	N/A

\* added to the plan mid-year

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

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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)		●			July-23	Oct 23	Nov-23	0	0	0	Certified
Local Authority Bus Subsidy Grant (BSOG)		●			July-23	Oct-23	Oct-23	0	0	0	Certified
Bank & Cash Rec inc control account reconciliations		●			Aug-23	Dec 23					
CTAX		●			Apr-23	Jun-23	Jul-23	0	0	2	
Procurement end-to-end process		●			Nov-23	Dec 23					
Payroll (inc HR/Itrent processes)		●			Aug-23	Nov-23	Nov-23	0	2	1	
Public Health Grant		●			Jan-24						
Supported Living Placements		●			Deferred to 2024/2025						
Continuing Health Care (CHC)		●			Jun-23	Aug-23	Sep-23	0	4	0	
Employee gifts and hospitality & declarations of interests		●			Jun-23	Sep-23	Nov-23	2	3	1	
Reading Museums - Reading Foundation of Art		●			Jun-23	Aug-23	Dec-23	2	5	2	
Coroners Service			●		Oct-23	Dec-23					
Subject Access Requests*			●		Dec 23						
Library Improvement Fund (Grant Certification)*			●		Dec 23						
Sec 106 Agreements			●								
Data Security/Information Governance			●								
New Finance System migration			●								
Accounts Payable			●		Deferred to 2024/2025						
Digital Technology and Change - Project Management			●		Deferred to 2024/2025						
Caseload management (inc ASC Front Door)			●		Aug-23						
Learning & Devt, Physical Dev and Mental Health Placements			●		Deferred to 2024/2025						
Community Infrastructure Levy				●	Nov-23						
Homelessness				●							
Accounts Receivable				●	Deferred to 2024/2025						
Deputyship and Appointeeship (Follow up Review)				●							
Scheme of Delegation (adult Social Care)				●	Deferred to 2024/2025						

## 3.0 INVESTIGATIONS (APRIL 2023 – DECEMBER 2023)

3.1 The Council has an establishment of 3.5 officers, who are trained to Police and Criminal Evidence Act 1984 (PACE) codes of practice. These officers predominately carry out planned and reactive investigations into areas including, but not limited to:

- Tenancy – Fraudulent applications for housing or successions of tenancy and subletting of the property.
- Council Tax – Discounts and exemptions, council tax support.
- Blue Badge – Use of counterfeit/altered badges, use when a disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees.
- Internal fraud – Diverting council monies to a personal account; accepting bribes; stealing cash; working elsewhere while claiming to be off sick; wrongfully claiming benefits while working.
- Right to buy – Fraudulent applications under the right to buy/acquire.
- Personal budgets – Overstatement of needs through false declaration, multiple claims across authorities, third party abuse, posthumous continuation of claim.
- Single Person Data Matching and investigation

3.2 In total for the period April 2023 to December 2023, the Corporate Investigations Team has investigated a total of 144 referrals, broken down as follows:

CTRS (Inc SPD)	58 referrals
Housing	42 referrals
Blue Badge	38 referrals
Social Care	01 referral
Election Fraud	01 referral
Internal	04 referrals

Currently: 37 ongoing investigations, including two internal investigations.

### 3.3 Council Tax Support Investigations

3.3.1 Fifty-eight Council Tax Support investigations have commenced to date, with the discount removed in nine cases resulting in estimated savings of **£12,340**.

### 3.4 Housing Tenancy Investigations

3.4.1 Since 1st April 2023, officers have completed investigations into forty-two referrals of alleged tenancy fraud. A total of five properties have been returned to stock to date. All these cases were tenancy-related investigations. There are another fourteen ongoing investigations.

3.4.2 The notional saving achieved on the properties returned to RBC stock is **£558,000** adopting the notional savings multiplier used by the Cabinet Office in its National Fraud Initiative report. CIT has also assisted in the return to stock of one property let through a Registered social landlord (RSL)

3.4.3 The team has also looked at and verified sixteen Right to Buy applications of which nine have been referred to the applicant for further information to be supplied. Three Right to Buy applications have been refused resulting in a rental savings figure of **£20,467** And a notional saving of **£261,602** in discounts.

### 3.5 Disabled Persons Parking (Blue) Badges

3.5.1 Since April 2023 the team has received a total of thirty-eight Blue Badge referrals of blue badge misuse. To date two badges have been seized, five warning letters issued, three cases required no further action, and three cases are ongoing.

3.5.2 Three cases were successfully prosecuted. All the defendants pleaded Guilty to the Blue Badge frauds and were fined a total of **£12,762** including costs.

### 3.6 National Fraud Initiative

3.6.1 In December 2022 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**.

### 3.7 Internal Investigations

3.7.1 The team, supported by internal auditors has been involved in several internal investigations. Two of which are still ongoing. One of these is a joint agency complex investigation which has been underway since July. Four cases have been concluded. Information from all these investigations has been used as part of ongoing internal issues.

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# Final Internal Audit Report

20122023

## READING FOUNDATION FOR ART

This audit review is linked to the following Council priority and corporate risks:

- Inclusive Economy
- Failure to have appropriate oversight in place
- Failure to implement social inclusion agenda

Assurance Opinion		Identified Recommendations	
<b>Limited Assurance</b>		<b>Priority 1</b>	2
		<b>Priority 2</b>	5
		<b>Priority 3</b>	2
<b>Date of last review:</b>	FIRST REVIEW	<b>Direction of travel</b>	N/A

### Distribution List

To: Matthew Williams      Museum Manager  
 Simon Smith              Reading Libraries and Museum Manager  
 Stephen MacDonald      Strategic Finance Business Partner - DEGNS  
 Stuart Donnelly            Financial Planning and Strategy Manager  
 Donna Pentelow          Assistant Director of Culture

Cc: Keith Townsend        Executive Director for Economic Growth and  
 Neighbourhood Services

From: Paul Harrington      Chief Auditor

### Statements & Disclaimers

- This audit (and report) was undertaken in accordance with the Public Sector Internal Audit Standards ([PSIAS](#)).
- 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.

## EXECUTIVE SUMMARY

### 1. BACKGROUND

- 1.1 Reading Foundation of Arts (RFFA) was established in 1974 as a registered charity, to either purchase, or assist Reading Museum in the purchase, of significant works for the benefit of the public, by inclusion in the permanent collection maintained by Reading Borough Council (RBC). Purchased works are permanently loaned to RBC for periodic display in Reading Museum and Art Gallery or any public building or place owned, leased or under the control of RBC, or to lend for the purposes of exhibition (following the same processes as all Reading Museum objects).
- 1.2 Historically, the Reading Borough Council Treasurer/Head of Finance was the Honorary Treasurer and main bank signatory for the charity; RBC held a separate bank account on behalf of the RFFA. The Council's finance function also provided support in kind to the charity, including sign-off of their financial accounts and insurance.
- 1.3 Trustee meetings are held two to three times a year, with an AGM in the autumn. There are three RBC representatives (the Museum Curator, the Finance Business Partner – Culture, and a retired staff members) that attend RFFA meetings (as officers not trustees) and deal with associated matters in between.
- 1.4 Acquisitions are reviewed and approved at trustee meetings following informal discussion by the acquisition sub-group and in accordance with the Foundation's Collection Development Strategy. All acquisition decisions require a quorum of trustees and cannot be made without liaison with the Museum's Curator of Art. Associated costs such as maintenance and insurance of items are borne by RBC. There is a declaration of trust ("deed") in place which provides various details. This states that RBC is responsible for the provision of insurance for the full value of the item in the name of the trustees.

### 2. OBJECTIVES & SCOPE OF THE AUDIT

- 2.1 The purpose of this audit was to undertake a review of RBC procedures involved in relation to the RFFA, ensuring that there was a clear scope of roles and responsibilities and assets and that the process, staff, assets and everything associated to these were properly discharged, with all processes required by RFFA compatible with those for RBC.
- 2.2 The review encompassed the following areas:
- Strategic direction – including alignment between the foundation's acquisition strategy and Reading Museum's Collection Development Policy.
  - Governance, roles responsibilities and communication – including appropriate oversight and interaction between RFFA and RBC, clearly

## EXECUTIVE SUMMARY

documented agreement between RFFA and RBC, appropriate, regular reporting and filing as required and clear lines and regular communication between RFFA and RBC.

- Identifying and acquiring objects – including acquisitions made in consultation with Reading Museum, and taking account of maintenance, storage, security, and insurance costs.
- Assets – including clear records of acquisitions, and financial records to evidence all business activities which were up to date.
- Value /role of the RFFA collection in the museum's activities/public programme of activities.

2.3 This audit was conducted at the request of the Assistant Director, who had highlighted a number of concerns within this area.

### 3. CONCLUSIONS

3.1 There is a strong relationship between Reading Foundation for Art and the Council, which has been driven by the Museum Curator and the Honorary Secretary. The relationship between the Museum Curator and the Foundation is key, together with her knowledge, experience and oversight.

3.2 There is also clear alignment between the Reading Foundation for Art and RBC's strategic direction.

3.3 However, arrangements are still based on the original declaration of trust from 1974 and would benefit from review and updating to reflect current best practice.

3.4 There is a lack of clarity and documenting of roles and responsibilities carried out by RBC on behalf of the RFFA, with tacit knowledge of these held by a few individuals. There is a risk of tasks being overlooked, over-reliance on the Museum Curator, and loss of knowledge with the departure of key individuals. The lack of clearly understood and documented policies and procedures has led to issues with various finance processes.

3.5 There is no separate bank account for the RFFA, with their monies being held within the main RBC bank account. Identification and re-allocation of Foundation income is reliant on finance being informed of its arrival, correct identification and reallocation from the suspense account. There are also no documented or undertaken reconciliations for income or expenditure. There is therefore a risk that not all RFFA income is identified and transferred to the relevant cost code.

3.6 The year-end Foundation financial report and statement for 2022/23 are not due to be drafted until later in the year for consideration and approval at the November AGM. There also does not appear to be a common understanding as to whose responsibility it is (i.e., finance or the service) to ensure that the Museum service

## EXECUTIVE SUMMARY

has up-to-date Foundation financial information, nor common agreement as to how often information should be provided to the trustees. Whilst a financial report for the first six months of 2022/23 was provided to the November 2022 RFFA trustees meeting, no supporting documentation for the figures provided was located centrally at the time of the audit.

- 3.7 There was also a lack of supporting documentation (including documented evidence of internal review and sign-off) and final versions of the 2021/22 financial report and statement presented to the trustees, held centrally. This has subsequently been partially addressed. There were some inconsistencies in figures between the centrally saved final financial report and statement and figures that had been submitted to the Charity Commission on the annual return at the time of the audit.
- 3.8 Insurance was based on details of items and values from 2018 with an annual inflationary uplift applied, with no updates provided to RBC's Insurance Team on RFFA-acquired items, detailing items held, their value, condition and location nor new acquisitions. There appeared to be a lack of clarity as to whose role and responsibility this fell under.
- 3.9 Loans paperwork was unable to be located during the audit for the item out via the corporate loan scheme nor the high-value item now returned to Reading Museum, although it has now been located in both cases. It was noted that the loans were detailed on the Modes Collection database.
- 3.10 However, RFFA collection items were highly valued and played an important role in Reading Museum's collection, with foundation-acquired items located throughout the museum, integrated within the wider museum collection. The RFFA items were a very important way of ensuring that the museum collection was continuing to be refreshed and updated on an ongoing basis.

**MANAGEMENT ACTION PLAN**

<b>Control Objective</b>	There is formalisation of the relationship between RFFA and RBC and regular review to ensure a common understanding of the relationship.
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<b>Risk</b>	Lack of clarity between the two organisations in relation to expectations, roles, and responsibilities, resulting in essential functions such as timely payments not being made, and associated reputational damage to the Council.
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<b>Rec No</b>	1	<b>Risk Priority</b>	2
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**Audit Recommendation**

**There should be an up-to-date agreement in place between the RFFA and RBC to formalise the relationship, detail roles and responsibilities of RBC in relation to the RFFA, work in kind and dependencies.**

**Consideration should be given to conducting a regular review of the relationship between RBC and the RFFA to ensure a consistent understanding of roles and responsibilities and areas requiring further consideration/improvement etc.**

Management Response	Responsible person
Agreed. Legal services have been approached to support on producing the Agreement, which will include review points and clearly set out the roles and responsibilities of each party.	Assistant Director of Culture
Whilst a final method of working that is acceptable is worked up, RBC needs to ensure that an interim arrangement is in place that is in line with the findings of this audit and acceptable to RBC. This is primarily in the secretarial area which is an RBC role according to the RFA deed. In the interim, RBC should support the trustees by providing a secretarial offer to the RFA Board, to act as a point of contact, organise meetings, take and circulate minutes and actions, and ensure records are kept. This is especially important in this interim period as this role cannot default back to Museum staff, which would otherwise be a risk. However, the arrangement should ultimately be agreed with RFA. It may be that RFA could organise elements of this.	Target date
	<b>30/11/2024 (Subject to Legal capacity).</b>

<b>Risk</b>	Up-to-date financial information and supporting documentation is not available increasing the risk of errors and fraud not being identified (in a timely manner).
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<b>Rec No</b>	2	<b>Risk Priority</b>	2
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**Audit Recommendation**

**If RBC continues to provide financial services for the Foundation, RBC Officers should agree with the trustees, and it should be clearly documented, as to how often the trustees should receive up-to-date financial reports and at which of the trustees' meetings there should be financial representation.**

**There should be a consensus between relevant RBC Officers as to whose responsibility it is to run Oracle transaction reports for Foundation cost centres to enable timely review of transactions and chasing of outstanding payments/income reallocation as appropriate.**

**Final and supporting documentation should be stored centrally in a single location, with clear version control for documents and supporting documentation retained to evidence how all figures have been arrived at.**

**MANAGEMENT ACTION PLAN**

Management Response	Responsible person
Agree with the actions; however, as part of the review of the Agreement consideration will be given to whether RBC continues to offer financial services to RFFA and whether they continue to be free of charge.	Financial Planning and Strategy Manager
	Target date
	Subject to discussions about the Council's role in the financial arrangements of the RFFA 30/10/2024 in line with the new Agreement.

<b>Risk</b>	Lack of clearly documented roles and responsibilities, increasing the risk of misunderstandings and key functions being omitted, resulting in financial loss and reputational damage.		
<b>Rec No</b>	3	<b>Risk Priority</b>	2

**Audit Recommendation**

**Roles and responsibilities for all honorary roles should be clarified, clearly documented and regularly reviewed and updated as appropriate. Consideration should be given to updating job descriptions/specifications to reflect current roles including those relating to the RFFA, if these are to be continued by RBC Officers.**

**Consideration needs to be given as to whether it is appropriate for these roles to continue to be fulfilled by RBC Officers going forward and, if so, who are the appropriate Officers to undertake these roles.**

Management Response	Responsible person
<p>The Honorary Secretary and Treasury Roles are not Museum functions. The role of the Museum Curator as a consultee is key and will remain so. However, this needs to be defined as part of the new Agreement. Consideration will be given to whether these should remain as RBC roles and a proposal recommended to the RFFA.</p> <p>Whilst a final method of working that is acceptable is worked up, RBC needs to ensure that an interim arrangement is in place that is in line with the findings of this audit and acceptable to RBC. This is primarily in the secretarial area which is an RBC role according to the RFA deed. In the interim, RBC should support the trustees by providing a secretarial offer to the RFA Board, to act as a point of contact, organise meetings, take and circulate minutes and actions, and ensure records are kept. This is especially important in this interim period as this role cannot default back to Museum staff, which would otherwise be a risk. However, the arrangement should ultimately be agreed with RFA. It may be that RFA could organise elements of this.</p>	Reading Libraries and Museum Manager
	Target date
	<b>30/11/2024 (Subject to Legal capacity).</b>

**MANAGEMENT ACTION PLAN**

The following recommendations are subject to the outcome of the decision as to whether RBC Officers will continue to fulfil various roles relating to the RFFA going forward.

<b>Risk</b>	Lack of resilience and over-reliance on one individual, leading to loss of key knowledge, damage to the relationship with the RFFA and reputational damage and loss to RBC.		
<b>Rec No</b>	4	<b>Risk Priority</b>	2
<b>Audit Recommendation</b>			
<p><b>There should be a reduction in the reliance on a sole individual, particularly where there is a significant amount of tacit knowledge and building in an appropriate level of resilience/succession planning. This should include review of RBC’s involvement in the RFFA acquisition process and how it aligns with RBC’s acquisition process.</b></p>			
<b>Management Response</b>	<b>Responsible person</b>		
<p>Agreed –We will need to review our processes to ensure there is resilience.</p> <p>Note the treasurer role is being covered by finance. However, relates to action in Rec 1 and 2.</p>	<p>Reading Libraries and Museum Manager Museum Manager</p>		
	<b>Target date</b>		
	<p>Subject to discussions about the Council’s role in the secretarial arrangements of the RFFA</p>		

**MANAGEMENT ACTION PLAN**

<b>Control Objective</b>	There are clearly documented, up-to-date, policies and procedures in place which are readily available, up to date, understood and implemented.
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<b>Risk</b>	Policies and procedures are not documented or not up to date, increasing the risk of inconsistent and inappropriate practice and resultant challenge and associated reputational damage.
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<b>Rec No</b>	5	<b>Risk Priority</b>	3
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**Audit Recommendation**

**Consideration to be given to reviewing and updating as necessary the RBC Collections Management Manual.**

**Finance processes relating to the RFFA should be clearly documented. This should include processes for income and expenditure reconciliation.**

<b>Management Response</b>	<b>Responsible person</b>
The Manual is part of the Museum’s Accreditation with Arts Council England and a review of the relevant procedures will be carried out.  Finance process will be documented; however, this will be subject to discussions about the Council’s ongoing role in the financial arrangements of the RFFA.	Museum Manager Strategic Finance Business Partner – DEGNS
	<b>Target date</b>  Collection procedures – 31/3/2024 Finance processes - subject to discussions about the Council’s role in the financial arrangements of the RFFA. November 2024 in line with the new Agreement.

<b>Control Objective</b>	There is up-to-date financial information and reports available to RFFA trustees to enable them to be able to effectively plan their acquisitions.
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<b>Risk</b>	Financial reports are not reviewed and approved, leading to errors, omissions and misstatements of the financial accounts.
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<b>Rec No</b>	6	<b>Risk Priority</b>	2
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**Audit Recommendation**

**There needs to be clear, documented evidence that financial reports and the year-end financial report and statement have been appropriately reviewed and approved by RBC Finance prior to being submitted to the RFFA trustees for approval and to the Charity Commission, which is retained centrally.**

**It needs to be ensured that those authorising payments have original supporting evidence of trustees’ explicit prior approval of the payment attached, for example, a copy of the minutes where approval was given.**

<b>Management Response</b>	<b>Responsible person</b>
Finance process will be documented; however, this will be subject to discussions about the	Strategic Finance Business Partner – DEGNS
	<b>Target date</b>



**MANAGEMENT ACTION PLAN**

Council's ongoing role in the financial arrangements of the RFFA.	Subject to discussions about the Council's role in the financial arrangements of the RFFA 30/11/2024 in line with the new Agreement.
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<b>Risk</b>	Additional costs as a result of acquisition are not considered, leading to increased financial commitments for RBC.		
<b>Rec No</b>	7	<b>Risk Priority</b>	1
<b>Audit Recommendation</b>			
<p><b>Consideration should be given to additional costs resulting from acquisitions, such as maintenance, conservation, security, and insurance, as part of the acquisition process.</b></p> <p><b>The RBC insurance team should be informed of all acquisitions in a timely manner so that insurance cover can be amended as appropriate. A regular (i.e., annual) list of RFFA collection items detailing value, condition, storage, when on public display, photographs etc. plus largest loss items should be provided, if required, to the RBC insurance team plus details of any revaluations.</b></p> <p><b>An annual asset verification exercise should also be carried out to verify the existence and location of items.</b></p>			
<b>Management Response</b>		<b>Responsible person</b>	
<p>Agreed – to be picked up as part of new Agreement. The Museum will take the responsibility to inform Insurance and will send an updated list to insurance.</p> <p>The Museum carries out an annual internal asset verification exercise based on a spot-check criteria of the Museum's over 500,000 items.</p> <p>It is proposed that a similar approach is adopted for the RFFA's 300 assets on loan to the Council.</p> <p>Consideration needs to be given as to recharging the RFFA where the Council incurs additional costs as a result of RFFA actions e.g., increased insurance costs and this is a financial/insurance decision.</p>		Museum Manager	
		<b>Target date</b>	
		3/12/2023 (annual valuation list to insurance)	
		31/12/2023 (next internal asset verification exercise)	

**MANAGEMENT ACTION PLAN**

<b>Control Objective</b>	Assets are held separately in the name of the RFFA and are readily identifiable.
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<b>Risk</b>	RFFA assets are not readily identifiable leading to an increased risk of misappropriation and fraud and associated reputational and financial damage to the Council.
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<b>Rec No</b>	8	<b>Risk Priority</b>	1
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**Audit Recommendation**

**It is recommended that if RBC continues to provide financial services for the Foundation, RFFA cash should be held in a separate bank account in the name of the RFFA so that income and expenditure relating to the Foundation is easily and readily identifiable.**

**Further discussion and agreement should be sought from the RFFA trustees in relation to this and, if in agreement, this should be progressed with Lloyds Bank.**

**Any RBC Officers carrying out finance roles on behalf of RFFA should ensure that there is appropriate liability cover in place.**

Management Response	Responsible person
If the Council were to continue to offer financial services to the RFFA, then the option of a separate bank account will need to be re-considered and appropriate discussions will commence with the RFFA as part of the new Agreement.  In the interim, we will work with Insurance to put in place appropriate liability cover in place. Consideration needs to be given as to recharging the RFFA where the Council incurs additional costs as a result of RFFA actions e.g., increased insurance costs.	Financial Planning and Strategy Manager
	Target date
	30/11/2024 (Subject to Legal capacity)

<b>Risk</b>	Items out on loan are not clearly documented and/or have appropriate checks in place increasing the risk of misappropriation of the item and financial and reputational damage to the Council.
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<b>Rec No</b>	9	<b>Risk Priority</b>	3
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**Audit Recommendation**

**Loan and associated paperwork should be easily and readily available for all RFFA-purchased and part-purchased items.**

Management Response	Responsible person
Agreed. Reviewing that filing process is clearly documented in the relevant collection procedures and are followed by staff.	Museum Manager
	Target date
	31/03/2024

## 4. FINDINGS

### 4.1 STRATEGIC DIRECTION

- 4.1.1 The Reading Foundation for Art (RFFA) had a Collection Development Strategy in place which detailed the strategic principles for RFFA collecting between 2020-2025 and the process to follow for proposed acquisitions.
- 4.1.2 Review of RFFA's Collection Development Strategy, Reading Museum's Collection Development Policy and Reading Museum's collection strategy in relation to the RFFA identified that there was clear alignment between them, with a focus on actively collecting contemporary work and small-scale sculpture, studio craft and prints.

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### 4.2 GOVERNANCE, ROLES AND RESPONSIBILITIES

- 4.2.1 The RFFA was included within the action plan for Reading Museum Forward Plan 2020-2025 and formed part of the action to be taken to work in partnership and actively engage Reading's diverse communities with Reading Museum's collections and services.
- 4.2.2 However, there was no formal agreement in place between the RFFA and RBC (other than the original 1974 declaration of trust) formalising the relationship, and areas such as RBC Officers' roles and responsibilities, dependencies and work in kind carried out (**Rec 1, 3**), nor formal review meetings to ensure that aims were being met and that roles and responsibilities were clear (**Rec 1**). Roles and responsibilities carried out by RBC were not clear in all cases (i.e., finance) and were not clearly documented in any instance, with summaries provided in RFFA overview and financial support review documents (**Rec 3**). Understanding was based on tacit knowledge, with the risk that some roles were overlooked. It is recommended that the relationship between the RFFA and RBC is reviewed to include clarification, mutual agreement and documentation of roles and responsibilities.
- 4.2.3 No RBC councillor or Officer was a trustee of Reading Foundation for Art. At the time of the audit, the roles of honorary secretary and treasurer were occupied by RBC officers, the former by a retired staff member who had been retained on a casual basis solely to continue to carry out this role, although this was currently being covered by the Museum Curator due to the absence of the honorary secretary due to ill health (**Rec 3**). Discussion with the Museum Manager identified that there was a good working relationship between RFFA, the curator and the secretary, with clear lines of communication, although consideration needed to be given as to how to replace the latter, whether Officers were of an appropriate level of seniority and also to streamline the finance support (**Recs 3, 4**).

## FINDINGS

- 4.2.4 The Museum Curator carried out her RFFA responsibilities as part of her RBC role. It was noted that the museum collection consisted of more than 9,000 items, with circa 300 attributed to the RFFA, and hence only formed a small part of the Museum Curator's role. Over time, since the Foundation was established, the involvement of Senior RBC Officers with the Foundation (particularly relating to finance) had diminished (**Rec 3**).
- 4.2.5 The Museum Curator worked closely with the trustees throughout the year to determine what artwork to acquire, how and when, with the aim to build a collection together and was involved in all acquisitions. She met regularly with the RFFA's acquisition sub-group to discuss strategic direction and potential acquisitions which were then formally reviewed and considered for approval at trustee meetings.
- 4.2.6 There was a key dependency on the Museum Curator, further increased by the ongoing absence of the Honorary Secretary, who needed to be replaced. This was in terms of knowledge and oversight of potential acquisitions, alignment of the two organisations' strategies, and also continued maintenance and strengthening of the relationship between the Council and the RFFA (**Rec 4**). The Museum Manager was reliant on the Museum Curator to act as a conduit between the Foundation and RBC, both due to the absence of formal review meetings between the organisations and also as not all RFFA meetings and discussions were minuted (**Rec 4**).

### Finance

- 4.2.7 The RFFA finance role within RBC, to represent the Director of Finance, had been delegated from the Strategic Finance Business Partner – DEGNS to the Finance Business Partner - Culture. Her role/responsibilities were discussed during one-to-ones with the Strategic Finance Business Partner, who was involved at the year-end in the review of the financial statements. The finance processes relating to the Foundation were not documented (**Recs 3, 5**).
- 4.2.8 The Finance Business Partner provided financial support to the RFFA, dealing with charity returns, reconciliations, payments, receipts, and drafting financial accounts. She also drafted the year-end financial figures and presented these at the trustee's November AGM, liaising with the stockbroker to obtain details of valuations on the stockholdings.
- 4.2.9 RFFA Payments were made via RBC's faster payment process, with RBC's Museum Curator emailing the relevant invoice to the Finance Business Partner, with approval to pay given by the Museum Manager. Approval was based on trust as he neither attended nor received an original copy of the relevant trustee meeting minute approving the expenditure with the authorisation request (**Rec 6**). More recently, communications requesting approval often detailed the

## FINDINGS

relevant minute, although this had not occurred in all cases. However, an original copy of the relevant minute was not attached to the request for easy referral, nor did the minute referred to always provide explicit approval for the purchase being requested.

- 4.2.10 There were invoices for Foundation payments made in 2022/23 with a faster payment form completed, and subsequent internal RBC sign-off of the expenditure and that payment had been made. However, as highlighted in a discussion with the Museum Manager, there were a number of historical instances where payment had been (significantly) delayed. Details of faster payment requests made were held by the Finance Business Partner on the accountancy shared drive, with the associated supporting documentation held in a restricted access folder within that drive (**Rec 2**).
- 4.2.11 The Finance Business Partner prepared the annual financial accounts. The 2022/23 had not been drafted at the time of the audit; however, the 2021/22 financial accounts had been prepared and the 2021/22 charity return was submitted to the Charity Commission on time in January 2023, although the figures used did not agree to those presented to the trustees at their AGM (**Rec 6**). Documentation would benefit from version control to ensure that it was clear which were the latest/final versions.
- 4.2.12 No documented evidence was located by internal audit that the 2021/22 financial report and statement had been reviewed and approved internally prior to being received at the November 2022 AGM or before submission to the Charity Commission (**Rec 6**). On further inquiry, evidence was provided of a request for the Financial Planning and Strategy Manager to review and approve the 2021/22 Financial Statement and Report prior to submission to the Charity Commission. Internal Audit was advised that verbal approval was given, although this was unable to be substantiated.
- 4.2.13 Finance documentation relating to the RFFA was saved on the accountancy shared drive; however, at the time of the audit, the versions and associated workings saved relating to the 2021/22 financial statements and accounts were not the final versions submitted for review to the AGM, nor was supporting documentation located for all figures (**Rec 2**). There was also inconsistency between the final financial report and the statement. Following further inquiry, further documents and supporting documentation were provided. However, it should be ensured that there was clear version control of documents, and all supporting documentation was retained centrally on completion of drafting the relevant year's accounts so that a clear audit trail was maintained and readily accessible in case of subsequent queries.
- 4.2.14 It was understood that financial updates were provided to the trustees at their meetings, drafted by the Finance Business Partner. It was noted during separate discussions with the Finance Business Partner (FBP) and the Museum Curator

## FINDINGS

that there was no consistency in understanding as to when the FBP attended trustees' meetings and provided finance reports and whether this was at every meeting or only once a year (**Recs 3, 5**). The requirements in relation to this need to be discussed and agreed as part of the review of the relationship between the RFFA and RBC and clarification of roles and responsibilities (see 4.2.2, **Recs 1,3**).

- 4.2.15 Review of the finance report provided to the November 2022 trustees meeting showed the surplus funds available as of 1st September 2023 with income and expenditure to date in the year reflected; however, no supporting information was located centrally on the shared drive for the report at the time of the audit (although this has subsequently been partially addressed), and it was difficult to verify the bank balance (**Rec 2**).
- 4.2.16 There also did not appear to be clarity in relation to insurance for the RFFA acquired collection and whose responsibility it was to ensure that insurance reflected current collection items and values including any acquisitions (see sections 4.3.7 and 4.4.5) (**Rec 3**).

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### 4.3 IDENTIFYING AND ACQUIRING OBJECTS

- 4.3.1 The RFFA was established to use the income from investment to purchase or assist in the purchase of works of art or other archaeological, historical or scientific interest objects for public benefit by inclusion in RBC's Permanent Collection.
- 4.3.2 The RFFA Declaration of Trust detailed that RFFA purchases, or contributions towards purchases, should also be made on the advice or after consultation with those having the power to purchase works of art on behalf of RBC. The Reading Museum Collection Development Policy identified that this should be undertaken by the Acquisition Group or a quorum of three members of the group, with purchases in excess of £20,000 or where large resources need to be made available in order to acquire an item or care for it long-term, the full museum management team and/or Assistant Director must ratify the acceptance. Purchases must be made in accordance with the Council's financial regulations. Purchased works of art were permanently loaned to RBC and displayed from time to time in Reading Museum and Art Gallery or any other public building or place where RBC is the owner or lessee or under its control.
- 4.3.3 The RFFA deed also detailed that RBC could lend out any purchased works of art for a reasonable period of time within or outside the UK subject to any terms and conditions deemed necessary to ensure the safe custody and return of the item.

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- 4.3.4 Collection development was based on proactive collection and alignment of the RFFA with Reading Museum. During a tour of the museum with the Museum Curator, internal audit observed that there were RFFA-acquired items throughout the museum, integrated within the wider museum collection.
- 4.3.5 It was understood that the Museum Curator was involved in all RFFA acquisitions and helped shape what was to be collected. It was noted in discussion with both the Museum Curator and Museum Manager that the Museum Curator worked closely with the RFFA trustees to help determine the items for RFFA to acquire, when and how to build an art collection together, as well as RFFA acquiring Contemporary Art Society (CAS) membership. However, this was not in alignment with Reading Museum's acquisition policy, where no one member of the museum staff should make a decision to accept a particular item into the collection, although the final decision to acquire was taken by the Foundation trustees (**Rec 4**).
- 4.3.6 The Foundation acquisitions sub-group (not minuted) discussed potential acquisitions and proposals, which were then presented to trustees at their ordinary meeting for further discussion and decision. It was understood that the Museum Curator steered acquisition discussions with the selection of items following RFFA's acquisition strategy acquisition criteria which was aligned with Reading Museum's Collection Development Strategy. RFFA
- 4.3.7 In discussion with the RBC Insurance Manager, it was noted that the RBC insurance team had not recently been notified of acquisitions, with the value of the collection based on historic (2018) value plus a 3% annual inflationary uplift (**Rec 7**). The RBC collections management plan detailed the conservation plan and security arrangements that were followed for museum collection items, including those purchased by the RFFA.
- 4.3.8 The Museum's Collection Manual had a specific section for RFFA and detailed that once items are purchased by the RFFA, they were given on permanent loan to Reading Museum and then follow Reading Museum's policies and procedures (including the RBC Collection Management Process). The majority of the manual's sections had dates either of last or next due review. However, some sections (for example acquisitions, loans out, object movement and cataloguing procedural manual) did not appear to have been reviewed for a number of years, although it was noted that they remained the same (**Rec 5**).
- 4.3.9 Discussion with the Museum Manager identified that RFFA either purchased items outright which were then on permanent loan to the Museum (as detailed in the RFFA deed), or they made a contribution to the Museum towards a purchase; in the latter case, the item was owned by the museum. All items had an individual Modes<sup>1</sup> record holding all information relating to the item and detailing whether it was an

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<sup>1</sup> Collections management software for UK Museums

## FINDINGS

RFFA purchased item or not. Audit testing of two items purchased by the RFFA confirmed that they had individual records on Modes, together with their accession numbers, details of when they were transferred to the museum, that they were RFFA-acquired items, their location (including a record of all movements of the items since acquisition), valuation and whether they were out on loan. However, it was noted that no regular asset verification exercise was conducted to confirm items were located where detailed on Modes (**Rec 7**).

### 4.4 ASSETS

- 4.4.1 Discussion with the Finance Business Partner identified that income and expenditure was noted as part of the annual accounts preparation process, although a detailed record of this was not required by the Charity Commission as RFFA's income was under the threshold.
- 4.4.2 Income relating to the RFFA tended to be received via RBC's suspense account (**Rec 8**), with its identification reliant on the Museum Curator contacting the Finance Business Partner and identifying any donations (**Rec 8**). Therefore, there was a risk that not all income was identified and transferred to the relevant cost code. Dividends tended to be received via the post room in cheque form which were automatically charged to RFFA's cost centre. No evidence of supporting paperwork for income (other than dividends) was located centrally at the time of the audit (**Rec 2**).
- 4.4.3 There was also a lack of consistent understanding between finance and the Museum service as to whose role and responsibility it fell under to run transaction reports from Oracle Fusion<sup>2</sup> to enable timely review of income and expenditure. This needed to be agreed and documented (**Rec 3**). Where there were delays in payments/income recognition, this was only identified either when suppliers made contact chasing payment or when the annual financial report and statement or current year financial report were presented at trustees' meetings (**Rec 2**) as no reconciliation for either income or expenditure was documented or carried out (**Rec 5**).
- 4.4.4 The RFFA no longer held a separate bank account unlike previously (**Rec 8**). The funds had been transferred to the RBC main bank account, with transactions recorded on separate balance sheet cost codes on Oracle Fusion<sup>2</sup>. Further inquiry identified that at the Foundation's 2019 AGM, it was agreed, that as long as there were no risks involved, the Foundation would continue to use the Council's facilities and not open a separate bank account. However, subsequent to this, a former RBC Chief Accountant had indicated it was preferable for the Foundation to hold a separate bank account from that of RBC. This had started

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<sup>2</sup> RBC's finance system



## FINDINGS

to be actioned but had been put on hold due to the coronavirus pandemic in 2020. No further progress had been made on this since that time (**Rec 8**).

- 4.4.5 The Finance Business Partner identified that the stockbroker had previously held some cash on behalf of RFFA; however, it was understood that whatever had not been reinvested had now been returned to the RFFA (note that internal audit had not independently confirmed the return or the amount). It was understood that all stocks and shares were held by Redmayne Bentley, with the previous portfolio held by Charles Stanley now held and managed by Redmayne Bentley.
- 4.4.6 It was understood that the Finance Business Partner received a report from the stockbroker on a six-monthly basis to enable reconciliation to be completed. Discussion with the Museum Curator identified that the RFFA collection was valued on a four-yearly basis, with the revaluation process currently underway and to be discussed at the next trustees' meeting.
- 4.4.7 RFFA purchased items were insured as detailed as a requirement in the RFFA deeds. The RBC Insurance Manager identified that RBC maintained "all risks" cover on a Traveler's policy for 2023/24, with the value of the cover a historic figure from 2018 with 3% inflation applied annually. Insurance had not been provided with details of subsequent acquisitions to the collection, up-to-date valuations nor a list of the largest loss items. They were also not provided with an annual update on the collection detailing items, value, condition, storage, when out on display, photographs of the items, etc (**Rec 5**).
- 4.4.8 There was a documented process for loaned-out items and a flowchart to follow. A loan request was considered by the Museum Acquisition Group, and, if approved, an agreement was drawn up with the requestors and signed off by them and RBC. The requestors bore costs such as insurance, transportation, and any required conservation.
- 4.4.9 Each individual object had a record in the Modes<sup>1</sup> database, which included detailing when an item was loaned out and returned (i.e., a separate exit record was completed for loans). Testing of two items, one of which was out on corporate loan and the other of which had now been returned, failed to locate the relevant loan/former loan paperwork (**Rec 9**). However, subsequently, the loan agreement, condition reports and details of a revised valuation of the work was located for a painting that had been loaned to another local authority's art gallery and the exit form for an internal loan. No paperwork was located for an item that had been out on loan under the corporate scheme, although it was noted in discussion with the Museum Curator that the item had been inspected whilst out on loan (**Rec 9**).

## FINDINGS

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### 4.5 VALUE/ROLE OF RFFA COLLECTION

- 4.5.1 The RFFA collection was highly valued and played an important role in the museum's activities/public programme of activities. It was noted that the RFFA provided a way to purchase or assist in the purchase of items for Reading Museum now that there was no longer an acquisition fund to enable this and there were limited sources of funding.
- 4.5.2 The Museum Manager identified that the RFFA's purchase of CAS membership had enabled the acquisition of various contemporary artworks and RFFA's contributions towards purchases had also added value by enabling items to be purchased that would not otherwise be affordable.
- 4.5.3 The RFFA purchased items for Reading Museum that were displayed there or loaned out via the appropriate process. The museum could use purchased items as it thought best for display, plus there was a specific area for an RFFA item in the Museum. As noted earlier, internal audit observed that there were RFFA-acquired items displayed throughout the museum, integrated within the wider museum collection (see 4.3.4).



**MANAGEMENT ACTION PLAN**

26/09/2023

## CONTINUOUS HEALTH CARE

**This audit review is linked to the following Council priority(ies) and corporate risk(s):**

- Protecting and enhancing the lives of vulnerable adults and children
- Promoting health, education, culture, and wellbeing

Assurance Opinion		Identified Recommendations	
<b>Limited Assurance</b>		<b>Priority 1</b>	0
		<b>Priority 2</b>	4
		<b>Priority 3</b>	0
<b>Date of last review:</b>	N/A	<b>Direction of travel</b>	

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To:	Melissa Wise Sunny Mehmi Christopher Greenway  Claire Gavagan Stuart Donnelly Lara Fromings Michael Beakhouse	Executive Director of Social Care & Health Assistant Director Operations, Social Care Assistant Director Commissioning & Transformation Strategic Business Partner Financial Strategy & Planning Manager Head of Commissioning Senior Commissioning Transformation Project Officer
From:	Robert Dunford	Senior Auditor

### Statements & Disclaimers

- This audit (and report) was undertaken by the Public Sector Internal Audit Standards ([PSIAS](#)).
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## MANAGEMENT ACTION PLAN

### 1. BACKGROUND

- 1.1 NHS England, Integrated Care Boards (ICBs), and local authorities must comply with their responsibilities, set out in the Standing Rules and Care Act legislation, as appropriate, about NHS Continuing Healthcare. The national framework for NHS continuing healthcare and NHS-funded nursing care sets out the principles and processes for deciding eligibility.
- 1.2 NHS continuing healthcare is an ongoing package of health and social care that is arranged and funded solely by the NHS when an individual is found to have a primary health need. Such care is provided to an individual aged 18 or over to meet needs that have arisen because of disability, accident, or illness.
- 1.3 The Council commissioned a project in 2022/23 to review a range of existing cases that were thought to be potentially eligible for CHC funding, the costs for which may be shared through the joint funding arrangement.

### 2. OBJECTIVES AND SCOPE OF THE AUDIT

- 2.1 The purpose of this audit was to provide assurance that the Council's practice and processes around continuous health care fit with its responsibilities under the national framework for 'NHS Continuing Healthcare and NHS-funded Nursing Care' and that the Council worked collaboratively with the CCGs when reviewing processes. The audit objectives will be to:
  - Ensure there are robust procedures and processes in place for reviewing and monitoring the assessment status of CHC.
  - Ensure records were held to substantiate the approvals of CHC entitlement.
  - Ensure CHC costs are recuperated where appropriate.

### 3. CONCLUSIONS

- 3.1 We have issued a 'limited' assurance opinion, although we are satisfied that the Council is progressing with the CHC project initiated in December 2022 to help ensure its systems are improved to avoid the cost responsibilities of the NHS. This is because, there are still areas that require improvements, and these reasons are summarised as follows.

## MANAGEMENT ACTION PLAN

- 3.2 Due to a lack of information, a cohesive tracking system, and available analytics, the Council's monitoring systems are currently ineffective in determining how or if it is contributing to the low levels of CHC that were approved by the NHS West Berkshire Integrated Care Boards during 2022/23, which was raised as a concern by the LGAs Peer Review of CHC between the NHS and its partnering local authorities.
- 3.3 Although the Council is proactively redeveloping its procedures and processes to ensure people are appropriately assessed before a claim for CHC is submitted to the NHS, we found that despite the support systems in place, there is a risk that social workers will bypass the Council's peer-review of the application before it is submitted for a decision.
- 3.4 It is important to emphasize that the time taken between the checklist being received by the ICB and a CHC funding decision being made, should not exceed 28 days. If the timeframe is longer than this, then funding should be met by the NHS whilst a decision on eligibility is made. It is in both the Council's and the service users' best interest to submit a CHC application at the earliest opportunity.
- 3.5 Although the Council should learn from the outcomes of the NHS's appeals process, there are no controls in place for analyzing the Multi-Discipline Team's reasons for refusing a claim for CHC funding, advocated by the Council and despite having a copy of the decision letter on file. An analysis of the reasons could mitigate the risk of incorrect/incomplete claims and the family's disappointment if refused, provide a more efficient process in terms of social worker time and resources, and prevent the erosion of professional trust due to poor compliance with the CHC guidance, provided by the Department of Health and Social Care.
- 3.6 Although there are good separations of duties in place between the assessment and recovery, better communications are required to reduce the silo working practices currently in place.
- 3.7 The methodology for monitoring and reporting upon the assessment and approval status of the project and general CHC caseload needs to be standardised and consolidated under a common DASH board. This is currently uncoordinated and excludes confirmation on the closure of care packages on Mosaic and the recovery action. This is exacerbated by a lack of documented procedures clarifying the responsibilities and the methodology for calculating and ensuring the debt is paid and not disputed by the NHS. A better management accounting code structure needs to be developed to improve the transparency on the level of shared CHC funding and CHC costs that are being recuperated so that this can be monitored more effectively within the budget program and strengthen the accounting for any budget savings.

## MANAGEMENT ACTION PLAN

<b>Control Objective</b>	Ensure there are robust procedures and processes in place for reviewing and monitoring the assessment status of CHC.
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<b>Risk</b>	The Council could be incurring CHC costs which is the responsibility of the NHS.
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<b>Rec No</b>	1	<b>Risk Priority</b>	2
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<b>Audit Recommendation</b>
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A single DASH Board is required for monitoring the CHC status. Audit supports both the redesign and use of a single CHC tracker and the confirmation of the methodology for confirming the accuracy of data, monitoring the processes for identifying, assessing, and the transfer of responsibilities to the NHS for CHC. Consideration should also be given to: -

- Confirming the monitoring and reporting requirements for monitoring the timetable for the decision-making process, having regard to the expectation that decisions should usually be made within 28 calendar days of the ICB being notified of the need for a full assessment of eligibility for NHS Continuing Healthcare.
- Confirming whether an application was reviewed by the CHC Team, CHC Champion or through the weekly CHC Surgery.
- Confirming the monitoring (analysing), and reporting the reasons for MDT/ICB decisions, to ensure both the Council's and NHS assessments are completed in compliance with the National Framework and NHS CHC Guidance.
- The assessment and approval status for the existing CHC caseload should be confirmed and progressed where appropriate.
- In conjunction with recommendation 3, ensure the ICB confirms the CHC effective date, and the date received of the CHC Checklist or Decision Support Tool that was used for the full assessment in the acceptance letter.

Management Response	Responsible person
Action: Development of a Reading ASC CHC Process <ul style="list-style-type: none"> <li>a. Outlining the CHC decision making arrangements</li> <li>b. Interface with NHS CHC</li> <li>c. Recording of decisions</li> <li>d. Escalation processes</li> <li>e. Recharge processes</li> </ul>	Sunny Mehmi Assistant Director
	Target date
	<b>November 2023</b>

## MANAGEMENT ACTION PLAN

<b>Control Objective</b>	Ensure records were held to substantiate the approvals of CHC entitlement.
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<b>Risk</b>	If the audit trails for notifying the completion of key stages and the respective substantiations of key documents are poor, there's a risk that the Council could continue to incur CHC costs which is the responsibility of the NHS.
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<b>Rec No</b>	2	<b>Risk Priority</b>	2
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### Audit Recommendation

Although the workflow processes are being developed to improve the audit trails for substantiating the completeness of key records that should be held on Mosaic, the following recommendations should be considered: -

- Ensuring key documents are consistently named/referenced protocols e.g., making sure MDT outcomes are NOT security protected or just attached to the email notification.
- Electronic / Service email action and information notifications ensure the appropriate services are kept informed e.g., Ensure NHS uses CHC Service email, debtor/brokerage system notifications, etc.
- Confirm that key documents are held for each of the process stages for all of the CHC caseload e.g., CHC Checklist, DST & MDT Decision.

Management Response	Responsible person
Action: Development of a Reading ASC CHC Process <ul style="list-style-type: none"> <li>a. Outlining the CHC decision making arrangements</li> <li>b. Interface with NHS CHC</li> <li>c. Recording of decisions</li> <li>d. Escalation processes</li> </ul>	Sunny Mehmi Assistant Director
	<b>Target date</b>
	<b>November 2023</b>

## MANAGEMENT ACTION PLAN

<b>Control Objective</b>	Ensure CHC costs are recuperated where appropriate.
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<b>Risk</b>	Currently, there is no monitoring of the status of each workflow process for confirming the closure of care packages, calculating the cost to be recovered, confirming the CHC invoice has been raised on the debtor invoice, and paid.
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<b>Rec No</b>	3	<b>Risk Priority</b>	2
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### Audit Recommendation

The procedures and processes for closing and confirming the recovery of all agreed CHC costs should be confirmed. This should verify: -

- The basis, authorisation and methodology for calculating the re-charge.
- The responsibilities for notifying, calculating, producing, checking, and authorisation of the charge being raised.
- Monitoring and reporting process non-compliance e.g., pushback and feedback on those social workers that operate outside of Mosaic.
- The responsibilities for notifying and checking the closure of the care package provided by the Council.
- Recording and evidencing the commitment balance of purchase orders prior to closure to ascertain the 'avoidance cost' saving.
- The responsibilities and the process for monitoring the recovery status and resolving any payment disputes (delinquent arrears on the accounts receivable).

Management Response	Responsible person
Action <ul style="list-style-type: none"> <li>• Ensure Reading ASC CHC Process – above - includes processes around recovery and roles of operations, PBST and Accounts Receivable.</li> <li>• Processes for recovery of agreed CHC costs to be built into Mosaic workflow (this has already been planned with Mosaic Adults Support).</li> </ul>	Lara Fromings Head of Commissioning
	<b>Target date</b>
	Mosaic changes 31 <sup>st</sup> March 24?



## MANAGEMENT ACTION PLAN

<b>Risk</b>	The council is unable to accurately measure the level of CHC costs is carrying on behalf of the NHS.		
<b>Rec No</b>	4	<b>Risk Priority</b>	2
<b>Audit Recommendation</b>			
<p>Although cases are closed on Mosaic once the full responsibility for CHC has been confirmed by the NHS, the following should be considered to help account for and quantify the level of CHC support provided by the Council: -</p> <ul style="list-style-type: none"> <li>A Mosaic field should be created to confirm the percentage and equivalent value of the Council's agreed shared CHC cost. Shared funding cases may require priority monitoring on the basis that there's a risk that they might need full NHS funding in the future.</li> <li>To help quantify the level of 'partnering' financial support provided by the Council on CHC, consideration should be given to introducing an expenditure code to account for any agreed CHC shared costs. This cost should be reconciled to the proportion of shared funding recorded on Mosaic.</li> <li>To help quantify the total level of costs recovered, an 'income code' should be created on the Accounts Receivable for CHC.</li> <li>Use of the existing 'invoice type' SPU, SPV descriptor on the Accounts Receivable system could be used to further account for CHC or FNC.</li> </ul>			
<b>Management Response</b>		<b>Responsible person</b>	
<p>Action</p> <p>Explore options with Mosaic Systems and Finance Teams for inclusion of percentage split in mosaic workflow and separate budget codes for S117 and CHC (currently 8101).</p>		Lara Fromings Head of Commissioning	
		<b>Target date</b>	
		November 2023	

## 4. FINDINGS

### 4.1 ENSURE THERE ARE ROBUST PROCEDURES AND PROCESSES IN PLACE FOR REVIEWING AND MONITORING THE ASSESSMENT STATUS OF CHC

4.1.1 The Berkshire West Integrated Care Board (WBICB) is a sub-locality of the NHS Buckinghamshire, Oxfordshire, and West Berkshire Integrated Care Board (BOB ICB) which works in partnership with Reading, Wokingham, and West Berkshire councils to provide better-coordinated health and social care for residents.

4.1.2 For context, our analysis of the quarterly statistics published by the NHS for 2022/23 shows the approval rate of CHC funding by the WBICB is substantially lower than those that form BOB ICB: -

- The CHC Peer Review undertaken by the Local Government Association dated 27/9/2022 covering the BOB ICB, reported concern about the partnering governance relationships between WBICB and its partnering agencies, the serious impact this may have had on the individuals at the centre of these, and the number of CHC decisions being approved.
- CHC statistical information is published on the area responsibilities of the BOB ICB and excludes any breakdown of council activity because CHC may be instigated by health practitioners outside of a council, albeit these should be supported by a social worker.
- As a comparison, the WBICB approved the funding for a total of 70.1 CHC applications per head of 50,000 population, against an average of 118.2 for the BOB ICB (see below), 140.3 for the Southeast Region, and 162.1 for England.
- Other BOB ICBs: NHS Oxfordshire and NHS Buckinghamshire approved 137.2 and 139 CHC applications respectively per head of 50,000 population in 2022/23.

4.1.3 A joint 'Adult Shared Policy' Agreement between BOB ICB, Reading Borough Council, West Berkshire Council, and Wokingham Borough Council dated March 2023, with effect from 1/4/2023 sets out the protocol and responsibilities for managing those adults who are not eligible for NHS Continuing Health Care funding (arranged and solely funded by the NHS) but who have specific health needs beyond the powers of the Local Authority to meet on its own. The agreement confirms the process for assessing and reviewing whether full, part, or no funding is agreed upon and ensures CHC is an integral part of the combined care review.

4.1.4 Because NHS statistics report that WBICB, which is a sub-locality of the BOB ICB, has provided some of the lowest levels of CHC funding for residents when

## FINDINGS

compared to the rest of the country, the Council (Adult Social Care) initiated a project<sup>1</sup> in December 2022 to review its internal operations and practices for identifying and monitoring CHC, and to ensure this is managed appropriately in conjunction with the Adult Shared Policy agreement and legislation. We would comment that this should help evidence how robust the Council's and ICB's reviews are in comparison to other local authorities and ICBs.

4.1.5 A CHC project was commissioned by the Assistant Director for Operations, Adult Social Care to seek CHC funding for ASC-funded cases that were thought to be potentially eligible for CHC funding. The project team, which is comprised of the Interim Service Head (ISH), Social Care Business Systems Manager, Business Support Manager, and the Senior Commissioning Transformation Project Manager are also currently in the process of updating the existing CHC Mosaic workflow so that this can be approved for implementation in Autumn 2023, once all the testing has been successfully concluded and agreed.

4.1.6 As a control aide to Mosaic, from 2022 an Excel spreadsheet (CHC Tracker) is used to monitor both the review, application status, and funding agreement outcomes for CHC. Although the CHC Administrator carries out update checks, reliance is placed upon the caseworker and the ICB to inform them of any changes to ensure the information is accurate (See 4.2). An examination of the spreadsheet dated 15/6/23 records a separate review of 125 people for CHC, some dating back to July 2022, found: -

- The time taken between the application completion, review, and approval of the CHC is not measured, even though there may be circumstances that require a specific deadline under the 'National Framework for NHS Continuing Healthcare and NHS funded Nursing Care' guidance dated July 2022 e.g., the ICB will normally make a decision about eligibility for NHS CHC within 28 days of getting the completed CHC checklist or request for a full assessment (DST), unless there are circumstances beyond the NHS's control.
- There are 54 (47%) out of 116 people recorded on the "general" tab still waiting for a decision from the Multi-Discipline Team (MDT) that requires further inquiry to confirm the decision outcome.
- A separate tab is used to monitor the decision status for 9 people from mid-2022 that were assigned to two caseworkers. The MDT decision is recorded as outstanding for 6 (67%) people, although the 'work completed' status is recorded as 'not applicable' for 1 person, 'blank' for 2 people, 'yes' for 2

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<sup>1</sup> The CHC Project Initiation Document (PID) stated: *"This results in potentially higher costs for DACHS as we are funding packages that should attract health funding; and has implications for the residents*

## FINDINGS

people, and 'in progress' for 1 person, even though the MDT date recorded for 5 out of 6 people.

- There are 2 adults who are unknown to ASC recorded on the spreadsheet, which demonstrate applications for CHC are instigated independently of the council.

4.1.7 Another Excel spreadsheet (CHC master list V1) dated 22/2/22 is used by the CHC project team to monitor the assessment delivery status of a further 97 people who were considered to be potentially eligible for CHC at the time of the project. It was agreed with the CHC project lead that these cases need to be reviewed and merged with the main CHC tracker:

- The MDT outcome status is completed for 40 (41%) people, with funding agreed for 11 (27%) people.
- There are 20 (21%) people whose assessments are still works in progress which need to be followed up.
- A CHC assessment has not been started for 26 (27%) people even though the RAG status shows that the work for 3 of these is complete.

**See Recommendation 1**

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## 4.2 ENSURE RECORDS WERE HELD TO SUBSTANTIATE THE APPROVALS OF CHC ENTITLEMENT

4.2.1 Because ASC does not have a CHC team, reliance is placed upon individual caseworker's awareness and training to identify if any people receiving care should be further assessed for CHC.

4.2.2 To help check the reasonableness of a CHC application, the ISH is available to critique the completion of the 'NHS continuing healthcare checklist' before it is assessed further through the DST and the MDT process. However, there are concerns that social workers bypass this 'stage' because there is no defined process within Mosaic to ensure the assessment submitted is substantiated beforehand, which involves the social worker acting as the client's advocate. The risks for this are: -

- The application might not be progressed by the social worker although CHC could be justified. Although the family could decide it wouldn't want to pursue a claim for CHC, we were informed that there are circumstances where ASC needs to consider whether this was in their best interest.

## FINDINGS

- The CHC application fails because it was either incorrect/incomplete, couldn't be substantiated, or simply required a different perspective/justification to advocate the case e.g., a check and balance process provided by the completion of the CHC checklist as it is supported by an independent professional. It is Internal Audit's opinion that shared funding normally arises where there is a lack of definitive evidence, but it is agreed there is some mutual acceptance of responsibilities.

4.2.3 The CHC checklist is a screening tool to help health and care professionals rapidly assess whether an individual should have a full assessment, which is also referred to as the 'Decision Support Tool' (DST). According to Beacon CHC<sup>2</sup>, the initial CHC checklist should be completed by a nurse, doctor, social worker, or other qualified healthcare professional. The following should be noted: -

- Although CHC champions and surgeries have been established to help advise and peer review cases where CHC may be required, there is no current requirement or workflow that enforces managerial sign-off, which means there is a risk that either health concerns won't be appropriately assessed before being submitted to MDT by the social worker or left as pending.
- Although CHC is operated under a national framework a procedural "crib" note will be produced for social workers by the ISH before leaving the Council.
- To prevent a CHC application from being rejected by the NHS on the basis that it had not been completed by a CHC-trained person, ASC needs to ensure social workers complete the local NHS's CHC training course, even though this may have been completed with another area ICB.
- As witnessed by attending the CHC Surgery, the ISH commented that although CHC awareness and identification is a key part of the social services work, there's a risk that the social worker may not refer the case or seek advice. Support by a social worker with CHC experience and training should help mitigate the risk of incorrectly/incomplete CHC applications being submitted and improve the justification presented.

4.2.4 An examination of the CHC Tracker and CHC Master lists found the CHC Checklist had been completed for only 27 of the 213 people recorded on the spreadsheets. Both these lists exclude any record of the assessments scoring 'outcome', whether a DST (full assessment) was required and/or completed, and what the outcomes of this were.

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<sup>2</sup> [Beacon CHC | Free advice & expert representation - Beacon CHC](#)

## FINDINGS

4.2.5 A random sample of 12 MDT decisions (9 assessed as eligible and 3 as non-eligible) from the CHC Tracker for 2023/24 found that most decisions were supported by an MDT decision letter although some document access restrictions and missing documents on Mosaic meant the decision outcomes on the CHC Tracker could not be verified. We also noted the NHS was inconsistent in confirming why outcomes were successful as opposed to unsuccessful: -

- The return dates on the CHC Tracker and the Mosaic 'MDT Monitoring' status tab matched against the supporting MDT decision letter held on Mosaic for 2 non-eligible applications. The letters satisfactorily recorded the reasons for the decision. However, we were unable to review the MDT decision letter held for the third non-eligible application because it had been password protected on Mosaic.
- The return dates on the CHC Tracker and the Mosaic 'MDT Monitoring' status tab for 6 out of 9 approved CHC applications were supported by an MDT decision letter held on Mosaic, although the reasons for this were not provided by the NHS. We were able to confirm the effective date of transfer for 5 out of 6 approvals, which was taken as the date of the letter.
- We were unable to confirm the decisions for the 3 remaining successful applications because a copy of the letter for 2 people could not be located on Mosaic, and 1 because it was password protected. Although we noted an unprotected version of the passworded version is sometimes held as well, that was not the case on this occasion.
- 9 out of 12 CHC decision letters were certified by the Assistant Director for Berkshire West NHS Continuing Healthcare (Adults & Children).

**See Recommendation 2**

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### 4.3 ENSURE CHC COSTS ARE RECUPERATED WHERE APPROPRIATE

4.3.1 The NHS guidance advises if the ICB decides a person is "eligible but takes longer than 28 days to decide this, from receipt of the application, and the delay is unjustified" the NHS should refund any care costs from the 29<sup>th</sup> day until the date of their decision.

4.3.2 Unless part funded, care support funded by the Council is closed on Mosaic when the NHS has confirmed it will fund a CHC. The Financial Support Charging Officer<sup>3</sup> (PBST) responsible for raising the recharge invoice on the debtor system to recover its respective costs highlighted there are several control issues that

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<sup>3</sup> Commissioning Personal Budget Support Team

## FINDINGS

could undermine the completeness, accuracy, and timeliness of the charge being raised to the NHS which require confirmation: -

- There is a lack of formal or written procedures to confirm the basis for calculating the CHC recharge and recovery e.g., Accounts Receivable invoice type<sup>4</sup>, rebate of contributions, management of care home recharges.
- Although social workers should complete the 'charge task' on Mosaic to instruct the Direct Payments Team to raise the recharge invoice on the debtor system, this is bypassed, and notifications are mainly received by being copied into an email sent to a personal email account instead of a central team email.
- It isn't always clear from the information provided by the social worker (if not confirmed in the NHS's approval letter) what the effective date is for calculating the relevant period for the recharge because the NHS CHC funding letter is not always uploaded onto Mosaic. The date of the letter is sometimes taken, although we can confirm that most of the MDT letters provide an 'effective date'.
- The PBST is responsible for reviewing and closing any care packages on Mosaic, although we note this action is not recorded on either of the CHC monitoring spreadsheets.

**4.3.3** The same subjective code is currently used for NHS income relating to CHC and s.117. Better use of accounting codes would improve the Council's ability to quantify the levels of each. The following should be noted: -

- Fusion 'Accounts Receivable' records the net recovery of £777,320.75 relating to CHC and S117<sup>5</sup> for 2022/23. The breakdown of each can only be identified and manually calculated from the 'description' field.
- All invoices are raised against BOB ICB using the client's Mosaic reference, as a sub-reference but are listed under the common SP8 invoice type (See footnote 4) instead of using existing SPV and SPU invoice types.

**4.3.4** A comparison of the information recorded on the CHC trackers against the Fusion 'accounts receivable' report, produced to support the recharges to the NHS for 2022/23, found there is a lack of audit trails to confirm the completeness of the recharge for CHC. Although the reason for recharge and a breakdown of the charge is recorded in the Fusion description field, we found:

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<sup>4</sup> SPV – Recharge of CHC, SPU FNC (nursing care) or SP8 self directed support contribution charge

<sup>5</sup> [gov.uk/government/publications/mental-health-aftercare-in-england-and-wales](https://www.gov.uk/government/publications/mental-health-aftercare-in-england-and-wales)

## FINDINGS

- The CHC tracker does not record the agreed CHC recharge to be recovered for each person, and the total CHC saving is not calculated either.
- There are 4 transactions for 1 person totalling £1,435.92 on Fusion recording the joint funding of 50%, which was not listed on either the CHC tracker or the CHC Master list (Ref 158018).
- There are 16 transactions relating to 3 people totalling £123,009.58 that were included in the recharge which was not described as CHC but was on the CHC tracker. It is unknown if these values relate to S117 eligibility instead.

**See Recommendations 1, 2, 3 & 4**





## Internal Audit Report - Final

05/12/2023

### Employee Gifts & Hospitality and Declarations of Interest

This audit review is a foundation of good governance, openness, and transparency which helps to prevent and detect fraud, corruption, and bribery, impacting the Council’s ability to provide value for money.

Assurance Opinion		Identified Recommendations	
<b>No Assurance</b>		Priority 1	2
		Priority 2	3
		Priority 3	1
Date of last review:	05/03/2019	Direction of travel	

#### Distribution List

To: Michael Graham AD of Legal & Democratic Services  
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From: Claire Aspell Job Title: Principal Auditor

#### Statements & Disclaimers

- This audit (and report) was undertaken in accordance with the Public Sector Internal Audit Standards ([PSIAS](#)).
- 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.

## EXECUTIVE SUMMARY

### 1. BACKGROUND

- 1.1 The Seven Principles of Public Life outline the ethical standards those working in the public sector are expected to adhere to. Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. It is important to avoid any suggestion of improper influence, real or perceived.
- 1.2 The Council's Code of Conduct reflects the Seven Principles of Public Life and includes guidance on managing the offer and receipt of gifts and hospitality. The Gift and Hospitality Policy further underpins the Code of Conduct.
- 1.3 Examples of personal interests that could conflict with policy, duties, or responsibilities that should be declared using a declaration proforma are also included in the Council's Code of Conduct, which includes membership in a secret organisation, financial and non-financial interests, and undertaking work for another organisation.

### 2. OBJECTIVES & SCOPE OF THE AUDIT

- 2.1 The purpose of this audit was to determine the level of compliance with existing policies and the Code of Conduct that all employees are required to comply with, and to assess the control framework that manages these functions. The areas that were reviewed were:
- Staff are aware of the Council's code of conduct and their responsibility to declare gifts and hospitality and any interests that may be or could perceive to be a conflict.
  - Roles and responsibilities have been identified and documented for managing and recording gifts and hospitality for all employees regardless of role, and these records are reviewed with appropriate action taken where necessary.
  - Roles and responsibilities have been documented for identifying those individuals/roles where a declaration of interest should be proactively sought.
  - Declarations of interest are managed, monitored, reviewed, and refreshed.

## EXECUTIVE SUMMARY

### 3. CONCLUSIONS

- 3.1 Although the Council has documented its expectations of staff including roles and responsibilities within these areas, there is a failure of governance to ensure that it has taken the opportunity to ensure staff are aware of these expectations, to provide a robust process which staff are proactively encouraged to use, and to manage, monitor and report declarations.
- 3.2 The Council has documented its expectations of staff their responsibilities regarding gifts and hospitality and declaring of interests, however these policies are not aligned, clear, or up to date and in some cases they were conflicting. Furthermore, it was not possible to establish which employees had received a copy of the Employee Code of Conduct (CoC), which details the expected behaviours, beliefs, and culture of the Council and forms part of the conditions of employment.
- 3.3 The onboarding process requires staff to receive a copy of the CoC, but systems do not allow for easy confirmation that this had happened or that staff had read the CoC and were aware of their responsibilities. The Council has missed an opportunity to obtain a declaration of interest from when the new starter commences employment or during the sign-off of the probationary period.
- 3.4 With regards to staff confidence around knowledge of the gifts and hospitality process, the survey<sup>1</sup> results show that:
- 22% of respondents<sup>3</sup> had limited or no confidence.
  - 50% of respondents were fairly confident.
  - 18% of respondents were totally confident.
- 3.5 This included officers and managers, but only one recently created gifts and hospitality register, managed at Directorate level, was located during the audit. In addition, some historic records were located on the Iken system, further proving the process is disjointed and unorganised.
- 3.6 The gifts and hospitality register that was located was not replicated across the Council. A recommendation has been made to find an electronic and centralised solution that would allow for easy monitoring and reporting by service, directorate, or entire Council.
- 3.7 Generally, there was an accurate understanding of what a declaration of interest was, but with no registers located during the audit, it is obvious that the expected

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<sup>1</sup> Survey produced for this audit review, 64 respondents, 48% managed people.

<sup>3</sup> Respondent breakdown – 1 ED, 2 AD, 18 Service Managers, 10 Team Leaders, 33 officers. 48% managed people

## EXECUTIVE SUMMARY

procedures are not embedded. Furthermore, agency workers are missed from this process and pose a risk, particularly in service areas of vulnerability.

- 3.8 The current method of Directorate registers (for both gifts and hospitality and declarations of interests) is outdated, ineffective, and disjointed. It is recommended that an electronic process be established that will allow declared interests to be accessible to the manager, whether that manager remains constant or changes due to reassignment or replacement. This would allow for mitigating intervention to be put in place to protect both the staff member and the Council, which is currently not being managed. For this reason, it is audit's opinion that the declaration of interests' process should be held on iTrent, as all employees have an iTrent account and the line manager is updated when necessary.
- 3.9 There is no corporate requirement to consider the risks associated with system access of staff that have declared an interest in an account, person, or company that is on one of the Council's key systems.<sup>2</sup> Only three of the system owners contacted confirmed that declarations of interest are considered, two proactively upon user set up, although none refresh that declaration.
- 3.10 There is no consideration of this risk by the Digital and ICT Team or how/whether access can be restricted during system change requests and new system implementation.
- 3.11 For these reasons a No Assurance opinion has been given and a total of 6 recommendations have been made. Two recommendations are high priority 1, 3 are priority 2, and one is a priority 3 recommendation

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<sup>2</sup> System owners of 12 Council systems were contacted.

**MANAGEMENT ACTION PLAN**

<b>Control Objective</b>	Staff Awareness
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<b>Risk</b>	Staff and managers are unsure of the correct process as there is conflicting advice, guidance, and policies. This may result in non-compliance with processes.		
<b>Rec No</b>	1	<b>Risk Priority</b>	3

**Audit Recommendation**

**The Code of Conduct (and gifts and hospitality policy) should be reviewed to ensure that it is consistent and reflects the Council’s Constitution and policies. It should also include guidance on:**

- **Gifts of cash.**
- **Gifts from staff, clients or service users.**
- **Review, monitoring, and reporting responsibilities.**
- **The responsibilities of all levels of staff including for the Chief Executive**

**The intranet page should reflect the most recent version of the Code of Conduct.**

<b>Management Response</b>	<b>Responsible person</b>
<p>Agreed.</p> <p>All HR Policies (and amendments to them) need to be agreed with the trades unions. In practice these are done in ‘batches’ and once agreement is reached are presented to Personnel Committee for agreement.</p> <p>The next available Personnel Committee is due to be held on 21<sup>st</sup> March 2024 – we will work with the TUs and Legal and Governance ahead of that date to make the amendments required. Once agreed by Personnel Committee the revised policy can be shared with all staff and included in our recruitment and induction processes.</p>	AD HR&OD
	<b>Target date</b>
	01 April 2024

**MANAGEMENT ACTION PLAN**

<b>Risk</b>	Staff are unaware of their responsibilities and do not make appropriate disclosures, which could bring about challenges and reputational damage. Furthermore, should a situation arise, the Council would not be able to prove that the member of staff was aware of their responsibilities and this could impact a disciplinary hearing.		
<b>Rec No</b>	2	<b>Risk Priority</b>	2
<b>Audit Recommendation</b>			
<p><b>The onboarding and/or probationary process should include awareness of the Code of Conduct and evidence that staff have been made aware of it. This could be achieved by:</b></p> <ul style="list-style-type: none"> <li>• Evidencing that the code of conduct has been included in the offer letter</li> <li>• Include it as a requirement in the new starter checklist, when a declaration of interest form should be completed and held on file (positive or nil return)</li> <li>• Requesting the new starter to indicate their awareness of the Code of Conduct during the probation period (tick box field)</li> <li>• Add the Code of Conduct to the in-person Corporate Induction presentation/slides</li> </ul> <p><b>A project needs to be undertaken to ensure the Council can evidence that all currently employed staff have or are made aware of the Code of Conduct and their responsibilities within it. This should be evidence and held on the personnel file.</b></p>			
<b>Management Response</b>		<b>Responsible person</b>	
<p>Agreed.</p> <p>Ahead of the changes to the code of conduct recommended in Audit recommendation 1 (above) we will:</p> <ul style="list-style-type: none"> <li>• Look at the mechanisms to evidence inclusion of the code of conduct in the offer letter</li> <li>• Add the code of conduct to the new starter checklist and require new starters to complete a declaration of interest form and for this to be added to personnel files</li> <li>• Add the code of conduct as an area to be covered in the corporate induction. In the event of non attendance at the corporate induction, we will look to develop a process to 'capture' this information at the end of the probation period</li> <li>• Once the code of conduct has been revised – as per action 1- we will run an all staff 'campaign' on the revised code of conduct so that all existing staff are aware of the changes made</li> </ul> <p>As part of the review of mandatory training (paper going to CMT on 16 January 2024) we will include a recommendation that all staff need to confirm they have understood their responsibilities – this may require a new piece of e-learning to be developed for staff who are office based – an alternative will be required for staff who are not office based.</p>		AD HR&OD	
		<b>Target date</b>	
		<p>January 2024 for actions in the first three bullet points.</p> <p>The final two actions – April 2024</p>	

## MANAGEMENT ACTION PLAN

<b>Control Objective</b>	Responsibilities regarding Gifts and Hospitality
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<b>Risk</b>	The process is too laboured and disjointed and staff do not make declarations when necessary, resulting in the potential for reputational damage.		
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<b>Rec No</b>	3	<b>Risk Priority</b>	2
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### Audit Recommendation

**The declaration of gifts and hospitality process needs to be overhauled to make the process simpler and to encourage staff to declare the offer of gifts and hospitality when necessary.**

**Consideration should be given to making this an electronic and centralised process, accessible via the intranet, and where possible with inbuilt work flows. Research and consideration should be given to using:**

- Office 365 Approvals
- Office 365 Forms
- Modern Gov
- iTrent self serve

**The process should include the review, monitoring, and periodic reporting to DMT/CMT.**

**Consideration needs to be given to the retention period.**

Management Response	Responsible person
<p>Agreed.</p> <p>A standardised method to record gifts and hospitality at Directorate level to resolve the issues raised in this audit has been introduced. Communications to staff on this new method will be continually reenforced over the next few months.</p> <p>Unfortunately, iTrent is not an option for a longer-term solution. We are exploring alternative technology and the most promising is the use of the new Case and Customer Management system which is to be introduced by summer 2024.</p>	AD HR & OD (as Senior User)
	Martin Chalmers, CDIO (as Senior Supplier)
	Target date
	<p>Initial response completed.</p> <p>Possible future IT enhancements by Q3 2024.</p>

**MANAGEMENT ACTION PLAN**

<b>Control Objective</b>	Roles and responsibilities regarding declarations of interest
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<b>Risk</b>	Declarations of interest are not made or are made but not accessible by subsequent managers. This could result in inappropriate access allocation and subsequent reputational damage, loss of income, risk of fraud
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<b>Rec No</b>	4	<b>Risk Priority</b>	2
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**Audit Recommendation**

**The declaration of interest’s process needs to be overhauled to make the process simpler and to encourage staff to make a declaration at the earliest opportunity, when necessary, and to review and refresh declarations at least annually.**

**Consideration should be given to making this an electronic and centralised process, accessible via the intranet, and where possible with inbuilt work flows. Research and consideration should be given to using:**

- iTrent
- Office 365 Approvals
- Office 365 Forms
- Modern Gov

**When a declaration of interest is made and/or a copy held on iTrent, it should be easily identifiable via the managers portal of iTrent, so that subsequent managers are aware of the interests of their staff and can take appropriate action. It would be beneficial to be able to easily identify which staff have made a declaration so that statistical data can be reported to CMT/DMT.**

<b>Management Response</b>	<b>Responsible person</b>
Agreed. We believe that this can be achieved via a UDF within iTrent, although it would be accessible via ESS rather than the intranet.	AD HR&OD
	<b>Target date</b>
	April 2024



**MANAGEMENT ACTION PLAN**

<b>Risk</b>	Staff abuse their position by making account changes or accessing data of accounts where they know the service user/account holder. This could result in loss of income, reputational damage, fraud.		
<b>Rec No</b>	5	<b>Risk Priority</b>	1
<b>Audit Recommendation</b>			
<p><b>It is recommended that all Council systems are risk assessed to establish the level of need for users of each system to make a declaration of interest before access is given.</b></p> <p><b>There needs to be an annual refresher to remind staff of the need to declare any interests that may be relevant to the data sets held within the system.</b></p> <p><b>Where possible, access should be restricted to accounts and data where an interest has been declared. Where this is not possible business processes should be reviewed to ensure that any inappropriate access, changes etc. would be identified, or that any one process cannot be completed by a single person.</b></p> <p><b>DICT should consider this as part of any business change or new system process.</b></p>			
<b>Management Response</b>		<b>Responsible person</b>	
<p>Agreed in part.</p> <p>It is the Service Managers who will best know the risk of a member of their staff inappropriately accessing or changing data because of an outside interest and be able to put in place mitigating controls if needed.</p> <p>As recommended, an annual reminder will be sent to all staff to remind them to declare to their manager any interests that may be relevant to the data sets held within the system. Managers will also be reminded to assess the risk of any such declaration and take appropriate action upon initially allowing access to systems by staff and then subsequently to review that access annually. Such action will be recorded on the declaration of interest and held by the manager.</p>		Director Finance	
		<b>Target date</b>	
		First annual reminder to be sent in first quarter 24.	

**MANAGEMENT ACTION PLAN**

<b>Risk</b>	Agency staff are not required to complete a declaration of interest and abuse their position. This could result in loss of income, reputational damage, fraud.		
<b>Rec No</b>	6	<b>Risk Priority</b>	1
<b>Audit Recommendation</b>			
<p><b>The Council needs to ensure that agency staff are given the opportunity to declare interests on their first day.</b></p> <p><b>Managers should be required to get agency workers to complete a declaration form of interests which could be held with the Resourcing and HR Systems Manager who is the main contact for the Council’s agency framework.</b></p>			
<b>Management Response</b>		<b>Responsible person</b>	
<p>Agreed. We will develop a process to require line managers to ensure that agency staff complete this declaration and that we retain a central record in HR – please note as agency staff are not employees, we may need to record this separately.</p> <p>The process could involve including in with the MSP and supply chain where they complete a DOI form as part of registration and hold on agency workers’ file their end – with an escalation process to us in the event of a positive declaration. This should go to the hiring manager (and Recruitment) to consider before the worker starts and record centrally.</p>		AD/HR&OD	
		<b>Target date</b>	
		January 2024	

## 4. FINDINGS

### 4.1 STAFF AWARENESS

4.1.1 The Council's expectation of staff to declare the offer of gifts and hospitality and any interests that are or could be perceived to be a conflict of interest is referenced in the Council's Constitution and detailed in the Employee's Code of Conduct (November 2020), the latter being 'attached' to each employee's condition of employment and is currently overdue for a review. **Rec 1**

4.1.2 In addition, there is also a Gifts and Hospitality Policy (September 2022) which is predominantly aimed at senior management but is required to be cascaded to staff.

4.1.3 The Code of Conduct (CoC) also provides examples of conflicts of interest and when a declaration should be made, although the examples are not necessarily all detailed under the heading of Declaration of Interests.

4.1.4 There is an expectation that as the CoC is attached to an employee's conditions of employment a copy/access to it would be part of the onboarding process or probationary process of new staff.

4.1.5 Some evidence was found which showed the CoC had been included as an attachment with the 'offer letter', however, this was not found to be consistent. By testing personnel files for a sample of 72 employees who started their employment from April 2023 we found:

- 5 (7%) files did not contain a copy of the offer letter
- 33 (46%) did not state that a copy of the code of conduct had been included

4.1.6 Other onboarding and new starter documentation and training were reviewed such as the induction checklist, face-to-face corporate induction slides, and mandatory training, but nothing relating to the CoC, gifts and hospitality, or declarations of interest were found. There is a passing mention on the Workplace Induction Checklist, requiring managers to ensure they have submitted any declarations signed by the employee to HR. However, it is not believed this relates to a declaration of interest, but rather the declaration form also known as PRS1ED where staff is required to declare the information provided (personal details and bank account details) is true. **Rec 2**

4.1.7 There is currently no way to determine which staff have read the CoC, of which its very nature, outlines expected behaviours, reflects the Council's culture and beliefs, and sets the tone from day one.

## FINDINGS

- 4.1.8 A survey on gifts and hospitality and declarations of interest was sent to all ADs and Heads of Service and asked that they share it with their staff, a total of 64 responses were received.<sup>3</sup>
- 4.1.9 The key findings relating to gifts and hospitality are as follows:
- 21% of officers had limited or no confidence regarding gifts and hospitality.
  - 23% of managers had limited or no confidence regarding gifts and hospitality.
  - 11 respondents thought there was a register for recording gifts and hospitality, but none knew where it was held.
- 4.1.10 Generally, there was an accurate understanding of what a declaration of interest was.
- 6 respondents had been required to complete a declaration of interest form, all for system access.
  - 28 of 31 managers said they raise the need to declare interests with their staff.
- 4.1.11 All Council employees regardless of contract type are required to abide by the CoC, however, this does not include agency workers. No local processes were identified as part of this audit except those outlined in 4.2.12 and 4.4.1.

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## 4.2 ROLES AND RESPONSIBILITIES REGARDING GIFTS AND HOSPITALITY

- 4.2.1 The Council's Constitution refers the reader to the Employee Code of Conduct on how gifts and hospitality should be dealt with and documents the responsibility of Directors to maintain a register for their areas of service responsibility.
- 4.2.2 The Code of Conduct provides some limited information and guidance to staff in terms of gifts, but there is no advice regarding the treatment of gifts of cash.
- 4.2.3 Staff responsibility is documented as: 'use common sense and tell your manager'. This is followed by: 'It must be recorded in a register maintained by your directorate'.
- 4.2.4 There is no indication of where and how this information is/will be held, nor how it will be used. There is no mention of monitoring or reporting the acceptance of gifts, type, value etc.

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<sup>3</sup> Respondent breakdown – 1 ED, 2 AD, 18 Service Managers, 10 Team Leaders, 33 officers. 48% managed people

## FINDINGS

- 4.2.5 The scope of the Gifts and Hospitality Policy is primarily for senior managers who should ensure staff are given clear instructions, and it relates to relationships with commercial bodies and outside individuals in the private sector. There is no guidance for gifts offered from internal staff or by 'clients'/service users etc. **Rec1**
- 4.2.6 The policy puts the responsibility on the employee to seek approval from their Assistant Director before accepting a gift **of more than nominal value**. This implies that any gift of nominal value does not need to be declared, which conflicts with the guidance in the CoC. Furthermore, whilst the CoC quantifies "low" value to be £25 (as at 2020), "nominal" value is very subjective.
- 4.2.7 The policy also provides descriptions of '**modest**' gifts, when as an exception consideration is being given to accepting an offer of a gift and includes; promotional items such as calendars and diaries. It was noted that there is no guidance on who the Chief Executive should make a declaration to. **Rec 1, 3**
- 4.2.8 Examples of acceptable and unacceptable hospitality are also detailed in the policy and reflect those detailed in the CoC.
- 4.2.9 A copy of the declaration of gifts and hospitality form appendices to the policy and is available in an editable MS Word format from the intranet. The form explains the AD is responsible for approving the offer and that a copy will be saved on the personnel file.
- 4.2.10 A search of the word 'gift' on the intranet brings up a page that quantifies low value as £25 as at 2017. **Rec 1**
- 4.2.11 There is no way to establish which staff files contain a declaration of gifts and hospitality, and with only one recently established directorate register identified during this audit, there is no way to meaningfully understand or monitor compliance or effectiveness of the policy. **Rec 3**
- 4.2.12 The Monitoring Officer found declarations of interest held on Iken with most recent entries dated November 2019 which had been imported to Iken in June 2020, soon after the current Monitoring Officer joined Reading Borough Council.

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## 4.3 ROLES AND RESPONSIBILITIES REGARDING DECLARATIONS OF INTEREST

- 4.3.1 The Council's Constitution explains the reason and scope for declaring interests and refers the reader to the Employee's Code of Conduct for details.

## FINDINGS

4.3.2 Examples of required declaration of interests as detailed in the CoC, but not necessarily under that heading, include:

- Close personal relationships with colleagues, councillors, contractors, customers, and clients.
- Recruitment process where the candidate is known by a member of the recruiting team.
- Personal use of an organisation the Council deals with, particularly those in a tendering exercise.
- Any work undertaken outside of the Council.
- Involvement in any groups or organisations, paid or unpaid, if it conflicts with the Council's interests, policies or duties.

4.3.3 Responsibilities are detailed for each circumstance and generally involve a completed form being held on the personnel file, directorate register, and with the Monitoring Officer. It was not possible to test this area as no declaration of interest registers were located during the audit, no details of declarations of interest provided by the Monitoring Officer, and the inability to identify personnel files that contain a declaration without accessing individual personnel files.

### **Rec 4**

4.3.4 It is worth noting that in 2017 the former Chief Executive sent out a clear instruction detailing the expected process for both gifts and hospitality and declarations of interest, but this does not seem to have been embedded, as little evidence for either declaration could be located. It has not been confirmed whether nil declarations have been reported at the directorate or corporate level.

4.3.5 There is no risk assessment of key systems to determine the likelihood and impact should system access be used for reasons other than those intended, and there is no corporate guidance for declaring interests associated with accessing Council key systems. Although CICT believes some consideration should be given to this in the business change and new system process (checklist). **Rec 5**

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## 4.4 DECLARATIONS OF INTERESTS ARE MANAGED, MONITORED, REVIEWED AND REFRESHED

4.4.1 Twelve system owners were contacted to establish whether users of their systems are required to declare an interest. Only three system owners had a process, albeit of varying degrees of robustness. These are related to Academy, Ohms, and Mosaic systems. The latter is the only system that can restrict access to individual accounts. Academy and Ohms system owners proactively request declarations of interest during the initial set up process, but these are not

## FINDINGS

refreshed. We have been advised that the new replacement system for Academy has the ability to restrict access. **Rec 5**

4.4.2 The survey did not identify any locally managed processes.

4.4.3 With the lack of registers identified during the audit, and the lack of ability to identify personnel files containing a declaration of interest, it was not possible to do further testing in this area.

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## Audit and Governance Committee

23 January 2024



**Reading**  
Borough Council  
*Working better with you*

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

### 1. Executive Summary

- 1.1. The outcomes of internal audit 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 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 which were assigned a 'limited' or 'no assurance' opinion only.

### 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. It was agreed in January 2023 only recommendations for audits with either a 'limited' or 'no assurance' opinion will be included in the report and the tracker appendix.
- 3.2. A summary of relevant Internal audit recommendations and progress since the last Committee are provided in Appendix 1, attached.
- 3.3. In addition, previously it was 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's 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 marked with 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%+)

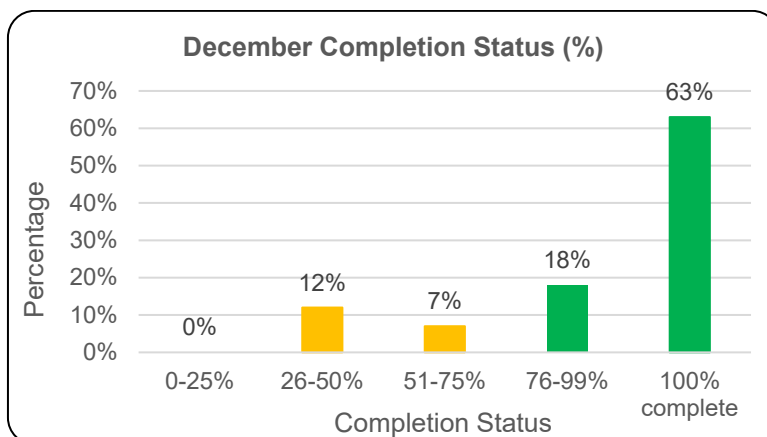
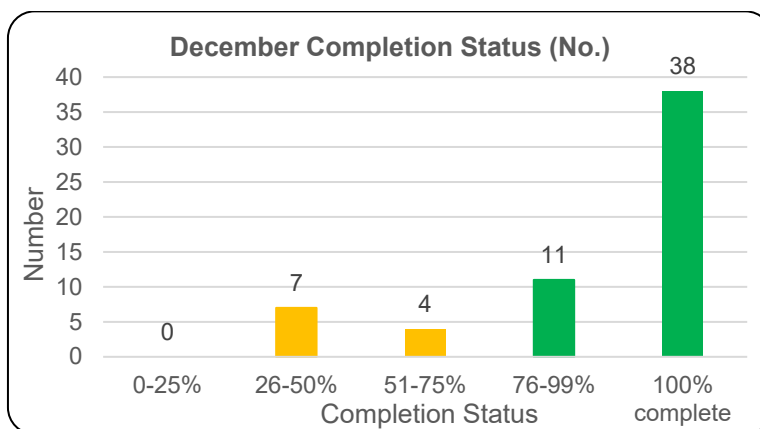
3.5. Where there is a lack of progress with implementation, for example, regularly missing implementation dates etc, the Director / Assistant Director and Responsible Officer (if different) can be asked to attend the committee meeting to explain the difficulties with implementation and the steps being taken to address them.

3.6. 18 recommendations have been added to the tracker and 9 completed recommendations removed since April. There are currently 60 recommendations on the tracker, of which 38 are reported as complete.

3.7. The age of the recommendations, Financial Year, which have not yet been completed are listed in the table below:

Age of recommendations (not completed)		
	January 24	
Year	Number	Percentage
21/22	5	23%
22/23	12	54%
23/24	5	23%
<b>Total</b>	<b>22</b>	<b>100%</b>

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



#### **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 which is 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 over several years repeatedly reported that audit recommendations made in previous audits have not been implemented. This does not represent value for money from either an audit or wider organisational perspective.
- 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. **Audit Recommendations Tracker – January 2024**

Audit Tracker Appendix 1

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Dec-23	Status Jun 23
DCASC	Adult Provider Payments	21/22	The ASC Scheme of Delegation needs to be formally updated, documented, approved and made available to those who require it and followed.	1	29 April 2022	<p>An interim communication was 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.</p> <p>A revised Scheme of Delegation for DACHS has been developed and was agreed at DMT in September 23, subject to some minor amendments. An implementation plan is now being worked through to ensure MOSAIC changes and Policy changes are considered and implemented.</p>	Complete	76- 99%
DCASC	Adult Provider Payments	21/22	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	30 March 2022	<p>All teams now have standard operating procedures which include the requirements on the use of mosaic and have been communicated to staff.</p> <p>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.</p> <p>There is now a Workforce Development Group in place which also considers the wider training requirements of the staffing group.</p> <p>The workforce development group have developed an induction pack for new starters as part of our assurance process.</p>	Complete	76- 99%
DCASC	Adult Provider Payments	21/22	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 February 2022	<p>Audit Recommendations 189 20/21, 229 21/22 and 231 21/22 are linked</p> <p>All supplier prepayments have been reviewed on a case-by-case basis and agreed arrangements have been put in place to progress recovery action in accordance with a payment plan. This activity is managed by the AP team and reported within the Finance Service via a monthly finance controls dashboard.</p> <p>This work has included, where appropriate, offsetting the original prepayment made against the value of current provider invoices.</p> <p>There are 12 providers with outstanding balances, 4 with agreed instalments, less than 6 months remaining, 6 with schemes in progress linked to invoice queries, so will claim back with outstanding invoices once resolved. Only 2 with a total of £15k with outstanding concerns - but hopefully it will be resolved in less than 12 months</p>	Complete	76- 99%
DCASC	Adult Provider Payments	21/22	There should be consistent and appropriate treatment of offsetting provider invoices against prepayments including coding to the appropriate accounts.	2	28 February 2022	<p>A dedicated resource was in post to review on a case-by-case basis and progress recovery action based on a documented and consistent approach, which is appropriate. Agreements have now been established for all Providers to recover the balance of any prepayment. 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. Ongoing engagement is maintained with all Providers.</p> <p>This is still monitored through the AP service to ensure that all payments are received.</p> <p>Full notes and records have been kept of contact and actions adopting an approach appropriate based on their ability to pay</p>	Complete	76- 99%

Audit Tracker Appendix 1

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Dec-23	Status Jun 23
DCASC	Continuing Health Care (CHC)	23/24	Although cases are closed on Mosaic once the full responsibility for CHC has been confirmed by the NHS, the following should be considered to help account for and quantify the level of CHC support provided by the Council: -- A Mosaic field should be created to confirm the percentage and equivalent value of the Council's agreed shared CHC cost. Shared funding cases may require priority monitoring on the basis that there's a risk that they might need full NHS funding in the future.- To help quantify the level of 'partnering' financial support provided by the Council on CHC, consideration should be given to introducing an expenditure code to account for any agreed CHC shared costs. This cost should be reconciled to the proportion of shared funding recorded on Mosaic.- To help quantify the total level of costs recovered, an 'income code' should be created on the Accounts Receivable for CHC.- Use of the existing 'invoice type' SPU, SPV descriptor on the Accounts Receivable system could be used to further account for CHC or FNC.	2	30 November 2023	Options have been explored with the Mosaic Systems and Finance Teams for inclusion of percentage split in Mosaic workflow and separate budget codes for S117 and CHC (currently 8101) and there is a plan for implementation.  Work was not able to proceed on this due to the implementation of the new E5 Finance System as a priority project. The Mosaic work to implement this has now been planned and is waiting for allocation. The required outcomes will be completed by end of June 24.	26 - 50%	N/A
DCASC Page 90	Continuing Health Care (CHC)	23/24	The procedures and processes for closing and confirming the recovery of all agreed CHC costs should be confirmed. This should verify: -- The basis, authorisation and methodology for calculating the re-charge.- The responsibilities for notifying, calculating, producing, checking, and authorisation of the charge being raised.- Monitoring and reporting process non-compliance e.g., pushback and feedback on those social workers that operate outside of Mosaic.- The responsibilities for notifying and checking the closure of the care package provided by the Council.- Recording and evidencing the commitment balance of purchase orders prior to closure to ascertain the 'avoidance cost' saving.- The responsibilities and the process for monitoring the recovery status and resolving any payment disputes (delinquent arrears on the accounts receivable).	2	31 March 2024	Reading Adult Social Care existing CHC Process includes processes around recovery and roles of the different teams including operations, Personal Budget Support Team and Accounts Receivable.  To provide further robustness it is the intention to build the processes for recovery of agreed CHC costs into Mosaic workflow. This work is planned but not yet implemented with a target date March 2024 in line with the deadline.	26 - 50%	N/A
DCASC	Continuing Health Care (CHC)	23/24	A single DASH Board is required for monitoring the CHC status. Audit supports both the redesign and use of a single CHC tracker and the confirmation of the methodology for confirming the accuracy of data, monitoring the processes for identifying, assessing, and the transfer of responsibilities to the NHS for CHC. Consideration should also be given to: -- Confirming the monitoring and reporting requirements for monitoring the timetable for the decision-making process, having regard to the expectation that decisions should usually be made within 28 calendar days of the ICB being notified of the need for a full assessment of eligibility for NHS Continuing Healthcare.- Confirming whether an application was reviewed by the CHC Team, CHC Champion or through the weekly CHC Surgery.- Confirming the monitoring (analysing), and reporting the reasons for MDT/ICB decisions, to ensure both the Council's and NHS assessments are completed in compliance with the National Framework and NHS CHC Guidance.- The assessment and approval status for the existing CHC caseload should be confirmed and progressed where appropriate.- In conjunction with recommendation 3, ensure the ICB confirms the CHC effective date, and the date received of the CHC Checklist or Decision Support Tool that was used for the full assessment in the acceptance letter.	2	30 November 2023	A single dashboard spreadsheet has now been developed to record and monitor the progress of all CHC applications. This has oversight from Senior Managers but is naturally restricted due to confidential information.  All staff have been informed that submissions to the ICB CHC team via email should include the CHC Reading email address to ensure effective tracking.  A new ASC CHC internal procedure has been developed and implemented.	Complete	N/A

Audit Tracker Appendix 1

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Dec-23	Status Jun 23
DCASC	Continuing Health Care (CHC)	23/24	Although the workflow processes are being developed to improve the audit trails for substantiating the completeness of key records that should be held on Mosaic, the following recommendations should be considered: -- Ensuring key documents are consistently named/referenced protocols e.g., making sure MDT outcomes are NOT security protected or just attached to the email notification.- Electronic / Service email action and information notifications ensure the appropriate services are kept informed e.g., Ensure NHS uses CHC Service email, debtor/brokerage system notifications, etc.- Confirm that key documents are held for each of the process stages for all of the CHC caseload e.g., CHC Checklist, DST & MDT Decision.	2	30 November 2023	A new ASC CHC internal procedure has been developed and implemented which includes guidance on all factors recommended.	Complete	N/A
DCASC Page 91	Contract Management	21/22	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 December 2021	The DACHS Business Support Team ensure that contracts are shared and added to Intend, which is the current software used by the Council as a Contract Register. The Commissioning Team is working alongside the Procurement and Contracts Hub on their transformation plan and identification of a new contract management register and procurement tool to replace the current Intend system.  Reconciliation controls have been determined and planned but have yet to be implemented due to capacity within the team. The team have completed a review and restructure in Dec23 and additional resource has been included to dedicate to Contract Management.  Contract Improvement Implementation Plan in place. Commissioning Board provided oversight. Target date for completion 30/6/24	76- 99%	76- 99%
DCASC	Contract Management	21/22	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		The DACHS Business Support Team ensure that contracts are shared and added to Intend which is the current software used by the Council as a Contract Register. The Commissioning Team is working alongside the Procurement and Contracts Hub on their transformation plan and identification of a new contract management register and procurement tool to replace the current Intend system.  The ASC review of completeness of contract documentation is in train but has yet to be fully completed due to capacity within the team. The team have completed a review and restructure in Dec23 and additional resource has been included to dedicate to Contract Management. The post is being advertised currently.  Contract Improvement Implementation Plan in place. Commissioning Board provided oversight. Target date for completion 30/6/24	76- 99%	76- 99%

Audit Tracker Appendix 1

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Dec-23	Status Jun 23
DCASC	Contract Management	21/22	<p>The contract management framework should be reviewed, re-formularised and approved on an annual basis to ensure this remains fit for purpose for ensuring compliance with Contract Procedure Rules. The purpose of this is to embed continual improvement to manage the contract or supplier delivery risk throughout the commissioning and contract lifecycles. This should include: -</p> <ul style="list-style-type: none"> <li>-A contract management framework and Commissioning Strategy to demonstrate how the Council will manage the supply and demand risk, the quality care risk and what the role of contract management should be within adult social care.</li> <li>-Contract management procedures, workflow processes, resources, risk evaluations, the monitoring and reporting approach should be produced to ensure the ASC contractual requirements deliver the specified outcomes e.g. from a risk perspective, what constitutes a successful or failed contract</li> </ul>	1	30 March 2022	<p>The Contract Management Framework and toolkit has been reviewed and a Contract Management Improvement Plan is in place, with oversight of the Commissioning Board to ensure ongoing improvement.</p> <p>Additional resources have been identified following a service restructure which will support the ongoing delivery of the contract management function. The Service works closely with the Procurement and Contracts Hub to keep abreast of changes and developments.</p>	Complete	76- 99%
DCASC Page 92	Contract Management	21/22	<p>The existing monitoring and reporting controls should be developed to provide timely and effective assurance to senior management on the status of: -</p> <ul style="list-style-type: none"> <li>-Strategic commissioning risk,</li> <li>-Contractual and service delivery risk of providers,</li> <li>-Compliance within ASC and with providers,</li> <li>-The completion of contractual documentations.</li> </ul>	2	01 January 2022	<p>The Commissioning Board, reporting to DMT provides assurance to Senior Management.</p> <p>A Contract Management Improvement Plan is in place, with oversight of the Board, to ensure processes continue to improve and remain fit for purpose. The Service liaises with the Procurement and Contracts Hub to ensure all work is in line with the Council's approach.</p>	Complete	76- 99%
DoR	Cyber Security	22/23	<p>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.</p>	1	30 October 2023	<p>An external assessment was carried out in November 2023 to determine our readiness for formal certification. This confirmed that we are compliant with the majority of requirements but there are three risk areas that require further remediation. The largest of these is planned to complete by the end of June 2024. Given that the assessment has been carried out, this action is closed</p>	Complete	26 - 50%
DoR	Cyber Security	22/23	<p>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 fo leavers.</p>	2	28 February 2023	<p>An external review was carried out in December 2023. The principal outstanding actions relate to the automation of checks on leaver process compliance, coupled with communications on process importance and monitoring of compliance. Actions are targeted for completion in April 2024. Given that the review has been carried our, this action is considered closed</p> <p>While one could argue that completion of the review discharges the letter of the recommendation, we are electing to keep this open until the remediation plan has been completed</p>	Complete	26 - 50%
DoR	Cyber Security	22/23	<p>There needs to be a system that ensures that all staff have read the council policies and procedures in respect of ICT Security.</p>	2	30 November 2023	<p>The reading of critical council policies and procedures will form part of mandatory cyber security training. Policy for the enforcement of mandatory training is being discussed by CMT on 16 January. We are allowing a 2-month period for implementation and communication of the policy</p>	76- 99%	26 - 50%
DoR	Cyber Security	22/23	<p>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.</p>	2		<p>Policy for the enforcement of mandatory training is being discussed by CMT on 16 January. We are allowing a 2-month period for implementation and communication of the policy</p>	76- 99%	26 - 50%



Audit Tracker Appendix 1

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Dec-23	Status Jun 23
DoR	Cyber Security	22/23	There should be active ongoing monitoring of the threat environment and regular reporting alongside the Agilisys partnership to derisk current operations.	1	28 February 2023	An external review of threat monitoring was carried out in December 2023. This endorsed our current arrangements and further recommended that: 1) We should join the National Cyber Security Centre cyber Information Sharing Partnership. We have done so. 2) We should formalise our threat intelligence policy. This will be done by end March 2024 3) We should consider investing in Security Operations Centre and/or Security Incident and Event Monitoring. This would require a robust business case and may not be deemed VFM. The forecast date here allows for the potential time needed to buy and implement such services	51 - 75%	26 - 50%
DCASC	Deferred Payment	22/23	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	01 December 2022	Internal processes and requirements were jointly reviewed by the Financial Assessments and Benefits Team and Corporate Legal Services (property) in Summer 2022, procedures were updated and agreed between FAB and Legal Services. These were monitored, reviewed and tweaked during 2023 to align to changes in Legal Services arrangements and form the basis of the agreed internal procedures. Case monitoring of new DPA arrangements are reviewed at ASC debt monitoring meetings and an evaluation of case progress and procedures from the previous year will be carried out in May 2024 to share with senior managers and used to inform the basis of a proposed SLA for CMT consideration.	76- 99%	51 - 75%
DCASC	Deputyship and Appointeeship	22/23	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 on 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	30 March 2023	A full review of existing processes has been undertaken. A new Caspar cloud based recording system has been procured and implemented as a central record. However, delays in the procurement and implementation of Caspar has meant a delay in implementing these new processes. Now installed the new processes from the review are now being implemented in the new system and will be completed by March 2024.	76- 99%	51 - 75%
DCASC	Deputyship and Appointeeship	22/23	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 December 2022	All of the team are aware of where the office processes are held on file, and we have started to introduce new processes on Caspar. There are easy guide tick lists to follow that have been created. All processes have been reviewed; new processes once implemented in Caspar will be saved in one central place on SharePoint for the team to access. All old processes have been deleted. New processes have been created, now being shared in share point and briefed in team huddles.  Caspar Cloud solution procured and now installed.  An Independent Financial Advisor (IFA) has been sourced for clients that hold over 50k.	76- 99%	26 - 50%

Audit Tracker Appendix 1

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Dec-23	Status Jun 23
DCASC	Direct Payments	22/23	<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"> <li>- Balance of funds (why aren't these being used?)</li> <li>- Confirmation of direct payment agreement &amp; approval of key controls</li> <li>- Duration between reviews</li> <li>- Risk identified from the previous review</li> </ul> <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	30 April 2023	<p>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.</p> <p>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.</p> <p>The additional setup function within the team allows improved frequency of monitoring reviews for both managed and directly managed cash accounts. A new Risk Stratification matrix has been developed to manage the frequency of these reviews on individual accounts.</p>	Complete	51 - 75%
DCASC	Direct Payments	22/23	<p>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.</p>	2	15 February 2023	<p>Reasons for unspent balances are now recorded on the DP Monitoring work step in Mosaic, along with confirmation of having reported this to the appropriate ASC operational worker/team. A form in Mosaic has been amended to facilitate this.</p>	Complete	51 - 75%
DCASC	Direct Payments	22/23	<p>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.</p>	2	30 April 2023	<p>Allpay have a Card Status Report which shows all live balances. Paycoll Payroll are now sending us a summary report monthly with latest balances for all of their DP users.</p> <p>These reports will now be analysed monthly with cross referencing to weekly Direct Payment amounts to determine used and unused funds. Especially high or low balances identified will be prioritised for monitoring.</p>	Complete	26 - 50%
DCASC	Direct Payments	22/23	<p>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:-</p> <ul style="list-style-type: none"> <li>- Ensuring a signed direct payment agreement is held for all payments.</li> <li>- Ensure a Mosaic Purchase Order is raised.</li> <li>- Ensuring all payment setups are checked and authorised by ERRG prior to payment.</li> <li>- Ensuring there are no conflicts of interest between officers advocating, approving, and monitoring and the people receiving a direct payment.</li> </ul>	2	29 April 2023	<p>A review has been completed of procedures, processes and templates related to Direct Payment set up. All procedures have been documented as part of this review. Processes are in place to create a separation of duties identified in this audit. There will be ongoing development and reviewing of procedures and processes.</p> <p>Declarations of interest have been completed by all Direct Payment staff.</p> <p>A new Direct Payments function has been set up, which separates the setting up of a direct payment from monitoring. Staffing resources available mean this will be compromised though if leave/sickness leads to monitoring officers having to cover set up.</p> <p>6 monthly audits are in place to check that ERRG approve all direct payments, that purchase orders are being raised &amp; a signed direct payment agreement is held.</p>	Complete	51 - 75%
DCASC	Direct Payments	22/23	<p>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.</p>	2	Tuesday, January 31, 2023	<p>Declarations of interest forms have been completed by all Direct Payment staff. These forms are held by Senior Officers.</p> <p>The new Direct Payment setup function role has created a separation of duties, though this will be compromised in cases of leave/sickness due to staffing resources available.</p> <p>Separations of duty will be checked in annual audits (as part of recommendation 5). A Mosaic report is analysed every 6 months to identify which Officers made Direct Payment purchases. For the period April – October 2023, 75% purchases made by the set-up function, 25% purchases made by the monitoring function.</p>	Complete	51 - 75%

Audit Tracker Appendix 1

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Dec-23	Status Jun 23
DoR	Employee Gifts & Hospitality and Declarations of Interest	23/24	<p>It is recommended that all Council systems are risk assessed to establish the level of need for users of each system to make a declaration of interest before access is given.</p> <p>There needs to be an annual refresher to remind staff of the need to declare any interests that may be relevant to the data sets held within the system.</p> <p>Where possible, access should be restricted to accounts and data where an interest has been declared. Where this is not possible business processes should be reviewed to ensure that any inappropriate access, changes etc. would be identified, or that any one process cannot be completed by a single person.</p> <p>DICT should consider this as part of any business change or new system process.</p>	1	31 March 2024	actions are in place to address the recommendation	26-50	N/A
DoR Page 95	Employee Gifts & Hospitality and Declarations of Interest	23/24	<p>The declaration of gifts and hospitality process needs to be overhauled to make the process simpler and to encourage staff to declare the offer of gifts and hospitality when necessary.</p> <p>Consideration should be given to making this an electronic and centralised process, accessible via the intranet, and where possible with inbuilt work flows. Research and consideration should be given to using:</p> <ul style="list-style-type: none"> <li>•Office 365 Approvals</li> <li>•Office 365 Forms</li> <li>•Modern Gov</li> <li>•iTrent self serve</li> </ul> <p>The process should include the review, monitoring, and periodic reporting to DMT/CMT.</p> <p>Consideration needs to be given to the retention period.</p>	2	29 June 2024	This is now complete	Complete	N/A
DoR	Employee Gifts & Hospitality and Declarations of Interest	23/24	<p>The Council needs to ensure that agency staff are given the opportunity to declare interests on their first day.</p> <p>Managers should be required to get agency workers to complete a declaration form of interests which could be held with the Resourcing and HR Systems Manager who is the main contact for the Council's agency framework.</p>	1	31 January 2024	Complete – a DOI process has been added to iTrent. Employees can make a DOI at any time through self-service. Agency workers are now required to complete a DOI as part of their registration process before joining the council.	Complete	N/A
DoR	Employee Gifts & Hospitality and Declarations of Interest	23/24	<p>The declaration of interest's process needs to be overhauled to make the process simpler and to encourage staff to make a declaration at the earliest opportunity, when necessary, and to review and refresh declarations at least annually.</p> <p>Consideration should be given to making this an electronic and centralised process, accessible via the intranet, and where possible with inbuilt work flows. Research and consideration should be given to using:</p> <ul style="list-style-type: none"> <li>•iTrent</li> <li>•Office 365 Approvals</li> <li>•Office 365 Forms</li> <li>•Modern Gov</li> </ul> <p>When a declaration of interest is made and/or a copy held on iTrent, it should be easily identifiable via the managers portal of iTrent, so that subsequent managers are aware of the interests of their staff and can take appropriate action. It would be beneficial to be able to easily identify which staff have made a declaration so that statistical data can be reported to CMT/DMT.</p>	2	31 March 2024	Functionality has been added to our onboarding portal which requires new employees to confirm that they have read and understood the code of conduct	Complete	N/A

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DEGNS	Facilities Management	21/22	<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	03 January 2024	<p>The list of properties were reconciliation on 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 revisited in 2023 the last time 27/11/2023 by FM and Property Services Compliance Team and the Planet data base updated based on the current information held by Assets team. The status of the property is updated as part of the sale and empty property status property as they change.</p>	Complete	NA
DEGNS	Fuel system	23/24	<p>Excluding the hire vehicle usage and replenishment of stock, Fleet Management should confirm the justifications for why services are using petrol stations when fuel is provided at the Bennet Road depot. E.g.</p> <ul style="list-style-type: none"> <li>-Are there scheduling or dispensing issues i.e., queues?</li> <li>-Is this deliberate exploitation of poor control?</li> <li>-Fuel shortages at the depot?</li> <li>-The depot is an inconvenience?</li> </ul> <p>NB: Although we understand there were problems with the petrol tank at Bennet Rd between June and September 2022, unleaded petrol and diesel were still being purchased at the stations even though this was rectified.</p>	2	03 January 2024	<p>The approach is to only use the Shell fuel card at petrol stations for business continuity purposes. A system of approval for issuing if fuel cards in in place to only use for business continuity purposes. Fuel stations have not been used since the audit. In addition, the process for issuing cards includes a reminder to insist vehicle registrations are included on all receipts and finance will only pay if registrations are on invoice all aware.</p>	Complete	N/A
DEGNS Page 96	Fuel system	23/24	<p>The Council should ensure the petrol stations record the vehicle registration number on the receipts and invoices. Where the vehicle registration cannot be substantiated, the invoice should be disputed and placed on hold.</p> <p>We would also advise the purpose and contractual provisions for using the petrol stations be Fleet Management's responsibility and that they review the service purpose and confirm and discuss the terms of conditions with the petrol station fuel card provider.</p>	2	03 January 2024	<p>The approach is to only use the Shell fuel card at petrol stations for business continuity purposes. A system of approval for issuing if fuel cards in in place to only use for business continuity purposes. The process for issuing cards includes a reminder to insist vehicle registrations are included on all receipts and finance will only pay if registrations are on invoice all aware. The terms and conditions and fuel provider to include registrations are applied.</p>	Complete	N/A
DEGNS	Fuel system	23/24	<p>The security arrangements should be reviewed to ensure fuel is better secured and accounted for. This could include, but is not limited to:</p> <ul style="list-style-type: none"> <li>-Using ANPR to confirm the vehicle registration fuel card presented to the fuel system.</li> <li>-Bar codes to reconcile fuel drawings to vehicles</li> <li>-Plant fuel cards are controlled as an employee asset.</li> <li>-Quality and fixing of CCTV (360-degree coverage, better positioning of cameras)</li> <li>-Proactive monitoring of fuel usage against consumption</li> <li>-All health and safety requirements.</li> </ul>	1	03 January 2024	<p>Security arrangements have been reviewed and amended. Plant fuel cards have been cancelled and users must present to the FM lodge and sign out Plant Fuel card (Plant key) detailing the use and signing to confirm. Quality digital CCTV has been installed throughout including specific additional camera facing the fuel consul. Proactive monitoring of fuel is in place utilising fuel reports from the fuel system and cross checking with the vehicle tracking system. Any old vehicle keys have been deleted from the system and control in place. An auto pump and vehicle recognition system which provides data onto the fuel system is expected to be installed by end of Jan 24 this is in addition to the robust control now in place. Improved and enhanced H&amp;S monitoring in place undertake by FM.</p>	Complete	N/A
DEGNS	Fuel system	23/24	<p>Both the responsibilities for administering and using the fuel management system should be reviewed, confirmed, and documented to ensure the fuel system is used effectively. This should include: -</p> <ul style="list-style-type: none"> <li>-Ensuring the system clock is correct</li> <li>-Ensuring the stock management system is properly utilised</li> <li>-Ensuring fuel cards are issued and retrieved and closed on the system</li> <li>-Ensuring accounting changes remain appropriate</li> </ul>	1	03 January 2024	<p>Responsibilities for administering the system have been reviewed. FM manage the fuel system and fleet undertake monthly auditing. In addition the fuel system clock is now correct and updates automatically. Fuel card exercise to close off old vehicles is complete and names of leavers deleted off the system. The system is manually dipped pre and post delivery as well as on a weekly routine basis and recorded on a database which is sent to finance. There is a current issue with finance being unable to provide monthly reports due to E5 and capacity.</p>	76-99%	N/A

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DEGNS	Fuel system	23/24	Fuel deliveries should be recorded on the fuel system to ensure the stock record is updated so that system fuel holding can also be reconciled against those calculated by Finance, and to better alert the reordering of more fuel.	2	03 January 2024	All fuel deliveries are recorded and details are sent to finance, a manual pre and post delivery is recorded to ensure the data of fuel delivered and fuel in the tanks match to confirm stock levels can be reconciled. There have been no instances of stock out since the audit due to the new processes.	Complete	N/A
DEGNS	Fuel system	23/24	The accounting procedures to ensure services are held accountable for the fuel used should be reviewed. This should include: - -Service budget responsibilities e.g., including monitoring -Accounting transaction code changes -Better use of technology and existing systems e.g., ANPR and continual use of the fuel management system  NB: Parking Services has advised ANPR can be used to directly charge a service.	2	03 January 2024	Revised accounting monitoring has been reviewed and agreed. Fleet lead on monthly audit of fuel use using reports from the fuel management system provided via FM to Finance and cross checking with data from the vehicle tracking system. Budget is being transferred to Fleet management to aid management of the system when E5 allows. There is a current E5 and capacity related issue with finance producing monthly reports for Fleet to undertake the new auditing process checks. Technology will be used in the future for vehicle and fuel recognition (Jan 2024) to further automate the process but ANPR is not appropriate.	76-99%	N/A
DEGNS	Fuel system	23/24	The business use of every 'enabled' fuel card on the system or in circulation must be immediately revalidated by the service and closed on the system where appropriate. Leaver procedures need to be improved to ensure fuel cards are controlled as an 'asset', so that Override and Plant fuel cards are recovered and closed on the fuel management system.	1	03 January 2024	Monthly leaver procedure is in place. All supervisor and plant keys have been cancelled and robust system of signing out plant key is in operation. All old vehicle fuel keys been disabled on the system.	Complete	N/A
DEGNS	Fuel system	23/24	The fuel tanks should be re-dipped once the delivery has been made to substantiate the quantity of fuel delivered, and where possible checked against metered a vehicle gauge. Consideration should be given to installing automatic stock readers.	2	03 January 2024	Manual pre and post fuel dipping is in place. The fuel provider issues accurate digital delivery notes confirming the metered fuel received.	Complete	N/A
DEGNS	Fuel system	23/24	The stock dipstick reading checks should be compared against the current stock record on the fuel system and then proactively monitored. We recommend that management investigate the industry variance standard e.g., is a 10% variance acceptable?	1	03 January 2024	The manual pre and post fuel dipping in place and proactive monitoring is in place with management investigation if variance is detected by finance.	Complete	N/A
DCASC	Housing repairs	22/23	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. 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	29 September 2023	This piece of work is ongoing. A new Team Leader has been appointed and they are undertaking a wider review of this area of work. Implementation of the NEC system in April 24 should make this easier to track and audit. Work is underway to explore what the new rates should be and ensure that there is a clear rationale behind any charges	26 - 50%	N/A
DCASC	Housing repairs	22/23	Further consideration needs to be given to the full implementation of a pay and rewards scheme. 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 end route to them	2	30 May 2023	Pay and Productivity Scheme has been reintroduced - no deductions until the beginning of the financial year. Data is being collected and is shared with the operatives monthly in advance of the rollout of deductions. The data to date is showing clear evidence of improved productivity. An action has been completed to ensure staff appropriately use the PDA and where required disciplinary action will be followed for persistent failure to comply. This will be a regular feature of tool box talks moving forward	Complete	76- 99%



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DCASC	Housing repairs	22/23	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. Information from key systems e.g., it rent and the finance system (currently Oracle Fusion) needs to be readily available and able to be reported on.	1	29 April 2023	The establishment has been reviewed with the Finance Team and HR. Recruitment plan in place and actioned. Process to clear with HR and Finance before posts are advertised. As posts are filled then less work will be subcontracted . Sickness levels in the service continue to be addressed and actioned. All managers have had refresher training on absence management	Complete	76- 99%
DCASC	Housing repairs	22/23	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. It should be ensured that the correct schedule of rates is used for works carried out.	2	31 December 2023	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 in the phase 2 implementation. Phase 2 will be post phase 1 which is due to go live in April 24 therefore implementation date of recommendation is revised to 31/7/24. Trade Operatives are frequently reminded at tool box talks of the need to use the correct Schedules and are being spot checked by supervisors and surveyors as part of the quality checks.	51 - 75%	0 - 25%
DCASC	Housing repairs	22/23	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. Time taken to complete jobs needs to be reviewed and issues identified and addressed where completion times do not fall within the agreed timeframe. 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. Completed jobs should be reviewed and approved/rejected in a timely manner to ensure timely invoicing/recharge of repairs costs. 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	29 September 2023	Reporting information is available to ensure supervisors and managers can successfully audit work. Process in place for managers and supervisors to carry out audits and review of jobs which is happening on a regular basis. Audits include time taken to complete jobs, closure of jobs, duplication etc and relevant actions to address. Ongoing training across the trade operatives is in place through tool box talks to ensure appropriate actions are taken around raising of jobs, requests for additional work and closing down of jobs. Job backlog actively being reduced with identification of duplicate and completed jobs being closed down.	Complete	51 - 75%
DCASC	Housing repairs	22/23	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. 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. Appropriate safeguards should be put in place for related staff - for example, they should not be arranging systems access for each other.	2	31 October 2023	Roles and responsibilities will be clarified following the Repairs Review currently being carried out by external consultants this will determine the model of delivery for the service moving forward. The review is due to be complete in January 2024. Outstanding work on roles and responsibilities will commence after this date. Declaration of interest forms are completed and sent to the System Administrator in Housing Rents who has responsibility and holds the information in the system. Managers have been reminded that staff are prohibited from setting up users who are related to them and that declarations of interest must be completed when applicable. Retrospective declaration of interest forms are being sent to all trade operatives to complete and sign to ensure up to date information is in place. The process around declarations of interest has also been incorporated into the induction process for new managers.	51 - 75%	26 - 50%

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DCASC	Housing repairs	22/23	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. 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	29 June 2023	Existing contract for reactive repairs and voids now extended. Procurement process begun for retender of the contract. Procurement plan in place for regularising the smaller contractors and putting contracts in place. Early stage of procurement process underway Process in place to manage sub contractors, regular contract monitoring is now underway including the monitoring and closing down of jobs and appropriate invoicing	51 - 75%	51 - 75%
DCASC	Housing repairs	22/23	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	29 September 2023	Targets are in place, new digital process for capturing the information and actions required, tracking to completion	Complete	0 - 25%
DCASC Page 99	Housing repairs	22/23	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. Client and contractor representatives need to review call centre scripts to ensure a more efficient customer service experience and use of trades time. 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. Supervisors need to challenge trades where jobs are not completed on the allocated day.	2	31 December 2023	All works are charged in accordance with the NHF schedule of rates. Subcontractor prices will be tendered and be used to benchmark RBC rates. Monthly meetings are held with the Call Centre who use the Repairfinder system to assist with identifying the correct job / ordering code. The script is being reviewed in January 2024 with all parties concerned. A process is already in place for when a trade operative cannot gain access. Trade operatives have been reminded of this at tool box talks. Further work has been done with supervisors to ensure they appropriately challenge trade operatives if the job is not completed in the required time or on the day.	76- 99%	26 - 50%

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Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Dec-23	Status Jun 23
BfFC and RBC joint audit	Intercompany accounting	21/22	<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"> <li>-Being able to easily identify transactions across a common chart of accounts</li> <li>-To match transactions, from both sides</li> <li>-Identify (tag) those for elimination from financial reporting to prevent double accounting</li> <li>-Automate processes where possible</li> <li>-The use of recurring invoices/instalment payments for contract / SLA payments</li> <li>-Billing cut off period</li> <li>-Electronic approval process (Office 365)</li> <li>-Centralised repository (SharePoint) for intercompany financial purposes accessible by both entities and managed by permission rules</li> <li>-Grant funding monitoring (at both entities)</li> <li>-Regular reconciliations of expected income streams</li> <li>-Appropriate lines of communication with documented terms of reference and purpose</li> </ul> <p>These procedures and processes should be standardised, and where there is a business need for difference, there should be compatibility.</p>	1	31 October 2022	<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"> <li>-Being able to easily identify transactions across a common chart of accounts</li> <li>-To match transactions, from both sides</li> <li>-Identify (tag) those for elimination from financial reporting to prevent double accounting</li> <li>-Automate processes where possible</li> <li>-The use of recurring invoices/instalment payments for contract / SLA payments</li> <li>-Billing cut off period</li> <li>-Electronic approval process (Office 365)</li> <li>-Centralised repository (SharePoint) for intercompany financial purposes accessible by both entities and managed by permission rules</li> <li>-Grant funding monitoring (at both entities)</li> <li>-Regular reconciliations of expected income streams</li> <li>-Appropriate lines of communication with documented terms of reference and purpose</li> </ul> <p>This is planned to be completed in Q4 23/24</p>	26 - 50%	26 - 50%
BfFC and RBC joint audit	Intercompany accounting	21/22	<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"> <li>-The adoption of a single finance team for intercompany accounting actions supported by entity specific finance teams for the day to day financial tasks.</li> <li>-Shared repository for key data with appropriate permissions</li> <li>-Electronic authorisation process</li> </ul>	2	31 October 2022	<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> <p>ICA controls to be implemented in Q3 23/24 as part of the new finance system implementation, a review of procedures will be undertaken in Q4 23/24</p>	26 - 50%	26 - 50%



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BfFC and RBC joint audit	Intercompany accounting	21/22	<p>The Director of Finance (RBC) should ensure the agreed Governance documents (policies) are enhanced to include, but not be limited to:</p> <ul style="list-style-type: none"> <li>-Outlining the high-level expectations of intercompany accounting</li> <li>-Treatment of VAT</li> <li>-Debtors</li> <li>-Creditors</li> <li>Payment for services provided outside of those in the contract</li> <li>-Apportionment</li> </ul> <p>Best practice requires a common standard across all entities.</p>	2	29 April 2022	<p>The inter-company guidance /policy set up by RBC will be developed to incorporate:</p> <ul style="list-style-type: none"> <li>- Outlining the high-level expectations of intercompany accounting</li> <li>- Treatment of VAT</li> <li>- Debtors</li> <li>- Creditors</li> <li>- Apportionment</li> <li>- Payment for services provided outside of those in the contract</li> </ul> <p>This will ensure best practice and a common understanding is clearly understood across RBC and BfFC.</p> <p>Once completed, this is to be formally signed off by the Director of Finance (RBC) and the Director of Finance, BfFC. This work has occurred during October to December 2022 which has led to a new intercompany transactions process being designed and built as part of the e5 implementation. This process needs to be tested by RBC and BfFC finance staff before being rolled out. This work s expected to be completed in Q4 of 2023/24.</p>	76- 99%	76- 99%
BfFC and RBC joint audit Page 101	Intercompany accounting	21/22	<p>The Director of Finance (RBC) and the Executive Director of Finance and Resources (BBFC) 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	29 October 2022	<p>This process is complete and included in regular performance monitoring and picked up through budget monitoring discussions</p>	complete	76- 99%
BfFC and RBC joint audit	Intercompany accounting	21/22	<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	29 June 2022	<p>Grant reconciliations are being undertaken quarterly and this activity has now transferred into business as usual.</p>	complete	51 - 75%
DCASC	Mosaic Payment Controls	21/22	<p>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.</p>	1	09 July 2021	<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.</p>	Complete	76- 99%
DCASC	Mosaic Payment Controls	21/22	<p>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.</p>	1	29 September 2021	<p>Audit Recommendations 189 20/21, 229 21/22 and 231 21/22 are linked</p> <p>A dedicated resource is in post to review on a case-by-case basis and progress recovery action based on a documented and consistent approach, which is appropriate. Agreements have now been established for all Providers to recover the balance of any prepayment. 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. Ongoing engagement is maintained with all Providers.</p>	Complete	76- 99%

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DCASC	Provider Payments	22/23	The facility to automatically issue informative remittance advices consistently to suppliers should be documented as part of the new financial system (Advanced e5) project for implementation during Q3 2023/24 to ensure that this is correctly captured.	2	31 December 2023	Mosaic has the ability to configure email remittances to Providers from version 22.2. Upgrade path to 22.2 in Mosaic Roadmap.  The current interface from Mosaic to e5 does not include itemised details and a new specification will be developed Q1-Q2 24/25 after embedding the new Finance system. Subject to Access group resources testing should be carried out on new interface Q3.	26 - 50%	N/A
DCASC	Provider Payments	22/23	A long-term solution should be found to resourcing the ongoing project work to reconcile a) outstanding invoices with suppliers, b) pre-payments and payments due and c) credit notes, to ensure that the controls and overall position are maintained and to avoid a reversal of the progress made to date.  We are aware that ASC management are considering solutions currently. Evidence is in place to show consistent work and progress applied to managing outstanding invoices, pre-payments and credit notes since the original audit recommendations were agreed. However, outstanding balances are still high with this remaining a significant work in progress; constant new transactions and issues are also added to the data set.	1	31 December 2023	The following actions have been undertaken – •With support from a specialist interim worker, pre-payments to providers during the Pandemic have now been reconciled against invoices with attainable pre-payments recouped. This project concluded at the end of December 23. •Resources with Accounts Payable have been reviewed. •The overall capacity of the DCASC Purchasing Team (Brokerage) has been increased. Once fully inducted, new officers will provide sufficient capacity to address the mismatches between provider invoices and purchased care. •Good communication channels have been established between Brokerage, Accounts Payable, Commissioning and Providers to address issues. Significant support is routinely provided to providers to improve the quality of invoices. •An overview of the Purchase to Payment pathway has been developed to improve pathway and understanding of roles.	Complete	N/A
DCASC	Provider Payments	22/23	The ASC Scheme of Delegation (SoD) should be completed and approved/signed off and should reflect the terms of the current RBC Constitution (October 2022). Management have agreed to confirm to Internal Audit when this action is complete (May/June 2023).	2	29 September 2023	An interim communication was 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 September 23, subject to some minor amendments. An implementation plan is now being worked through to ensure MOSAIC changes and Policy changes are considered and implemented.	Complete	N/A
DCASC	Provider Payments	22/23	The development of automatic reporting facilities within Mosaic, which is currently being explored with the system supplier Servelec, should have a timescale estimated; this should form part of the budget development process for 2024/25 commencing autumn 2023 if system changes and current budgets will not enable earlier achievement.	2		Request logged with supplier. Awaiting quote to confirm whether this will be possible.	76- 99%	N/A
DCASC	Provider Payments	22/23	Where exceptional amounts/values are identified in supplier/provider invoices, some evidence should be recorded to confirm that a reasonableness check has been applied to verify the accuracy or validity of the payment. This should be carried out prior to the authorisation for payment and processing stage to prevent delays, but more importantly to reduce the risk of error or overpayment being made.  We suggest that a practical threshold is agreed to apply such checks, for example invoices above a specified value (e.g. 20,000) or a significant percentage higher than previous invoices for the same provider (e.g. 50%).	1	29 September 2023	Reasonableness checks are in place. This includes a pre-check performed by Accounts Payable before forwarding the payment cycle(s) for authorisation/certification (Decisions are made by ERRG and for Personal Budgets this forms the basis of the PO which is added to the system to ensure that amounts do not exceed the agreed amount).  The Finance Business Partnering Team then carry out a second stage review of Mosaic B13 reports of all high value amounts to see whether anything has been missed. Notifications are sent to the Commissioning Team advising when providers will miss a payment due to a credit, and also when a different method of recouping overpayments is required.	Complete	N/A

## Audit and Governance Committee

23 January 2024



**Reading**  
Borough Council  
Working better with you

<b>Title</b>	Strategic Risk Register - January 2024
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Report author</b> (name & job title)	Robin Pringle, Corporate Health, Safety and Risk Management Lead
<b>Lead Councillor</b> (name & title)	Councillor Liz Terry
<b>Corporate priority</b>	Our Foundations
<b>Recommendations</b>	Audit and Governance Committee are asked to consider the Councils Strategic Risk Register as of January 2024 (Appendix 1)

### 1. Executive Summary

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

### 2. Policy Context

- 2.1 The Risk Management Policy and Procedure was presented to Audit & Governance Committee in July 2022 and was signed off by Policy Committee in September 2022. The Policy was updated internally in October 2023, and it is available on the Intranet.
- 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 controls 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.
- 2.3 RBC are operating a 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,
  - The frequency of risk reporting, and
  - Working closely with our insurers and risk consultants to embed the new system.
- 2.4 The Corporate Management Team (CMT) and Directorate Management Teams (DMT's) are required to continually 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 are also asked to determine if any risks should be escalated to the Strategic Risk Register.

All individual risk cards are updated on the SharePoint site.

- 2.5 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 The Proposal**

- 3.1 The Strategic Risk Register covers the actions completed by the Council between September - December 2023 and the future risk ratings for the Council for January – March 2024. Timing of reports to Audit & Governance Committee means the report is produced slightly before the end of the quarter.

- 3.2 The Strategic Risk Register was reviewed by the Corporate Management Team (CMT) on the 19<sup>th</sup> December 2023.

- 3.3 The Strategic Risk Register (Appendix 1) for agreement, consists of the same 11 risks as previous. They are:

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 deliver a balanced budget because of cost-of-living increases, demand pressures and achieving income targets.
4. Failure to deliver zero carbon commitments (Climate mitigation).
5. Failure to safeguard vulnerable adults and children.
6. Failure to retain and recruit staff.
7. Companies Risk – That the council fails to have in place appropriate oversight and scrutiny of its companies.
8. Failure to implement the Tackling Inequality Strategy within the Borough.
9. Failure to adapt to the impacts of climate change (Climate adaption)
10. Information Governance - Failure to protect personal data.
11. Failure to respond to a major incident health hazard or manage a significant outbreak of communicable disease.

- 3.4 **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

- 3.5 **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 There are no new risks being introduced.
- 3.7 There are 5 red risk cards, with no change from the previous quarter.
- Cyber - Risk of loss from cyber attack
  - BFFC - Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand.
  - Failure to safeguard vulnerable adults and children.
  - Failure to deliver zero carbon commitments.
  - Unable to deliver a balanced budget because of cost-of-living increases, demand pressures and achieving income targets.
- 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 Audit and Governance Committee are advised that internal reporting has moved from a quarterly basis to a 'live' operational basis. Risk owners (Strategic and Directorate Risk Registers) will update their risk cards as and when things change, rather than on a quarterly basis. This will make the system more effective and influential during decision making. It will also enable risk owners to utilise their risk information for any reports being submitted.
- 3.11 Reporting to CMT will continue for all risks every three months prior to the Audit and Governance Committee. Reporting will be 'as at' due to the system being 'live'.  
Additionally, to support the management of high risks, the 'red' strategic risk cards will be reported monthly within the Corporate Management Performance Monitoring Reports to ensure that actions are being completed.
- 3.12 Audit and 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.
- 3.13 It should also be noted that the risk information layout has also been updated to clearly separate 'existing controls in place' and ongoing 'specific actions'. Each action now records the target date, status, where the action is being monitored and frequency it is being monitored
- 3.14 Risk Management Training was delivered to Councillors on 2<sup>nd</sup> February 2023, 30<sup>th</sup> of March 2023 and 21<sup>st</sup> November 2023. All training sessions provided Members with the guidance on how to review and challenge reports when received (as part of good governance). The feedback to the training was very positive.
- 3.15 In order to support the embedding of risk management principles across the Council, 14 'Risk Management for Managers' training courses have been provided within the last 5 months with a further courses planned for 2024. These are be provided by Gallagher Bassett, the Councils Risk Consultant and the Senior Risk and Health and Safety Adviser. The feedback received has been positive.

## **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 as at 10<sup>th</sup> January 2024

# Strategic Risk Register - Summary

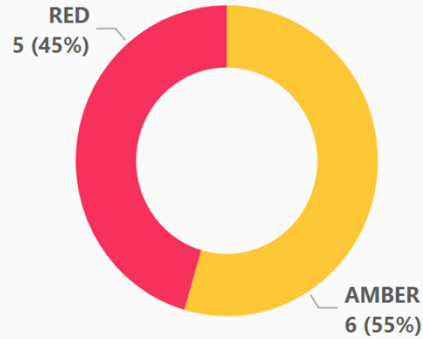
### Strategic Risk

- Select all
- Yes
- No

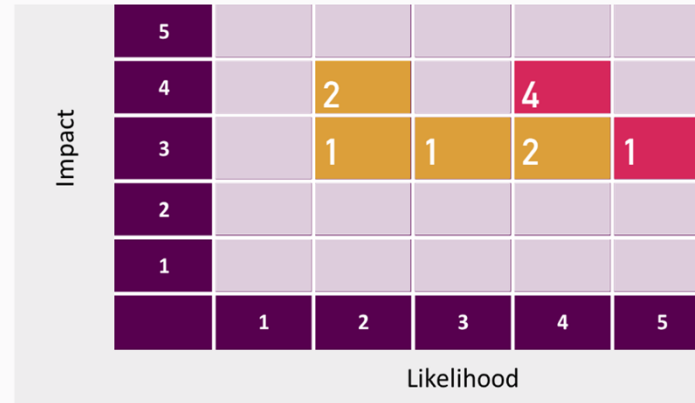
- BfC
- DCASC
- DEGNS
- DOR

View detail

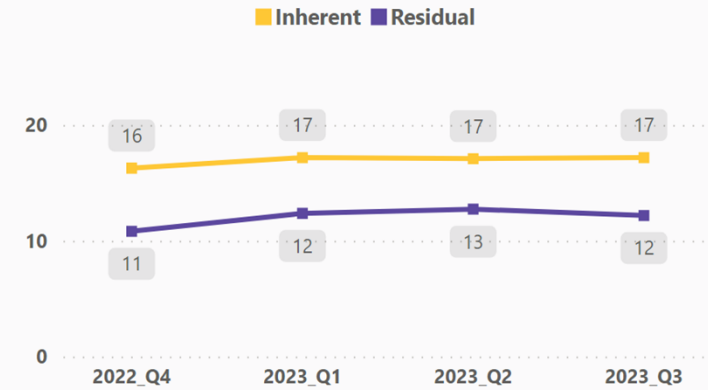
Count of Risk by Status



Risk Distribution



Rolling 4 Quarter Risk Score by Type



Risk	22/23	23/24	23/24	23/24	Current RAG
	Q4 Residual	Q1 Residual	Q2 Residual	Q3 Residual	
Strategic Risk: BfC - Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand	16	16	16	16	<span style="color: red;">●</span>
Strategic Risk: Companies Risk – That the council fails to have in place appropriate oversight and scrutiny of its companies.	8	8	8	8	<span style="color: orange;">●</span>
Strategic Risk: Cyber - Risk of loss from cyber attack	16	16	16	16	<span style="color: red;">●</span>
Strategic Risk: Failure to adapt to the impacts of climate change (Climate adaptation)	12	12	12	12	<span style="color: orange;">●</span>
Strategic Risk: Failure to deliver zero carbon commitments (Climate mitigation)	12	12	15	15	<span style="color: red;">●</span>
Strategic Risk: Failure to implement the Tackling Inequality Strategy within the Borough	12	12	12	6	<span style="color: orange;">●</span>
Strategic Risk: Failure to respond to a major incident health hazard or manage a significant outbreak of communicable disease	9	12	9	9	<span style="color: orange;">●</span>
Strategic Risk: Failure to retain and recruit staff	12	12	12	12	<span style="color: orange;">●</span>
Strategic Risk: Failure to safeguard vulnerable adults and children	9	16	16	16	<span style="color: red;">●</span>
Strategic Risk: Information Governance - Failure to protect personal data	8	8	8	8	<span style="color: orange;">●</span>
Strategic Risk: Unable to deliver a balanced budget as a result of cost of living increases, demand pressures and achieving income targets.	5	12	16	16	<span style="color: red;">●</span>





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

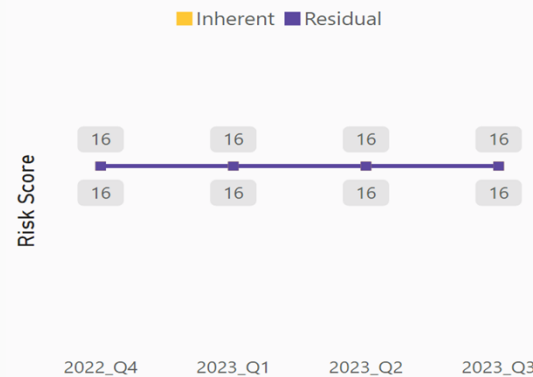
Register:  
 BfFC  
 Risk owner:  
 Grady, Brian

**16**  
 Current Score

**Cause**  
 Risk that the needs of children with SEND cannot be met in Reading -and/or 'Out of Borough' 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 Borough 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 Q4	2023 Q1	2023 Q2	2023 Q3
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)	4	4	4	4
Residual	16	16	16	16

**Specific Actions Required**

Title	Date for completion	Status
40 more Additionally Resourced Provision places in South Planning Area	29/06/2024	In progress
'High needs block' deficit management plan to be implemented	29/06/2024	In progress
110 more 'Additionally Resourced Provision' places across Reading	31/08/2024	In progress
10 more local specialist school places for children with SEND (Social, Emotional & Mental Health) through improved local provision	31/08/2024	In progress
Continue to improve transition to adulthood planning and post 16 placements for children with SEND by closer working with Adult Social Care. SEND Strategy Steering Group	30/01/2024	In progress
Strategic Asset Review outputs to be reviewed with Council to secure special schools on community school sites to meet the needed 244 projected places.	09/02/2024	In progress
Options for special school delivery to be implemented	01/09/2024	In progress
New special school provision of up to 244 places to be available	31/08/2025	In progress
40 more 'Additionally Resourced Provision' places in North and East Planning Area	01/01/2025	In progress

**Background Information**

The Local Authority (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 Reading Borough Council (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, the number of which rose at a higher rate in the last year than previous years.

Demand for EHCPs is rising. As of November 2023, there are 1959 Children and Young People (CYP) aged 0-25 with EHCPs for whom BfC is responsible. This represents an increase in EHCPs of 12% since January 2023. If EHCP numbers continue to rise at this rate, we anticipate there being 2194 EHCP plans by September 2024. This projected increase is supported by data collected by the Early Years (EY) team, who have already identified 44 children due to start Reception in September 2024 who are either already in the Educational Health Care Needs Assessment (EHCNA) process, or for whom evidence is being gathered ahead of an EHCNA request being made.

Based on current data from the SEN2 EHCP forecast 2022-23 in Reading on average 46% of CYP with an EHCP aged 0-25 have their needs met in mainstream provision. This leaves 54% of children with an EHCP in Reading placed in: alternative provision (AP) (4%), independent non-maintained special schools (INMSS) (5%), maintained special schools (MSS) (37%) and additionally resourced provisions (ARPs) (8%).

Based on projected EHCP numbers for September 2024, from September 2024, Reading would need 1184 places for CYP with EHCPs outside of mainstream settings. From September 2024, **if** all proposed ARPs open, and **if** Hamilton school increases its intake to 64 children, there will be 800 places available for children in ARPs (408) and MSS (392). New all-through INMSS provision is currently being explored, with a possible 140 places in total for which Reading children would be given priority from September 2024.

This means that there will be 940 places available in INMSS/ARP/MSS for Reading children, but a projected need of 1184 places, leaving a shortfall of 244 places.

Participation in the DfE Delivering Better Value programme established a future demand and financial forecast based on data from 2020 to 2023. This identified an unmitigated forecast of financial pressure, which, if not mitigated, would lead to an accrued budget pressure of £97,598,000 by 2027/28. The pressures are being driven through the significant increase in Education health and Care Plans from April 2022, and the increased demand pressures leading to more INMSS places being used, in the absence of other more cost-effective school places being available. Planned mitigations reduce the projected budget pressure to £50,000,000 by 2030. Further special school places are needed to reduce the budget pressure further.

### Existing Controls in Place

- 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. Joint partnership steering group for the strategy is overseeing action plan and monitoring progress.
- New free special school opened in Wokingham September 2023, providing 75 places for Wokingham and Reading children, as a joint partnership between Reading and Wokingham Councils. 17 places have been secured for Reading children as part of the phased opening.
- An additional 90 places have been secured from local schools to deliver Additionally Resourced Provision from September 2023.
- Plans for a further 170 places in Additionally Resourced Provision from April 2024 in place.

- Brighter Future for Children and RBC have undertaken work to appraise options, including RBC owned assets and school sites to secure more mainstream and specialist school places for children with SEND for January 2024, September 2024, and September 2025.
- 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.
- Regular High Needs Block meetings monitor the spend in this area and inform forecasting. Monitoring occurs monthly.
- Recruitment to key Delivering Better Value posts completed. New SEND advisory and support service commenced January 2024.
- Strategic Asset Review completed, identifying opportunities for special schools on community school sites to meet the needed 244 projected places.



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

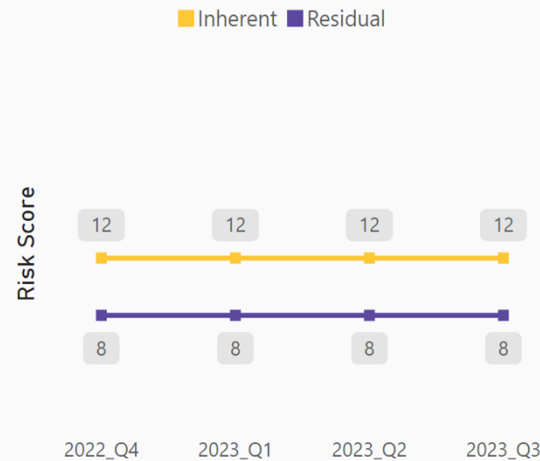
Register:  
 DOR  
 Risk owner:  
 Graham, Michael

**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, General Data Protection Regulations (GDPR) compliance, loan repayments etc) and is impacted by an unplanned exposure relating to those companies. The risks could be financial, legal or reputational.

**Trends - Risk Scores**



**Risk Scoring**

Risk Type	2022 Q4	2023 Q1	2023 Q2	2023 Q3
▲ 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

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**Specific Actions Required**

	Title	Date for completion	Status
1	Reading Transport Limited: Seeking to ensure greater consistency of Council / Company oversight through review of respective Company Articles and governance.	31/03/2024	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.	31/01/2024	In progress
3	Review of Reading Hampshire Property Partnership	31/01/2024	Not started
4	Council is reviewing the Articles of Association for Reading Transport Ltd.	31/03/2024	In progress
5	Brighter Futures for Children - Contract Review	29/06/2024	In progress

## 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 Controls in Place

- 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. In place 2021/2022
- Regular Contract Management Group meetings occur 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. Process and meetings in place.
- 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).



Risk:  
Strategic Risk: Cyber - Risk of loss from cyber attack

Register:  
DOR  
Risk owner:  
Chalmers, Martin

**16**  
Current Score

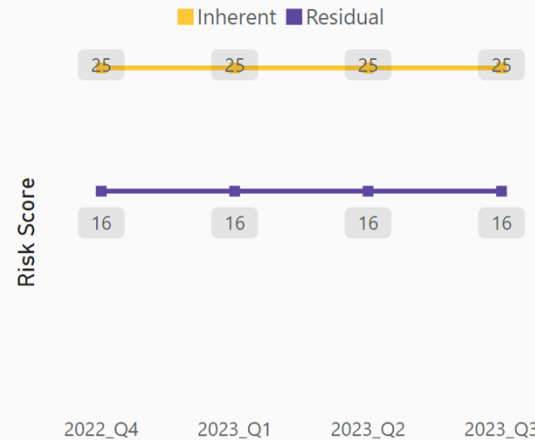
**Cause**

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.

**Trends - Risk Scores**



**Risk Scoring**

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

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**Specific Actions Required**

	Title	Date for completion	Status
1	Conduct Local Government Cyber Assessment Framework assessment and develop remediation plan	31/03/2024	In progress
2	Agree and implement policy and approach to enforcing mandatory training	31/03/2024	In progress
3	Achieve Cyber Essentials Plus certification	29/09/2024	In progress
4	Preparedness for cyber attack to be assessed as part of 2023/24 business continuity plan refresh. A project focused on this is being mobilised.	29/03/2024	In progress
5	Agreeing planned cyber attack rehearsal	31/03/2024	Not started

**Background Information**

The continuing evolution of the threat environment - not least owing to the war in Ukraine and Middle East - means that the likelihood will remain high, notwithstanding the significant set of actions in place. As evidence of this, in May 2023, we intercepted 2.3m attempted attacks via email (77% of incoming email) and blocked over 5,000 attempts by users to access web links that led to malicious sites.

The high impact of cyber incidents has been demonstrated by incidents such as the Haringey and Redcar & Cleveland ransomware attacks (the latter having been assessed as having had total business impact of £6m).

## Existing Controls in Place

### Organisational controls

- Security governance provided by Information Governance Board, which reviews policy and strategy relating to cyber security, and also monitor reports of security incidents to identify 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 for Corporate & Customer Services.
- Staff awareness and training is critical. Training (including annual refresher training) has been made mandatory by both the Council and Brighter Futures for Children (BFfC). In place and ongoing.
- Cyber insurance in place (and ongoing purchase)
- Assessment of security strategy and policy to be conducted against new Local Government profile of Cyber Assessment Framework being conducted by Department for Levelling Up Housing and Communities Future Councils programme (as part of our grant award).

### Controls focused on resistance to attack

Page 114

- Improved defences against attack from Internet via email and internet are now in place.
- External certification of cyber countermeasures against Cyber Essentials Plus framework - work to address gaps identified by internal review is in progress, with the most significant actions relating to work (by both IT and business teams) on certain legacy applications. Following an internal audit report that raised questions over remediation plans, an external review has been conducted. There were no major new issues arising from this review. However, we have moved the target date for Cyber Essentials assessment back by 6 months to reflect the revised timing of the implementation of some business applications on which achievement of the criteria depend, and also to allow time for a full audit of business and web applications (meeting recently introduced requirements of the standard) in progress. See 'Specific Actions' - Planned for 2024/25

### Controls focused on recovery from attack

- 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).
- Preparedness for cyber-attack to be assessed as part of 2023/24 business continuity plan refresh. See 'Specific Actions'
- Cyber resilience planning and rehearsal - Limited exercise run in Legal & Democratic Services; wider exercise to be planned as part of the 23/24 business continuity plan refresh. See 'Specific Actions'
- Conduct independent assessment of security improvement plans and threat monitoring to ensure we have robust plan to achieve Cyber Essentials Plus certification.



Risk:  
**Strategic Risk: Failure to adapt to the impacts of climate change (Climate adaptation)**

Register:  
 DEGNS  
 Risk owner:  
 Townsend, Keith

**12**  
 Current Score

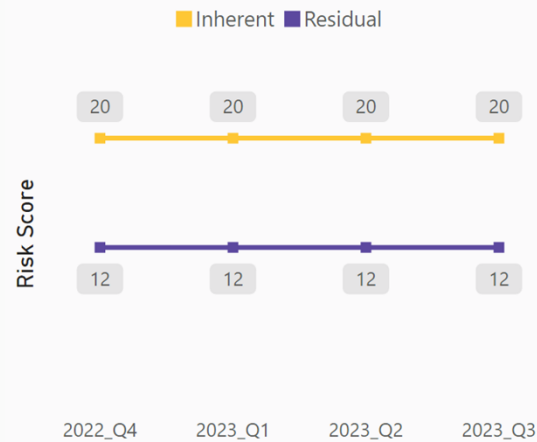
**Cause**

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.

**Trends - Risk Scores**



**Risk Scoring**

Risk Type	2022 Q4	2023 Q1	2023 Q2	2023 Q3
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

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**Specific Actions Required**

Title	Date for completion	Status
1 Business continuity plans to take account of climate impacts and changes to working practices which may be needed to protect staff and service users	31/03/2024	In progress
2 Ensure the Local Plan review updates adaptation policies if required	30/11/2024	In progress
3 Complete corporate climate change adaptation plan for the Council	31/03/2024	In progress
4 Continue to roll-out Carbon Literacy training to priority cohorts of senior officers and members throughout 2024	31/03/2024	In progress

**Background Information**

Key climate impacts for which the Council needs to prepare are:

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.

Extreme weather events: The Council has a variety of roles as infrastructure owner, service provider, community leader and first responder which may involve it taking some level of responsibility prior to/during/after extreme weather events.

## Existing Controls in Place

- 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 (Stone Street) 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. Statutory responsibility: Lead Local Flood Authority responsibility sits with Environment and Commercial Services (Sam Shean). Procedures in place: Emergency Planning Officer will open rest centres if major flooding occurs due to extreme rainfall under direction taken from Thames Valley Police Command. A sandbag policy is in place.
- Heatwave risk: Various local agencies, including the Council and National Health Service (NHS), participate in the Berkshire Heatwave Plan and England Heatwave Plan. A new 'Heat Health Planning Advice' alert was introduced in 2023 and the Council has played its part in responding to these alerts. Heatwave plans were tested in the 2022 heatwaves during which there were a significant number of excess deaths. As the severity and frequency of hot weather events increases, however, more action will be needed to protect vulnerable people and infrastructure.
- Adverse Weather and Health Plan: This new plan was launched by UK Health Security Agency (UKHSA) in 2023 and creates new responsibilities for Local Authorities and others in responding to adverse weather events which may impact on public health. Reading Public Health and Emergency Planning are working on this activity.
- Extreme weather events: Service business 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.
- 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.
- 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. See specific action 2.
- 3rd National Adaptation Plan (NAP 3): Was published in July 2023 and provides an updated view of the key climate related risks and vulnerabilities facing the UK at national level (<https://www.gov.uk/government/publications/third-national-adaptation-programme-nap3#:~:text=The%20NAP3%20sets%20out%20the,under%20the%20Adaptation%20Reporting%20Power>). It also emphasises the need for Local government to ensure that local services are resilient to local climate impacts. We are expecting further clarification on what is expected by Local Government in terms of Resilience Planning.
- A programme of accredited Carbon Literacy training is being rolled out to priority cohorts of senior officers and members to help embed awareness of climate risk and response across the organisation - as of November 2023, almost 75% of the target cohort of officers have completed or booked for the training, and 50% of the priority cohort of members have completed the training.





Risk:  
Strategic Risk: Failure to deliver zero carbon commitments (Climate mitigation)

Register:  
DEGNS  
Risk owner:  
Townsend, Keith

**15**  
Current Score

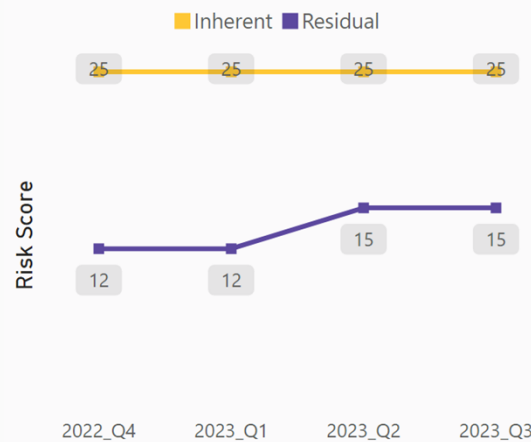
**Cause**

1. Lack of clear policies and plans in place to deliver 2. Insufficient investment of Council resources in delivery; 3. Lack of partner/resident engagement and ownership of climate action; 4. Inadequate government funding and policy support for delivery

**Potential Impact**

The main direct impacts on the Council are (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 change' risk card).

**Trends - Risk Scores**



**Risk Scoring**

Risk Type	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Impact (Inherent)	5	5	5	5
Likelihood (Inherent)	5	5	5	5
Inherent	25	25	25	25
Impact (Residual)	3	3	3	3
Likelihood (Residual)	4	4	5	5
Residual	12	12	15	15

**Specific Actions Required**

Title	Date for completion	Status
1 New capital bids required to continue decarbonisation of capital assets (buildings and fleet)	29/02/2024	In progress
2 Climate training roll out to priority cohorts (officers and members) to continue through 2024.	29/02/2024	In progress
3 Implement engagement plan for review of climate strategy with partners and produce new Strategy for 2025-30	30/11/2025	In progress

**Background Information**

This risk relates primarily to the Borough-wide target of net zero by 2030 which the Council can influence but not control in its entirety (delivering the corporate net zero by 2030 target is a separate risk in the Directorate of Economic Growth and Neighbourhood Services (DEGNS) Directorate Risk Register, currently rated 'Amber'. A major factor is the prevailing government policy and funding position which, as Reading's climate emergency declaration made clear, would need to change significantly to enable the 2030 target to be met. Thus far, this has not been the case to the extent required. Failure to deliver the Council's net zero commitments will ultimately contribute to

catastrophic climate change impacts although the 'contribution' of greenhouse gas emissions from Reading will ultimately be indistinguishable from that of other jurisdictions. Recent policy announcements and changes to the Government's Net Zero Strategy have led to a dilution of some key policy commitments at national level which will make it harder to meet the extremely challenging target of a net zero Reading by 2030.

## Existing Controls in Place

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

### 1. 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). Implementation ongoing and review of Strategy for the period 2025-30 is underway.
- 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). In place and delivery ongoing.
- Annual Reports on progress with both the Climate Strategy and Carbon Plan are presented to Strategic Environment, Planning & Transport (SEPT) Committee on the anniversary of their publication. In place - latest Annual Reports were published November 2023.
- 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. In place - periodic audit of compliance completed Q4 2022-23 and remedial action underway.

### 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. However, these capital funds (principally the low carbon capital programme and the fleet replacement programme) expire in the next year or two, and further provision will need to be made to manage this risk. Efforts have also been made to secure external grants to support installation of low carbon measures (e.g., successful application to Thames Valley Berkshire Local Enterprise Partnership (TVB LEP) for Civic Offices decarbonisation, application to Public Sector Decarbonisation Scheme (PSDS) pending for Hexagon decarbonisation).
- 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. A programme of Carbon Literacy training for senior officers and elected members is now underway with almost 75% of the priority cohort of officers trained or booked for training, and 50% of the priority cohort of members trained. Guidance and training in place.

3. Engagement of partners and residents: Emissions from the Council's direct operations represent just 1.2% of the total for Reading, and it can influence an estimate 30% of Borough emissions overall. Securing ownership of climate action from organisations, businesses and residents is therefore vital. Some of these partners come together in the Reading Climate Change Partnership (RCCP) which is hosted by the Council. The Council is working with partners to build ownership of key actions via a review of the

Climate Emergency Strategy which is now underway with a view to updating the Strategy for the period 2025-2030. Reading Climate Change Partnership Board initiated this review in January 2023, an outline engagement plan agreed October 2023, and a tender process to secure external support for engagement process design and delivery is underway. A Reading Leaders' Summit is proposed for early 2024 to galvanise commitment to the principles of the Climate Emergency Strategy

Developed engagement plan for review of the Climate Strategy with Partners December 2023

#### 4. 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. Regular engagement with representative bodies who have influence over government i.e., Association of Directors of Environment, Economy, Planning and Transport (ADEPT) Climate Board continues, and this lobbying is an ongoing task.

The annual progress report on the Reading Climate Change Strategy in November 2023 highlights that while progress was being made with Borough-wide emissions reduction (which have been cut by 51% since 2005, the 8th 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 broadly 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 73.9% cut since 2008/09. Further investment will, however, be needed to meet the net zero by 2030 target. Monitoring and reporting on an annual basis is in place.

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 Reading Borough Council (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 - this has been updated and re-issued for the 2024-25 Service Plans.
- Clearer articulation of timescales and accountability for various actions in the corporate Carbon Plan - this was completed in November 2022 and, again, guidance has been issued to relevant Assistant Directors on reflecting these actions in Service Plans from 2024-25
- 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. See 'specific action' 2.

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.



Risk:  
**Strategic Risk: Failure to implement the Tackling Inequality Strategy within the Borough**

Register:  
 DOR  
 Risk owner:  
 Handford, Gavin

**6**  
 Current Score

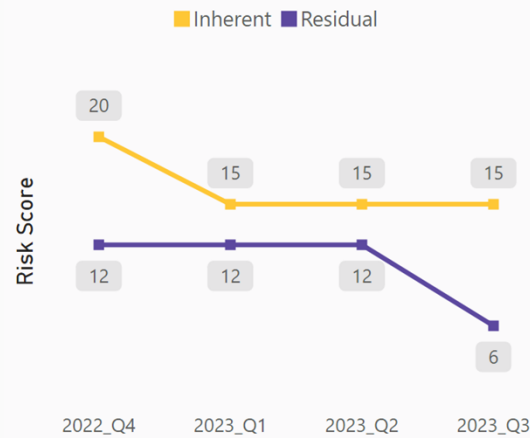
**Cause**

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 current inequalities being exacerbated: Low pay/worklessness, children living in poverty, poorer physical and mental health outcomes, increased isolation and marginalisation of residents impacted.

**Trends - Risk Scores**



**Risk Scoring**

Risk Type	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Impact (Inherent)	5	5	5	5
Likelihood (Inherent)	4	3	3	3
Inherent	20	15	15	15
Impact (Residual)	4	4	4	3
Likelihood (Residual)	3	3	3	2
Residual	12	12	12	6

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**Specific Actions Required**

	Title	Date for completion	Status
1	New Education Strategy being drawn up by Brighter Futures for Children reflecting the need to boost aspiration and attainment.	31/01/2024	In progress
2	Refresh Voluntary and Community Sector Action Plan	31/01/2024	In progress
3	Approve Place Based Partnership Action Plans	16/02/2024	In progress

**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% in the country for education, skills, and training, and 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 enable them to have a more financially sustainable future built on improving education, skills and employment opportunities. A key element of the Strategy is the two Place-Based Pilots within the Church and Whitley wards.

It is not expected that the Government will undertake another Indices of Multiple Deprivation analysis until at least 2024/2025.

The reduced risk score for Q3 2023 is because the first monitoring report on the Tackling Inequality Strategy is being presented to Policy Committee in January 2024 and most actions are being flagged as green at this point.

## Existing Controls in Place

- Social Inclusion Strategy (now the Tackling Inequality Strategy) and Action Plan approved in January 2023.
- Social Inclusion funding agreed for 2022/23-2024/25
- 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). Board meets six weekly. 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 presented to Policy Committee in October 2022. Actions are picked up by the new posts.
- Place-Based Pilots and sponsors agreed and activity underway, with regular reports to Social Inclusion Board
- Delivery meetings and local engagement occurring monthly.
- 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.
- Community Project Officer posts recruited to (up to 2025)
- Voluntary and Community Sector (VCS) strategic action plan agreed, with VCS Compact adopted in 2023. Action plan being reviewed with VCS.
- 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.
- A range of potential projects has been developed for the Place Based Partnerships (PBP) for consideration by the sponsors and Social Inclusion Board. These projects have been identified by services, partners and community groups. The projects are evaluated against the key priorities for PBPs. In addition, existing service activity is being captured within the action plan to improve coordination of delivery and identify areas for additional focus in line with the priorities.



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

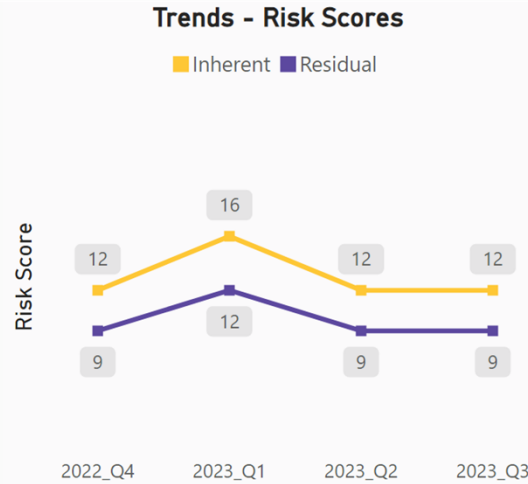
Register:  
 DCASC  
 Risk owner:  
 White, Martin

9

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.



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

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**Specific Actions Required**

	Title	Date for completion	Status
1	Update the Pandemic Flu Plan and review procedures. Once complete the residual risk will reduce.	29/02/2024	In progress
2	Undertake a pandemic influenza exercise. Once complete the residual risk will reduce.	29/02/2024	In progress
3	Director of Publish Health Annual Report to be presented to the Corporate Management Team for initial discussion . Once complete the residual risk will reduce.	31/01/2024	In progress
4	Appointment of a Director of Public Health with strategic oversight of health protection and emergency planning functions. Interim currently in place until April 24. Once in place the risk status will be tolerable.	31/03/2024	Not started
5	Mechanism to be put in place for linking Public Health risks identified within the Local Resilience Forum back to the Council to ensure they are addressed. The new Thames Valley LRF Resilience Project will help resolve shortfalls	29/09/2024	In progress

**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 a Local Government Association review of the structure.

The peak in risk at the beginning of Q1 was due to the lack of Public Health Protection capacity within Berkshire West shared Team and Reading Team. Now recruited interim posts to both teams, hence risk reduced.

## Existing Controls in Place

- Continue to support COVID 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.
- Focus of vaccine uptake should also include all immunisation programmes from newborn 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. Interim health protection principal (6-month contract) whose workplan includes working with the System Partners to drive the uptake rates. Work ongoing long term.  
Recruited to an interim post for a Consultant in Public Health (Health Protection) in the Berkshire West Team.  
Recruitment of Public Health Specialist (Health Protection) to deliver against actions outlined. Essential aspects of this are:
  - 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. Meets quarterly. Ingrid Slade chairs.
- 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.
- 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. In place for Berkshire West, shared with Wokingham and West Berkshire.
- 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. 2 interim posts in place. Recruitment complete and post filled.
- 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.

- Closer alignment of health protection to emergency planning has occurred. These disciplines sit closely together in an incident, and the need to ensure the public health aspects are considered. This is in place through existing local and regional forums for incidents.
- Flu (resulting in staff absence) is a consideration in all Business Continuity Plans. Work is shared between Business Continuity and Public Health
- Service delivery and risk assessments pertaining to business continuity plans in relation to pandemic flu to form part of the annual health protection exercise across the Council (They sit with Services/Directorate.) The impact of flu is lack of staff which has been considered in Business Continuity Plans.





Risk:  
Strategic Risk: Failure to retain and recruit staff

Register:  
DOR  
Risk owner:  
Cook, Kathryn

**12**  
Current Score

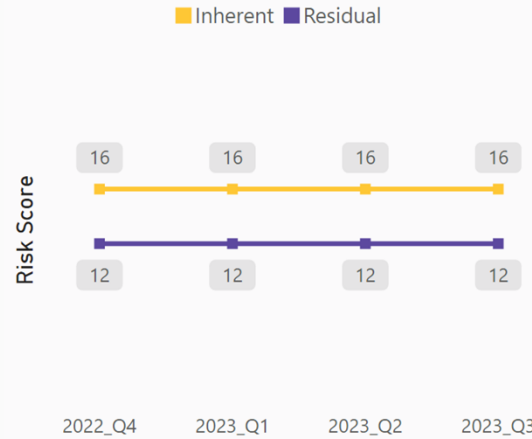
**Cause**

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 Q4	2023 Q1	2023 Q2	2023 Q3
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

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**Specific Actions Required**

	Title	Date for completion	Status
1	Delivery of year one of the three year Inclusion and Diversity Strategy and plan which will ensure all employees feel included and supported at work, changes to recruitment practices, Inclusivity & Diversity, capability building	31/12/2026	In progress
2	Further development of the Council's approach to apprenticeships including targeting some apprenticeships at care experienced people and focussing recruitment in more deprived parts of the Borough	28/03/2025	In progress
3	Developing closer links to the University in order to attract appropriate recruits, particularly in relation to hard to fill roles.	28/03/2025	In progress
4	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).	31/03/2024	In progress
5	BFFC : A recruitment and retention proposal is currently underway to convert the high number of agency into permanent hires	01/03/2024	In progress
6	Deployment of the new approach to work experience following a successful trial in 2023 - providing opportunities for school children to understand the opportunities available in local government and gain work experience	29/11/2024	In progress
7	Development of an engagement framework for the council to ensure an engaged workforce - includes the development of staff groups and the staff awards	28/03/2025	In progress

## Background Information

There is an on-going shortage of skilled staff in the employment market for some key local government professions (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 Controls in Place

### Reading Borough Council

- 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 57 days (Nov 2023). Success rate of recruitment is currently 82% (Nov 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 encouraging with a number of hard to fill roles recruited to, including experienced Solicitors, Social Workers, Occupational Therapists, and roles in our Care teams. 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, Legal Teams as well as an apprenticeship drive planned for February.
- Apprentice and work experience programmes provide access to a pool of younger and less experienced and skilled staff who can be internally developed to fill hard-to-recruit positions in the future.
- Access to pool of appropriately qualified temporary staff via agency contract. The contract continues to perform well, meeting the vast majority (95% by spend) of our temporary staffing needs and kept off-contract usage to a minimum.
- Staff Surveys were run in 2021 and 2022 to provide 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. The 2023 staff survey was launched in June 2023 (closed on 14/7/23). Questions asked were identical to previous surveys (to enable tracking of responses over time) and were supplemented with a small number of additional questions to inform our Inclusion and Diversity Strategy. Detailed results were shared with Corporate Management Team (CMT) on 12th September 2023 and a Corporate Action Plan produced. Results have been shared with Executive Directors and their teams to enable more local issues to be addressed.
- 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 has recently been changed reflecting the important role of service 'voice' in a newly constituted Team Reading Stakeholder Group. Items for decisions are remitted to CMT.
- Work to build our Inclusion and Diversity Strategy and Plan (which will support both recruitment and retention) is now complete and will launch in January 2024. The strategy is supported by a three-year action plan with quarterly reviews with the Chief Executive.
- Leadership Development Programme underway to ensure managers deliver high quality, inspiring leadership and role model the Team Reading Leadership Behaviours. The next programme is expected to run in autumn 2024.
- Monthly reporting of Human Resources performance metrics to Corporate Management Team (CMT) and monthly to Directorate Management Teams (DMT's), to identify areas of good practice that can be shared, and areas that require improvement so that these can be addressed.

- 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).
- 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. Local Government Association (LGA) negotiate on RBC behalf. This is a rolling year on year process.

### **Brighter Futures for Children**

- A number of mitigations are in place to stabilise the high turnover of social workers and to convert agency staff to permanent hires within the Together for Families Team. This includes improving recruitment of qualified social workers through a 'grow your own' programme; and improving retention through providing targeted support, bespoke training for managers, introducing career pathways, and addressing concerns highlighted from exit interviews such as high caseloads etc. Processes in place.
- The Human Resources Task & Finish Group has led this targeted intervention (from July 2022) and data shows that all vacancies are now filled with either permanent or agency hires, and the high turnover of social workers has ceased.



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

Register:  
DCASC  
Risk owner:  
Ross, Susan

**16**  
Current Score

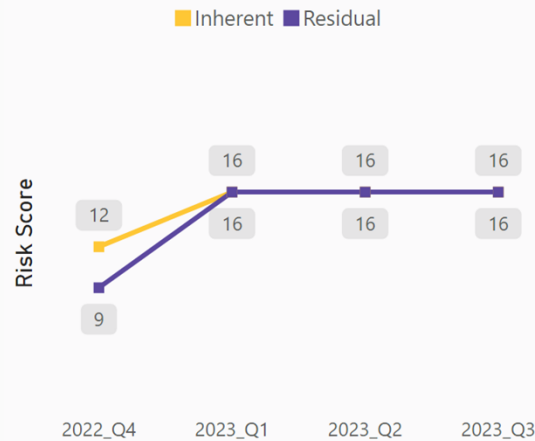
**Cause**

Significant workforce pressures resulting in 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 Q4	2023 Q1	2023 Q2	2023 Q3
Impact (Inherent)	3	4	4	4
Likelihood (Inherent)	4	4	4	4
Inherent	12	16	16	16
Impact (Residual)	3	4	4	4
Likelihood (Residual)	3	4	4	4
Residual	9	16	16	16

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**Specific Actions Required**

	Title	Date for completion	Status
1	Adults: Establish and recruit to a Safeguarding Lead role acting at a Senior Level. Interim role in place covering some of the role. First attempt at recruitment in September failed, plan to re advertise in January 24.	31/01/2024	In progress
2	Adults: Develop a Safeguarding Improvement Plan to improve quality, pathways and address waiting times. ED seeking external support to progress this due to workforce challenges to be in place by January 24	31/01/2024	In progress
3	Adults: Move the Safeguarding function to the Advice & Wellbeing Hub to streamline the customer journey. Plan is well advanced, however will be introduced in phased manner once the backlog has been addressed.	31/03/2024	In progress
4	BFFC: 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	31/01/2024	In progress

**Background Information**

All deaths and serious injuries as a result of abuse or neglect are reported to West Berkshire Safeguarding Adult Board (WBSAB) which Reading Borough Council is the lead agency under the requirements of the Care Act 2014. The Safeguarding Review Panel (SAR Review Panel) which is a subcommittee of the Board considers all such cases in order to determine where a Safeguarding Adult Review (SAR) is required and reports its findings to the Board. All agencies represented on the Board have a duty of co-

operation under the Care Act to cooperate with any such review and to consider and act on the learning from reviews to improve practice and take mitigating action to ensure such failures to safeguard are reduced and lessons are learnt. Any serious harm, injury or death of a child is referred to BWSCP (Berkshire West Safeguarding Children's Panel), through any of the partnership agencies (social care, health, police or education). For Brighter Futures for Children (BfFC) a Serious Incident Notification (SIN) is made to Ofsted, a Rapid Review (RR) follows, and a decision is made by the National Safeguarding Panel (NSP) if a Child Serious Practice Review (CSPR) should be undertaken or if local learning would suffice to ensure learning is adequate and risk is mitigated. CSPR's are published and local learning reviews are shared with the wider partnership to ensure actions are taken to mitigate risk and learning positively impacts on practice.

Safeguarding Adults Reviews are published by the Board and reported onto the Quality Care Commission who regulate Adult Social Care Statutory Service whether provided directly by the Council or commissioned from external agencies.

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 (Updated June 2023):

There have been a number of staff in the Adult safeguarding team that have recently left leaving capacity gaps - some additional resources have been secured and further are being sought. It should be noted that there is a heavy reliance on agency workers currently (August 23).

Consequently, there is a backlog of work which is being actively monitored and risk assessed. It must be noted that the number of safeguarding referrals have been increasing month on month.

Susan Ross is responsible for Adult Social Care safeguarding and Maria young for children's safeguarding.

In BfFC there has been an increase in the number of children referred into the service with more complex needs that require safeguarding with immediacy and often care proceedings to be initiated. The workforce is mainly newly qualified social workers, and a great reliance is therefore placed on adequate supervision and management oversight, which increase work pressures. The number of children subject to Child Protection Plans, proceedings and 'Looked After' have increased and service delivery is therefore mostly at the higher end of complexity and intensity.

## Existing Controls in Place

### Adult Social Care and Health

- All Directorate staff and relevant other officers receive mandatory training to assess safeguarding risks. Staff and Managers have regular refresher training which is mandatory, and these are reporting on completion to 'Workforce Board' and Directorate Management Team (DMT) on a quarterly basis. Due to staff turnover and the frequency of staff refresher training, employees are continually required to update their knowledge.
- Supervision policy has been improved to ensure that staff receive 1-1 supervision from their managers where safeguarding is discussed, and practice support is available. Ongoing support is provided through the Safeguarding Adults Team.
- Open safeguarding episodes are reviewed and reported weekly to DMT and managers in the teams have oversight and support from senior managers.

- RBC follows the local policies and procedures, as set out by West Berkshire Safeguarding Adults Board.
- All referrals received are screened, risks assessed, and prioritisation decisions made. Process for this is in place.
- All learning from Safeguarding Adults Reviews is used to improve practice across Adult Social Care and multi-agency partners. As new reviews / cases occur the Principal Social Worker is responsible for implementing appropriate processes and sharing information across the service.
- Inspection findings from the Care Quality Commission (CQC) are acted on in services provided directly by the Council or by external Providers where services are commissioned and/or supported. Procedures and staffing are in place to manage situations as they arise. Monitoring of providers occurs through Commissioning arrangements, to ensure that identified improvements occur.
- Directorate of Communities and Adult Social Care (DCASC) provides safeguarding and quality oversight of care settings and where Serious Concerns (SC) are identified and holds Providers to account for improvements required and quality assures care quality through the contractual relationships which are commissioned. Process in place.
- Restructure: In July 2023 removed the responsibilities of lead safeguarding responsibilities. Created new role of 'Strategic Safeguarding Lead' this produced focused strategic leadership of safeguarding across the whole of Directorate of Communities and Adult Social Care (DCASC).
- Vacant Posts: Additional resources have been secured and further are being sought. It should be noted that there is a heavy reliance on agency workers currently (August 23). Advertising of posts is continual.
- Council must implement the Regulation 28 recommendation letter from the coroner inquest in June 2023. This must be complete by end of October 2023. Dedicated independent reviewer supporting Adult Social Care with work. As at August 2023 this is reportedly on track.

#### **Brighter Futures For Children (BFfC)**

- Risks relating to children's services are managed by Brighter Futures for Children, who have their own risk management arrangements. Service delivery when children are at significant risk is governed by statute and is highly regulated and inspected through Ofsted. Most of the risk management is set out in guidance and statute, with local guidance and practice expectations set out locally, in accessible format.
- An extra familial risk / contextual safeguarding pathway for adolescents has been established to provide support for young people who would otherwise have been subject of a Child Protection Plan (CPP). In 2022 /2023, cross council activity was embedded to enhance support available for adolescents at risk, a new monitoring system was implemented (E-TAC) where young people are robustly monitored and where the family becomes part of the support network around the child.
- 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.
- All staff receive mandatory training to assess safeguarding risks when commencing employment, with regular refresher training which is mandatory and reported to the BFfC Board and Senior Leadership Team on a quarterly basis.
- Supervision is crucial to provide clear guidance and decision making for children open to the service. A recent audit was undertaken to identify barriers to frequent (monthly supervision) and has identified a number of actions that will support robust managerial oversight, set out within supervision on children's records. A weekly and monthly performance data report supports the monitoring of compliance to a supervision policy and the quality of supervision is part of the Quality Assurance timetable.
- Quality Assurance and Impact Committee (QAIC) scrutinise the service delivery and performance of the service on a monthly basis, and risk identified is addressed subsequently. External auditors also report on findings that allows for internal and external scrutiny of the safeguarding practice.

- Quarterly Performance Committees across the wider service, monthly audit work and weekly monitoring meetings provide forums to identify and address any safeguarding risks. These culminate also in learning reviews that are quarterly, to ensure any serious incidents or safeguarding risk or practice concerns are shared and mitigated against.
- BFFC follows the local policies and procedures, as set out by West Berkshire Safeguarding Children's Board (WBSCB) as well as local practice guidance.
- All referrals received are screened, risks assessed, and prioritisation decisions made in Children's Single Point of Access (CSPoA). Process for this is well established and remain subject to dip-sampling and auditing to ensure robust, consistent application of threshold decision making. A Berkshire West Safeguarding Children Partnership (BWSCP) Multi Agency Safeguarding Hub (MASH) Oversight Board was also established to hold all partners to account for consistent service delivery that meets children's safeguarding needs.
- All learning from Safeguarding Practice Reviews or local learning reviews is used to improve practice across Children's Services and multi-agency partners.
- Inspection findings from OFSTED are acted on and embodied in actions through an Improvement Plan. This Plan is reviewed on a weekly basis in Inspection Preparation meetings as well as through Quality Assurance and Impact Committee (QAIC) and Performance Committees.
- Monitoring of providers occurs through Commissioning arrangements, to ensure that identified improvements occur. Process in place.

### **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.
- Mapping across all departments in the Autumn will benchmark all current work supporting Children Looked After and Care Leavers.
- Working with Local Government Association. Relationships in place and occurring.



Risk:  
Strategic Risk: Information Governance - Failure to protect personal data

Register:  
DOR  
Risk owner:  
Graham, Michael

**8**  
Current Score

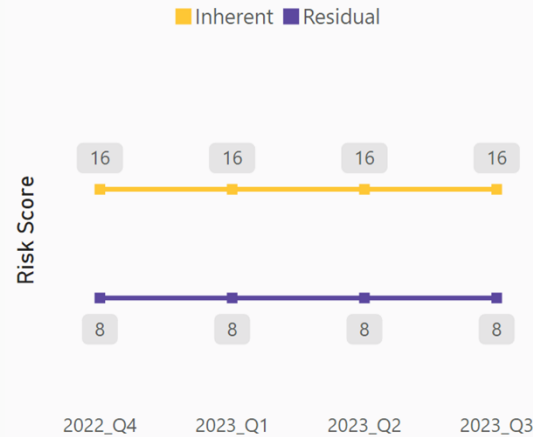
**Cause**

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

**Potential Impact**

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

**Trends - Risk Scores**



**Risk Scoring**

Risk Type	2022 Q4	2023 Q1	2023 Q2	2023 Q3
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

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**Specific Actions Required**

	Title	Date for completion	Status
1	Review of Breach Management Policy commissioned in relation to external suppliers of software systems.	31/01/2024	In progress
2	Records of Processing Activities (ROPA) being further developed by Data Protection Officer and will help to identify Information Asset Owners within Services.	31/03/2024	In progress
3	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	30/05/2024	In progress
4	Information Sharing Protocols to be reviewed by Information Governance Champions Network	29/06/2024	In progress
5	Review of Mandatory Training at Corporate Management Team	29/04/2024	In progress

**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 Regulations (GDPR). 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 Controls in Place

- Information Governance Board (IGB) set up to oversee delivery of Information Management Strategy and compliance.
- Information Management Strategy agreed at Policy Committee on 7 March 2022.
- 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.
- Oversight from the Audit and Governance Committee on a quarterly basis.
- Face to Face Data Protection refresher training is available for staff as and when needed.
- Subject Access Request policy and Breach Management policy reviewed by Information Governance Board. Further training to be delivered to staff.
- 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).
- Information Sharing Protocols have been centralised (In place) and will be reviewed by IGCN (See Action Point 4).
- 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 being actioned. Further work through the IGCN will ensure that the schedules are given greater visibility and to assess level of compliance.
- New Information Governance and Cyber Security modules have been rolled out as mandatory training. Uptake is subject to monitoring at Information Governance Board.



Risk:  
**Strategic Risk: Unable to deliver a balanced budget as a result of cost of living increases, demand pressures and achieving income targets.**

Register:  
 DOR  
 Risk owner:  
 Carter, Darren

**16**  
 Current Score

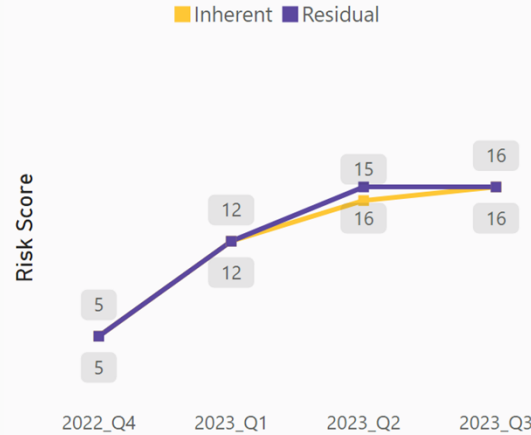
**Cause**

Overspends, cost of living increase caused by rising rates of inflation and fuel/energy costs, increasing demand and 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 Q4	2023 Q1	2023 Q2	2023 Q3
Impact (Inherent)	5	3	3	4
Likelihood (Inherent)	1	4	5	4
Inherent	5	12	15	16
Impact (Residual)	5	3	4	4
Likelihood (Residual)	1	4	4	4
Residual	5	12	16	16

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**Specific Actions Required**

	Title	Date for completion	Status
1	The detailed budget planning for the 2024/25 budget is underway. This will be ongoing until February 2024 full Council Meeting.	29/02/2024	In progress
2	A review of reserves will be undertaken by the Director of Finance in January 2024 to ensure that they remain adequate.	31/01/2024	In progress
3	Directorates to work up mitigation plans to reduce the forecast overspend for current financial year.	29/02/2024	In progress

**Background Information**

The economic climate has changed significantly since the Council approved the budget in February 2023. The cost-of-living crisis is generating pay and inflation pressures significantly greater than had been provided for in the budget. We are also seeing significant demand pressures in Children's Social Care as a result of increasing numbers of children in care and increasing complexity of needs. We are also continuing to see pressures on income budgets as they are yet to return to pre COVID levels.

The risk has reduced for Q2 2023 because of the actions being undertaken by DMT's and CMT and the plans that are still being developed.

## Existing Controls in Place

- Monthly meetings occur with Corporate Management Team to consider all key financial risks.
- The Quarter 2 performance report submitted to Policy Committee in December 2023 setting out the current forecast for this year.
- Updated Medium Term Financial Strategy report submitted to Policy Committee in December 2023 forecasting a £4.1m budget deficit for 2024/25.
- Provisional settlement from Government received for 2024/25. Limited information currently available for future years.
- Directorates have been requested to work up mitigation plans to reduce the forecast overspend for the current financial year. Request complete.

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## Audit and Governance Committee

23 January 2024



**Reading**  
Borough Council  
Working better with you

<b>Title</b>	Treasury Management Review Quarter 2 2023/24
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Report author</b>	Stuart Donnelly, Financial Planning & Strategy Manager
<b>Lead Councillor</b>	Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources
<b>Corporate priority</b>	Not applicable, but still requires a decision
<b>Recommendations</b>	1. That the Committee notes the content of the Treasury Management Review Quarter 2 report for 2023/24

### 1. Executive Summary

- 1.1. The Council adopted a Treasury Management Strategy and an Annual Investment Strategy for 2023/24 at its meeting on 28<sup>th</sup> February 2023.
- 1.2. The purpose of this report is to update Members on the activity of the Treasury Management function during the second quarter of the year for the period 1<sup>st</sup> July 2023 to 30<sup>th</sup> September 2023.
- 1.3. The Council has complied with all elements of its Treasury Management Strategy Statement (TMSS) as agreed by Full Council on 28<sup>th</sup> February 2023 during this period.

### 2. Policy Context

- 2.1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly.
- 2.2. This report facilitates that process providing details of the Council's treasury management activity for the second quarter of 2023/24.

### 3. Interest Rates

#### Monetary Policy Committee (MPC) meetings

- 3.1. The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 25 basis points to 5.25% on 3<sup>rd</sup> August 2023 where it has remained to date.

#### Interest Rate Forecast

- 3.2. The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rate forecasts, which are set out in Table 1. The PWLB rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

- 3.3. The latest forecast on 25<sup>th</sup> September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

**Table 1. Interest Rate Forecasts**

Link Group Interest Rate View	25.09.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	
<b>BANK RATE</b>	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75	
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80	
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90	
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00	
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50	
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50	
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80	
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60	

### The Balance of Risks to the UK Economy

- 3.4. The overall balance of risks to economic growth in the UK is to the downside due to:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, the rising of gilt yields;
- **The Bank of England** increases Bank Rate too fast and too far over the coming months, and subsequently brings about a deeper and longer UK recession than currently anticipated;
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues;
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows;
- **A broadening of banking sector fragilities**, which have been successfully addressed in the near-term by central banks and the market generally, but which may require further intervention if short-term interest rates stay elevated for longer than is anticipated.

- 3.5. Upside risks to current forecasts include:

- **The Bank of England** is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project, or even necessitates a further series of increases in Bank Rate.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- **Longer-term US treasury yields** rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher consequently.
- **Projected gilt issuance, inclusive of natural maturities and Quantitative Tightening**, could be too much for the markets to comfortably digest without higher yields compensating.

#### 4. Treasury Management Strategy Statement and Annual Investment Strategy Update

- 4.1. The Treasury Management Strategy Statement (TMSS) for 2023/24 was approved by Full Council on 28<sup>th</sup> February 2023.
- 4.2. There are no policy changes required to the TMSS. This report sets out the Council's position compared to the TMSS in light of budgetary changes already approved and revised in-year forecasts of capital expenditure.

#### 5. The Council's Capital Position (Prudential Indicators)

##### Prudential Indicators for Capital Expenditure

- 5.1. The Council is required to ensure that all of its Capital Expenditure, investments and borrowing decisions are prudent and sustainable. The prudential indicators for capital expenditure set out whether or not the Council is delivering within its approved budgets.
- 5.2. Tables 2 and 3 below show the Council's forecast capital expenditure compared to the Capital Programme agreed in February 2023 (Original Budget) and the Capital Programme as at Quarter 2 (Revised Budget) as approved by Policy Committee as part of the 2023/24 Quarter 2 Performance and Monitoring Report in December 2023.
- 5.3. The indicators show that the Council is forecasting a positive net variance against the approved Capital Programme budget of £1.078m for the General Fund.

**Table 2. General Fund Capital Programme**

General Fund	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 30 <sup>th</sup> September 2023)	Variance
	£m	£m	£m	£m
Community & Social Care Services	9.203	2.206	2.206	0.000
Economic Growth & Neighbourhood Services	69.335	39.785	39.785	0.000
Economic Growth & Neighbourhood Services – Education Schemes	18.297	14.020	14.020	0.000
Resources	2.879	5.889	5.889	0.000
Corporate	6.948	5.190	4.112	(1.078)
<b>Total General Fund</b>	<b>106.662</b>	<b>67.090</b>	<b>66.012</b>	<b>(1.078)</b>

- 5.4. The indicators show that the Council is forecasting online against the approved HRA Capital Programme budget of £33.564m

**Table 3. HRA Capital Programme**

Housing Revenue Account	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 30 <sup>th</sup> September 2023)	Variance
	£m	£m	£m	£m
Housing Revenue Account	56.856	33.564	33.564	0.000
<b>Total Housing Revenue Account</b>	<b>56.856</b>	<b>33.564</b>	<b>33.564</b>	<b>0.000</b>

- 5.5. Further details on significant variances on individual capital schemes are reported to Policy Committee as part of the Quarterly Performance and Monitoring Reports.

### Changes to the Financing of the Capital Programme

- 5.6. Tables 4 and 5 below identify the expected financing arrangements of the Council's capital expenditure plans. The Borrowing Requirement increases the underlying indebtedness of the Council by increasing the Capital Financing Requirement (CFR), although this will be reduced in part by revenue contributions for the repayment of debt (the Minimum Revenue Provision).

**Table 4. Financing of the General Fund Capital Programme**

General Fund	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 30 <sup>th</sup> September 2023)
	£m	£m	£m
<b>Total Capital Expenditure</b>	<b>106.662</b>	<b>67.090</b>	<b>66.012</b>
<b>Financed by:</b>			
Capital Receipts	1.798	4.595	3.517
Capital Grants and other Contributions	58.874	36.642	36.642
Direct Revenue Financing	3.094	10.753	10.753
<b>Total Financing (excluding Borrowing)</b>	<b>63.766</b>	<b>51.990</b>	<b>50.912</b>
<b>Net Borrowing Requirement</b>	<b>42.896</b>	<b>15.100</b>	<b>15.100</b>

**Table 5. Financing of the HRA Capital Programme**

Housing Revenue Account	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 30 <sup>th</sup> September 2023)
	£m	£m	£m
<b>Total Capital Expenditure</b>	<b>56.856</b>	<b>33.564</b>	<b>33.564</b>
<b>Financed by:</b>			
Capital Receipts	3.277	0.315	0.315
Capital Grants and other Contributions	7.742	9.029	9.029
Capital Reserves	21.697	12.918	12.918
Direct Revenue Financing	0.553	0.504	0.504
<b>Total Financing (excluding Borrowing)</b>	<b>33.269</b>	<b>22.766</b>	<b>22.766</b>
<b>Net Borrowing Requirement</b>	<b>23.587</b>	<b>10.798</b>	<b>10.798</b>

### Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

- 5.7. Table 6 shows the Council's CFR, which is its total underlying indebtedness. It also shows the maximum expected debt position (the Operational Boundary) over the period as at 28<sup>th</sup> February 2023, which was £699.283m. The revised Operational Boundary is £650.108m which has reduced due to the revised expenditure and financing forecasts.



**Table 6. Capital Financing Requirement and Operational Boundary**

	2023/24 Original Estimate	2023/24 Full Year Forecast (as at 30 <sup>th</sup> September 2023)
	£m	£m
<b>Prudential Indicator – Capital Financing Requirement</b>		
CFR – General Fund	456.690	418.386
CFR - HRA	222.593	211.722
<b>Total CFR</b>	<b>679.283</b>	<b>630.108</b>
<b>Prudential Indicator – Operational Boundary for External Debt</b>		
Capital Financing requirement	679.283	630.108
Headroom	20.000	20.000
<b>Operational Boundary</b>	<b>699.283</b>	<b>650.108</b>

- 5.8. The Council's current level of external debt (as at 30<sup>th</sup> September 2023) is £405.513m, as set out in Table 7 below. The Council is therefore operating significantly within its Operational Boundary.

#### Limits to Borrowing Activity

- 5.9. Over the medium term, net borrowing (borrowings less investments) should only be for capital purposes. Gross external borrowing should not, except in the short term, exceed the total of the Council's CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy within the TMSS for borrowing in advance of need which will be adhered to if this proves prudent.

**Table 7. Capital Financing Requirement and Actual Borrowing**

	2023/24 Original Estimate	2023/24 Actual Position (as at 30 <sup>th</sup> September 2023)	2023/24 Full Year Forecast (as at 30 <sup>th</sup> September 2023)
	£m	£m	£m
Borrowing	478.888	383.670	397.500
Other Long-Term Liabilities	21.843	21.843	21.843
<b>Total Debt</b>	<b>500.731</b>	<b>405.513</b>	<b>419.343</b>
<b>CFR (year end position)</b>	<b>679.283</b>	<b>630.108</b>	<b>630.108</b>
<b>Over/(under) Borrowing</b>		<b>(224.595)</b>	<b>(210.765)</b>

- 5.10. The Authorised Borrowing Limit is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit determined under section 3 (1) of the Local Government Act 2003 and sets the limit beyond which borrowing is prohibited without Member approval. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. Table 8 below sets out the Authorised Limit. The current level of external debt of £405.513m (as at 30<sup>th</sup> September 2023) is significantly within the Authorised Limit.

**Table 8. Authorised Limit**

	<b>2023/24 Original Indicator</b>	<b>2023/24 Forecast (30<sup>th</sup> September 2023)</b>
	<b>£m</b>	<b>£m</b>
Operational Boundary	699.283	650.108
Headroom	40.000	40.000
<b>Total Authorised Limit</b>	<b>739.283</b>	<b>690.108</b>

## **6. Borrowing**

- 6.1. The Council's estimated Capital Financing Requirement (CFR) for 2023/24 as at 30<sup>th</sup> September 2023 is £630.108m. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing) to fund capital expenditure. The balance of external and internal borrowing is generally driven by market conditions.
- 6.2. Table 7 above shows that the Council has external borrowing (including prior year borrowing) of £405.513m and has utilised £224.595m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in respect of the Council's cashflow requirements, long-term borrowing requirement and interest rate increases.
- 6.3. Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement), new external short-term borrowing totalling £10.000m was undertaken in May 2023 from the local authority market at an average rate of 4.55%. A further £10.000m was borrowed in September, again from the local authority market, at a rate of 5.45%.
- 6.4. It is possible that the Council may need to borrow further during Quarter 3 & Quarter 4 of 2023/24 as cash balances are forecast to reduce. This is primarily as a result of repayment of short-term loans and the expected lower revenue in the latter part of the year. However, the current expectation is that this would be met by temporary or short-term borrowing. The Council's Borrowing Strategy will be reviewed and revised as part of the Treasury Management Strategy Statement 2024/25 in order to achieve optimum value and risk exposure in the long-term.

## **7. Debt rescheduling**

- 7.1. Debt rescheduling opportunities have increased significantly in the current quarter where gilt yields, which underpin PWLB rates and market loans, have risen materially. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.
- 7.2. No debt rescheduling took place during Quarter 2 of 2023/24.
- 7.3. Whilst debt rescheduling has not taken place, two Lender Option Borrower Option (LOBO) loans totalling £10.000m were repaid during September 2023. As the lender took up their option to increase the interest rates on these loans, the Council took up its option to repay the principal amounts rather than being locked in to higher interest rates. The Council therefore has one LOBO of £5.000m remaining in its borrowing portfolio.

## **8. Compliance with Treasury and Prudential Limits**

- 8.1. During the quarter ended 30<sup>th</sup> September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

- 8.2. All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

## **9. Annual Investment Strategy**

- 9.1. The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 28<sup>th</sup> February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity;
- Yield.

- 9.2. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

### **Creditworthiness.**

- 9.3. Following the Government's fiscal event on 23<sup>rd</sup> September 2022, both S&P Global (previously known as Standard & Poor's) and Fitch credit rating agencies placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and a challenging economic outlook. Nothing further has evolved in quarter two of 2023/24.

### **Investment Counterparty Criteria**

- 9.4. The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

### **Investment Balances**

- 9.5. The average level of funds available for investment purposes during the year to 30<sup>th</sup> September 2023 was £38.925m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and Capital Programme expenditure. These funds have earned an average rate of 4.75%. The comparable performance indicator is the 7 days backward looking Sterling Overnight Index Average (SONIA) un compounded rate, which was also 4.75%.
- 9.6. The current level of treasury investments as at 30<sup>th</sup> September 2023 total £38.444m and are detailed in Appendix 3.
- 9.7. The Council also has £15.000m invested in the CCLA Property Fund which is a long-term investment and has received an income of £0.401m over the six-month period to 30<sup>th</sup> September 2023. The total income return on the fund is 5.33%.
- 9.8. The Council's budgeted General Fund investment return for 2023/24 was £0.173 million; the forecast General Fund interest received from investments as of September 2023 was £0.480 million, a £0.307 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.

- 9.9. The position on interest income must be compared with external interest costs payable. The forecast external interest costs as of 30<sup>th</sup> September 2023 are £7.346 million against a budget of £9.225 million; a £1.879 million positive variance against the General Fund budget. The net General Fund position on interest receivable/payable is therefore a net positive variance of £2.186 million.
- 9.10. The Council's investment position as at 30<sup>th</sup> September 2023 is detailed at Appendix 3. The portfolio includes loans made to Homes for Reading Ltd where principal repayments due in September 2022 and March 2023 were not made. Refinancing proposals are currently being reviewed.

### **Approved Limits**

- 9.11. Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30<sup>th</sup> September 2023.
- 9.12. There are no policy changes required to the TMSS. This report sets out the Council's position compared to the TMSS in light of the updated economic position, budgetary changes already approved and revised in-year forecasts of capital expenditure.
- 9.13. A full list of investments held as of 30<sup>th</sup> September 2023 is set out in Appendix 3.

## **10. Contribution to Strategic Aims**

- 10.1. 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.
- 10.2. Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

## **11. Environmental and Climate Implications**

- 11.1. 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).
- 11.2. 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.
- 11.3. The Council has provided loans totalling £1.700m to Reading Transport Limited to specifically fund improvements to their existing fleet of buses in respect of hybrid fuel conversions which produce lower emissions.

## **12. Community Engagement**

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

### **13. Equality Implications**

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

### **14. Other Relevant Considerations**

14.1. There are none.

### **15. Legal Implications**

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

### **16. Financial Implications**

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

### **17. Timetable for Implementation**

17.1. Not applicable.

### **18. Background Papers**

18.1. There are none.

### **Appendices**

**1. Link Group Economics Update**

**2. Debt Portfolio as of 30<sup>th</sup> September 2023**

**3. Investment Portfolio as of 30<sup>th</sup> September 2023**

**4. Approved Countries for Investments as of 30<sup>th</sup> September 2023**

## **Appendix 1 – Link Group Economics Update**

1. The first half of 2023/24 saw:
  - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle;
  - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside;
  - A 0.5% m/m decline in real GDP in July, mainly due to more strikes;
  - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7;
  - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high;
  - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).
2. The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
3. The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
4. The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
5. As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
6. The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

7. But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.
8. CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
9. In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
10. Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".
11. This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.
12. The yield on 10-year Gilts fell from a peak of 4.74% on 17<sup>th</sup> August to 4.44% on 29<sup>th</sup> September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).
13. The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.
14. The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31<sup>st</sup> August to 7,608 on 29<sup>th</sup> September. The rebound has been primarily driven by higher

energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.



## Appendix 2 – Debt Portfolio as of 30<sup>th</sup> September 2023

Class	Type	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
Loan	Temporary Borrowing - Fixed	22/11/23	Barnsley Metropolitan Borough Council	Maturity	4.500%	5,000,000.00
Loan	Temporary Borrowing - Fixed	22/11/23	Oxfordshire County Council	Maturity	4.600%	5,000,000.00
Loan	Temporary Borrowing - Fixed	01/11/23	Manchester City Council	Maturity	5.450%	10,000,000.00
<b>Temporary Borrowing - Fixed Total</b>					<b>5.000%</b>	<b>20,000,000.00</b>
Loan	Fixed	25/03/68	PWLB	Maturity	2.280%	15,000,000.00
Loan	Fixed	27/09/43	PWLB	Maturity	2.820%	15,000,000.00
Loan	Fixed	27/09/49	PWLB	Maturity	2.790%	15,000,000.00
Loan	Fixed	11/03/66	PWLB	Maturity	2.380%	15,000,000.00
Loan	Fixed	13/03/37	PWLB	Maturity	2.420%	5,000,000.00
Loan	Fixed	13/03/57	PWLB	Maturity	2.420%	5,000,000.00
Loan	Fixed	01/04/64	PWLB	Maturity	2.200%	10,000,000.00
Loan	Fixed	02/10/62	PWLB	Maturity	1.640%	5,000,000.00
Loan	Fixed	01/10/63	PWLB	Maturity	1.630%	5,000,000.00
Loan	Fixed	07/10/66	PWLB	Maturity	1.630%	5,000,000.00
Loan	Fixed	08/10/68	PWLB	Maturity	1.630%	5,000,000.00
Loan	Fixed	25/09/69	PWLB	Maturity	2.070%	15,000,000.00
Loan	Fixed	25/09/51	PWLB	Maturity	4.150%	2,000,000.00
Loan	Fixed	25/09/55	PWLB	Maturity	3.900%	5,000,000.00
Loan	Fixed	25/09/55	PWLB	Maturity	3.700%	5,000,000.00
Loan	Fixed	25/09/47	PWLB	Maturity	4.200%	2,000,000.00
Loan	Fixed	25/03/52	PWLB	Maturity	4.250%	20,000,000.00
Loan	Fixed	25/09/51	PWLB	Maturity	4.200%	5,000,000.00
Loan	Fixed	25/09/52	PWLB	Maturity	4.050%	10,000,000.00
Loan	Fixed	25/03/53	PWLB	Maturity	4.250%	10,000,000.00
Loan	Fixed	25/03/54	PWLB	Maturity	4.250%	10,000,000.00
Loan	Fixed	25/03/58	PWLB	Maturity	4.480%	2,000,000.00
Loan	Fixed	25/09/57	PWLB	Maturity	4.390%	6,000,000.00
Loan	Fixed	25/09/58	PWLB	Maturity	4.120%	10,000,000.00
Loan	Fixed	25/03/59	PWLB	Maturity	4.200%	5,000,000.00
Loan	Fixed	25/03/24	PWLB	EIP	2.700%	170,000.00
Loan	Fixed	25/03/60	PWLB	Maturity	3.920%	10,000,000.00
Loan	Fixed	25/03/26	PWLB	EIP	3.590%	1,250,000.00
Loan	Fixed	25/03/31	PWLB	EIP	3.350%	3,750,000.00
Loan	Fixed	25/03/51	PWLB	Maturity	3.530%	12,000,000.00
Loan	Fixed	25/09/26	PWLB	Maturity	2.970%	12,000,000.00
Loan	Fixed	25/03/50	PWLB	Maturity	3.530%	15,000,000.00
Loan	Fixed	25/03/41	PWLB	Maturity	3.490%	15,000,000.00
Loan	Fixed	25/03/61	PWLB	Maturity	3.480%	15,000,000.00
Loan	Fixed	25/03/32	PWLB	Maturity	3.300%	12,000,000.00
Loan	Fixed	25/09/41	PWLB	Maturity	3.490%	15,000,000.00
Loan	Fixed	25/09/51	PWLB	Maturity	3.520%	3,000,000.00
Loan	Fixed	25/03/62	PWLB	Maturity	3.480%	15,000,000.00
Loan	Fixed	25/03/41	PWLB	EIP	2.990%	17,500,000.00
Loan	Fixed	06/12/55	Barclays Bank plc	Maturity	3.990%	5,000,000.00
<b>Fixed Total</b>					<b>3.243%</b>	<b>358,670,000.00</b>
Loan	LOBO	31/01/78	Dexia	Maturity	4.190%	5,000,000.00
<b>LOBO Total</b>					<b>4.190%</b>	<b>5,000,000.00</b>
<b>Loan Total</b>					<b>3.357%</b>	<b>383,670,000.00</b>

### Appendix 3 - Investment Portfolio as of 30<sup>th</sup> September 2023

Borrower	Amount £m	Interest rate	Start date	Maturity date	LAs Credit Rating
<b>Treasury Investments</b>					
Lloyds Bank Plc (RFB) – current account	0.444	5.15%	N/A	N/A	A+
Federated Prime Rate Sterling Liquidity 4	20.000	5.35%	N/A	N/A	AAA
CCLA Local Authorities Property Fund	15.000	5.33%	N/A	N/A	N/A
<b>Total Treasury Investments</b>	<b>38.444</b>				
<b>Non-Treasury Investments</b>					
Brighter Futures for Children Ltd	5.000	1.81%	25/03/21	24/03/26	N/A
Homes for Reading Ltd	1.100	3.25%	29/09/17	26/09/22	N/A
Homes for Reading Ltd	0.400	3.38%	23/01/18	26/09/22	N/A
Homes for Reading Ltd	0.800	3.59%	28/02/18	26/09/22	N/A
Homes for Reading Ltd	0.700	3.58%	20/03/18	26/09/22	N/A
Homes for Reading Ltd	0.800	3.62%	25/04/18	24/03/23	N/A
Homes for Reading Ltd	0.800	3.57%	11/05/18	24/03/23	N/A
Homes for Reading Ltd	2.000	3.48%	29/08/18	24/03/23	N/A
Homes for Reading Ltd	3.000	3.41%	24/09/18	24/03/23	N/A
Homes for Reading Ltd	4.000	3.19%	11/12/18	24/03/23	N/A
Homes for Reading Ltd	2.000	3.38%	07/02/19	24/03/23	N/A
Homes for Reading Ltd	1.300	3.51%	29/06/18	24/03/23	N/A
Homes for Reading Ltd	7.000	3.75%	16/04/19	24/03/29	N/A
Reading Transport Ltd	4.609	5.00%	30/04/19	30/04/29	N/A
Reading Transport Ltd	0.500	5.00%	15/08/19	30/07/29	N/A
Reading Transport Ltd	0.490	5.00%	08/04/18	01/07/23	N/A
Reading Transport Ltd	0.207	5.00%	03/06/18	01/07/23	N/A
Reading Transport Ltd	0.164	5.00%	29/07/18	01/07/23	N/A
Reading Transport Ltd	0.151	5.00%	20/01/20	01/01/24	N/A
Reading Transport Ltd	0.700	5.00%	21/08/20	01/10/24	N/A
<b>Total Non-Treasury Investments</b>	<b>35.721</b>				
<b>Total Investments*</b>	<b>74.165</b>				

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

## **Appendix 4 - Approved Countries for Investments as of 30<sup>th</sup> September 2023**

### ***Based on lowest available rating***

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA-

- Belgium
- France
- U.K.

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## Audit and Governance Committee

23 January 2024



**Reading**  
Borough Council  
Working better with you

<b>Title</b>	<b>Implementation of New Finance System update</b>
<b>Purpose of the report</b>	To note the report for information
<b>Report status</b>	Public report
<b>Report author</b>	Darren Carter, Director of Finance
<b>Lead Councillor</b>	Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources
<b>Corporate priority</b>	Not applicable, but still requires a decision
<b>Recommendations</b>	1. That the Committee notes the successful implementation of the e5 finance system at the start of December 2023 and the arrangements in place for end user support, training and ongoing solution improvement.

### 1. Executive Summary

- 1.1. This report updates the Committee on the implementation of the new finance system, e5, which went live at the start of December 2023. The project is now in a hyper care period through to February 2024 during which the Council's finance team is being supported by specialist resources to help resolve support requests, deliver refresher training to end users, and to complete system management knowledge transfer.
- 1.2. The project Steering Group is meeting on a weekly basis to assess early post go live progress and advise on actions with representation from across the Council. This report summarises the key activities to be completed in the next period to support users and deliver further improvements to the e5 solution.

### 2. e5 Go Live and Support Arrangements

- 2.1. Since the last Committee meeting, the Oracle Fusion finance system was closed to users at the end of November and the replacement e5 solution went live in early December to deliver a financial system for both RBC and BFfC. Since go live, over 400 users have accessed the e5 system to raise purchase orders, process invoices, pay suppliers, collect income and perform a variety of financial transactions including the successful processing of interfaces.
- 2.2. On the whole the implementation has been a success. As with any significant system change there is a period of adjustment required as users get used to operating new process, and there are a number of ongoing work items where improvements were planned to be implemented post go-live.
- 2.3. Access to the Council's previous finance system Oracle Fusion will still be retained for a very small number of users to facilitate access to historical or closed information – this

mainly relates to accessing debtor's transactions and financial case history, and to support external or internal audit scrutiny and preparation of working papers and financial extracts to support the production of the annual statement of accounts.

- 2.4. The Council has regular meetings with Advanced, the e5 system provider, where any support issues can be escalated where required.
- 2.5. Arrangements for end user support and ongoing training were established prior to go live and have been delivered as per the agreed plan.
- 2.6. The Council's Finance Systems Team are performing day to day management of the e5 solution with the support of project team specialists who will remain in place during January with a reduced presence in February as knowledge transfer is completed to internal resources.
- 2.7. The Project Steering Group continue to meet on a weekly basis chaired by the Director of Finance and attended by finance and procurement workstream leads and IT representatives. The Steering Group review progress since go live on user adoption, on issue resolution, end to end process performance against the agreed design and will make decisions on priority improvements.
- 2.8. Although ultimately the benefits of the new finance system will take time to be fully realised once the Hypercare period is over, a new purchasing scheme of delegation and refreshed general ledger reporting structure has been implemented and a new budget forecasting tool, Collaborative Planning, has been configured and rolled out to finance staff to increase their familiarity.
- 2.9. Looking forward, a planned roll out of Collaborative Planning to budget holders will take place in the coming months which will enable direct budget holder access to financial information and improve how finances are managed.
- 2.10. A roadmap of potential post go-live improvements to the e5 solution has been prepared and will be subject to further review and update in the post go-live period including cost benefit analysis. The initial focus will be on supporting users and bedding-in the support arrangements as well as the development of additional reporting capabilities.

### **3. Contribution to Strategic Aims**

- 3.1 The e5 system will support the Council's vision for financial management and governance, enabling the adoption of best practice and empowering finance staff and budget managers to improve performance and outcomes.
- 3.2 The key changes in ways of working and improvements in functionality that the e5 system will provide include:
  - budget holder self-service with budget holders having direct access to the financial information they need whenever they need it.
  - simplified chart of accounts to aid financial reporting.
  - a portal for raising purchase orders.
  - improved information on our purchases
  - a simple way to receipt the delivery of goods and services.
  - a new process for creating suppliers and customers.
  - improvements to our debt management process.

### **4. Environmental and Climate Implications**

- 4.1. None arising.

### **5. Community Engagement**

5.1. Not applicable.

## **6. Equality Implications**

6.1. Not applicable.

## **7. Other Relevant Considerations**

7.1. There are none.

## **8. Legal Implications**

8.1. There are none.

## **9. Financial Implications**

9.1. Implementation costs have be met from a combination of the approved capital budget of £600,000 and associated revenue budgets.

## **10. Timetable for Implementation**

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

## **11. Background Papers**

11.1. There are none.

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## Audit and Governance Committee

23 January 2024



**Reading**  
Borough Council  
*Working better with you*

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

### 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 three 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. RBC cases from 20/21, 21/22 and 22/23 - there were 29 cases outstanding, 17 of these have been completed since the last report in September 23, leaving 12 cases outstanding. For 23/24, 48 cases have been received so far, of these 23 have been completed and 21 remain outstanding as 4 cases were closed as an Invalid Request.
- 3.2. BFfC cases, in 22/23 a total of 59 cases were received, 52 cases have now been completed, 3 cases were closed as an Invalid Request, leaving 4 outstanding. In Q1 of 23/24 a total of 20 cases were received. In Q2, a further 12 new cases were received. In Q3, a further 10 cases were received, making a total of 42 cases for the year so far. The service has completed 29 of these cases, 3 cases were closed as an Invalid Request and 10 cases remain outstanding.
- 3.3. The implementation of the redaction software is progressing, operational staff from Legal Services and Customer Relations Team have received demonstrations of the product, the Council's IT service are in the process of providing input around hosting the system and the supplier's Project Manager is drafting blueprints of our processes. The new software system can provide data and other information relevant to running reports on a particular case however it cannot run reports on the process. The Information Rights Services Manager has requested a workflow form to track and monitor the process via the new CRM system which is planned to be used for other corporate governance processes.

### SAR Backlog Data as at 31 December 2023

	20/21		21/22		22/23		23/24	
	RBC	BfC	RBC	BfC	RBC	BfC	RBC	BfC
<b>No Received</b>	35	64	44	38	46	59	48	42
<b>No Completed</b>	32	61	37	38	42	43	23	29
<b>No Outstanding</b>	3	0	6	0	3	4	21	10
<b>No Closed (Invalid requests*)</b>	0	3	1	0	1	3	4	3

*\*Invalid Request – Requests that have been submitted without ID or Proof of Address, no response to requests to provide, 6 week time limit passed. ICO Guidelines.*

#### 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.
- 3.6. Following the update provided at the September 2023 meeting for Q1 2023/24 the data for Q2 is below.

#### Total number received in Q2 allocated to Directorates and FOI Team

Directorate	Total No. Received	%	Q1
BfC	54	12.9	45
DACHS	24	3.4	12
DEGNS	145	46.1	160
DoR	75	26.4	92
FOI Team	47	11.2	39
<b>Total</b>	<b>345</b>	<b>100</b>	<b>348</b>

## FOI's Responded to in Timescale by Directorate and FOI Team in Q2

Directorate	Total No. sent out in Timescale	%
<b>BfC</b>	28	51.9
<b>DACHS</b>	19	79.1
<b>DEGNS</b>	105	72.4
<b>DoR</b>	58	77.3
<b>FOI Team</b>	47	100
<b>Total</b>	257	75.6*

During the quarter, our software supplier released an update which resulted in an unexpected error in the process. FOI's that had been responded to by officers, were not visible to the Customer Relations Team on the system. As a result, a number of cases went out overdue and have been reported as so. If the update went as expected, and the 21 cases affected had been responded to within the target date, then the percentage sent out in timescale would have increased from 75.6% to 80.5%

3.7. We have not seen any clear themes around the subject matter of the requests received in this quarter.

### 3.8. Breakdown by month for Q2

Directorate	FOI's received in July	% sent out in time in July	FOI's received in August	% sent out in time in August	FOI's received in Sept	% sent out in time in Sept
<b>BfC</b>	23	60.1	15	66.6	16	64.3
<b>DACHS</b>	10	80	12	83.3	2	50
<b>DEGNS</b>	45	73.3	52	71.1	48	72.9
<b>DoR</b>	28	78.6	21	80.0	26	76.0
<b>FOI Team</b>	17	100	18	100	12	100
<b>Overall</b>	123	77.1	118	73.7	104	76.0

3.9. In Q1 the Council and BfC responded to 73.6% of FOI's in timescales, we reported to this committee in September that the response rates had declined primarily due to some system issues that came about as a result of the software update from the supplier and that this was likely to affect data for Q2 also. The system issue is now resolved and the Q2 data is on the above tables, 257 (75.6%) of 348 requests received were sent out in timescales.

3.10. Of the 257 FOI's responded to, 5 came back to the Information Governance Team for Internal Reviews (IR). Of these, one was issued under Environmental Information Regulations (EIR). 3 were responded to with additional information and 1 was issued with the original information.

3.11. The Information Rights Services Manager and the Customer Relations Team Manager have been working with the RBC Project Team and the supplier in the implementation of the Council's new CRM system. Their focus is the FOI workflow along with four other common corporate governance processes. The Customer Relations Team is in the process of testing the system forms in order to feedback to the Project Team any changes that may be required. We will explore how the new system can assist us to improve our process, simplify the FOI management workflow and reporting capability. The feedback from testing will be shared with the Project Team and further collaboration with the supplier is available if required.

- 3.12. We continue to raise awareness of the importance of responding to FOI's on time, offer one to one advice to responders, and continue to send reminders to responders, this is done by email outside of the FOI system. On a weekly basis the team share new and overdue cases with senior managers who assist with reminding staff to respond within timescales.

### **Data Transparency**

- 3.13. The Data Transparency pages were reviewed in December 2023 and the Contract and Procurement data remain out of date. As stated previously this has been highlighted to the Assistant Director Procurement and Contracts who is taking steps to update the data. Other data required updating and the Assistant Directors responsible for this data have been advised to update the data by the end of January 2024. These areas are; the expenditure over £500 for November and December 2023; and, the new pay scales for Senior Managers and the NJC pay scales.

### **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 Commissioner's Office (ICO). Where any subsequent actions are identified then these are monitored.
- 3.15. There have been no cyber incidents since the last report to this committee. One near miss issue was highlighted and managed by the IT security staff and the software provider. After extensive investigation, there is no evidence of any data being lost therefore there was no requirement for us to report the matter to the ICO.
- 3.16. As the most common themes across both organisations continue to relate to mis-addressed emails and incorrect postal addresses, work is being carried out by the Digital, Technology & Change team through a Business Analyst to analyse these incidents with a view to finding the root causes and possible solutions to minimise these incidents. Digital, Technology & Change team will advise the IG Board once the analysis work is complete. These incidents and the main themes are reported to IG Board monthly. The IG Team review each incident and identify learning for the staff/services involved to ensure repeat incidents do not reoccur.

### **Information Management Strategy**

- 3.17. The Information Management Strategy and Action Plan was presented and signed off by the Policy Committee in March 2022. This sets out the Council's approach to information management and governance.
- 3.18. We are working with the Data Stewards in BFfC and DACHS on the Action Plan work. We also have representation at the meetings from Records Management Unit and Digital, Technology & Change. The monthly meetings are going well, with good attendance and engagement. We are in the process of replicating this work with the Data Stewards from DoR and DEGNS.
- 3.19. The IG Team are in the process of creating an Information Governance area on the RBC & BFfC Intranet for staff to access information governance related matters such the breach management process, Subject Access Request process, FOI process and training links, useful templates etc. The format and content have been agreed with the Data Stewards and the Information Governance Team Manager is in the process of reviewing the content and in particular processes prior to go live, we expect this work to be completed and in use by April 2024.
- 3.20. In the September 23 update we informed this committee that the IG Team were working on a new template for Data Protection Impact Assessments (DPIA), along with a process of signing these off at the IG Board and keeping a central record. This has been completed and as of October 2023, all DPIA's are signed off by the IG Board.

## **Training**

- 3.21. As the Committee is aware, Cyber Security and Information Governance training is available to all staff and members through Learning Pool, the Council's e-learning package. In Q2 the uptake of the Cyber Security training for 2023 show that 65% of RBC staff and 40% of BFfC staff have completed the new 2023 Cyber Security module. With regards to the Information Governance training the uptake for 2023 show that 60.7% of RBC staff and 45% of BFfC staff have completed the training. We remain disappointed by these figures. The Senior Leadership teams within the Council and BFfC have been asked to monitor their own areas for compliance through the Power Bi reporting tool. The expectation is that SLG will be able to monitor their own staff and where there is non-compliance, they can take appropriate action to encourage their staff to complete the training.
- 3.22. A new training provider has been procured for the above training and a new suite of both Cyber and IG training modules are being built with the supplier. This decision was made to allow the Council more freedom in both the design of the training and the flexibility of the delivery.
- 3.23. 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**

- 3.24. The focus is on continuing the work with the BFfC and DCASC Data Stewards and starting work with the Data Stewards from DoR and DEGNS. The action plan work continues from the Breach Management process review, implementation of the redaction software, testing of the governance forms on the new CRM system and design, testing and roll out the new suite of both Cyber and IG training.

## **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.

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By virtue of paragraph(s) 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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