

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

Direct ☎: 0118 937 2153
michael.popham@reading.gov.uk

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

NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE 10 APRIL 2024

A meeting of the Audit and Governance Committee will be held on Wednesday, 10 April 2024 at 6.30 pm in the Committee Room 4a/4b, Civic Offices, Reading. The Agenda for the meeting is set out below.

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This report updates the Committee with progress on completion of the audit of the Council's Final Accounts for 2020/21. It also provides an update on the 2021/22 and 2022/23 accounts.		
5. EXTERNAL AUDITOR UPDATE	BOROUGH WIDE	15 - 16
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.		
6. INTERNAL AUDIT QUARTERLY PROGRESS REPORT	BOROUGH WIDE	17 - 76
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.	IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER	BOROUGH WIDE	77 - 90
	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.	INTERNAL AUDIT PLAN	BOROUGH WIDE	91 - 102
	This report sets out the work Internal Audit plans to undertake during the financial year 2024/2025.		
9.	STRATEGIC RISK REGISTER - APRIL 2024	BOROUGH WIDE	103 - 138
	This report provides the latest update on the Strategic Risk Register 2023/24.		
10.	CIPFA FINANCIAL MANAGEMENT CODE	BOROUGH WIDE	139 - 158
	A report on the Chartered Institute of Public Finance & Accountancy Financial Management Code, which sets out the standards of financial management for local authorities to assess themselves against.		
11.	TREASURY MANAGEMENT REVIEW QUARTER 3 2023/24	BOROUGH WIDE	159 - 172
	This report updates Members on the activity of the Treasury Management function during the third quarter of the year for the period 1st October 2023 to 31st December 2023.		
12.	INFORMATION GOVERNANCE QUARTERLY UPDATE	BOROUGH WIDE	173 - 180
	This report provides an update on the actions in progress to improve the Council's policies, systems and processes around Information Governance.		

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AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 23 JANUARY 2024

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

Apologies: Councillor Mitchell;

In attendance Councillors Robinson and Terry.

25. MINUTES OF THE PREVIOUS MEETING HELD ON 27 SEPTEMBER 2023

The Minutes of the meeting held on 27 September 2023 were confirmed as a correct record and signed by the Chair.

Minute 17(3)(a) – The Chair referred to the Committee operating under new terms of reference that had been agreed by Council on 17 October 2023, which included a responsibility: ‘To review the governance and assurance arrangements for significant partnerships or collaborations.’ The Committee agreed that the first report to be received on governance and assurance arrangements of partners should be on Brighter Futures for Children. The Committee noted the Strategic Risk Register included companies the Council either owned or had a significant interest in. These companies’ governance arrangements included being managed within a comprehensive framework to ensure there was effective oversight by the Council to enable it to properly discharge its duties as shareholder or member.

Minute 17(3)(b) – The Chair informed the Committee that the Chief Auditor would be circulating a short questionnaire to members to assist the production of the Annual Report on how the Committee had complied with the CIPFA position statement and discharged its responsibilities, including an assessment of its performance, as required by its the new terms of reference.

Noted:

- (1) **That the first report on governance and assurance arrangements of significant partnerships or collaborations be submitted on Brighter Futures for Children at a future meeting of the Committee with similar reports on other partners to follow in due course;**
- (2) **That members of the Audit & Governance Committee be asked to respond to the short questionnaire to be circulated in the week beginning 29 January 2024 from the Chief Auditor promptly to enable the Committee’s Annual Report to be prepared.**

26. 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 and 2022/23 accounts. In future, the accounts would be signed off by Council, with the Audit and Governance Committee playing a pivotal role in their scrutiny.

The report stated that there had been no further amendments or material changes to the Council’s Final Accounts for 2020/21 since the last update. Therefore, it was anticipated that the External Auditors would conclude the audit imminently. The draft 2021/22 accounts had been published towards the end of November 2023 and the public inspection period had commenced on 22 November 2023 and concluded on 10 January 2024. The accounts and the reconciled Financial System Report had been provided to the auditors at the beginning of 2024 and officers were awaiting their intended audit approach and any dates for the 2021/22 audit. The draft 2022/23 accounts were on track to be produced and published by the end of January/beginning of February.

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This draft would incorporate any last changes from the 2020/21 audit, should there be any further findings. This would provide a good platform to continue the closedown processes for 2023/24 with the objective of returning to a timely position on the preparation of accounts within statutory deadlines.

The Statement of Accounts 2022/23 would be the last year that the external auditors would be EY. It was prudent practice for the external auditors to change on a scheduled basis to avoid any bias and to ensure impartiality and an objective approach. KPMG would be the Council's new auditors from 2023/24 who would build upon the assurances they received from EY and commence their audits with their own approach.

Darren Carter, Director of Finance, reported that he had received a letter from the Minister for Local Government on 9 January 2024, which stated the intention to set a backstop date of 30 September 2024 for the conclusion of audits up to 2022/23. He interpreted this as meaning that any audits, prior to 2023/24, which had not been completed by the end of September would be effectively concluded and the external auditors would be required to issue disclaimer opinions, in recognition that it had not been possible to complete the audit by the deadline. This did not mean work towards the completion of the 2021/22 and 2022/23 audits would cease, as it was in all parties' interests to have as complete a set of accounts as possible to provide reassurance on the robustness of the Council's financial position and to assist the accuracy of future audits.

Resolved: That the accounts progress and findings to date be noted.

27. EXTERNAL AUDITOR UPDATE

The Committee received a covering report on behalf of the Council's External Auditor EY providing an update on the audit of 2020/21 financial statements and progress made with the following years' statements and Value for Money assessments. Maria Grindley and Adrian Balmer, EY, were present and addressed the Committee on the progress of the audit of the Council's Final Accounts for 2020/21 and the next steps to completing as much as possible of the 2021/22 and 2022/23 audit of accounts by the Government's September 2024 deadline.

Resolved:

- (1) That EY's update for 2020/21 financial statements be noted;**
- (2) That EY's update for future audit work be noted.**

28. 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 October to 31 December 2023 (Quarter 3).

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 six audit reviews had been finalised in the period, as follows:

- Commercial Investments (Oracle Agreement) (Reasonable Assurance opinion given);
- iTrent (Payroll) Expenses (Reasonable Assurance opinion given);
- Reading Foundation for Art (Limited Assurance opinion given);
- Employee Gifts, Hospitality & Declaration of Interests (No Assurance opinion given);
- Continuous Healthcare (Limited Assurance opinion given); and;

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- Iken Billing Process.

The audit of the Employee Gifts, Hospitality & Declaration of Interests had found that although the Council had documented its expectations of staff including roles and responsibilities within these areas, there was a failure to ensure that staff were aware of these expectations, to provide a robust process which staff were proactively encouraged to use, and to manage, monitor and report declarations.

In relation to the Reading Foundation for Art (RFFA), there was 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 was 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 had led to issues with various finance processes.

Although the Council was proactively redeveloping its procedures and processes in relation to Continuous Healthcare (CHC) to ensure people were appropriately assessed before a claim was submitted to the NHS, the audit found there was a risk that social workers could bypass the Council's internal peer-review process of the application. Furthermore, there were 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.

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

Resolved: That the audit findings be noted, and the recommendations and management action underway, as set out in the Internal Audit & Investigations Quarter 3 Update Report, be endorsed.

29. IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER

The Committee considered a report setting out a summary of Internal Audit recommendations and updated management responses, which focused on those recommendations where there had been either a 'limited' or 'no assurance' opinion. A summary of Internal Audit recommendations and updated management responses since the last Committee was attached to the report at Appendix 1.

Prior to reporting to Committee, officers responsible for implementing the specific recommendations had been asked to update the audit tracker. Each recommendation had been marked with a percentage complete, which correlated to a red (up to 25%), amber (26%-75%), or green (76%+) rating. However, any recommendations that were less than 50% complete but had exceeded their agreed completion date had also been marked red. There were 60 recommendations currently on the tracker, of which 38 were reported as being complete. Eighteen recommendations had been added to the tracker and nine completed recommendations had been removed since April 2023.

Zelda Wofle, Assistant Director of Housing & Communities, was present at the meeting and provided reassurance to the Committee about the ongoing management action being taken to address the limited assurance opinion given by Internal Audit and their subsequent recommendations in relation to Housing Repairs. The recommendations were listed in the Audit Tracker, along with the management response detailing the action being taken.

Resolved:

AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES – 23 JANUARY 2024

- (1) That progress against the audit recommendations for audits assigned a 'limited' or 'no assurance' opinion, as set out in the Appendix to the report, be noted.
- (2) That the high and medium risk Internal Audit recommendations and the responses to those risks be noted as set out in Appendix 1 to the report;
- (3) That **Zelda Wolfle, Assistant Director of Housing & Communities** be thanked for her comprehensive update on the progress being made by the **Housing Repairs Service** to address the Internal Audit recommendations set out in the Audit Tracker, which was appended to the report at Appendix 1.

30. 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 September to December 2023 and the risk ratings for January to March 2024. The SRR had been reviewed by CMT on 19 December 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, there were five 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.

An area of ongoing concern, which was covered by the Strategic Risk within the Council's ability to set a balanced budget was the impact of the cost-of-living crisis affecting Homelessness budgets. Private sector evictions had been steadily rising following on from the relaxation of Covid restrictions, with additional cost of living pressures placed on the sector, including escalating cost of Emergency Accommodation. The Committee considered whether the pressure on Homelessness Services should be given greater prominence on the SRR due to its impact on other public services as well as managing the budget sustainably.

Resolved:

- (1) That the Council's Strategic Risk Register, as of January 2024, as set out in Appendix 1, be noted;
- (2) That the assessment of the risk rating to the local authority of homelessness set out in the Economic Growth & Neighbourhood Services Directorate's Risk Register be circulated to members of the Committee for their information and to consider whether it required more explicit mention in the Strategic Risk Register.

31. TREASURY MANAGEMENT REVIEW QUARTER 2 2023/24

The Committee considered a report on the activity of the Treasury Management function during the second quarter of the year for the period 1st July 2023 to 30th September 2023. The report stated

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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 2 report for 2023/24 be noted.

32. IMPLEMENTATION OF THE NEW FINANCE SYSTEM – PROGRESS UPDATE

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

Resolved:

- (1) That the successful implementation of the e5 system at the start of December 2023 and the arrangements in place for end user support, training and ongoing solution improvement be noted;
- (2) That the immense amount of work undertaken by the Finance Service to deliver this major transformational project be recognised and all those involved in its successful implementation be thanked for their contributions.

33. INFORMATION GOVERNANCE QUARTERLY UPDATE

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 75.6% in Quarter 2 and the ongoing work to increase responses within the required timescale to 90%, as expected by the Information Commissioner's Office; data transparency; the work of the Information Governance (IG) Board; the Information Management Strategy, which set out the Council's approach to information management and governance; and uptake of 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 BFfC and DCASC Data Stewards and starting work with the Data Stewards from DoR and DEGNS. The action plan work continued 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.

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.

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34. EXCLUSION OF PRESS AND PUBLIC

Resolved: That pursuant to Section 100A of the Local Government Act 1972 (as amended), members of the press and public be excluded during consideration of item 35 below as it was likely that there would be a disclosure of exempt information as defined in Paragraph 7 specified in Part 1 of Schedule 12A to that Act.

35. CYBER SECURITY

The Committee received a report on Cyber Security, which had been requested at the meeting held on 20 July 2023 (Minute 4 refers), due to a limited assurance opinion by Internal Audit because of weaknesses in the internal configuration of the ICT estate. Martin Chalmers, Chief Digital and Information Officer, was present at the meeting and provided reassurance to the Committee about the ongoing management action being taken to address the limited assurance opinion and the subsequent recommendations in relation to Cyber Security. The recommendations were listed in the Audit Tracker (see also Minute 29 above), along with the management response detailing the action being taken.

Resolved:

- (1) **That the progress made on, the future plans for, implementing the recommendations of the Internal Audit Report on Cyber Security be noted;**
- (2) **That the Chief Digital & Information Officer be thanked for attending the Committee and providing a detailed explanation of the action being taken to address the Internal Audit recommendations, which were set out in the Audit Tracker referred to Minute 29 above.**

(Exempt information as defined in Paragraph 7)

(The meeting commenced at 6.30 pm and closed at 8.39 pm)

Audit and Governance Committee

10 April 2024



Reading
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Title	Closing Financial Accounts Update
Purpose of the report	To note the report for information
Report status	Public report
Report author	Mark Sanders, Chief Accountant
Lead Councillor	Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	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.
- 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 At the time of writing this report, it is anticipated that the 2020/21 audit process will conclude on 8 April 2024. The external auditors have submitted the final management letter of representation and Audit Results Report (ARR), and these have been discussed with the Chair of the Audit & Governance Committee. The Chair has confirmed to the external auditors that he is happy to use the delegation referred to in paragraph 1.1 above to sign off the 2020/21 Statement of Accounts.
- 1.4 The Council is anticipating an unqualified audit opinion for 2020/21 subject to the completion and review of EY's audit work.

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 published the draft 2022/23 accounts on 28 February 2024 and the public inspection period commenced on 29 February 2024 and will conclude on 12 April 2024.

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 table is provided by independent local government finance specialist, showing the results from a status tracker for February 2024. Reading Borough Council is a Unitary Authority and has published its 2021/22 and 2022/23 draft accounts.

Table 1. Accounts Status by Type of Authority

Authority Type	2021/22 Not Published	2021/22 Draft	2021/22 Final	2022/23 Not Published	2022/23 Draft	2022/23 Final
ILB	1	6	5	1	9	2
OLB	3	10	7	3	15	2
Met	1	17	18	3	23	10
Unitary	6	27	25	12	41	6
County	0	5	18	0	18	3
District	13	71	80	37	110	17
Total	24	136	153	56	216	40

- 6.3. Delays in publishing local government audited accounts have increased significantly in recent years and Table 1 shows there are a significant number of local audits in England which remain outstanding.
- 6.4. The recent Department for Levelling Up, Housing & Communities (DLUHC) Consultation: Addressing the local audit backlog in England, sought views on amending the Accounts and Audit Regulations 2015 (as amended) as part of a package of cross-system measures to reset and clear the backlog and to put the system on a sustainable footing.

- 6.5. The consultation outlined proposed changes across three phases of delivery.
- **Phase 1** proposes the implementation of a backstop date for all financial years up to and including 2022/23 to reset and clear the backlog of historical audit opinions. Under the measures proposed, audit teams will be permitted to issue an opinion even where little to no substantive testing has been carried out.
 - **Phase 2** proposes further backstop dates to enable recovery from modified and disclaimed audit opinions without a recurrence of the backlog.
 - **Phase 3** proposes longer term reform to address systemic challenges in the local audit system and the financial reporting framework.
- 6.6. The proposals will impact the Council for both the 2021/22 and 2022/23 Statement of Accounts, and it should be noted that the requirement for audit firms to issue multiple opinions by the proposed backstop date of 30 September alongside delivering audit opinions for other sectors and completing 2023/24 financial statement work for authorities with no backlog, will present increased challenge for audit firms.
- 6.7. We await further updates from Central Government following this consultation, and from EY to ascertain the next steps for our outstanding audits. This in turn will impact future audit planning with KPMG.

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. Environmental and Climate Implications

- 8.1. None arising.

9. Community Engagement

- 9.1. The Public Inspection period has concluded (10 Jan 2024) and there are no implications to report.

10. Equality Implications

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

11. Other Relevant Considerations

- 11.1. There are none.

12. Legal Implications

- 12.1. 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.

13. Financial Implications

13.1. The audit fees will be reported in due course.

14. Timetable for Implementation

14.1. Not applicable

15. Background Papers

15.1. There are none.

Audit and Governance Committee

10 April 2024



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

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. Not applicable

10. Background Papers

- 10.1. There are none.

Audit and Governance Committee

10 April 2024



Reading
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Title	Internal Audit & Investigations Quarterly Update Report (Q4)
Purpose of the report	To note the report for information
Report status	Public report
Report author (name & job title)	Paul Harrington, Chief Auditor
Lead Councillor (name & title)	Cllr Liz Terry
Corporate priority	Our Foundations
Recommendations	The Audit & Governance Committee is requested to consider the report.

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the progress made against the delivery of the Internal Audit Plan. This report provides details of audits finalised in quarter four 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 4 audit reviews were finalised in the period between Jan 2024 and Mar 2024, with 2 receiving a positive opinion, 2 receiving a negative opinion¹, and 2 advisory reports that do not provide an assurance opinion. In addition, one grant was certified to confirm it had met the conditions of the grant determination,

2.4 Substantial Assurance Opinion Reviews

- 2.4.1 N/A

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

2.5 Reasonable Assurance Opinion Reviews

- 2.5.1 Our audit of **Bank and Cash Reconciliations** found significant improvements had been made, with reconciliations being monitored and regularly completed in a timely manner. Centrally held evidence to support the feeder system reconciliations continues to be an issue, as does having complete and up to date documented processes for many key feeder system reconciliations.
- 2.5.2 Progress since the last financial year was found in our audit review of the **Public Health Grant**. However, we concluded that whilst systems and processes have improved recently, there are still areas for development regarding the overall governance and monitoring of Public Health Grant expenditure.

2.6 Limited Assurance Opinion Reviews

- 2.6.1 At the request of the Assistant Director, an audit of the **Coroners Service** reported significant weaknesses within the governance and decision-making processes. An aging SLA between the six Berkshire Authorities lacks clarity and equity, particularly around the apportionment of costs, with a greater liability allocated to Reading Council. Contracts were not always in place and therefore no contract management or performance monitoring. With no contract in place for Pathology Services, the service is exposed to short-notice price increases and increased budget pressures.
- 2.6.2 A limited assurance opinion was issued for the audit of the **Community Infrastructure Levy** as it was found to be administered without any documented process to clarify the requirements and processes for administering the 15%² element of CIL, both on Exacom³, or on a day-to-day basis. There is also an over reliance on key individuals, and lack of separation of duties to ensure the collection, allocation, and monitoring of CIL monies are effective and efficient.

2.7 No Assurance Opinion Reviews

- 2.9.1 N/A

2.8 Advisory Reviews

- 2.10.1 A high-level advisory position statement for **S117 of the Mental Health Act** found good progress had been made within the S117 processes, but there is still more to be done. Recommendations were made to further improve updating and maintaining documented processes and procedures, and in the accuracy, retention, and security of records.

² CIL Regulations require that 15% of CIL receipts be used to assist the delivery of infrastructure to support neighbourhood priorities.

³ Exacom is a "multi-user CIL Administrator product is aimed at Community Infrastructure Levy charging and collection authorities and is designed to take the sting out of CIL administration, providing a work-flow interface to enable an administrator to capture information, calculate charges, levies, surcharges etc, generate notices and manage finance. It also provides alerting when due dates are reached."

2.10.2 An implementation status review of the **Procurement Service's** action plans found there were many complex and detailed project streams, but progress had been made in some areas including a review of policies, the use of waivers, the supplier set-up procedure, and the e-sourcing portal. At the time of the review work had not yet commenced on embedding the hub and spoke procurement model or up-dating and maintaining a contracts register.

2.9 **Grant Certification**

2.11.1 The Council was successful in bidding for £62,000 of **Libraries Improvement Fund Grant** which was appropriately spent on capital spend improving door controls and digital device lending at Tilehurst Library.

2.10 **Consultancy work**

2.10.1 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.

2.11 **Corporate Investigations**

2.11.1 In total for the period April 2023 to March 2024, the Corporate Investigations Team has investigated a total of one hundred and eighty-six referrals. Currently there are twenty-six ongoing investigations, including three internal investigations.

2.11.2 Since April 2023 the Corporate Investigations Team (CIT) has conducted seventy-seven Council Tax Support investigations, with the discount removed in sixteen cases resulting in estimated savings of £21,514.

2.11.3 Since 1st April 2023, officers have completed investigations into fifty-five referrals of alleged tenancy fraud. A total of six properties have been returned to stock to date. All these cases were tenancy-related investigations. There are another eleven ongoing investigations. The notional saving achieved on the properties returned to RBC stock is £651,000 adopting the notional savings multiplier used by the Cabinet Office in its National Fraud Initiative report.

2.11.4 The team has also looked at and verified twenty-one Right to Buy applications of which, six applications have been refused resulting in a rental savings figure of £38,903 and a notional saving of £576,000 in discounts.

- 2.11.5 Since April 2023 the team has received a total of forty-five blue badge referrals. To date two badges have been seized, seven warning letters issued, three cases required no further action, and five cases are ongoing.
- 2.11.6 Three blue badge cases were successfully prosecuted. All the defendants pleaded Guilty to the Blue Badge frauds and were fined a total of £12,762 including costs.
- 2.11.7 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 which have resulted in an estimated saving of £41,211.68.
- 2.11.8 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.
- 2.11.9 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.

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 Coroners Service Internal Audit Report

3 Community Infrastructure Levy Internal Audit Report

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Appendix 1

Internal Audit & Investigations

Quarterly Update Report Q4

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 four 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	Public Health Grant	0	3	1	Reasonable
2.1.1	We issued a 'reasonable' assurance opinion, to reflect the progress being made to improve the financial management of the Public Health Grant (PHG). However, we concluded that whilst systems and processes have improved recently, there are still areas for development regarding the overall governance and monitoring of Public Health Grant expenditure.				
2.1.2	Guidance is available from the Department of Health (DHSC), supported by a Public Health & Wellbeing strategy, however, there needs to be further improvement in the way evidence is gathered, to demonstrate that it has been embedded effectively. At the time of the audit the Directorate Management Team was reviewing the spend on the Grant and its alignment with the Public Health outcomes, through a quality assurance assessment of the ring-fenced public health grant. The outcomes from this review will be critical in the establishment of a more effective and transparent audit trail for Public Health expenditure via the grant.				
2.1.3	Whilst the finance support team monitors expenditure to ensure there are no areas of Grant underspend, there's needs to be improved guidance on what is deemed as appropriate and/or inappropriate spend.				
2.1.4	Evidence to further support value for money outcomes, is being addressed by the quality assurance review being led by the Consultant in Public Health. This will incorporate the identification of available evidence to demonstrate value for money and the cost effectiveness or return on investment. Several recommendations were made to improve the levels of governance and control in this area.				
2.1.5	There is evidence that the Public Health ring-fenced grant funding conditions are being monitored more effectively, and from 2022 – 2023 the S151 Officer and Interim Director of Public Health provide a statement as confirmation that that the grant has been used to discharge the public health functions.				
2.2	Coroners	0	6	4	Limited

- 2.2.1 Berkshire Coroner's Office is responsible for investigating sudden deaths across Berkshire, with inquests held at Reading Town Hall. Reading Borough Council (RBC) is the lead authority, managing all staff, except for the Senior Coroner who is an independent judicial office holder and eight Assistant Coroners appointed in Berkshire who are also independent. RBC also provides day-to-day services such as premises and HR. Members of staff (Coroner's Officers, administrative staff and Court Officers employed directly by RBC) work under the direction of the coroner, making inquiries about the circumstances of the death, supporting the inquest process, and providing a link between the coroner's service, the bereaved and witnesses.
- 2.2.2 Berkshire Coroner's Office service costs are apportioned across six authorities, with RBC paying approximately a third of the total.

- 2.2.3 The audit was conducted at the request of the Assistant Director, who had highlighted several concerns within this area. We concluded that only limited assurance could be provided as we identified weaknesses within the governance and decision-making processes. An historic SLA between the six Berkshire authorities is in place which lacks clarity and equity, and associated documented policies and procedures, particularly around the apportionment of costs between the authorities, with a greater liability allocated to RBC.
- 2.2.4 Roles and responsibilities were detailed in job descriptions and summaries, although they, together with the organogram, would benefit from review and updating to reflect the revised staffing structure. Whilst there were no clearly agreed and documented roles and responsibilities in relation to information governance for either RBC staff or independent judiciary postholders, including relating to the case management system and appropriate and authorised access to data, we were informed that staff would indicate if they had a personal connection to a case so that access to that record could be removed. We were informed that discussions on appropriate/authorised access to and management of data are discussed at team meetings and one-to-ones.
- 2.2.5 There was a lack of clarity around the governance process for decision-making, monitoring and reporting on the coroner's service across the six Berkshire unitary authorities. The SLA between them dated to 2013 and had not been updated since, for example, to reflect changes in the method of cost apportionment between the authorities.
- 2.2.6 Officer workload was reviewed at one-to-one meetings with allocation and balance of cases between officers overseen by the Principal Coroner's Officer. Various risk management processes were in place, although several would benefit from updating. Recently agreed changes to Coroner's Service staff had not yet been fully implemented to allow an assessment of their effectiveness. Over the last three months, the average number of inquest cases per officer was 43; the Chief Coroners model from 2019/20 details that this should be approximately 25 depending on the complexity of the case.
- 2.2.7 The Council's Contract Procurement Rules (part of the Council's constitution) should be followed for coroner's service contracts. Contracts were in place for removals, toxicology and mortuary services, although, due to the limited market, this was often at a significant cost to the coroner's service. There was no contract in place for the provision of pathology services, which was subject to a national shortage, leaving the coroners exposed to short-notice price increases and associated budget pressures.
- 2.2.8 Various measures were in the process of being considered for implementation to try to reduce reliance on limited or sole suppliers, including the provision of a regional mortuary service and tendering/retendering of contracts. It was, however, unclear at present whether these would prove successful in alleviating the problems. An extension appeared to have been exercised on the mortuary contract although no formal approval or documentation to confirm this had been seen at the time of the audit.
- 2.2.9 Contracts signed by both the supplier and RBC were not observed and did not always contain KPIs against which the provider could be measured. Contract management, including regular reporting against KPIs and review meetings to discuss service provision, was not conducted for all contracts.

- 2.2.10 The fees for some specialist services provided by other laboratories (one of whom was a sole national supplier) did not appear to have been agreed in advance of tests being conducted or the Council being invoiced.
- 2.2.11 The current basis of apportionment of costs between the Berkshire authorities did not reflect what was detailed in the SLA and there did not appear to be clarity as to how/on what basis this was calculated. A template was used to calculate the relevant amounts; there were no documented policies or procedures in place detailing the process. The Berkshire Treasurers Group had agreed to move to a more equitable method of allocating costs after the 2023/24 financial year, phased over a three-year period. At present, Reading Borough Council was paying significantly more than the other Berkshire authorities.
- 2.2.12 Net amounts due or payments due to be received by RBC on a quarterly basis in relation to all joint arrangements had been made/received in a timely manner.
- 2.2.13 The coroner's budget was based on rolling forward the majority of the previous year's costs and the budget was not amended in-year to reflect any known/agreed changes. Whilst significant costs relating to the Forbury Gardens inquest were reflected in the budget, it was very difficult to ensure accurate budgeting and forecasting as, whilst the Public Protection Manager authorised the expenditure, he had no knowledge or control over it.

		Recs			Assurance	
2.3	Bank and Cash Reconciliation	0	5	2	Reasonable	

- 2.3.1 A number of significant improvements have been made to the main reconciliation processes since the previous audit was finalised in May 2022. The Finance Dashboard has continued to develop since its implementation during 2022/23 and has been maintained for the most part throughout 2023/24 to Period 8, representing the last reconciliation to Oracle Fusion. Audit testing showed that the RAG status had been updated for the main reconciliations, although were not clear/complete for all feeder systems listed. This may be due to the need to improve the controls relating to storage and accessibility of completed feeder system reconciliations.
- 2.3.2 The main bank reconciliations have been completed for each period during the year within a reasonable timescale, supported by well detailed documentation, and have been subject to review and recorded sign-off procedures.
- 2.3.3 Documented Procedures have also been developed for the main bank reconciliation including Cash in Transit (CIT) during the past year. Recommendations were made to further improve documented procedures and ensure that these remain up to date following the implementation of the e5 system and changes to the chart of accounts/coding structure in December 2023.
- 2.3.4 Whilst good evidence is held to support reconciliations relating to some of the key feeder systems during 2023/24, for example VAT and Payroll, this is not consistent across the board, or for all of the feeder system reconciliations listed in the Finance Dashboard. Some assurances were given that these are completed with the supporting documents stored locally but a more robust process is required and is currently work in progress overseen by the interim Deputy Chief Accountant who was appointed during late November 2023.

2.3.5 A bespoke shared drive has been in place for Finance for some time but has been developed to include a range of sub folders designed to capture all documentation relating to reconciliations including the updated Finance Dashboards for each accounting period. The aim is to improve the existing controls to collate all supporting documents to the reconciliation process in one area, which can be monitored by senior Finance managers and inform the Dashboard updates; the Chief Accountant/Deputy Chief Accountant are the main custodians of this process. This was a recommendation from the previous audit review.

		Recs			Assurance
2.4	Community Infrastructure Levy	0	5	1	Limited

2.4.1 The Community Infrastructure Levy (CIL), also known as the 'levy' is a charge that can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area. Unlike S106 funds which may be tied to a specific development or infrastructure provision, CIL funds can be used flexibly to fund any infrastructure provision prioritised by the Council that has been set out in its Infrastructure Funding Statement (IFS).

2.4.2 CIL regulations set out the legal definitions for spend and the Council's CIL spending protocol shapes the direction of spend. CIL Regulations require that 80% of receipts are used on infrastructure and in accordance with the authorised IFS. 15% of CIL receipts be used to assist the delivery of infrastructure to support neighbourhood priorities and 5% of receipts are allocated to cover administration costs.

2.4.3 The purpose of our audit was to ensure procedures and processes for collecting CIL monies are robust, expenditure is monitored, and funds are used in accordance with the plans approved by the Council.

2.4.4 There are good controls in place to advise the developer how the CIL liability has been calculated, so that queries can be addressed before the demand notice is issued for payment and it is acknowledged that the formula used by the Exacom¹ system to calculate the liability is complex.

2.4.5 Although the Council's 'Spend Protocol' for the allocation of funds has been reviewed and approved by Policy Committee, there are no documented procedures to clarify the requirements and processes for administering the 15% element of CIL², both on Exacom, or on a day-to-day basis. There is also an over reliance on a key individual for land charge reconciliation and updating Exacom, creating a single point of failure within the process.

2.4.6 Separations of duties between the billing and recovery of the CIL remain a challenge for the service due to staffing resources.

¹ Exacom is a "multi-user CIL Administrator product is aimed at Community Infrastructure Levy charging and collection authorities and is designed to take the sting out of CIL administration, providing a work-flow interface to enable an administrator to capture information, calculate charges, levies, surcharges etc, generate notices and manage finance. It also provides alerting when due dates are reached."

² CIL Regulations require that 15% of CIL receipts be used to assist the delivery of infrastructure to support neighbourhood priorities.

- 2.4.7 Better coordination, supported by documented processes between legal, finance and planning would provide greater assurance over the recovery of CIL debts, which equates to approximately £0.5m per annum. Registered land charges currently account for approximately £1.5m. Failure to collect these debts may delay the Council’s ability to fund specific projects. This ‘debt’ falls outside of the Council’s aged debt reporting framework.
- 2.4.8 There is a risk that the debtor report, produced by the Exacom system, is inaccurate because the accuracy and completeness of the report are dependent upon payments being identified in the suspense account of the Council’s financial system, and manually recorded/updated in the Exacom system. Furthermore, there are known system glitches/issues which need addressing.
- 2.4.9 Overall, a limited assurance opinion was given on the basis that the CIL is administered without any documented procedures, with limited resilience (single points of failure) and no appropriate segregation of duties to ensure the collection of CIL monies are effectively monitored.

2.4 Advisory Reports

- 2.4.1 An internal audit Advisory Report is designed to summarise the work completed and does not provide an Assurance Opinion (i.e., Substantial, Reasonable, Limited or No Assurance).

	Recs			Assurance
Section 117 of the Mental Health Act	0	4	0	Advisory Report

- 2.4.2 An Advisory Report Position Statement was considered an acceptable approach for this area due to a) revised management responsibilities being introduced in this area and b) the links with a wider investigation that had not concluded at the time of the audit. The aim of this was to provide management with information concerning the process developments achieved during the past two years and the current governance arrangements to inform future management under the new structure. The scope of this review did not include verification of the process to identify that all eligible service users have S117 support in place.
- 2.4.3 There has been good progress with developing and documenting procedures pertaining to S117 and guidelines for recommended practice was evident. A SharePoint site is maintained with access available to the relevant/authorised officers in this service area. This however may not be complete, fully comprehensive, or up to date (as at the time of our review, December 2023) therefore we recommended that the status is reviewed by the new Mental Health Team Manager after taking up the role. We also recommended that a log is maintained to track the relevant documented policies and procedures in this service area to ensure that all are captured, up to date, approved, accessible and subject to periodic reviews.

- 2.4.4 Evidence was provided to verify that control records are maintained to identify and track all S117 cases, including a) the Agreed Splits Tracker/Matrix containing details of referrals to Panel (“Joint Section 117 Mental Health and Learning Disability Placement Panel”) and agreed costs/cost splits and b) client case references which enable an audit trail to the detailed case records held in Mosaic. Audit high-level (walkthrough) sample testing showed that the client records in Mosaic clearly identify S117 status and support information. A copy of the detailed Terms of Reference for the Panel is held in the relevant SharePoint files, plus minutes and decisions in specified sub files.
- 2.4.5 We obtained some assurance that access to Mosaic client data in this area is restricted to authorised officers within RBC and there is no direct access by external organisations/parties (a specialised IT review would be required to provide greater assurance for this control).
- 2.4.6 A Memorandum of Understanding (MOU) document is present and is reasonably up to date (January 2022) in terms of sharing data with relevant partners in the BHFT (Berkshire Health Foundation Trust). The retention of personal client data in this service area to ensure compliance with the Data Protection Act is subject to a significant review project by the ASC Business Support Team in liaison with the Social Care Systems Team – this relates to client records in the Mosaic system and is not restricted to S117 cases. There are currently some concerns around the accuracy and completeness of dates affecting retention periods in Mosaic to be addressed as part of the retention project. Given that this project will understandably take time to complete we made a recommendation to ensure that progress is monitored, with reasonable completion timescales kept under review.
- 2.4.7 We identified reasonable controls in place to capture financial data relating to S117 services for billing purposes. Budget monitoring relating to both income (from billing) and expenditure is not fully separated from other ASC services currently, with complex multi-service packages for clients often making this less practical. We identified through other audit work in the Directorate this year that detailed reports are prepared for each monthly account period and analysed by the ASC Debt Management Group, however these may not currently show debts relating to S117 or the ICB (Integrated Care Board, NHS) in isolation, but as part of the wider Health Debt category.
- 2.4.8 Future audit work may include detailed case and transaction sample testing of the audit trails between service/Panel approvals, Mosaic client records (including Financial Assessments) and the corporate financial system. The Internal Audit Team are currently liaising with the Social Care Systems Team to review our access rights in Mosaic and understanding of the Workflows and system reporting facilities.

	Recs			Assurance
Procurement	0	0	0	Advisory Report

- 2.4.9 It was originally planned to carry out an audit of the end-to-end procurement process as part of the 2023/24 audit plan. However, the Assistant Director of Procurement and Contracts requested that an initial review of limited scope be carried out in the year. It is now proposed to carry out a full audit of procurement as part of the 2024/25 audit plan.
- 2.4.10 The Procurement Team carried out a maturity assessment in December 2022, which covered eight areas – procurement leadership and governance, procurement strategy and objectives, defining the supply need, commodity strategies and collaborative procurement, contract and supplier management, key purchasing processes and systems, people and performance management – and consisted of 53 questions in total. Of the 53 questions, 31 (58%) were identified as developing towards conformity, 19 (36%) were identified as non-conforming, 2 (4%) as conforming and 1 (2%) as not applicable.
- 2.4.11 A service plan for 2023/24 was compiled for the procurement service, detailing the actions to be taken to address the identified issues from the maturity assessment whilst maintaining business as usual (BAU). In addition, a Procurement Transformation Programme was compiled to specifically address the key issues identified. It was also planned that the procurement maturity assessment would shortly be repeated, with the involvement of both the procurement hub and spokes. Internal audit reviewed progress on the implementation of these action plans.
- 2.4.12 It was noted that there were a large number of project workstreams identified for the Procurement Team, many of which had vast scopes, were highly complex and hence hugely time-consuming, but progress had been made against the priorities identified in Procurement’s service plan for the year.
- 2.4.13 Work had not yet commenced in the year on embedding a hub and spoke model across the organisation for procurement and contracts, and a review of the end-to-end procurement process was underway.
- 2.4.14 A revised Social Value Policy had been drafted which aligned with RBC’s Corporate Plan and national policy drivers and formed part of the preparation for implementation of the Procurement Act 2023. The draft Modern Slavery Statement for 2023/24 had not been approved at the time of the audit.
- 2.4.15 Contract Procedure Rules (CPRs) had been reviewed, updated and approved by Council. A supplementary procurement manual and awareness programme would be designed and implemented.
- 2.4.16 The use of waivers in the procurement process had been reviewed and a revised proposal for more rigorous exceptions to the competition process was being drawn up. It would be overseen by a specifically constituted oversight group.

- 2.4.17 The supplier set up process had been updated so that any set-up requests needed to originate from Dash forms. Budget holder approval was also no longer required in the set-up process. Further amendments would be required once new systems (finance, customer management and e-source portal) were in place.
- 2.4.18 There was no up-to-date and comprehensive contracts register or pipeline in place, although progress was being made in this area.
- 2.4.19 A core project team had been set up to oversee the process of renewing the e-sourcing portal, with input sought from relevant officers across the Council.
- 2.4.20 A proposed framework for classifying, validating, allocating, and reporting on savings had been drafted.
- 2.4.21 The RBC Contract Management Process guidance, and associated tool, detailed that contracts would be classified into four categories: bronze, silver, gold and platinum, based on contract value, risk to re-procure, political/Members interest, and contracts impacting on business delivery.

2.5 Grant Certifications

Libraries Improvement Fund Grant

- 2.5.1 The libraries improvement fund was a two-phased grant, this being the second phase. Funding was to be focussed on capital investment into library buildings, and Reading was successful in bidding for £62,000 for capital works at Tilehurst Library. Works included:
- Improved door controls and CCTV
 - Digital device lending
- 2.5.2 We were satisfied the grant had been spent in accordance with the grant conditions.

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	
Commercial Assets & Investments	●				Jul-23	Nov-23	Dec-23	0	5	0	
Intercompany accounting (Follow Up Review)	●				Oct-23	Deferred to 2024/25 on request of DoF					
S117 of the Mental Health Act					Jun-23	Dec-23	Jan 24	0	4	0	Advisory
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
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	Feb-24	Mar-24	0	5	2	
CTAX		●			Apr-23	Jun-23	Jul-23	0	0	2	
Procurement end-to-end process		●			Nov-23	Dec-23	Dec-23	0	0	0	Advisory
Payroll (inc HR/Itrent processes)		●			Aug-23	Nov-23	Nov-23	0	2	1	
Public Health Grant		●			Jan-24	Feb-24	Mar-24	0	3	1	
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	

* added to the plan mid-year

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

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Reading Museums - Reading Foundation of Art		●			Jun-23	Aug-23	Dec-23	2	5	2	
Coroners Service			●		Oct-23	Dec-23	Mar-24	0	6	0	
Subject Access Requests*			●		Dec-23						
Library Improvement Fund (Grant Certification) *			●		Dec-23	Feb-23	Feb-23	0	0	0	Certified
Sec 106 Agreements			●		Deferred to 2024/25 due to service request						
Data Security/Information Governance			●		Deferred to 2024/2025						
New Finance System migration			●		Delayed – ongoing adjustments						
Accounts Payable			●		Deferred to 2024/2025 due to delay in implementing e5						
Digital Technology and Change - Project Management			●		Deferred - service staffing pressure						
Caseload management (inc ASC Front Door)			●		Aug-23	Deferred to 2024/25 and change in scope due to external review now taking place					
Learning & Devt, Physical Dev and Mental Health Placements			●		Deferred to 2024/2025						
Community Infrastructure Levy				●	Nov-23	Feb-24	Mar-24	0	5	1	
Homelessness				●	Jan-24						
Accounts Receivable				●	Deferred to 2024/2025 - Due to delay in e5 implementation						
Deputyship and Appointeeship (Follow up Review)				●	Deferred to 2024/25 due to new IT system						
Scheme of Delegation				●	Dec-23	Deferred to 2024/25, as not approved or implemented					

* added to the plan mid-year

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

3.0 INVESTIGATIONS (APRIL 2023 – MARCH 2024)

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 March 2024, the Corporate Investigations Team has investigated a total of 186 referrals, broken down as follows:

CTRS (Inc SPD)	77 referrals
Housing	55 referrals
Blue Badge	45 referrals
Social Care	01 referral
Election Fraud	01 referral
Internal	07 referrals

Currently: 26 ongoing investigations, including three internal investigations.

3.3 Council Tax Support Investigations

3.3.1 Seventy-seven Council Tax Support investigations have commenced to date, with the discount removed in Sixteen cases resulting in estimated savings of **£21,514**.

3.4 Housing Tenancy Investigations

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

3.4.2 The notional saving achieved on the properties returned to RBC stock is **£651,000** 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 twenty-one Right to Buy applications of which ten have been referred to the applicant for further information to be supplied. Six Right to Buy applications have been refused resulting in a rental savings figure of **£38,903** And a notional saving of **£576,000** in discounts.

3.5 Disabled Persons Parking (Blue) Badges

3.5.1 Since April 2023 the team has received a total of forty-five Blue Badge referrals of blue badge misuse. To date two badges have been seized, seven warning letters issued, three cases required no further action, and five 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. Three of which are still ongoing. One of these is a joint agency complex investigation that 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

08032024

CORONERS SERVICE

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

- Foundations
- Failure to respond effectively to civil emergencies and maintain business continuity in business-critical DEGNS services
- Failure to balance the Directorate budget

Assurance Opinion		Identified Recommendations	
Limited Assurance 		Priority 1	0
		Priority 2	6
		Priority 3	4
Date of last review:	FIRST REVIEW	Direction of travel	N/A

Distribution List

To: Heidi Connor HM Senior Coroner for Berkshire
 Matthew Golledge Public Protection Manager
 James Crosbie Assistant Director of Planning, Transport and Regulatory Services
 Emma Gee Interim Executive Director for Economic Growth & Neighbourhood Services
 Jackie Yates Chief Executive

From: Kirsty Hancock Senior 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 There are many separate and distinct coroner areas in England and Wales, each locally funded and resourced by Local Authorities. The coroner system is headed by the Chief Coroner employed by the Ministry of Justice, with overall responsibility and providing national leadership for coroners. The coroners' duty is to investigate deaths due to violence, unnatural, sudden or unknown cause or occurring whilst in legal custody and use the information discovered during the course of an investigation to help prevent future deaths, where appropriate.
- 1.2 The coroner is appointed by Local Authorities to investigate certain types of deaths, holding inquests when required to determine who has died, how, when, and where.
- 1.3 Berkshire Coroner's Office is responsible for investigating sudden deaths across Berkshire, with inquests held at Reading Town Hall. Reading Borough Council (RBC) is the lead authority, managing all staff, with the exception of the Senior Coroner who is an independent judicial office holder and eight Assistant Coroners appointed in Berkshire who are also independent. RBC also provides day-to-day services such as premises and HR. Members of staff (Coroner's Officers, administrative staff and Court Officers employed directly by RBC) work under the direction of the coroner, making inquiries about the circumstances of the death, supporting the inquest process, and providing a link between the coroner's service, the bereaved and witnesses.
- 1.4 Berkshire Coroner's Office service costs are apportioned across six authorities, with RBC paying approximately a third of the total.

2. OBJECTIVES & SCOPE OF THE AUDIT

- 2.1 The purpose of this audit was to review the arrangements the Council had in place to support the Coroner and assist in providing assurance to stakeholders.
- 2.2 The review encompassed the following areas to ensure:
- roles and responsibilities were clear and well understood.
 - contracts with third parties complied with contract procedure rules and delivered value for money.
 - service performance was as required.
 - financial management processes and controls were robust.
 - effective information governance arrangements were in place.
- 2.3 This audit was conducted at the request of the Assistant Director, who had highlighted a number of concerns within this area.

EXECUTIVE SUMMARY

3. CONCLUSIONS

- 3.1 This audit review concluded that only limited assurance could be provided on the Coroners Service. There were significant weaknesses within the governance and decision-making processes. An historic SLA between the six Berkshire authorities is in place which lacks clarity and equity, and associated documented policies and procedures, particularly around the apportionment of costs between the authorities, with a greater liability allocated to Reading Council. A summary of key findings is provided below, and more detailed findings are provided in sections 4.1-4.5.
- 3.2 Roles and responsibilities were detailed in job descriptions and summaries, although they, together with the organogram, would benefit from review and updating to reflect the revised staffing structure. Whilst there were no clearly agreed and documented roles and responsibilities in relation to information governance for either RBC staff or independent judiciary postholders, including relating to the case management system and appropriate and authorised access to data., internal audit was informed that staff would indicate if they had a personal connection to a case so that access to that record could be removed, with discussions on appropriate/authorised access to and management of data discussed at team meetings and one-to-ones.
- 3.3 There was a lack of clarity around the governance process for decision-making, monitoring and reporting on the coroner's service across the six Berkshire unitary authorities. The SLA between them dated to 2013 and had not been updated since, for example, to reflect changes in the method of cost apportionment between the authorities.
- 3.4 Officer workload was reviewed at one-to-one meetings with allocation and balance of cases between officers overseen by the Principal Coroner's Officer. Various risk management processes were in place, although several would benefit from updating. Recently agreed changes to Coroner's Service staff had not yet been fully implemented to allow an assessment of their effectiveness. Over the last three months, the average number of inquest cases per officer was 43; the Chief Coroners model from 2019/20 details that this should be approximately 25 depending on the complexity of the case.
- 3.5 The Council's Contract Procurement Rules (part of the Council's constitution) should be followed for coroner's service contracts. Contracts were in place for removals, toxicology and mortuary services, although, due to the limited market, this was often at a significant cost to the coroner's service. There was no contract in place for the provision of pathology services, which was subject to a national shortage, leaving the coroners exposed to short-notice price increases and associated budget pressures.

EXECUTIVE SUMMARY

- 3.6 Various measures were in the process of being considered for implementation to try to reduce reliance on limited or sole suppliers, including the provision of a regional mortuary service and tendering/retendering of contracts. It was, however, unclear at present whether these would prove successful in alleviating the problems. An extension appeared to have been exercised on the mortuary contract although no formal approval or documentation to confirm this had been seen at the time of the audit.
- 3.7 Contracts signed by both the supplier and RBC were not observed and did not always contain KPIs against which the provider could be measured. Contract management, including regular reporting against KPIs and review meetings to discuss service provision, was not conducted for all contracts.
- 3.8 The fees for some specialist services provided by other laboratories (one of whom was a sole national supplier) did not appear to have been agreed in advance of tests being conducted or the Council being invoiced.
- 3.9 There was a service plan in place for the Coroner's Service, although it did not include KPIs.
- 3.10 The current basis of apportionment of costs between the Berkshire authorities did not reflect what was detailed in the SLA and there did not appear to be clarity as to how/on what basis this was calculated. A template was used to calculate the relevant amounts; there were no documented policies or procedures in place detailing the process. The Berkshire Treasurers Group had agreed to move to a more equitable method of allocating costs after the 2023/24 financial year, phased over a three-year period. At present, Reading Borough Council was paying significantly more than the other Berkshire authorities.
- 3.11 Net amounts due or payments due to be received by RBC on a quarterly basis in relation to all joint arrangements had been made/received in a timely manner.
- 3.12 The coroner's budget was based on rolling forward the majority of the previous year's costs and the budget was not amended in-year to reflect any known/agreed changes. Whilst significant costs relating to the Forbury Gardens inquest were reflected in the budget, it was very difficult to ensure accurate budgeting and forecasting as, whilst the Public Protection Manager authorised the expenditure, he had no knowledge or control over it.

MANAGEMENT ACTION PLAN

Control Objective	Roles and responsibilities are clearly defined and documented so there is clarity between the Local Authorities and the independent postholders.
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Risk	Lack of clearly documented, consistent, and understood management structure, line management and deputies for key posts, increasing the risk of lack of accountability and poor resilience.
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Rec No	1	Risk Priority	3
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Audit Recommendation

Job descriptions, organogram, business continuity plan, and mutual support procedures need to be reviewed and updated to ensure they reflect current practice including up-to-date reporting/management lines, staffing, and contact details.

Management Response	Responsible person
<p>New JDs have been evaluated for the following posts: Coroners Officers Senior Coroners Officer Principal Coroners Officer</p> <p>The following posts have been updated and will be evaluated as part of phase 3 of the workforce review in Public Protection (due March 2024): Court Officer Coroners Administration Assistant Organogram has been updated in job descriptions.</p> <p>Business Continuity plan has been reviewed and signed off by the Service Manager which includes mutual support procedures. The plan has been sent to Emergency Planning.</p>	Public Protection Manager
	Target date
	01/05/2024

MANAGEMENT ACTION PLAN

Risk	Lack of clarity between the Local Authorities in relation to expectations, roles, and responsibilities, and inequitable treatment of cost apportionment resulting in financial loss and associated reputational damage to the Council.		
Rec No	2	Risk Priority	2
Audit Recommendation			
<p>Consideration should be given to reviewing and updating the SLA in place between the six Berkshire Local Authorities, as appropriate. The review should also include clarification of the governance processes for decision-making and reporting on the coroner's service within the six Berkshire Local Authorities.</p>			
Management Response		Responsible person	
<p>Joint Arrangement is being reviewed with instructions sent to Legal Services.</p> <p>This will consider options for improving the governance structure, for example, to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny.</p> <p>Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network.</p> <p>Review of JA to include how costs are apportioned. Director of Finance to lead at Berkshire Treasurers.</p>		<p>Public Protection Manager / Director of Finance</p>	
		Target date	
		01/10/2024	

MANAGEMENT ACTION PLAN

Control Objective	There are contracts in place with suppliers of key services to the Coroner, which follow contract procedure rules and ensure best value is obtained.
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Risk	(Signed) contracts are not in place, leaving the service susceptible to price fluctuations with minimal warning and/or challenges of inequitable treatment, meaning best value is not achieved and leading to financial loss and reputational damage.
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Rec No	3	Risk Priority	2
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Audit Recommendation

Signed contracts (including details of KPIs) should be in place for all key services following the Council contract procurement rules, with fees for services agreed in advance of them being provided. Sufficient time should be allowed prior to the end of a contract for appropriate tendering/ retendering/agreement of an extension to ensure there is appropriate authority and a formal agreement in place before the contract ends.

The case management system contract should be retendered to ensure that an appropriate system is in place and that value for money is being achieved.

Consideration needs to be given to how to address the shortage of providers for key coroner’s services contracts (where not already in progress) resulting in the awarding of contracts to either the incumbent or sole providers, as this is unlikely to lead to best value.

There should be signed contracts in place with all Assistant Coroners, which are explicit for example in terms of what could be claimed in travel expenses, and employment status.

Management Response	Responsible person
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Signed contracts are now available for: Mortuaries (extension of contract currently being finalised (have moved into extension period) Removals Toxicology Case Management System The service acknowledges that the timing for contract tendering, retendering, and extensions has been challenging and this has in part been related to turnover with suppliers, staffing and elongated discussions between legal teams; however, with better officer support now in place following restructuring and recruitment and contracts now being reviewed under the Service Contracts Board, improvements are being made.	Public Protection Manager / Principal Coroner’s Officer
Consideration of tendering for pathology services in year. MoJ currently conducting a review of statutory fees which could affect contract value. On rare occasions, there is a requirement to source specialist providers outside of contracts for some services that the suppliers cannot provide. The fees for these are agreed separately.	Target date
CMS – this was a joint procurement with Thames Valley authorities, will seek advice from legal/procurement as to retender.	01/03/2025
All Assistant Coroners have signed contracts. 2 ACs are on previous terms and do not want to move on to new terms and conditions. Will seek legal advice as to whether they can be moved.	
Interim contract for the removals contract has been agreed and approval being sought from Berks LAs to introduce an in-house service.	

MANAGEMENT ACTION PLAN

Risk	Poor, inconsistent and lack of appropriate contract management resulting in poor or non-delivery of contracted services and associated financial and reputational damage.		
Rec No	4	Risk Priority	2
Audit Recommendation			
<p>There should be appropriate contract management of all contracts, with regular review meetings held and KPIs provided, assessed, discussed, and challenged as relevant.</p>			
Management Response			Responsible person
<p>A review of KPIs on current contracts has been undertaken.</p> <p>KPIs – Removals to attend scene within hour – monitored through data provided by supplier. As this moves into an internal service, it will either be monitored under an SLA or direct by the service.</p> <p>Toxicology – reports received within 30 days.</p> <p>Mortuaries – is a service-based contract, not performance. There are no KPIs – regular interaction with mortuaries on capacity issues and contingencies.</p> <p>Meetings are currently held with all contract providers. All meetings will be planned and documented going forward.</p>			Principal Coroner's Officer
			Target date
			01/04/2024

MANAGEMENT ACTION PLAN

Risk	Payments are not made in a timely manner, are at the incorrect rate, or are paid more than once, leading to financial loss and reputational damage.		
Rec No	5	Risk Priority	2
Audit Recommendation			
<p>Appropriate checks should be undertaken on invoices received to ensure that the correct and agreed rates have been charged, and for the services agreed. All rates for services carried out should be formally agreed upon in advance of the service being provided. Payments should be made in a timely manner.</p> <p>There should be clarity and consistency both within and between Assistant Coroners' contracts. Claims should be made in a timely manner i.e., within a month of being incurred.</p>			
Management Response		Responsible person	
<p>A further review of systems in place has been undertaken.</p> <p>Toxicology – follow a schedule of fees within the contract. Each case has different costs depending on the number and type of tests conducted and agreed by the Coroner and Pathologist. Checks are undertaken to show the correct charges are being implemented.</p> <p>Removals and mortuaries have a schedule of fees and are checked through the data provided by the supplier.</p> <p>On rare occasions there is a requirement to source specialist providers outside of contracts for some services which the suppliers cannot provide. The fees for these are agreed separately. POs are raised for all purchases.</p> <p>Action to ensure that all costs are made clear and agreed prior to work being approved.</p>		Principal Coroner's Officer	
		Target date	
		31/03/2024	

MANAGEMENT ACTION PLAN

Control Objective	Service performance is as required.
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Risk	Policies and procedures do not reflect current practice, leading to confusion and inconsistencies.		
Rec No	6	Risk Priority	3

Audit Recommendation

Policies and procedures should be reviewed on a regular basis to ensure that they are up to date and reflect current practice.

It should be ensured that access to SharePoint sites is granted to groups only, not individuals, so that the ICT Team has oversight over who has access and to what and access can be removed for leavers.

Consideration should be given to including relevant KPIs within the coroner's service plan.

Management Response	Responsible person
Policies and procedures are now up to date and reflect current practice. Access to Sharepoint is now through groups only. KPIs have been added to the 24-25 PTPP service plan which is currently in draft.	Principal Coroner's Officer
	Target date
	31/03/2024

MANAGEMENT ACTION PLAN

Risk	Other authorities within the coroner’s service are not provided with regular information and reports, leading to a lack of clarity regarding the service and costs and possible future challenges.		
Rec No	7	Risk Priority	2
Audit Recommendation			
<p>Regular meetings and reporting should be held between the six Berkshire authorities, with standard agenda items, which should include a review of the budget, identification of any risks/issues arising, and consideration and agreement as to how these should be addressed.</p>			
Management Response		Responsible person	
<p>Joint Arrangement is being reviewed with instructions sent to Legal Services.</p> <p>This will consider options for improving the governance structure, for example, to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny.</p> <p>Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network</p> <p>Review of JA to include how costs are apportioned. Director of Finance to lead at Berkshire Treasurers.</p>		<p>Public Protection Manager / Director of Finance</p>	
		Target date	
		<p>01/10/2024</p>	

MANAGEMENT ACTION PLAN

Control Objective	Financial management processes and controls are robust
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Risk	There is inequitable cost apportionment between the local authorities and a lack of consistent, documented, and understood methodology for calculating this, leading to errors, financial loss, and associated reputational damage.
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Rec No	8	Risk Priority	2
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Audit Recommendation

It should be clarified, agreed and clearly documented the basis on which the apportionment of coroner’s office and main budget costs between the six local authorities were being made. This basis should be reviewed as part of a review of the SLA and then reviewed on a regular and ongoing basis going forward.

Once the basis of apportionment is agreed upon, there should also be clearly documented policies and procedures detailing how the processes should be carried out, which should be followed, and costs calculated on this basis. There should be clear workings and supporting evidence for all calculations with all relevant individuals having a clear understanding of the calculations. All relevant documentation should be stored centrally to ensure a clear audit trail is maintained and easily accessible in case of future queries.

Management Response	Responsible person
<p>Joint Arrangement is being reviewed with instructions sent to Legal Services.</p> <p>This will consider options for improving the governance structure, for example to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny.</p> <p>Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network.</p> <p>Apportionment of costs to be agreed by Berkshire Treasurers as part of this process. Director of Finance to Lead.</p>	Public Protection Manager / Director of Finance
	Target date
	01/10/2024

MANAGEMENT ACTION PLAN

Risk	Inaccurate budgeting leads to overspends, creating increased financial pressure on all Berkshire authorities.		
Rec No	9	Risk Priority	3
Audit Recommendation			
<p>Consideration should be given to more realistic budgeting which more accurately reflects likely/anticipated costs from the start of the financial year, as well as amending the budget/forecast during the year to reflect any known changes.</p> <p>There should be a regular review of the forecast levels for the following year and resulting provisional charges to the Las, year-end adjustments plus a regular review of the joint arrangement, including apportionment.</p> <p>It should be ensured that there is a clear audit trail between budget and apportionment with all figures reconciling as well as supporting documentation for any increases to budgets.</p>			
Management Response		Responsible person	
<p>A wide review of the budget was undertaken in 2022 and changes agreed by Berkshire LAs.</p> <p>Budgets are monitored monthly with the finance partner. JA costs are adjusted based on previous years spend.</p> <p>It is recognised that a more regular review of the service takes place with authorities to highlight pressures at an early stage and to regularly review and plan.</p> <p>Joint Arrangement is being reviewed with instructions sent to Legal Services.</p> <p>This will consider options for improving the governance structure, for example to include a recommendation for a separate board chaired by another Berks LA to provide effective scrutiny.</p> <p>Confirmation will be sought as to whether existing monitoring through Berkshire Treasurers and reports on the service will continue through Berkshire Public Services Network</p>		Public Protection Manager	
		Target date	
		01/10/2024	

MANAGEMENT ACTION PLAN

Control Objective	Effective information governance arrangements are in place.		
Risk	There is a lack of clarity about roles and responsibilities in relation to information governance resulting in data breaches and associated financial and reputational damage.		
Rec No	10	Risk Priority	3
Audit Recommendation			
<p>It should be ensured that there are appropriate, documented policies and procedures in place in relation to information governance that all coroner-related staff are aware of, understand, and follow. This should include what is appropriate to access, by whom, and when (and similarly what is not appropriate).</p>			
Management Response			Responsible person
<p>To be agreed through IG Champions Network (part of the Information Management Strategy).</p> <p>Rhiannon Charnock nominated as Data Steward for the service.</p> <p>SOPs will be developed as part of the review.</p>			Principal Coroner's Officer / Information Governance Team Lead
			Target date
			01/05/2024

4. FINDINGS

4.1 ROLES AND RESPONSIBILITIES

- 4.1.1 The roles and responsibilities of RBC Officers and independent postholders were defined via relevant job descriptions and job summaries respectively, although the ones for Area and Assistant Coroners were not very detailed (**Rec 1**).
- 4.1.2 Discussion with the Public Protection Manager identified that there was a lack of clarity regarding the governance process for the coroner's service, both for making decisions and for reporting on the service between the six Local Authorities (**Recs 1, 2**), and also a lack of engagement of authority contacts at manager level in relation to the service (**Rec 2**).
- 4.1.3 The Service Level Agreement (SLA) in place between the six Berkshire Local Authorities detailed the relationship between them, roles, responsibilities and accountabilities, although it dated from 2013 and had not been updated since to reflect current practice (**Rec 2**). It also included the transfer of provision of hosting Coroners' Officers Services for Berkshire from Thames Valley Police to Reading Borough Council.
- 4.1.4 There had recently been some changes to the Coroner's Service staff which had been agreed via the Berkshire Public Services Forum; the organogram that detailed the coroner's service structure needed to be updated to reflect this (**Rec 1**).
- 4.1.5 It was noted that not all of the postholders agreed in the latest review were in post yet so an assessment on its appropriateness was unable to be made at this time. However, the Public Protection Manager identified that there was a better balance of new and experienced staff within the team.
- 4.1.6 For RBC Officers, there was a clear management structure with clear accountability and a deputy in place for the Principal Coroners Officer. However, some of their job descriptions required review and updating to reflect the current line management structure (**Rec 1**).
- 4.1.7 It was understood that Officer workload was monitored at one-to-one meetings, with the Principal Coroners Officer overseeing the allocation of cases and ensuring there was the appropriate balance of caseloads between officers. A review of Officer caseloads for the last three months identified that the average inquest caseloads per officer was 43; the Chief Coroner's model from 2019/20 indicated that each staff member should have a caseload of approximately 25 inquest files, depending on their complexity.

FINDINGS

- 4.1.8 Internal audit did not have access to the coroner's case management system and was reliant on the information held there, such as relating to workload, being provided to them. As a result, assurance regarding the figures, including those in annual reports to the Chief Coroner and Ministry of Justice, was unable to be provided. Figures requested regarding caseloads were pulled manually from the system and were unable to be reconciled. Further discussion identified that this was likely due to different parameters being used in the searches. The reports used to provide figures in annual reports (to the Ministry of Justice and Chief Coroner) were understood to have been developed by the software provider. These reports had not been seen by internal audit to verify the returns that had been submitted.
- 4.1.9 For the independent postholders, the Area and Assistant Coroners were led by the Senior Coroner and provided cover when the Senior Coroner was unavailable. The Area Coroner would be the nominated deputy for the senior coroner. The independent roles reported to the Senior Coroner, whose reporting line management was not so clear. The Assistant Coroners had a contract in place, although at the time of audit testing, two signed contracts were yet to be returned (**Rec 3**).
- 4.1.10 There were various risk management processes in place. There was a risk assessment for the coroner's office which was last updated in Jun 2023, together with a business continuity plan (which required updating (**Rec 1**), an emergency mortuary plan for Berkshire in case of mass fatalities/multiple death incidents, a Thames Valley Local Resilience Forum Mass Fatalities Framework, plus procedures for requesting mutual support between Thames Valley Coroners (also in need of updating (**Rec 1**)).

4.2 CONTRACTS WITH THIRD PARTIES

- 4.2.1 The Council's Contract Procurement Rules (part of the Council's constitution) should be followed for all coroner's service contracts. It was noted that as a result of national shortages, sole suppliers and limited markets, there was an over-reliance on either one or a limited number of suppliers, resulting in significantly increased costs for the Coroner's Service (**Rec 3**).
- 4.2.2 There were contracts in place for removals, toxicology and mortuary services, although fully signed contracts by both RBC and the contractor were not seen by internal audit and KPIs were not clearly detailed in all cases (**Rec 3**).
- 4.2.3 Due to a lack of bids (removals) and no responses to market testing (mortuary), direct negotiation with a start-up and awarding to the incumbent had been employed respectively, with the Executive Director of Economic Growth and

FINDINGS

Neighbourhood Services authorised by Policy Committee to enter into contracts in consultation with key decision makers. It was also noted that the mortuary contract had expired in March 2023 and it appeared that the contract extension had been exercised although no formal authority to enter into this or further agreement had been observed at the time of the audit (**Rec 3**). Consideration was being given to the provision of a regional mortuary service which would remove reliance on the incumbent. The service also planned to tender again for the removals contract, although it was noted that this could again result in no bids and direct negotiation with the incumbent.

- 4.2.4 For the toxicology contract, an Officer decision was taken by the Executive Director of Economic Growth and Neighbourhood Services in December 2020 to award a new contract for Toxicology Services to a named provider from January 2021 for three years. An Officer Decision Notice was agreed by the Assistant Director of Planning, Transport and Public Protection to extend the contract for a further two years (**Rec 3**). In addition, some services were provided by other laboratories and invoiced at a significantly higher amount than other services (in one instance there was a sole provider of the service for the whole of the country). Further discussion identified that RBC did not appear to have received any communication regarding fees in advance of tests being conducted for this and therefore it was unclear how the fees charged had been reached or that this offered value for money for the service (**Rec 3**).
- 4.2.5 There was no contract in place for pathology services, with local hospital pathologists being used privately and invoicing for services conducted, otherwise an agency was used (**Rec 3**). This meant that the service was subject to price increases as and when requested, creating short-notice budget pressures (**Rec 3**). Also, there was a lack of consistency in rates charged for post-mortems between the various providers. Discussion with the Public Protection Manager identified that it was planned to tender for the contract although it was unclear at present what the likely response might be; it was noted that there was a national shortage of pathologists.
- 4.2.6 In terms of the Assistant Coroners, there were signed contracts in place with all but two of the Assistant Coroners (**Rec 3**), although the newer ones were more explicit.
- 4.2.7 Some contract monitoring was occurring, although it was not consistent between contracts (**Rec 4**). Monthly management reports were provided for the toxicology contract, although it was noted that the timeframe for complex tests had been extended from 20 to 30 days and meetings were held approximately quarterly for the removals contract. There were no regular contract management meetings held with the relevant NHS trusts, although the senior coroner did meet regularly with them in a different capacity.

FINDINGS

- 4.2.8 Generally, payments were made in a timely manner, with a purchase order raised each financial year for each contract, goods receipting for services provided, and invoices set against the purchase order. Invoices were saved on Oracle Fusion although not always with supporting documentation (this was saved elsewhere).
- 4.2.9 It was noted that some invoices reviewed had detailed jobs at the incorrect rate (and been paid), two invoices for the same post-mortems had been charged and paid twice, and several fees were significantly higher than others (due to a sole provider in the country) where no evidence had been seen that this had been agreed in advance of the service being provided. Internal audit inquiry as to how it was ensured that the Council was billed only for the services provided and at the agreed rates identified that a dip check had been carried out on invoices to check that tests charged for had been requested; however, no checks were carried out to confirm that the correct rates for tests had been charged - this was planned to be carried out going forward (**Rec 5**).
- 4.2.10 For Assistant Coroners, it was noted that invoicing for fees and expenses was not conducted in a timely manner, with fees often being claimed many months after they had occurred (**Rec 5**). This made it difficult to verify and also to budget for. It was also noted that there was a lack of consistency between postholders as to what was claimed (**Rec 5**). This was due to contractual differences. No evidence was observed during testing that Senior Coroner approval had been given in advance of services being delivered/expenses incurred for expert witnesses or Assistant Coroners. Discussion with the Public Protection Manager identified that these would be agreed upon and documented by the Senior Coroner.

4.3 SERVICE PERFORMANCE

- 4.3.1 There was a service plan in place for Planning, Transport, and Public Protection for 2023/24, which included Berkshire Coroners Service. Priorities for the year were to develop a proposal and business case for a regional mortuary facility in the Thames Valley and embed the future operating model for the service, with a more reliable staffing structure to support the senior coroner. The risks identified were the new removals contract provider failing to deliver and/or bringing the service in-house was not deliverable, there were insufficient pathologists to perform the function due to a national shortage, increased pathologist fees causing cost pressures, and increased legal costs from complex cases.

FINDINGS

- 4.3.2 The Coroners Service Plan for 2023/24 was to scope the potential for a regional mortuary facility, to review the body removal service with a view to bringing the service in-house by the start of the 2024/25 financial year, to review pathologist fees to ensure they reflected the service provided, offered value for money whilst providing the necessary support, to implement proposed staffing changes to improve resilience, reduce inquest times and reduce costs in the long term, increase financial and service reporting to member authorities with increased engagement with them. All areas of focus were aligned with RBC's corporate plan and its priorities - inclusive economy and looking to ensure a quality, cost-effective service was provided, meeting demands and continually improving.
- 4.3.3 Legislation and comprehensive guidance for coroners was provided on the Judiciary website. There were also local guides provided on SharePoint including details of specialists in various areas, in addition to training materials and details of day-to-day and one-off processes. Coroner's officers and independent postholders had varying access rights to the SharePoint site (**Rec 6**).
- 4.3.4 It was noted that neither the service plan nor the SLA detailed KPIs for the Coroner's Service (**Rec 6**). Guidance for the bereaved and Chief Coroner's guidance provided various timeframes, and KPIs were detailed in the Coroner's annual statistics. It was noted that whilst the average number of weeks to process an inquest had decreased over the last three years, it was still above the average for the southeast region.
- 4.3.5 There was benchmarking available for the service, as well as coroners' annual statistics for 2022. The cost per case referred and per death registered were quite high for Berkshire. The average time taken to process an inquest in Berkshire was average for England and Wales (30 weeks) and slightly above average for the Southeast (28 weeks). There were 52 outstanding cases over 12 months old, with 23 cases over 12 months completed as at the end of April 2023.
- 4.3.6 WPC was the case management system being used for coroner's service which had been acquired as part of a framework agreement with other authorities. The agreement was signed in October 2017 and was on a one-year rolling contract basis. This needed to be reviewed/retendered to ensure that value for money was being achieved (**Rec 3**).

FINDINGS

- 4.3.7 It was noted that there were no regular or clear lines of monitoring or reporting of service performance (other than monthly budget meetings between the Public Services Manager and Finance in terms of the budget). This had been raised as an action at the Berkshire Treasurers Group in November 2022 (**Rec 7**). Finance issues were considered at the Berkshire Treasurers Forum, and higher-level issues at the Berkshire Public Services Network. There was no low-level discussion/monitoring/reporting (**Rec 7**). Coroner Service team meetings did not appear to have been held (regularly) until recently.
- 4.3.1 Complaints were handled differently depending on whether they related to independent postholders or RBC Officers. Few complaints had been received via either process, and, generally, they were responded to in a timely manner.

4.4 FINANCIAL MANAGEMENT PROCESS AND CONTROLS

Cost apportionment

- 4.4.1 The SLA between the Berkshire authorities did not detail how the coroner's main budget cost was currently apportioned (**Recs 2, 8**). Whilst the coroner's office budget was detailed as being based on a pop-base formula (50:50 tax-base/population), the basis for the apportionment for the coroner's main budget was detailed as being set from year to year, based on a formula agreed by the Finance Officers, recognising the place of death, where people have lived and population (equally weighted) or as otherwise agreed.
- 4.4.2 However, it was understood that the current basis of cost apportionment was with Slough being solely pop-based (no evidence of appropriate approval/agreement had been seen by internal audit for this) and the remaining Berkshire authorities on a transition towards pop-based allocation (**Rec 8**), with the Berkshire Treasurers Group having agreed this basis for apportionment, although no formal, documented agreement detailing this had been observed (**Rec 8**). At present, RBC was paying a significantly higher percentage than the other Berkshire authorities (24% versus 12-18%). The Berkshire Treasurers Group had agreed to move to a more equitable method of apportionment of cost after the 2023/24 financial year, with a phased approach adopted over three years (**Rec 8**).

FINDINGS

- 4.4.3 Discussion with the DEGNS Strategic Finance Business Partner and the DEGNS Finance Business Partner identified that there was a lack of clarity as to how the apportionment was currently calculated, with an historic template used for the calculations (**Rec 8**). There were no documented policies/procedures to detail how apportionment should be carried out; only as documented in the original SLA (**Rec 8**). There was therefore concern that the rollover of figures/templates from previous years meant that any errors in prior years would continue to be replicated going forward (**Rec 8**).
- 4.4.4 Review of calculations identified that the apportionment between authorities was calculated based on the existing percentages used in the budget (other than Slough which was pop-based), with a 6% administrative fee also being added to the costs i.e., the proportions between the authorities (excluding Slough) did not change year-on-year. The recharges were made on a quarterly basis. At the year-end, the difference between the budget and actual figures was identified and the appropriate adjustments were made to the apportionment.
- 4.4.5 The budget and quarterly apportionment were not being amended in-year to reflect likely overspends, resulting in a significant year-end adjustment which was not made until the end of the following financial year, although the local authorities had received communication in advance of any likely overspend. Income due/received was also not journaled to the coroner's Oracle Fusion cost centre until the year end.
- 4.4.6 Review of the 2021/22 apportionment (as the adjustment for the 2022/23 financial year had yet to be finalised at the time of the audit) identified that quarterly net payments due to RBC as a result of all joint arrangements in place took account of coroner's costs and had been paid in a timely manner.
- Budget
- 4.4.7 Discussion with the DEGNS Strategic Finance Business Partner and the DEGNS Finance Business Partner identified that the coroner's budget was drafted by rolling over the previous year's one and then making a few adjustments; the majority of budgets remained the same year-on-year (**Rec 9**). To date, the budget/forecast was not amended to reflect any in-year changes (**Rec 9**).
- 4.4.8 Discussion with the Public Protection Manager identified that the Forbury Gardens inquest costs were significant and solely RBC's responsibility to pay. Whilst he authorised the expenditure, he had no control over the costs nor knowledge of whether the expenditure had been incurred. In the current financial year, the budget for the inquest appeared to significantly underestimate the likely costs.

FINDINGS

- 4.4.9 Discussion with the Public Protection Manager identified that he was responsible for managing the coroner's service budget and met monthly with finance representatives to go through the establishment and revenue budgets and review variances. There was also regular interaction with RBC finance representatives concerning the joint arrangement for the service and the apportionment of costs.
- 4.4.10 Further discussion with the Public Protection Manager identified that the Coroner's Service budget monitoring was carried out by RBC. Budgeting/forecasting was not discussed either regularly or in detail by the other Berkshire Local Authorities (**Rec 7**), although any significant variances and changes to other Local Authorities apportioned costs would be raised via the Berkshire Public Services Network. It was noted that there was a lack of engagement at manager level across the authorities; they generally only made contact if there was a query relating to the quarterly apportionment of costs (**Recs 2, 7**).
- 4.4.11 The previous year's (2022/23) significant financial pressures had mainly arisen due to significant increases in expenditure. As detailed earlier, a tender process for the removals contract had proved unsuccessful and had led to direct negotiation with a start-up for the provision of a contract at approximately four times the previous cost. The contract would be re-tendered but may not result in any providers being identified. The mortuary costs had increased due to increased numbers and hence increased cases. Previously, a yearly charge had been made, but the current contract was on a cost-per-case basis, hence if the number of cases increased, the mortuary costs increased. For pathology, there was a statutory fee although there was a national shortage of pathologists which meant being flexible regarding fees to ensure service provision; again, the service was looking to tender the contract.
- 4.4.12 Toxicology had a contract in place via a framework agreement which was in the process of being extended. However, there was a query about the fee and if the provider as a result decided not to extend the contract, temporary arrangements would have to be put in place, at likely (significantly) increased cost. A regional mortuary option was being considered, and tendering/retendering of contracts but shortages/sole providers were making it difficult to negotiate value-for-money contracts. It was noted that all contracts were difficult to manage, with shortages and/or sole suppliers leading to significant increases in service and contract costs.

FINDINGS

- 4.4.13 It was noted that information provided to the Berkshire Public Services Network and Berkshire Treasurers Group regarding the coroner's service related to proposals to increase spending where budget pressures were experienced rather than the provision of regular reports. Discussion with the Public Protection Manager identified that there was no regular reporting to the Berkshire Public Services Network - only when a budget increase was required or to provide an update following a budget increase (**Recs 2, 7**).

4.5 INFORMATION GOVERNANCE

- 4.5.1 Discussion with the Information Rights Services Manager and the Information Governance Manager identified that there were no clearly documented roles and responsibilities concerning information governance for RBC-employed and independent postholders in the coroner's service (**Rec 10**).
- 4.5.2 Further discussion with the Principal Coroner identified that since the issues had been identified, action had been taken to address them. There was now an expectation that had been disseminated to all that Officers were responsible for declaring if they had a personal connection to any case and the record locked down accordingly. The issue of appropriate/inappropriate and authorised/unauthorised access and management of data was raised at team meetings and clarified at one-to-ones (this was unable to be evidenced/verified). An email had also recently been sent to Officers concerning the confidentiality of information.
- 4.5.3 It had also been identified that there was no clarity between RBC and the Ministry of Justice as to the division of roles and responsibilities between the two. Discussion with the Principal Coroners Officer identified that the Senior Coroner was the data controller and she and other (assistant/area) coroners gave direction to Officers on what information can be disclosed/redacted. They also indicated if a case needed to be locked down, for example, if it was politically sensitive or was a family member.
- 4.5.4 Discussion with the Public Protection Manager also identified that there was a data privacy notice for the coroner's service on the website which had recently been updated. This detailed the data held, where and the basis for collection, use and storage.

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MANAGEMENT ACTION PLAN

12/3/2024

COMMUNITY INFRASTRUCTURE LEVY

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

- Management of infrastructure highways
- Capital programme

Assurance Opinion		Identified Recommendations	
Limited Assurance		Priority 1	0
		Priority 2	5
		Priority 3	1
Date of last review:	7/12/2020	Direction of travel	

Distribution List

To: Emma Gee James Crosbie Darren Carter Stuart Donnelly Mark Worringham	Executive Director for Economic Growth & Neighbourhood Services Assistant Director of Planning, Transport & Regulatory Services Director of Finance Financial Strategy & Planning Officer Policy Planning Manager
From: Robert Dunford	Senior Internal 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.

MANAGEMENT ACTION PLAN

1. BACKGROUND

- 1.1 The Community Infrastructure Levy (CIL) should be viewed as a contribution to the Council's priorities. Unlike S106 funds which may be tied to a specific development or infrastructure provision, CIL funds can be used flexibly to fund any infrastructure provision prioritised by the Council that has been set out in its Infrastructure Funding Statement (IFS).
- 1.2 The local planning authorities are responsible for establishing the CIL rates within a given area and for administering and implementing the CIL levy within their respective jurisdictions, which can fluctuate based on location, type and size of development.
- 1.3 CIL regulations set out the legal definitions for spend and the protocol shapes the direction of spend, both of which need to be met for the spend to be allocated. Funds should be allocated in accordance with the Council's CIL spending protocol which sets out the allocation principles for managing the spending priorities in the IFS which is based on the adopted Local Plan policies relating to transport infrastructure, education facilities projects, social / community facilities, leisure and culture facilities, open spaces, sports, recreation, green infrastructure, public realm and environmental improvement projects, economic support, renewable energy infrastructure, and air quality.
- 1.4 Local authorities are required to ensure that CIL income is allocated on the following basis. Where councils do not have a parish council or neighbourhood plan, local authorities are required to spend their funds below: -
- 80% on infrastructure as set in the CIL Regulations 2010 (as amended), and in accordance with the authorised IFS.
 - At least 15% of CIL monies should be spent in the 'relevant local area' in which development is occurring.
 - 5% of receipts will be allocated to cover administration costs.

2. OBJECTIVES AND SCOPE OF THE AUDIT

- 2.1 The purpose of this audit was to evaluate the systems, records and controls in place to:
- Ensure the procedures and processes for collecting CIL monies are robust and meet the key CIL legislative requirements.
 - Ensure the procedures and processes for monitoring and reporting of CIL expenditure are documented.
 - Ensure CIL funds are used in accordance with the plans approved by the Council.

MANAGEMENT ACTION PLAN

3. CONCLUSIONS

- 3.1 We have issued a limited assurance opinion on the basis that, although the CIL is governed by legislation, it is administered within the council without any documented procedures, limited business continuity and separations of duties to ensure the collection of CIL monies are effectively monitored.
- 3.2 There are good controls in place to advise the payer how the CIL liability has been calculated so that this can be questioned before the demand notice is issued for payment, although the formula used by the Exacom¹ system to calculate the liability is more complex than the published charging schedule.
- 3.3 Although the Council's 'Spend Protocol' for the allocation of funds has been reviewed and approved by Policy, there are no documented procedures to clarify the requirements and processes for administering the CIL both on Exacom or on a day-to-day basis, or for ensuring business continuity e.g., land charge reconciliation, updating Exacom.
- 3.4 Separations of duties between the billing and recovery of the CIL remains a challenge for the service due to staffing resources and limited assistance from Legal Services and Accountancy.
- 3.5 From our random tests, we are satisfied that the Council's correct bank details were provided on the demand notices issued.
- 3.6 There is a lack of corporate coordination, documented procedures and legal support to ensure the effective and efficient recovery of CIL debts, which equates to approximately £0.5m per annum. Registered land charges currently account for approximately £1.5m. Failure to collect these debts may delay the Council's ability to fund specific projects.
- 3.7 There is a risk that the debtor report produced by the Exacom system is inaccurate because: -
- Payments are automatically posted to the suspense account on Fusion/E5; the accuracy and completeness of the Exacom debtor report is dependent on these payments being identified so that the system can be manually updated on a timely basis.
 - Technical assistance is required to investigate and resolve a few accounting reporting issues within Exacom.

¹ Exacom is a "multi-user CIL Administrator product is aimed at Community Infrastructure Levy charging and collection authorities and is designed to take the sting out of CIL administration, providing a work-flow interface to enable an administrator to capture information, calculate charges, levies, surcharges etc, generate notices and manage finance. It also provides alerting when due dates are reached."

MANAGEMENT ACTION PLAN

- 3.8 Although there is feedback on the completion of works for neighbourhood projects, better protocols are required for monitoring and recovering any unspent balances where the funds are allocated and managed outside of the Council's budget framework.

MANAGEMENT ACTION PLAN

Control Objective	Ensure the procedures and processes for collecting CIL monies are robust and meet the key CIL legislative requirements.
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Risk	CIL monies may not be collected on a timely basis.
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Rec No	1	Risk Priority	2
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Audit Recommendation

A list of all the technical issues that require assurance on or assistance from Exacom should be prepared and submitted for investigation e.g.,

- Ensure the outstanding balance between demand and finance sums are reconciled.
- Rounding off the calculation index ratio factor (CIL).
- Debt report feeder (S106)

Management Response	Responsible person
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<p>Not all of these issues are necessarily an issue with Exacom. The following will be undertaken.</p> <p>We will raise a technical issue with Exacom on reporting of demand status, after further investigation of where the issue is arising.</p> <p>We will undertake further investigation of how the issue with the S106 debt report has arisen and also raise this with Exacom if the investigation shows that it is a fault with the system.</p> <p>The issue with rounding off is not an error with the Exacom system (which is simply following the legislation), rather it is an error in how the index-linked charge is shown on the Council's own website, where it is rounded to whole pence. It will not be possible to show the figure in a different way, but some text should be added to the publication of the new index figure (annually) to highlight that the full index-linked figure should be use rather than the rounded figure.</p>	<p style="text-align: center;">Principal Infrastructure and Monitoring Officer</p> <hr/> <p style="text-align: center;">Target date</p> <p style="text-align: center;">End of April 2024</p>
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MANAGEMENT ACTION PLAN

Risk	CIL monies may not be collected on a timely basis.		
Rec No	2	Risk Priority	2
Audit Recommendation			
<p>The procedures and processes for producing the CIL Demand Notice, recovering, and accounting for the payment, including enforcement should be documented.</p> <p>To ensure CIL debts are recovered on a timely basis, a SWOT / cost-benefit analysis should be completed to ascertain if legal assistance is required to help enforce recovery before these are placed on land charges.</p>			
Management Response		Responsible person	
<p>A process document will be prepared to cover the monitoring, collection, enforcement and spend of CIL.</p> <p>Regarding land charges, it is the law that a CIL liability must be registered as a land charge, and as such there is no scope to undertake such an analysis before it is registered. In any case, the point at which a land charge is registered is well before the point where any expected difficulties in collection, or even the full scale of the charge (due to possible relief applications) will become apparent.</p> <p>However, it is agreed that better information on CIL debts is required, and it is proposed that a quarterly report on unrecoverable debt (as well as highlighting when the end of the 6-year period after which CIL can no longer be collected) should be produced taking account of the results of a SWOT/cos-benefit analysis and shared with the Assistant Director, Legal and Democratic Services and Assistant Director, Planning, Transport and Public Protection, starting for Q2 2024.</p>		Target date	
		<p>End of Q2 2024 (for initiating quarterly report)</p> <p>End of December 2024 (for full process document)</p>	
		<p>Planning Policy Manager Principal Infrastructure and Monitoring Officer</p>	

MANAGEMENT ACTION PLAN

Risk	CIL monies may not be collected on a timely basis.		
Rec No	3	Risk Priority	2
Audit Recommendation			
The recovery status of the CIL debt should be reported to the Accountancy Service and the Assistant Director of Planning, Transport & Regulatory Services each month for monitoring and reporting purposes.			
Management Response		Responsible person	
Agreed that a report showing the recovery status of all CIL debt (which can be combined with the report outlined in response to recommendation 2) will be provided monthly to the section 151 officer and Assistant Director, Planning, Transport and Public Protection, starting end of Q2 2024.		Principal Infrastructure and Monitoring Officer	
		Target date	
		End of Q2 2024	

Risk	Monitoring separations of duties are not fully enforced.		
Rec No	4	Risk Priority	2
Audit Recommendation			
A certified copy of the reconciliation of cash receipts between the E5 and Exacom systems for CIL and S106 monies should be completed and forwarded to the Policy Planning Manager and the Accountancy reconciliation team quarterly.			
Management Response		Responsible person	
This is wholly reliant on timely provision of information from the finance systems to allow reconciliation to be carried out. Agreed that, subject to this information being provided, the reconciliation can be carried out quarterly with input from Principal Infrastructure Monitoring Officer		Capital Accountant Technical Officer	
		Target date	
		End of Q2 2024	

MANAGEMENT ACTION PLAN

Control Objective	Ensure the procedures and processes for monitoring and reporting of CIL expenditure are documented.
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Risk	There is a risk that funds may not be spent appropriately		
Rec No	5	Risk Priority	3
Audit Recommendation			
All website information together with the CIL Spend Protocol should be reviewed and approved as this was last completed in 2021 e.g., inspection of completed works and the recovery of unspent allocations.			
Management Response		Responsible person	
<p>CIL Spend Protocol to be reviewed early 2025 to tie in with potential changes to the way that 15% local CIL is allocated after experience in 2024, and this should also cover how unspent funds are monitored.</p> <p>Historic versions of the Infrastructure Funding Statement to be added to the website,</p> <p>Full review of the information available on the website to be carried out.</p>		Policy Planning Manager	
		Target date	
		<p>Early 2025 – website review and spend protocol.</p> <p>End of April 2024 – IFS versions on website</p>	

Risk	There is a risk that funds may not be spent appropriately		
Rec No	6	Risk Priority	2
Audit Recommendation			
The requirement for a protocol/procedure to verify CIL allocations that have been paid to organisations should be considered.			
Management Response		Responsible person	
<p>Agreed that a procedure for verifying CIL allocations that have been paid to outside organisations should be prepared. This will require input from colleagues from Finance.</p>		Capital Accountant Policy Planning Manager	
		Target date	
		End of December 2024	

4. FINDINGS

4.1 BILLING

4.1.1 The 'Charging Schedule' dated January 2015, and the 'Annual CIL Rate Summary'² published by the Council explain the basis, and how the CIL is calculated in line with indexation since 2015.

4.1.2 An examination of 10 CIL liability calculations to confirm the integrity of CIL Liability and the Demand Notice for billing purposes found: -

- The gross CIL calculation described on the CIL Liability Notice document, satisfactorily matched the gross balance on the Exacom system.
- We are satisfied that a copy of the CIL Liability Notice issued to the applicant, provides a breakdown of the details, the basis for the calculation, and how³ the liability has been calculated, and is held on the Exacom system.
- We noted a few rounding variations between the inflation index calculation made by Exacom and that described in the 'Annual CIL Rate Summary'.
(See Rec 1)

4.1.3 Following the planning applicant's (liable party) agreement with the CIL Liability Notice, a Demand Notice is issued for payment. A test sample of 10 out of 48 Demand Notices issued between 1/4/2022 and 30/11/2023 totalling £10,465,359.36 found: -

- Copies of the Demand Notices held on Exacom were correctly addressed.
- All the Demand Notices were satisfactorily created after the decision date.
- All the Demand Notices recorded the correct liable sum.
- The Council's banking details were correctly provided on the copy of Demand Notices held on file.

² The summary shows the index factor and the respective rate that is applied to calculate the charge for every year since 2015.

³ The area charged before relief is calculated by multiplying the chargeable area by the rate per square meter for 2015 e.g., £120.00, and then the index factor e.g., 1.302 (322/255).

FINDINGS

4.2 COLLECTION / PAYMENT

4.2.1 Exacom is used instead of Fusion/E5 for raising the demand notice and accounting for CIL. There are no documented standard operating procedures to explain the processes for raising the invoice, income collection or accounting for the payment within Exacom. (**See Rec 2**).

4.2.2 Although we agree that a unique 'payment reference' is created and prominently displayed on the Demand Notice to help identify the payment on the bank statement and the accounting systems, both Planning and Finance have informed us this reference is often omitted by the payer on payment. For investigative purposes, the Principal Infrastructure and Monitoring Officer (PIMO) has 'read-only' access to the Council's bank statement and the Main Accounting system to help trace any payments that are posted to the 'suspense account'.

4.2.3 The Systems Finance Team has proposed that a new fund account could be created to differentiate CIL from other income, as the references used by Planning are not recognised by the cash receipting system (Civica) and all receipts are posted to 'suspense'. Planning and Accountancy have advised this would not help to identify those payments that were made without the required payment reference.

4.2.4 From our sample test of identified payments received via the 'Civica' Cash Receipting system, and accounted⁴ for on the Main Accounting system⁵ we were unable to quantify how frequently the 'reference' was omitted from the payment, however:

- The payment reference had been satisfactorily referenced against the transactions for our test sample of payments and a copy of the receipt for the correct sum was held on Exacom.
- We are satisfied that an audit log is held on the Exacom system for each application, and that the outstanding balance has been correctly reduced, however, we noted there was a one-penny variance between the funds receipted on Fusion/E5 and Exacom (Ref: 201532).

4.2.5 The CIL debt monitoring and reporting controls could be improved, and we have made two recommendations to address this (See Recs 2 & 3). An examination of the Exacom 'Debtor Finance' report records there are 22 applications with a total outstanding debt of £617,837.41 as of 30/11/2023 and highlighted the following: -

⁴ A Fusion income transaction code (FA 9485) was created to account for all CIL receipts, which are held centrally under the cost centre used for accounting for CIL.

⁵ E5 replaced Fusion as the Council's main accounting system on 30/11/2023.

FINDINGS

- Although not related to CIL finances, the PPM highlighted that s106 contributions are not being pulled through. Exacom is used for both CIL and s106 contributions and therefore assurance is needed on CIL payments (**See Rec 1**).
- We were unable to determine if CIL is subject to the Council's corporate bad debt and write-off controls as there are two debts totalling £12,727.78 that exceed the Council's corporate 6-year write-off policy. We noted the age and the legal recovery status on Exacom were not profiled on a 'dunning'⁶ basis, although we appreciate this considers the 'decision expiry date'.
- There are 17 applications listed in the debtor report with an outstanding zero balance. Further investigations with the Principal Infrastructure and Monitoring Officer identified there is an issue that needs to be reported to Exacom as the system is not updating the information tab to report the correct information. These cases should be investigated to confirm that the application has been removed (**See Rec 1**).
- Unlike other income received by the Council (sundry debtor, penalty charge notice systems), the PPM is not aware of any reporting requirements to inform Finance of the debt recovery status, or of the regulatory restrictions that prevent this, albeit debts are placed on Land Charges. For context, approximately £5.4m has been placed on land charges since 2015, of which £3.8m has since been paid or clawed back (**See Rec 3**).
- The PPM has commented "The CIL debt report is a bit simplistic and in real terms not all Demands are debt. The area that I think we need to focus on is the debt that has reached the part in the CIL regulations of needing to take court action. It is this bit that is outstanding debt and needs Legal support. There are measures in the CIL regulations before that point that can be used to collect debt. Also, not all Demand Notices are debt, if someone pays in accordance with eh demand instalment dates, then it's not really debt. Also, CIL regulations require us to list all Demand notices on Local Land Charges, which the swot feels like is relevant to the above that has reached the court stage".

⁶ **Dunning** is the process of methodically communicating with customers to ensure the collection of [accounts receivable](#). Communications progress from gentle reminders to threatening letters and phone calls and more or less intimidating location visits as accounts become more [overdue](#). Laws in each country regulate the form that dunning can take. It is generally unlawful to harass or threaten [consumers](#). It is acceptable to issue firm reminders and to take all allowable collection options.

FINDINGS

- Planning has confirmed that it lacks resource support from Legal Services to assist with enforcement before the debt is placed on Land Charges (**See Rec 2**).

4.2.6 There are poor procedures in place to ensure the CIL reconciliation between Exacom and Fusion/e5 is completed on a timely basis and any issues arising from this are investigated. Accountancy has informed us that the quarterly reconciliations have not been completed regularly during 2023/24 (**See Rec 4**): -

- The reconciliation for 2022/23 and 2023/24 were both dated 27/11/2023. We are satisfied the systems reports are provided to substantiate that there are no balance variances.
- The accountant, who is independent of Planning, and responsible for completing the reconciliation will share the reconciliation with the Policy Planning Manager in the future.
- Despite the significant sums involved, there is no remit in place for the Reconciliation Team to monitor and report upon the completion and balance status of the CIL (and S106) reconciliations (**See Rec 4**).

4.3 ALLOCATION OF CIL FUNDS

4.3.1 The 'CIL Spend Protocol' dated February 2021, was approved by the Policy Committee on 15/2/2021. The protocol sets out proposed procedures for dealing with the allocation and monitoring of the spending of income arising from the CIL (**See Rec 5**).

4.3.2 We can confirm the Council's CIL Spend Protocol clarifies the methodology for calculating the levy due and the principles for allocating CIL funds, and it is available to the public from various pages on the Council's website, which was updated 8/12/2023. Government guidance to explain what CIL is, and how it operates, is provided by the Department for Levelling Up, Housing and Communities (Gov.UK).

4.3.3 The decisions approved by the Council for 80% of the allocation of CIL and priorities are published in the Council's Infrastructure Funding Statement (IFS). We can confirm the decisions approved by the Policy Committee for 15% of the allocation of CIL receipts to be spent on local priorities are minuted in the 'decision notice.' Following the relevant meeting: -

- These allocations are accounted for on the Fusion/E5 and Capital Programme spreadsheet by location.

FINDINGS

- Outcomes and progress of these allocation decisions are published in the annual Infrastructure Funding Statement which is produced on the 31st of December each year.

4.4 MONITORING OF CIL EXPENDITURE

4.4.1 Although accounting codes have been created to account for the allocation of funds in part: -

- 80% is accounted for through the Council's capital programme⁷. Details of the capital programme are published in the Budget Book for 2023/24.
- 15% of neighbourhood CIL is accounted for on Fusion/E5 by the location of the project using the corporate analysis/project codes which are supported by the 'CIL Local Info' spreadsheet maintained by the Capital Accountant.

4.4.2 Although Exacom provides a profiled split of the allocation of funds received, based on an application basis, the system is not used to account for what has been spent. As an example, Exacom records the proportional allocation of the total funds collected for the IFS period 1/4/2022 to 31/3/2023 accordingly: -

<u>Fund Allocation</u>	<u>Proportion</u>
Administration (5%)	£ 314,565.46
Neighbourhood CIL (15%)	£ 936,140.41
Strategic CIL (80%)	<u>£5,040,603.27</u>
Total Funds Received	£6,291,309.14

4.4.3 Although the IFS follows a regulated format, we are satisfied that the collected funds reported on the IFS (paragraph 2.3) for 2022/23 are reflected in Exacom⁸. We note: -

- Although unspent balances are accounted for on the 'CIL info' spreadsheet maintained by the Capital Account, the IFS does not make it clear if any spent or surplus balances issued to community projects (neighbourhood CIL) require repayment. The Principal Planning and Infrastructure Monitoring Officer agreed that the protocols for verifying unspent allocations that have been issued to parties outside of the council require review (**See Rec 6**).

⁷ Capital is money the Council spends on improving its assets. This can include purchasing new assets, such as land and buildings, but also refurbishing and improving existing ones. Capital expenditure is funded through capital income sources such as grants, borrowing, capital receipts and S106 or Community Infrastructure Levy money. The Capital Programme is the authority's plan of capital expenditure and investment for future years, including details on the funding of the schemes. The Capital Programme 2023/24 - 2025/26 was approved as part of the Council's Medium Term Financial Strategy (MTFS) in February 2023.

⁸ [Infrastructure Funding Statement 2023-24](#)

FINDINGS

- The IFS is not required to report the age or the level of bad debt. These funds may have been paid but remain unidentified in the suspense account. Liabilities remain on the Exacom system until payments are identified and the system up dated.
- Section 4 of the IFS provides feedback and in some cases photographs to confirm the use and completion of infrastructure projects.
- Although the IFS records the date of completion of a project, it does not record if this was delivered on time, nor the service or project team responsible. This information should be detailed in the monitoring report provided to senior management.
- Although we confirm the IFS for 2020/21 and 2022/23 were produced, we have been unable to locate a published copy of the IFS for 2021/22.

4.4.4 Within all processes of administering and managing the community infrastructure levy, including billing, payment collection and recording, and the monitoring of funds, there is over-reliance upon the Principal Infrastructure and Monitoring Officer, as there is no other officer with the experience or knowledge to step up should the need arise. This is further exacerbated by the lack of documented procedures. Whilst the system is working, basic controls are not in place to ensure it remains a stable process should key officers leave the Council.

Audit and Governance Committee

10 April 2024



Reading
Borough Council
Working better with you

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

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.
- 1.4. During the final quarter of the year there has been an increased focus on ensuring recommendations are implemented and this has resulted in thirty-eight recommendations reported as complete and removed from this report.
- 1.5. Three new audits: Community Infrastructure Levy, Coroners Service and Reading Foundation for Art have been added to Appendix one.

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 the Page 7 Advisory points made by the Auditor. Whilst it is important that all agreed audit recommendations are implemented the focus of the

Committee should be on high to medium risk recommendations.

3.4. Prior to reporting to committee, officers responsible for implementing the specific recommendations are asked to update the Audit Tracker. Each recommendation is 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%+)

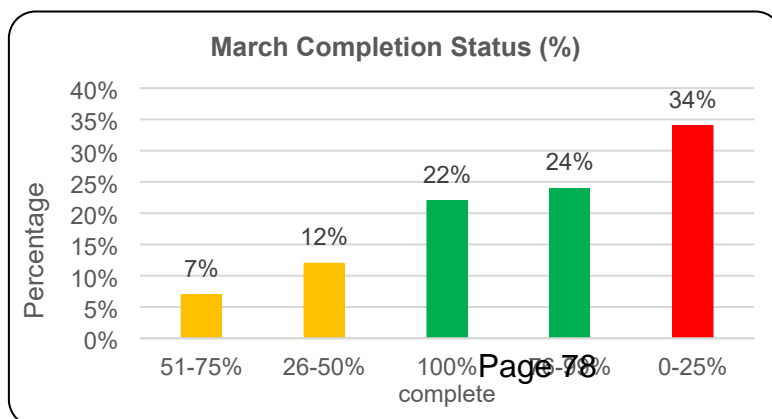
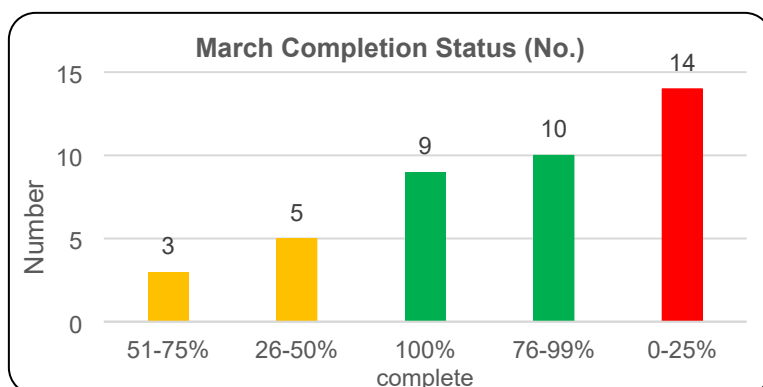
3.5. Where there is a lack of progress with implementation, for example, regularly missing implementation dates etc, the Director / Assistant Director and Responsible Officer (if different) can be asked to attend the committee meeting to explain the difficulties with implementation and the steps being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

3.6. Seventeen recommendations have been added to the tracker and thirty-eight completed recommendations removed following reporting in January 24. There are currently forty-one recommendations on the tracker, of which nine are reported as complete since January 24.

3.7. The age of the recommendations, Financial Year, which have not yet been completed are listed in the table below. It should be noted that although they are not yet complete, it does not mean that they are overdue for completion. In future reports we plan to better highlight which are not overdue:

Age of recommendations (not completed)		
April 24		
Year	Number	Percentage
21/22	6	19%
22/23	7	22%
23/24	19	59%
Total	32	100%

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



- 3.9. From April 2024 the format of the report will change to tracking progress in implementation of the management responses to audit recommendations. This approach is an improvement to enable better tracking in addressing recommendations.

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 – March 2024

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-23
DEGNS	Community Infrastructure Levy	23/24	A list of all the technical issues that require assurance on or assistance from Exacom should be prepared and submitted for investigation e.g., •Ensure the outstanding balance between demand and finance sums are reconciled. •Rounding off the calculation index ratio factor (CIL). •Debt report feeder (S106)	2	30/04/2024		0-25%	New
DEGNS	Community Infrastructure Levy	23/24	The procedures and processes for producing the CIL Demand Notice, recovering, and accounting for the payment, including enforcement should be documented. To ensure CIL debts are recovered on a timely basis, a SWOT / cost-benefit analysis should be completed to ascertain if legal assistance is required to help enforce recovery before these are placed on land charges.	2	31/12/2024		0-25%	New
DEGNS	Community Infrastructure Levy	23/24	The recovery status of the CIL debt should be reported to the Accountancy Service and the Assistant Director of Planning, Transport & Regulatory Services each month for monitoring and reporting purposes.	2	30/09/2024		0-25%	New
DEGNS	Community Infrastructure Levy	23/24	A certified copy of the reconciliation of cash receipts between the E5 and Exacom systems for CIL and S106 monies should be completed and forwarded to the Policy Planning Manager and the Accountancy reconciliation team quarterly.	2	30/09/2024	Reconciliations are currently shared with the S106/CIL monitoring officer but will also be shared with the Policy Planning Manager & the Reconciliation team going forward. This will commence with the reconciliations for the 2023/24 financial year.	0-25%	New
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	30/11/2023	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. This work is on track for completion by target date of end of June 2024	26-50%	26-50%

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-23
DCASC	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	31/03/2024	To provide further robustness the processes for recovery of agreed CHC costs has been built into Mosaic workflow. This work is implemented March 2024 in line with the deadline.	Complete	26-50%
DCASC	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	31/12/2021	The Commissioning Manager to oversee the Quality and Contracts portfolio has been appointed and will start on 1st April 2024 and will oversee review of the Contract Management processes for DCASC. The Procurement & Contract Hub are commissioning a new contract register tool for the Council. DCASC is supporting this work to ensure that requirements are met. Timescale for new register - September 2024.	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 Dec 23 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%
DCASC	Contract Management	21/22	The existing monitoring and reporting controls should be developed to provide timely and effective assurance to senior management on the status of: - -□Strategic commissioning risk, -□Contractual and service delivery risk of providers, -□Compliance within ASC and with providers, -□The completion of contractual documentations.	2	01/01/2022	Governance Structures are in place in line with the Contract Procedures Rules and Scheme of Delegation. The DACHS Commissioning & Procurement Board and DMT provides oversight of activity and output on key contracts. The Board meets every 6 weeks and has representation from Commissioning, Finance, Procurement, Ops and Legal. The TOR for the Commissioning Board was refreshed in September 2023 and membership extended to include Public Health. Monthly reports are provided to DACHS DMT and the Lead Member. The Commissioning Manager to oversee the Quality and Contracts portfolio has been appointed and will start on 1st April 2024. Market and Contract Reports for each key market will go to Commissioning Board on an annual basis from 2024/25.	76-99%	Complete

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-23
DEGNS	Coroners Service	23/24	Consideration should be given to reviewing and updating the SLA in place between the six Berkshire Local Authorities, as appropriate. The review should also include clarification of the governance processes for decision-making and reporting on the coroner's service within the six Berkshire Local Authorities.	2	01/09/2024	Updating the SLA is dependent on tabling a proposal to review the apportionment of costs between the authorities. Awaiting steer from Director of Finance as to when that proposal will be taken to Berkshire Treasurers. A report will be taken to BPSN in April 2024 which updates on the Coroners Removals contract with the intention that this includes reference to apportionment. This will be included if agreed by Berks Treasurers.	0-25%	New
DEGNS	Coroners Service	23/24	Signed contracts (including details of KPIs) should be in place for all key services following the Council contract procurement rules, with fees for services agreed in advance of them being provided. Sufficient time should be allowed prior to the end of a contract for appropriate tendering/retendering/agreement of an extension to ensure there is appropriate authority and a formal agreement in place before the contract ends. The case management system contract should be retendered to ensure that an appropriate system is in place and that value for money is being achieved. Consideration needs to be given to how to address the shortage of providers for key coroner's services contracts (where not already in progress) resulting in the awarding of contracts to either the incumbent or sole providers, as this is unlikely to lead to best value. There should be signed contracts in place with all Assistant Coroners, which are explicit for example in terms of what could be claimed in travel expenses, and employment status.	2	01/03/2025	Signed contract extension in place for UHL Toxicology contracted from January 2024-January 2026. Signed contracts in place for all Assistant Coroners - effective from July 2023 - these include agreed schedule of fees. Assistant Coroner's are not employees of the Council which is set out in the terms of the agreement. A signed interim contract for the EMFS body removal service is now confirmed effective from 1st April 2024 to 30th September 2024 and includes an option for a further 6 month extension, subject to the service being brought in-house. Bringing the service in-house seeks to avoid future procurement exercises and award to a limited market at a high expense. The extension to the mortuary contract is currently awaiting RBC Legal amendment before can liaise further with the supplier. Consideration will be given to going out to procurement for the case management system later in the year, although there are only 2 such providers of this system and therefore a limited market. The current system is embedded within the service and is used by external parties, therefore consideration needs to be given for any potential savings against the labour costs in switching providers. Consideration will also be given to procuring a pathologist/s later in the year. This may be dependent on other projects such as the regional mortuary and exploration into local CT post-mortem provision.	76-99%	New
DEGNS	Coroners Service	23/24	There should be appropriate contract management of all contracts, with regular review meetings held and KPIs provided, assessed, discussed, and challenged as relevant.	2	01/04/2024	Meetings to be arranged - email invitations to be sent w/c 2nd April 2024	51-75%	New
DEGNS	Coroners Service	23/24	Appropriate checks should be undertaken on invoices received to ensure that the correct and agreed rates have been charged, and for the services agreed. All rates for services carried out should be formally agreed upon in advance of the service being provided. Payments should be made in a timely manner. There should be clarity and consistency both within and between Assistant Coroners' contracts. Claims should be made in a timely manner i.e., within a month of being incurred.	2	01/04/2024	Checks on invoices are undertaken by Administrator and Principal Coroner's Officer. All rates for services carried out are requested and agreed in advance of the service provided. This refers to one incident whereby our contracted Toxicology provider needed to use another provider due an emergence of a novel substance not tested elsewhere in the UK. This has been raised with supplier and will be monitored in contract meetings going forward. All staff have been reminded to seek expert witness quotes in advance and document these and receive sign off by Principal Coroner's Officer. All providers, including Assistant Coroner's have been reminded to invoice in a timely manner and this will be monitored. There are two Assistant Coroner's on a previous agreement (not contract) which differs slightly to the new cohort of ACs. It is expected that the use of these ACs will reduce significantly due to a retirement and also the employment of a full time salaried Area Coroner.	76-99%	New

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-23
DEGNS	Coroners Service	23/24	Regular meetings and reporting should be held between the six Berkshire authorities, with standard agenda items, which should include a review of the budget, identification of any risks/issues arising, and consideration and agreement as to how these should be addressed.	2	01/09/2024	This is linked to the review of the joint arrangement and method for apportionment of costs. It is intended clauses are added to the agreement which confirms the commitment from each authority for governance arrangements. Meetings can be established once the principles of the JA are agreed (i.e. this is not dependent on the final agreement being confirmed)	0-25%	New
DEGNS	Coroners Service	23/24	It should be clarified, agreed and clearly documented the basis on which the apportionment of coroner's office and main budget costs between the six local authorities were being made. This basis should be reviewed as part of a review of the SLA and then reviewed on a regular and ongoing basis going forward. Once the basis of apportionment is agreed upon, there should also be clearly documented policies and procedures detailing how the processes should be carried out, which should be followed, and costs calculated on this basis. There should be clear workings and supporting evidence for all calculations with all relevant individuals having a clear understanding of the calculations. All relevant documentation should be stored centrally to ensure a clear audit trail is maintained and easily accessible in case of future queries.	2	01/09/2024	Awaiting steer from Director of Finance as to when that proposal will be taken to Berkshire Treasurers. A report will be taken to BPSN in April 2024 which updates on the Coroners Removals contract with the intention that this includes reference to apportionment. This will be included if agreed by Berks Treasurers.	0-25%	New
DoR	Cyber Security	22/23	There needs to be a system that ensures that all staff have read the council policies and procedures in respect of ICT Security.	2	30/11/2023	The reading of critical council policies and procedures will form part of mandatory cyber security training. Policy for the enforcement of mandatory training was discussed by CMT on 16 January and a task-and-finish group has been set up to implement mandatory training including the reading of security policies for staff.	Complete	76-99%
DoR	Cyber Security	22/23	There needs to be close monitoring of the cyber security training to ensure that all staff have been trained and that the training has been regularly refreshed.	2		Policy for the enforcement of mandatory training was agreed at CMT on 16 January. Officers are currently working through the way in which the policy will be operationalised.	Complete	76-99%
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	28/02/2023	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. A business case for SIEM (Security Incident and Event Monitoring) is in active preparation	Complete	51-75%
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	01/12/2022	A set of working practices have been agreed between legal services and the FAB Team.	Complete	76-99%

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-23
DCASC	Deputyship and Appointeeship	22/23	<p>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.</p> <p>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.</p> <p>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.</p>	1	30/03/2023	<p>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. There have been delays with the new system Caspar Cloud being installed, this was to do with them not agreeing to the G-Cloud T&C's, we have finally had the new system in operation for about 4 weeks and just about to make the old system redundant. (This took 2 years, at the time of the audit I did not anticipate the delay)</p> <p>Now that the team have familiarised themselves with the new Caspar, the process will be updated (actually in the process of being updated). Not only have we had a new system installed, the Court of protection also changed their processes recently so we are incorporating the new processes for making an application for Deputyship.</p> <p>Deceased we have a process in place, however this was delayed due to getting agreement in place to use a genealogical company, for deceased estates.</p> <p>process have been reviewed</p>	Complete	76-99%
DCASC	Deputyship and Appointeeship	22/23	<p>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.</p>	2	31/12/2022	<p>All of the team is aware of where the office processes are held on file, we have started to introduce processes on Caspar. There are easy guide tick lists to follow that have been created. An Independent Financial Advisor (IFA) has been sourced for clients that hold over 50k; All processes are being reviewed; they will be saved in one central place on SharePoint for the team to access all old processes have been deleted.</p> <p>new processes have been created, now being shaved in share point and briefed in team huddles</p> <p>There have been delays with the new system Caspar Cloud being installed, this was to do with them not agreeing to the G-Cloud T&C's, we have finally had the new system in operation for about 4 weeks and just about to make the old system redundant. (This took 2 years, at the time of the audit I did not anticipate the delay)</p> <p>Now that the team have familiarised themselves with the new Caspar, the process will be updated (actually in the process of being updated). Not only have we had a new system installed, the Court of protection also changed their processes recently so we are incorporating the new processes for making an application for Deputyship.</p> <p>Deceased we have a process in place, however this was delayed due to getting agreement in place to use a genealogical company, for deceased estates.</p> <p>processes now complete</p>	Complete	76-99%

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-23
DoR	Employee Gifts & Hospitality and Declarations of Interest	23/24	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. 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. 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. DICT should consider this as part of any business change or new system process.	1	31/03/2024	actions are in place to address the recommendation	26-50%	26-50%
DEGNS	Fuel system	23/24	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: - -□Ensuring the system clock is correct -□Ensuring the stock management system is properly utilised -□Ensuring fuel cards are issued and retrieved and closed on the system -□Ensuring accounting changes remain appropriate	1	03/01/2024	Clock is now correct. Fuel card reporting exercise underway closing off old cards and updating names on system complete end of Sept 23 Reports are being received and audited by fleet who report back to the managers of the system	Complete	76-99%
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	03/01/2024	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.	Complete	76-99%
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	30/06/24 (Revised)	The audit report states that standard charges are in place and set by Housing Management , this isn't actually the case and never has been. In the lead up to each new financial year Feb./march housing management meet with colleagues from property services and review the schedule of rates for the most common requested jobs and the recharges are updated in line with the uplift in schedule of rates . When a tenant contacts the call centre requesting a repair, the call centre staff will ask a number of questions to ascertain what the job is and how the fault/repair occurred. Once this has been determined the call centre staff identify if the repair is the tenant responsibility and if it is the job is marked as a rechargeable repair and the tenant will be asked to pay 15% deposit in order for the job to be confirmed. The same applies if a job is requested and it is not identified as a rechargeable repair and then the trade operative attends and establishes that the repair is the tenants responsibility for which they should be charged, this is marked by the operative and is then feed back to the income recovery team for a rechargeable repair to be raised on the Housing system. If a job is logged in the first instance as a rechargeable repair and it is later establish that for some reason the repair is not rechargeable a clear audit trail is logged on the Housing IT system as to why this job and is not rechargeable and a refund of any deposit paid is arranged in line with current refund procedure.	76-99%	26-50%

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-23
DCASC	Housing repairs	22/23	<p>There needs to be a review of the appropriateness of the costs of jobs to ensure they are charged and at the correct amount for both internal and subcontractor work.</p> <p>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.</p> <p>Supervisors need to challenge trades where jobs are not completed on the allocated day.</p>	2	30/06/24 (Revised)	<p>All works are now charged in accordance with the National Housing Federation current Schedule of Rates (version 7). Subcontractor prices are tendered and used to benchmark RBC rates.</p> <p>Monthly meetings are being held with the Call Centre who use the Repairfinder system to assist with identifying the correct job / ordering code. The script is under review at present.</p> <p>A process is now in place for when a trade operative cannot gain access. Trade operatives have been reminded of this at tool box talks. Supervisors now challenge trade operatives where jobs are not completed on the allocated day.</p>	76-99%	76-99%
DCASC	Housing repairs	22/23	<p>It is recommended that housing repairs charges be automatically transferred to the finance system (currently Oracle Fusion) with appropriate reconciliations to ensure the correct amounts have been transferred. Manual transfer processes should be avoided where possible as they are subject to errors and omissions and are time and labour intensive.</p> <p>It should be ensured that the correct schedule of rates is used for works carried out.</p>	2	31/12/24 (Revised)	<p>The current Housing IT system (OHMS) is not capable of an automatic interface. An interface is planned as part of the new Housing NEC system - due to the upgrade of the Corporate finance system, this has had to be pushed back to phase 2 for implementation in September 2024.</p> <p>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</p>	51-75%	51-75%
DCASC	Housing repairs	22/23	<p>Roles and responsibilities both within and between the client and contractor need to be clarified to avoid roles being repeated or not fulfilled. Also, consideration needs to be given to the roles of the Finance and Quality and Business Assurance teams to avoid replication of roles/meetings, for example having a joint meeting with both teams.</p> <p>Declarations of interest should be made at the start of employment and then on a regular basis, with declarations retained in a central, secure location for future reference, together with associated clarification of roles and responsibilities for this between rents/repairs teams.</p> <p>Appropriate safeguards should be put in place for related staff - for example, they should not be arranging systems access for each other.</p>	2	30/06/24 (Revised)	<p>Roles and responsibilities are being clarified as part of the work of the Repairs Task Force following a report by an independent consultancy which concluded in January 2024 .</p> <p>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. The introduction of the new NEC Housing system will provide an opportunity to ensure all access approvals are appropriate.</p>	76-99%	51-75%
DCASC	Housing repairs	22/23	<p>There should be current contracts in place with all repairs/maintenance sub-contractors, with extensions agreed as per the Council's documented processes and prior to the initial contract expiring.</p> <p>There should also be regular monitoring of jobs allocated to sub- contractors to ensure they are being carried out in a timely manner, invoiced once completed and the job closed down on Ohms and Total.</p>	1	31/12/24 (Revised)	<p>The current contract for reactive repairs and voids has now been formally extended while a tender exercise takes place to award these works for the future. Other contracts will be brought within the scope of the London Construction Partnership which RBC Repairs has now joined. A master log of suppliers has been compiled and used to assess where new contracts need to be entered into - additional resources are being provided by Procurement to ensure this regularisation is achieved as soon as practicable.</p>	51-75%	51-75%

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-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.</p> <p>They should include, but not be limited to:</p> <ul style="list-style-type: none"> -□ Being able to easily identify transactions across a common chart of accounts -□ To match transactions, from both sides -□ Identify (tag) those for elimination from financial reporting to prevent double accounting -□ Automate processes where possible -□ The use of recurring invoices/instalment payments for contract / SLA payments -□ Billing cut off period -□ Electronic approval process (Office 365) -□ Centralised repository (SharePoint) for intercompany financial purposes accessible by both entities and managed by permission rules -□ Grant funding monitoring (at both entities) -□ Regular reconciliations of expected income streams -□ Appropriate lines of communication with documented terms of reference and purpose <p>These procedures and processes should be standardised, and where there is a business need for difference, there should be compatibility.</p>	1	31/03/2024 (Revised)	<p>The (RBC) Director of Finance in collaboration with (BFFC) Executive Director of Finance and Resources will develop agreed and documented systems, procedures and processes. This is being progressed firstly in the design work for the implementation of the new e5 finance system - then complimentary off system procedures will be documented thereafter.</p> <p>During the new finance systems implementation the following will be implemented:</p> <ul style="list-style-type: none"> -□ Being able to easily identify transactions across a common chart of accounts -□ To match transactions, from both sides -□ Identify (tag) those for elimination from financial reporting to prevent double accounting -□ Automate processes where possible -□ The use of recurring invoices/instalment payments for contract / SLA payments -□ Billing cut off period -□ Electronic approval process (Office 365) -□ Centralised repository (SharePoint) for intercompany financial purposes accessible by both entities and managed by permission rules -□ Grant funding monitoring (at both entities) -□ Regular reconciliations of expected income streams -□ Appropriate lines of communication with documented terms of reference and purpose <p>This 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"> -□ The adoption of a single finance team for intercompany accounting actions supported by entity specific finance teams for the day to day financial tasks. -□ Shared repository for key data with appropriate permissions -□ Electronic authorisation process 	2	31/03/2024 (Revised)	<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 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%
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"> -□ Outlining the high-level expectations of intercompany accounting -□ Treatment of VAT -□ Debtors -□ Creditors <p>Payment for services provided outside of those in the contract</p> <ul style="list-style-type: none"> -□ Apportionment <p>Best practice requires a common standard across all entities.</p>	2	31/03/2024 (Revised)	<p>The inter-company guidance /policy set up by RBC will be developed to incorporate:</p> <ul style="list-style-type: none"> - Outlining the high-level expectations of intercompany accounting - Treatment of VAT - Debtors - Creditors - Apportionment - Payment for services provided outside of those in the contract <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%

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-23
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	31/12/2023	<p>This recommendation concerns providing more information about services delivered by providers for which they are being paid in addition to the existing email payment remittance.</p> <p>A feasibility exercise to ascertain whether this is possible will be undertaken once Mosaic has been updated to version 22.2 which is planned for Q1 24/25.</p> <p>In the meantime, the e5 finance system is able to produce payment date remittances for providers. As a mitigation, where further information is required, the Finance Accounts Payable team can access Mosaic to support Provider queries.</p>	26-50%	26-50%
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	31/12/2023	Request logged with supplier. Awaiting change.	76-99%	76-99%
DEGNS	Reading Foundation for Art	23/24	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.	2	30/11/2024	<p>We have met with Foundation and will be creating a document to sit alongside deed. Our needs and asks will be put to RFFA and to trustees.</p> <p>This will set out roles, responsibilities and how things will work.</p>	0-25%	New
DEGNS	Reading Foundation for Art	23/24	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.	2	30/11/2024	<p>Files and supporting documentation is filed centrally in a single location.</p> <p>The review into whether or not the Council will continue to provide financial services to the foundation has not been finalised. Therefore any further actions by Finance cannot proceed until this has been resolved.</p>	0-25%	New
DEGNS	Reading Foundation for Art	23/24	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.	2	30/11/2024	<p>We have met with Foundation and will be creating a document to sit alongside deed. Our needs and asks will be put to RFFA and to trustees.</p> <p>This will set out roles, responsibilities and how things will work.</p>	0-25%	New

Dir	Audit Title	Year	Recommendation	Priority	Implementation Date	Responsible Officer Latest Update	Status Mar-24	Status Dec-23
DEGNS	Reading Foundation for Art	23/24	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.	2	30/11/2024	We have met with Foundation and will be creating a document to sit alongside deed. Our needs and asks will be put to RFFA and to trustees. This will set out roles, responsibilities and how things will work.	0-25%	New
DEGNS	Reading Foundation for Art	23/24	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.	2	30/11/2024	Review has taken place in prior years but without the formal correspondence & Sign off. Formal approval process agreed and planned for next submission dates	0-25%	New
DEGNS	Reading Foundation for Art	23/24	Consideration should be given to additional costs resulting from acquisitions, such as maintenance, conservation, security, and insurance, as part of the acquisition process. 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. An annual asset verification exercise should also be carried out to verify the existence and location of items.	1	31/12/2023	We have met with Foundation and will be creating a document to sit alongside deed. Our needs and asks will be put to RFFA and to trustees. This will set out roles, responsibilities and how things will work. This will also identify costs	0-25%	New
DEGNS	Reading Foundation for Art	23/24	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.	1	30/11/2024	The review into whether or not the Council will continue to provide financial services to the foundation has not been finalised. Therefore any further actions by Finance in respect of any new bank account cannot proceed until this has been resolved.	0-25%	New

Audit and Governance Committee

10 April 2024



Reading
Borough Council
Working better with you

Title	Internal Audit plan 2024/2025
Purpose of the report	To note the report for information
Report status	Public report
Report author	Paul Harrington, Chief Auditor
Lead Councillor	Councillor Terry
Corporate priority	Our Foundations
Recommendations	That the Audit & Governance Committee approves the audit plan for the period April 2024 to March 2025.

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the work Internal Audit plans to undertake during the financial year 2024/2025. This plan has been discussed with Executive and Assistant Directors and presented to Directorate Management Teams.
- 1.2 It is internal audit's responsibility to provide an annual formal opinion on the Council's control environment. In the context of the Public Sector Internal Audit Standards¹, '*opinion*' does not simply mean '*view*', '*comment*' or '*observation*'; it means that internal audit will have done sufficient, evidenced work to form a supportable conclusion about the Council's activities that we have examined. Internal audit will word its opinion appropriately if it cannot give reasonable assurance (e.g. because of limitations to the scope of, or adverse findings arising from, its work).
- 1.3 The attached audit plan (appendix 1) will allow for the effective discharge of this responsibility. In accordance with the Accounts and Audit regulations² and the Public Sector Internal Audit Standards the Council's Audit and Governance Committee is required to approve and monitor progress against, the internal audit plan.

2. DEVELOPING THE INTERNAL AUDIT PLAN 2024/25

- 2.1 Internal audit contributes to the Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on achieving the key priorities. It also supports the Director of Finance in discharging his statutory (sec 151) duties.

¹ The Public Sector Internal Audit standards – Applying the IIA International Standards to the UK Public Sector 2013 (*updated March 2017*)

² A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

- 2.2 In accordance with the Public Sector Internal Audit Standards there is a requirement that Internal Audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation's goals. The information that has been used to prepare our risk assessment and proposed internal audit plan has been collected and collated from a number of different sources. The starting point for a risk-based audit approach is an understanding of the Council's objectives and risks. This has been achieved by reviewing the Council's Strategic risk register, Corporate Plan and minutes of officer and Council meetings. Executive Directors and Assistant Directors were consulted for areas to be included in the audit plan and our own knowledge and experience of Council services were also used to inform our subsequent risk assessment. This information is used to inform and design the audit plan.
- 2.3 Audit planning is a perpetual process throughout the course of the year to ensure we are able to react to new and emerging risks and the changing needs of the Council and its services.
- 2.4 The audit plan needs to be deliverable within available resources and the achievement of the audit plan is based on the assumption that the current internal audit structure will remain essentially unaltered and intact throughout the year.
- 2.5 The audit plan is fixed for a period of one year; however, it must at the same time be fluid, kept under continuous review and amended to take into account emerging risks and areas where assurance work is required to be provided. Any significant changes will be reported back to the Audit & Governance Committee.
- 2.6 The Audit & Governance Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not and do not seek to cover all risks and processes within the organisation.
- 2.7 We will, however, continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.
- 2.8 CMT and the Audit and Governance Committee will also be advised of performance against the audit plan and be kept informed of the results of those audit reviews undertaken.

3. CONFORMANCE WITH INTERNAL AUDITING STANDARDS

- 3.1 The Internal Audit Team is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for internal audit services to have an external quality assessment every five years. In April 2022 the Chartered Institute of Public Finance and Accountancy (CIPFA) was commissioned to complete an external quality assessment of the Internal Audit Service against the PSIAS, Local Government Application Note and the International Professional Practices Framework. In selecting CIPFA a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. CIPFA is recognised as the leading commentator on managing and accounting for public money, as well as being the standard-setters for public sector internal audit in UK local government. CIPFA is ideally placed to assess organisations against the standards and ensure a robust and critical review.

3.2 In considering all sources of evidence the external assessment team concluded: Reading Borough Council's Internal Audit Service fully conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. The assessor went on to state that *"Reading Borough Council has a professional and well-respected internal audit service that is effective and not only follows best practice but is itself an example of good practice in local government internal audit. From the evidence reviewed as part of the external quality assessment, no areas of non-compliance with the standards have been identified, nor have any significant areas of partial non-compliance been identified, that would affect the overall scope or operation of the internal audit activity"*.

4. Contribution to Strategic Aims

4.1 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

4.2 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

4.3 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.

5. Environmental and Climate Implications

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

6. Community Engagement

6.1 N/A

7. Equality Implications

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

8. Other Relevant Considerations

8.1 None

9. Legal Implications

- 9.1 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.
- 9.2 Section 151 of the Local Government Act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.
- 9.3 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”.

10 Financial Implications

- 10.1 n/a

11 Timetable for Implementation

- 11.1 n/a

12 Background Papers

- 12.1 n/a

Appendices

- 1. Internal Audit Plan 2024/2025 (Appendix 1)

Internal Audit Plan

(2024/2025)

APPENDIX 1

Thriving Communities

Planned Internal Audit Review Area	Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Caseload management (inc ASC Front Door)	Good caseload management and supervision processes are critical to maintaining effective practice. People are not able to receive adult social care intervention	The aim of the audit is to follow up the action plans resulting from the external assessment by LGA/ADASS in January 2024			●	
Deputyship and Appointeeship (Follow up Review)	Cash for clients misappropriated. Financial records do not reconcile with monies received/paid out. Property held on behalf of clients misappropriated. Failure to meet legal responsibilities required by the Court of Protection. Reputational risk to Council	Undertake a review of the arrangements in place over deputyship and appointeeship to assess whether the Council is fulfilling its responsibilities. Financial accounts and supporting evidence; records are complete; cash is held and handled securely (IF STILL USED) and management oversight, challenge and assurance is effective.				●
Housing - Rent Collection/Service Charges	Properties are not identified and accurately recorded in the rent accounting system. Gross rent and other charges are not correctly calculated. Rent and service charges are not correctly identified in the HRA and general fund. Income to the HRA is not optimised due to 'legacy' decisions not to pass on to tenants the cost of specific services which can legitimately be added to basis rents.	Confirm that all properties are identified and accurately recorded in the rent accounting system, the gross rent and other charges have been correctly calculated in respect of each dwelling and correctly credited to tenants rent accounts. All tenancy charges are correctly approved and recorded. The Council has a clear rationale for a) applying those charges currently being collected, and b) not charging for specific services where the relevant legislation, regulations and guidance would permit them to be applied	●			
Continuing Health Care (CHC) - follow up	If the processes for approval of joint care and the financial procedures for recharges are not robust the Council will not recover costs.	Assurance that the Council's practice and processes fit with its responsibilities under the national framework for NHS Continuing Healthcare and NHS-funded Nursing Care, and that the Council has worked collaboratively with the CCGs when reviewing processes. Limited assurance was given in 2023/2024, this audit will follow up the recommendations made.				●
Supported Living Placements	ASC not receiving VFM, costs excessive	The audit will review how supported living residential placements are commissioned, what options are explored, that placements provide value for money and are reviewed/managed regularly. Carried forward from 2023/2024 audit plan.		●		

Planned Internal Audit Review Area	Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
New scheme of delegation & Eligibility, Risk and Review Group	Where there is no evidence of an adequately robust challenge during the placement identification process the Council may be unable to demonstrate that it has delivered effective provision and is delivering value for money.	Following constitutional changes, a scheme of delegation will be brought into the ERRG process, giving more autonomy to staff and therefore some decisions will be made outside of ERRG. The audit will review how the new scheme of delegation has been embedded and how financial decisions are evidenced. The audit will also assess whether there is robust challenge over the placement identification process and pricing and whether all information is required by and received by the ERRG. The audit will review the decision-making process, constitution of the panel (skills & expertise), evidence maintained to support decisions and review process.			●	
Housing Repairs (responsive & planned maintenance) - follow up review	Lack of skilled staff to deliver housing repairs resulting in delays to service delivery and increase costs due to reliance on contractors.	This is a follow up audit, following the last review in 2023/2024 which was given limited assurance. The audit will review the processes for ensuring that responsive repair work is prioritised in order to meet national and local targets and make efficient use of resources. Ensure that Housing Repairs have an effective system in place around budget monitoring and that job costs are accurately recorded and accounted for. We will also ensure that there is effective system to record what materials have been purchased and details regarding which job they relate to and that there is a mechanism for reconciling material charges to records of work performed				●
Housing Repairs Order & Control of Materials	The service may not be able to deliver its services in line with its allocated budget. The Council is at risk theft of materials or paying inappropriate charges for materials not linked to recorded jobs.	Review the adequacy and effectiveness of internal control over the purchase and allocation of materials, covering the ordering, collection of materials and the payment mechanism.			●	

Planned Internal Audit Review Area	Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Housing Complaints	Effective complaint handling becomes paramount, not only to meet the expectations of the Ombudsman and Regulator, but more importantly, to swiftly address and resolve issues for residents. Furthermore, extracting valuable lessons from these complaints is vital for driving improvement in services.	Landlords must proactively consider what additional measures they can implement to enhance the well-being of their residents and prepare for the upcoming enforcement of the 'Complaint Handling Code' starting from 1st April. With changes in regulatory framework this audit will review the processes for managing complaints, that we understand themes and learning is being taken to address underlying issues and that resolutions e.g.re damp and mould are being acted on in a timely way.		●		

Foundations

Planned Internal Audit Review Area	Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Data Security/Information Governance	Information created, accessed, handled, stored, protected and destroyed by the Council and its service areas is not managed in compliance with legislation or local policies. Council services do not fully understand or manage the risks such non-compliance involves.	The audit will provide assurance on whether systems used to create, process and store records are appropriately managed, data is appropriately retained, arrangements are in place for handling any security breaches, and whether any losses can be recovered. The aim is to measure compliance against best practice guidance and to see whether information is handled correctly and protected from unauthorised access, loss, damage, and destruction. This will also incorporate a review of understanding of and compliance with the Council's retention and disposal policies	●			
Accounts Payable (Creditors)	This system provides material disclosures for the financial statements. Late payment concerns and its unknown how queried invoices are impacting on AP KPI's	This audit will verify Systems controls for the new financial system AP module. Ensure responsibilities are documented, ensuring payments are correctly coded, made promptly, in full and only in respect of authorised invoices and that orders for goods and services are placed in advance and appropriately authorised.		●		

Planned Internal Audit Review Area	Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
General Ledger	General Ledger Operations are a key function within the Council, and it is particularly important that all transactions are recorded accurately within agreed timescales in order that the Council can produce accurate financial information to assist with the decision-making process.	The audit will review the user controls and delegated financial limits in E5 for both RBC & BFfC transactions, to ensure they are appropriate and well controlled. The audit will review of controls in place in relation to journals, including segregation of duties between requesting, inputting and authorising journals, evidence of appropriate supporting documentation and clear descriptions and appropriate authorisation. Controls over suspense accounts including a clear rationale for why and how they are used, clearly defined roles and responsibilities for overseeing them and regular monitoring and review/clearing of accounts.		●		
Business Rates	Business Rates is a core financial system and increasingly a significant source of income to the Council	To evaluate the Council's effectiveness in managing and collecting non-domestic rates and assessing compliance with legislation and regulations. The scope would focus on rate setting; application of reliefs and exemptions; collection and recovery processes; maintenance of the rating list; valuations, and accuracy of record-keeping.			●	
Procurement end-to-end process	Risk of non-compliance with Public Contracts Regulations 2015 leading to legal costs, damages, and financial penalties as well as reputational risk. Services not gearing up / preparing sufficiently for re-procurement of contracts and services in their areas. Waivers used inappropriately.	Ascertain the value of influenceable spending that is covered by a formal contract and select a sample to establish compliance with policies and contract rules. review of 3rd party spend– where should contracts be in place and aren't. Review of contracts register is it up to date, how many times have contracts been rolled over/let to the same party, are plans in hand for those contracts that are coming up for renewal?			●	
Cyber Security - follow up	The threat from cyber-attacks is significant and continuously evolving. As the number of remote working environments and the use of third-party software to improve the effectiveness of remote working increases, individuals may inadvertently compromise business security.	The audit will assess RBC's & BFfC's arrangements for protecting its systems and services from cyber-attack, including arrangements for effectively responding to attacks as and when they occur. This will be a joint audit covering both RBC and BFfC.	●			

Planned Internal Audit Review Area	Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
IT Disaster recovery and business continuity planning	It is essential that the Council maintains effective business continuity plans that enable it to respond to an incident that could if unchecked result in a major failure in service delivery	A review of the adequacy and effectiveness of the Council's & BfC's IT disaster recovery and business continuity planning in the event of denial-of-service attacks or critical incident.			●	
Intercompany accounting (Follow Up Review)	Incorrect journal transfers made, resulting in over/under charges. Journals are not supported and/or authorised.	During 2021/2022 we reviewed the process for billing Brighter Futures for Children (BfC), to ensure the correct amounts are journaled across, supporting evidence is available and transfers are authorised. This audit was given limited assurance. A follow up review will be undertaken to establish what progress has been made to address audit concerns	●			
Fuel system (follow up)	In appropriate use and/or theft of fuel	Ascertain how fuel is controlled at the depot, that the fuel figures produced are reliable; fuel data is appropriate, proportional and is analysed to inform decision making. Limited assurance provided following our review in the 2022/2023 financial year.	●			
Coroners Service (follow up)	Costs not apportioned and/or recovered	During 2023/2024 we reviewed the arrangements in place to support the coroner, covering roles and responsibilities, contracts with third parties and the service's performance and financial management processes. This audit was given limited assurance. A follow up review will be undertaken to establish what progress has been made to address audit concerns.			●	
Commercial Lease/rent reviews (Rent Roll)	Inaccurate information may be held in the financial accounts and income due may not be collected	Review the management arrangements over the rental estates (rent roll) portfolio to ensure that adequate records are maintained, income due is collected promptly and valuations are regularly undertaken and updated in the Council's accounts.	●			

Planned Internal Audit Review Area	Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Joint Legal Team (JLT) Billing process – (follow up and system review)	Where controls in place with respect to financial reporting are not robust there is an increased risk that financial information may not be sufficiently robust for budgeting purposes. Where costs are not recorded correctly and charged appropriately this may give rise to unexpected future adjustments.	This audit will provide assurance that the billing process for the Joint Legal Team (JLT) accurately captures all incurred costs, which in turn are accurately recovered from partner organisations		●		
Employee gifts and hospitality & declarations of interests (follow up)	Governance policies/instructions are not followed leading to weaknesses in internal controls. This produces a heightened risk of fraud, corruption &/or poor value for money with the consequent negative reputational impact.	This review will seek to determine the level of compliance with the code through contacting a selection of key services to see if any gifts or hospitality have been declared and whether declarations of interest have been provided. This area was provided limited assurance in 2023/2024 and this is a follow up audit.				●
Debt Management	Debt recovery action is not initiated and recorded promptly and is inefficient. Council systems and processes are not effective in maximising debt recovery	This audit will review compliance with the Corporate Debt Policy, to ensure collection performance is monitored and reported. Collection activity is focused, and less priority is given to accounts with ageing balances which may not be 'real' receivables. The audit will ensure the debt recovery procedure specifies the types of action to be taken and timescales for such. That debt management, arrears follow-up procedures and bad debt write offs are properly controlled. There is appropriate monitoring and reporting of debts and write offs			●	

Inclusive Economy

Planned Internal Audit Review Area	Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Local Authority Bus Subsidy Grant (BSOG)	Terms and conditions of grant determination are not met	It is a requirement that the Head of Audit signs a declaration to confirm that the conditions of funding have been complied with.		●		

Healthy Environment

Planned Internal Audit Review Area	Risks context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Local Transport Plan Capital Settlement (Grant Certification)	Terms and conditions of grant determination are not met	It is a requirement that the Head of Audit signs a declaration to confirm that the conditions of funding have been complied with.		●		
Residents Parking Enforcement	PCN enforcement work is not being targeted to areas and times where PCNs are issued meaning that the council loses out on PCN income.	Provide assurance on the adequacy on the adequacy and effectiveness of controls/processes over parking permits.				●

Audit and Governance Committee

10 April 2024



Reading
Borough Council
Working better with you

Title	Strategic Risk Register - April 2024
Purpose of the report	To note the report for information
Report status	Public report
Report author	Robin Pringle, Corporate Health, Safety and Risk Management Lead
Lead Councillor	Councillor Liz Terry
Corporate priority	Our Foundations
Recommendations	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 April 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 January 2024.
- 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 updated 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.

- 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 January - March 2024 and the future risk ratings for the Council going forward. 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 19th March 2024.

- 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. However, CMT have asked that it is considered if a Health & Safety risk needs to be developed. If so, this will be reported at the next A&G meeting.

- 3.7 There are 5 red risk cards. Page 104

- Cyber - Risk of loss from cyber attack. No change from the previous quarter.
 - BFFC - Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand. No change from the previous quarter.
 - Failure to safeguard vulnerable adults and children. No change from the previous quarter.
 - Failure to deliver zero carbon commitments. No change from the previous quarter.
 - Unable to deliver a balanced budget because of cost-of-living increases, demand pressures and achieving income targets. Note: The inherent likelihood rating has increased for Q4 23/24 because of the increasing budget pressures being reported by Brighter Futures for Children, but this is being mitigated in risk terms as it has been factored into the balanced budget approved for 2024/25.
- 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 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.
- 3.11 It should be noted that the risk information layout has 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.
- 3.12 For this report, all risk owners have identified the 'risk status' for each card. This required the risk owners to determine how they plan to continue to manage the risk.
- Treat the risk – Agree to continue to implement further controls to change the nature of the risk
 - Tolerate the risk – Agree to accept the risk at its current risk level. This will mean that no further risk mitigations will be implemented but the risk will continue to be monitored
 - Escalate the risk – Move the risk to the Strategic Risk Register/ Directorate Risk Register accordingly
 - De-escalate the risk – Move the risk to the Directorate / Service Plan Register
 - Transfer the risk – Agree to transfer the risk, for example to a contractor or by purchasing specialist insurance to cover the risk
 - Terminate the risk – Deciding not to take any further action and stopping the activity.

This activity is part of the introduction of the concept of Risk Appetite, a concept that will be progressed during 2024 – 2025 across the organisation.

CMT discussed and agreed that the application of scoring to the residual risks was not consistent across services. In some cases, the assumption of the successful delivery of forthcoming actions was being considered, but not in all. Work will be done to ensure more consistency in future updates.

- 3.13 Risk Management Training was delivered to Councillors on 2nd February 2023, 30th of March 2023 and 21st November 2023. Page 105

guidance on how to review and challenge reports when received (as part of good governance).

- 3.14 In order to support the embedding of risk management principles across the Council, 16 Risk Management for Managers training courses have been provided to date and monthly courses are planned for rest of 2024. These will be provided by the Councils Senior Risk and Health and Safety Adviser.

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 25th March 2024

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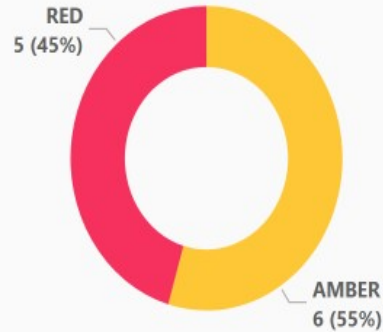
Strategic Risk Register - Summary

Strategic Risk
 Select all
 Yes
 No

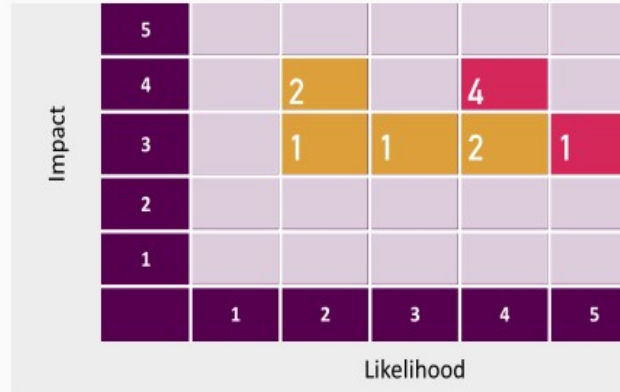
Register
 BFFC
 DCASC
 DEGENS
 ...

All risks by service
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 Digital Technology and Cha...
 Human Resources and OD

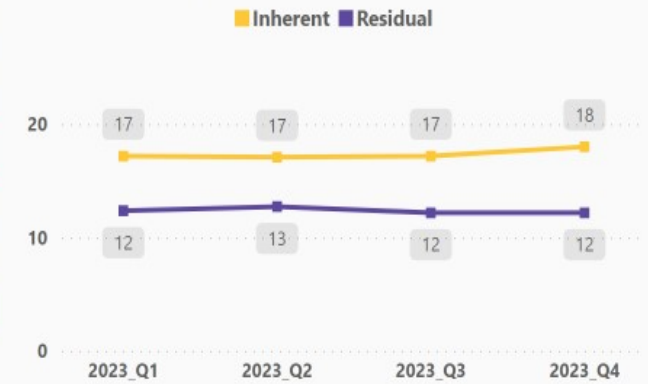
Count of Risk by Status



Risk Distribution



Rolling 4 Quarter Risk Score by Type



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



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

Register:
 BfC
 Risk owner:
 Grady, Brian

16
 Current Score

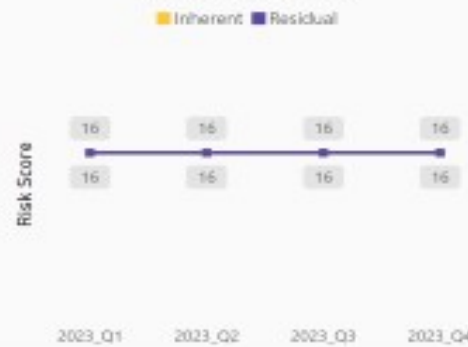
Cause

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	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

Specific Actions Required

Title	Date for completion	Status
1 40 more 'Additionally Resourced Provision' places in South Planning Area	29/06/2024	In progress
2 'High needs block' deficit management plan to be implemented	29/06/2024	In progress
3 110 more 'Additionally Resourced Provision' places across Reading	31/08/2024	In progress
4 10 more local specialist school places for children with SEND (Social, Emotional & Mental Health) through improved local provision	31/08/2024	In progress
5 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	29/04/2024	In progress
6 40 more 'Additionally Resourced Provision' places in North and East Planning Area	01/01/2025	In progress
7 Options for special school delivery to be implemented	01/09/2024	In progress
8 New special school provision of up to 244 places to be available	31/08/2025	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 BfFC 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 schools' 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 (AD
 Legal & Dem)

8
 Current Score

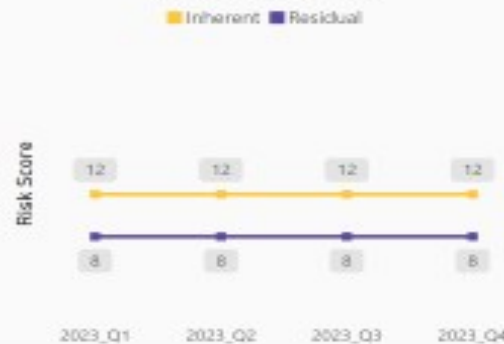
Cause

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	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

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.	29/06/2024	In progress
2	The Council is consulting tenants of, and the Board of, Homes for Reading Ltd about the closure of the company.	27/06/2024	In progress
3	Review of Reading Hampshire Property Partnership	29/06/2024	Not started
4	Council is reviewing the Articles of Association for Reading Transport Ltd.	29/04/2024	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).
- The Council commissioned an independent review of the business model for Homes for Reading Ltd in light of possible changes to the local government borrowing regime. Complete March 2024.



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

Register:
DOR
Risk owner:
Chalmers, Martin

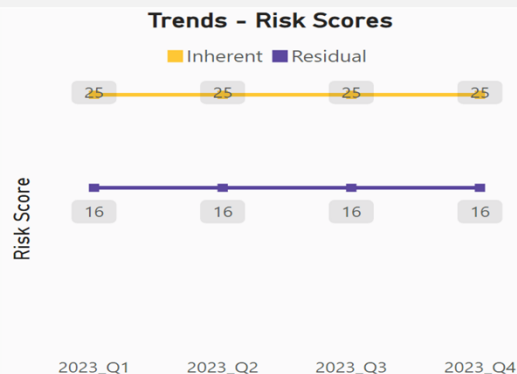
16
Current Score

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.



Risk Scoring

Risk Type	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

Specific Actions Required

Title	Date for completion	Status
Conduct Local Government Cyber Assessment Framework assessment and develop remediation plan	20/04/2024	In progress
Agree (completed) and implement policy and approach to enforcing mandatory training	20/04/2024	In progress
Achieve Cyber Essentials Plus certification	29/09/2024	In progress
Preparedness for cyber attack to be assessed through review of business continuity plans	29/06/2024	In progress
Agreeing planned cyber attack rehearsal	29/09/2024	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

- 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).
- An exercise is in place to review business continuity plans for cyber across all areas of the business. This assessment will be followed by a cross-business cyber resilience rehearsal/exercise, following on from a limited exercise run in Legal & Democratic Services. 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.



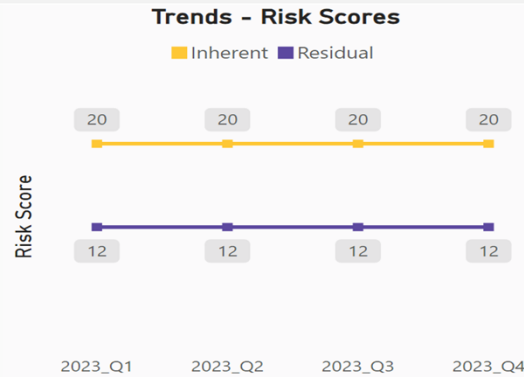
Risk: Strategic Risk: Failure to adapt to the impacts of climate change (Climate adaptation)

Register: DEGNS
Risk owner: Gee, Emma

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.



Risk Type	Risk Scoring			
	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

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.	29/06/2024	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.	29/05/2024	In progress
4	Continue to roll-out Carbon Literacy training to priority cohorts of senior officers and members throughout 2024/25.	30/03/2025	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 (Due for review in 2024).

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. The floods of winter 2023/24, which tested the Council's emergency preparedness, highlighted the sort of events which are likely to become more frequent and more extreme as a result of climate change. 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 '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 Actions'.
- 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 January 2024 over 90% of the original 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:
 Gee, Emma

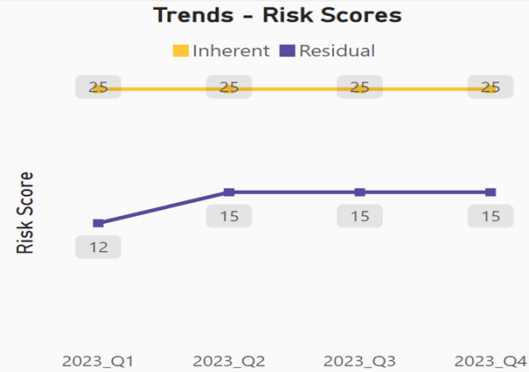
15
 Current Score

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).



Risk Type	Risk Scoring			
	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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	5	5	5
Residual	12	15	15	15

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

Specific Actions Required

	Title	Date for completion	Status
	New capital bids required to continue decarbonisation of capital assets (buildings and fleet)	29/05/2024	In progress
	Climate training roll out to priority cohorts (officers and members) to continue through 2024/25	28/05/2025	In progress
3	Develop and 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). 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 and recent changes to Government policy, including dilution of some key policies, have likely increased rather than mitigated this element of the risk equation. 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.

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 - which 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. This process was initiated with a successful 'Reading Leaders' Summit on Climate' on 22nd March 2024 at the start of what Reading Climate Change Partnership is framing as the 'Year of Climate Engagement'.
- 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. This is in place - periodic audit of compliance completed Q4 2022-23 and remedial action underway. Similar mechanism included in Budget Bids from 2023.

2. Insufficient investment of Council resources in delivery:

- The Council's capital programme includes significant investment designed to directly or indirectly support net zero goals, including investment in public transport, energy efficient housing, sustainable waste management practices, and carbon reduction measures in the Council's own buildings and fleet. 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 over 90% of the initial 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 33% 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 2023, an outline engagement plan agreed October 2023, and a tender process to secure external support for engagement process design and delivery concluded in January 2024 with work now underway.

Develop and implement engagement plan for review of the Climate Strategy with Partners Q1 2024/25

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. Some key Government policies have also been diluted or target dates delayed (such as the Zero Emission Vehicles mandate). 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 has been 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 and without this the gap between target and actual will widen. 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 Actions'

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

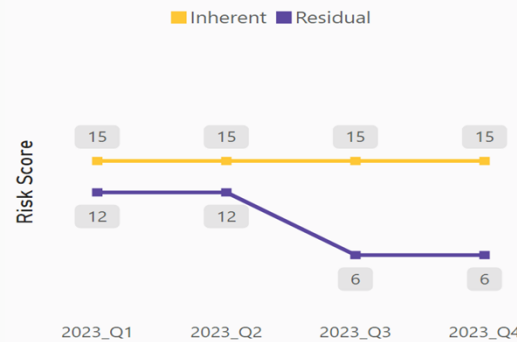
Cause

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

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

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.	29/04/2024	In progress
2	Refresh Voluntary and Community Sector Action Plan	11/04/2024	In progress
3	Monitor delivery of place based projects	29/09/2024	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.
- The Place Based Partnership (PBP) Strategic Board has agreed an initial five projects for delivery during 2024/5 - these include projects to support educational attainment, training and skills for employment, and local community initiatives. Further projects will be considered at the next PBP Strategic Meeting.



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

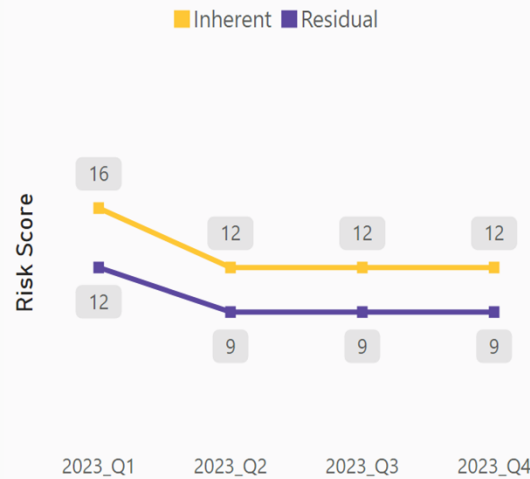
Cause

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.

Trends - Risk Scores



Risk Scoring

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

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Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

Specific Actions Required

	Title	Date for completion	Status
1	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.	29/04/2024	In progress
2	Undertake a pandemic influenza exercise. Once complete the residual risk will reduce.	29/09/2024	In progress
3	Director of Public Health Annual Report to be presented to the Corporate Management Team for initial discussion . Once complete the residual risk will reduce.	27/06/2024	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 an 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 (MMR) 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.
- Update the Pandemic Flu Plan and review procedures. Once complete the residual risk will reduce. March 2024
- Assurance framework 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. March 2024.



Risk: Strategic Risk: Failure to retain and recruit staff

Register:
DOR
Risk owner:
Cook, Kathryn

12
Current Score

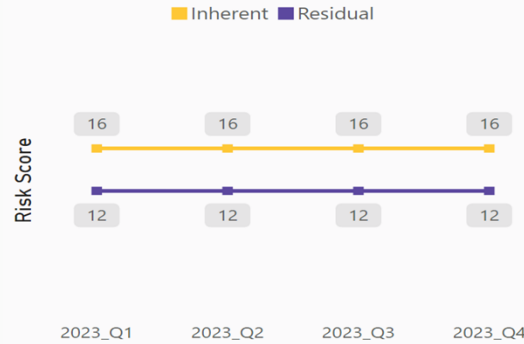
Cause

There is a national shortage of skilled staff for some areas (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	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

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Specific Actions Required

Title	Date for completion	Status
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).	27/05/2024	In progress
5 BFFC : A recruitment and retention proposal is currently underway to convert the high number of agency into permanent hires.	09/05/2024	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 59 days (Jan 2024). Success rate of recruitment is currently 82% (Jan 2024). 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 and Surveyors appointed. 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 delivering an apprenticeship drive in 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 (93% 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 action plan is regularly monitored. Proposals are under development for the 2024 staff survey (due to be launched in June 2024).
- 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 the Corporate Management Team.
- Our new Inclusion and Diversity Strategy and Plan was launched in January 2024. The strategy is supported by a three-year action plan with quarterly reviews with the Chief Executive. This strategy aims to ensure RBC is an employer where everyone can do their best work and can thrive. This will have a positive impact on retention and on recruitment.
- Leadership Development Programme is 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

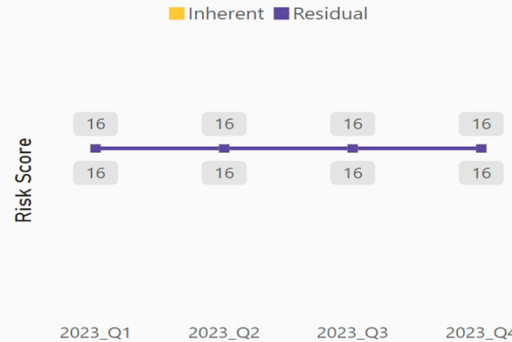
Cause

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	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

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Specific Actions Required

	Title	Date for completion	Status
	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.	30/07/2024	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	29/04/2024	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.	29/04/2024	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	29/06/2024	In progress
5	BFFC: One Reading Partnership reviews and expand the Early Help Strategy to allow for better partnership contribution and ownership around prevention through the creation of Family Hubs	01/05/2024	In progress
6	BFFC: Improvements in CSPoA that drives a prevention agenda and allows for greater accountability for Family Help and universal/community services delivering revention work that manage demand for statutory services	29/04/2024	In progress
7	BFFC: Establishing an Edge of Care service to prevent children becoming looked after, reduce escalation of risk and support children living in family arrangements (from residential to foster) or returning home	30/05/2024	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:

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 (February 24).

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 (CPP's), 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. Complete.
- Open safeguarding episodes are reviewed and reported weekly to the Directorate Management Team (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 (WBSAB).
- 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). This post remains unable to be filled as at February 2024.
- 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 implemented the Regulation 28 recommendation letter from the coroner inquest in June 2023. This was completed by end of October 2023.
- Dedicated independent reviewer supporting Adult Social Care with work.

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.
- Department for Education Advisor for Care Leavers supported a review of the Care Leavers' Offer that led to the creation of an action plan that expands the offer. This is monitored through Corporate Parenting Panel (CPP) and ACE.
- Revised Term of Reference for CPP established that expanded the membership and allows for children to be standing members.
- Care Experience as protected characteristic was unanimously recommended and accepted by the council. This will positively impact on work opportunities and apprenticeships for care leavers.



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

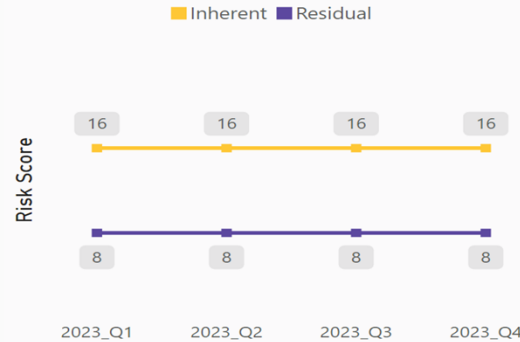
Register: DOR
 Risk owner: Graham, Michael (AD Legal & Dem)

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	2023 Q1	2023 Q2	2023 Q3	2023 Q4
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

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

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Specific Actions Required

	Title	Date for completion	Status
1	Information Sharing Protocols to be reviewed by Information Governance Champions Network	27/06/2024	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.	29/06/2024	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	29/06/2024	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: 'Specific Actions').
- 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.
- CMT have confirmed a corporate approach to mandatory training which includes Data Protection and Information Governance (January 2024).
- Review of Breach Management Policy commissioned in relation to external suppliers of software systems.



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

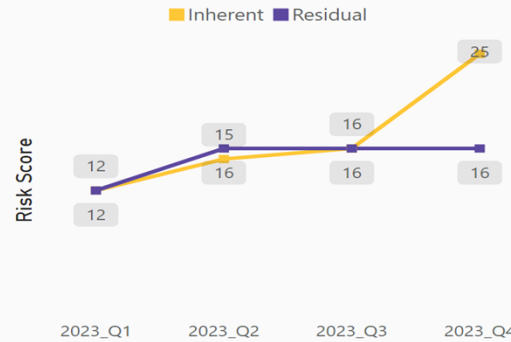
Cause

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	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Impact (Inherent)	3	3	4	5
Likelihood (Inherent)	4	5	4	5
Inherent	12	15	16	25
Impact (Residual)	3	4	4	4
Likelihood (Residual)	4	4	4	4
Residual	12	16	16	16

Risk Status

Treat the risk – Agreeing to continue to implement further controls to change the nature of the risk.

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Specific Actions Required

Title	Date for completion	Status
Directorates to work up mitigation plans to reduce the forecast overspend for current financial year.	29/04/2024	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 inherent likelihood has increased for Q4 2023/24 because of the increasing budget pressures being reported by Brighter Futures for Children but this is mitigated in risk terms as it has been factored into the balanced budget approved for 2024/25.

Existing Controls in Place

- Monthly meetings occur with Corporate Management Team to consider all key financial risks.
- The Quarter 3 performance report submitted to Policy Committee in March 2024 setting out the current forecast for this year.
- Balanced budget for 2024/25 approved by Council on 27th February 2024.
- Budget planning for 2025/26 is already under way.

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Audit and Governance Committee

10 April 2024



Reading
Borough Council
Working better with you

Title	CIPFA Financial Management Code 2023/24
Purpose of the report	To note the report for information
Report status	Public report
Report author	Stuart Donnelly, Financial Planning & Strategy Manager
Lead Councillor	Councillor Terry, Deputy Leader of the Council and Lead Councillor for Corporate Services & Resources
Corporate priority	Our Foundations
Recommendations	1. That The Audit and Governance Committee note the findings of the Financial Management Code Self-Assessment for 2023/24.

1. Executive Summary

- 1.1. The Chartered Institute of Public Finance & Accountancy (CIPFA) launched the Financial Management Code (FM Code) in 2019, attached as Appendix 1. The Code, which set out for the first time, seventeen standards of financial management for local authorities to assess themselves against and had an implementation date of 1st April 2021.
- 1.2. The Guidance Notes to the FM Code, attached as Appendix 2, are intended to provide practical guidance regarding the implementation of the Code. The guidance notes state that “it is for the individual authority to determine whether it meets the standards and to make any changes that may be required to ensure compliance. Authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them.” Effectively; an annual self-assessment exercise has been required to assess compliance with the FM Code since 1st April 2021.
- 1.3. The 2023/24 self-assessment has identified significant progress against the following key areas:
 - i) The external audit of the 2019/20 Statement of Accounts gave an unqualified opinion for the first time since 2015/16. The 2020/21 Statement of Accounts are also expected to be unqualified;
 - ii) The 2021/22 and 2022/23 Draft Statements of Accounts have now been published;
 - iii) The Capital Strategy has been extended from 3 years to 5 years;
 - iv) A 75% increase in the number of responses to the Council’s budget engagement exercise.
- 1.4. Furthermore, in light of the current Local Authority external audit system being broken with significant delays to completion of prior year audit processes, where appropriate this self-assessment for 2023/24 has an increased focus on more relevant and timely

evidence relating to the current situation rather than placing the emphasis on the most recent external audit opinions.

- 1.5. As a result of these improvements, this self-assessment has identified that four standards (standards A, D, L and P) have improved from a previous rating of Amber to Green. All other standards remain as per the 2022/23 assessment.
- 1.6. A proposed action plan, setting out the required actions to improve those standards rated Amber to Green is set out in Appendix 3.

Table 1. Financial Management Standards Progress Summary

RAG Rating	Progress Report	Number of Financial Management Standards (April 2023)	Number of Financial Management Standards (April 2024)	Movement
GREEN	Compliance is being demonstrated.	8	12	4
AMBER	Minor to Moderate improvements are required to demonstrate compliance.	9	5	(4)
RED	Moderate to Significant improvements are required to demonstrate compliance.	0	0	0
TOTAL		17	17	0

- 1.7. A total of 12 standards (71%) have been RAG rated as Green with the remaining 5 (29%) as Amber. The results of the self-assessment indicate an overall rating of Amber.
- 1.8. Further improvements are anticipated in the coming year as the Council continues on a trajectory towards an overall Green rating.

2. Policy Context

Background

- 2.1. The Chartered Institute of Public Finance & Accountancy (CIPFA) launched a Financial Management Code (FM Code) in 2019 with an implementation date of 1st April 2021 attached at Appendix 1. It sets out seventeen standards of financial management for local authorities.
- 2.2. The FM Code is designed to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability.
- 2.3. Local government finance in the UK is governed by legislation, regulation and professional standards. The general financial management of a local authority, however, has not until now been supported by a professional code. The Code was introduced because of fundamental weaknesses in financial management revealed in some organisations in recent years and concerns about the financial sustainability of some Councils.
- 2.4. Whilst there is much good practice across the sector, any failures threaten stakeholders' confidence in local government as a whole and more importantly, risk the services on which local people rely.

- 2.5. CIPFA's intention is that the FM Code will have the same standing as the Prudential Code for Capital Finance in Local Authorities (CIPFA, 2017), which promotes the financial sustainability of local authority capital expenditure and associated borrowing. So, although the FM Code does not have legislative backing, it applies to all local authorities.
- 2.6. While the FM Code applies to all local authorities, it recognises that some have different structures and legislative frameworks. Where compliance with the Code is not possible, adherence to the principles is still considered appropriate.

Responsibility

- 2.7. Application of the FM Code is a professional responsibility of all finance staff and establishes how the Chief Financial Officer (CFO) demonstrates that they are meeting their statutory responsibility for sound financial administration.
- 2.8. However, CIPFA considers application of the Code to be the collective responsibility of each authority's organisational leadership team, not just the responsibility of the CFO or the finance team. For the purposes of the Code the 'Leadership Team' is defined as the collective group of elected members and senior officers. Therefore, depending on the model in place, it includes executive committees, elected mayors, portfolio holders with delegated powers and key committees of the authority as well as senior officers.

Compliance

- 2.9. It is for the individual authority to determine whether it meets the standards and to make any changes that may be required to ensure compliance. Authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them.
- 2.10. It is important to note, also, that the financial management standards are minimum standards. Some authorities may feel that their own financial management arrangements exceed the standards set out in the FM Code.

CIPFA Principles of Good Financial Management

- 2.11. The FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, it requires that an authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances and that they are proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.
- 2.12. The underlying principles that inform the FM Code have been developed in consultation with senior practitioners across the sector and associated stakeholders. The principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.
- 2.13. The 6 Principles of Good Financial Management set out in the FM Code are:
 - **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
 - **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.

- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

CIPFA Financial Management Standards

- 2.14. The FM Code (pages 15-16 of Appendix 1) sets out the seventeen CIPFA Financial Management Standards with detailed explanatory notes (pages 17-36 of Appendix 1).

3. The Proposal

FM Code Self-Assessment

- 3.1. A self-assessment exercise to benchmark Reading Borough Council's current processes and practice against the FM Standards has been undertaken using a RAG Rating approach as set out below:

Table 2. RAG Rating Key

RAG Rating	Progress Report
GREEN	Compliance is being demonstrated.
AMBER	Minor to Moderate improvements are required to demonstrate full compliance.
RED	Moderate to Significant improvements are required to demonstrate full compliance.

- 3.2. The following table summarises the self-assessment RAG Rating for each standard. A more detailed analysis per standard is provided in sections 3.4 to 3.59, including an explanation of the reason for any changes.

Table 3. Financial Management Standard Self-Assessment

Standard Reference	Financial Management Standard	RAG Rating (April 2023)	RAG Rating (April 2024)
Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	AMBER	GREEN
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	GREEN	GREEN
Section 2: Governance and Financial Management Style			

C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	GREEN	GREEN
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	AMBER	GREEN
E	The financial management style of the authority supports financial sustainability.	GREEN	GREEN
Section 3: Long to Medium-Term Financial Management			
F	The authority has carried out a credible and transparent financial resilience assessment.	GREEN	GREEN
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	AMBER	AMBER
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	GREEN	GREEN
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	AMBER	AMBER
Section 4: The Annual Budget			
J	The authority complies with its statutory obligations in respect of the budget setting process.	GREEN	GREEN
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	GREEN	GREEN
Section 5: Stakeholder Engagement and Business Plans			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	AMBER	GREEN
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	AMBER	AMBER
Section 6: Monitoring Financial Performance			
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	GREEN	GREEN
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	AMBER	AMBER
Section 7: External Financial Reporting			
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	AMBER	GREEN
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	AMBER	AMBER

Section 1: The Responsibilities of the Chief Finance Officer and Leadership Team

- 3.3. As set out above, the FM Code follows the practice of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government in referring to the collective group of elected members and officers as the leadership team. In local authorities, therefore, the

concept of the 'leadership team' includes executive committees, elected mayors, portfolio holders with delegated powers, key committees of the authority and senior officers.

Standard A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.

Self-Assessment RAG Rating: GREEN (previous rating AMBER)

- 3.4. The previous self-assessment rating of Amber was based on the 2018/19 External Auditor Value for money (VFM) opinion published in the audited 2018/19 Statement of Accounts. The audit processes relating to the 2019/20 Statement of Accounts were subsequently concluded in May 2023, which included the following VFM opinion:

Basis for Adverse Conclusion

Informed Decision Making:

- Maintaining a sound system of internal control

During the 2017/18 audit we found that some of the basic financial controls were not working as expected, for example, the regular completion of reconciliations is not timely and the year-end bank reconciliation did not balance. This increases the risk of fraud and errors remaining undetected.

The deficiencies in the systems of internal control were still in place during 2019/20 and the Council has not made adequate progress in rectifying the lack of controls. This is evidence of weakness in arrangements in informed decision making.

In order to perform appropriate work to issue our audit opinion, we took a substantive approach to our audit and therefore did not rely on controls.

Working with Partners and Third Parties

- Children's Services

In August 2016, Ofsted issued an inspection report of services for children in need of help and protection; children looked after and care leavers and a review of the effectiveness of the local safeguarding children board.

It concluded that Children's services in Reading are inadequate and found serious, persistent and systemic failures in the services provided to children who need help and protection. The Inspection found that children are left too long in situations of unknown and acute risk.

The Council accepted the findings of the Inspection and put in place procedures to improve performance. Ofsted have monitored progress since the issue of its initial a report and in its update letter, issued in June 2017 concluded that the Council was not making the expected progress in improving services for its children and young people. Subsequent Ofsted reports throughout May, July and October 2019 and March 2020 continued to highlight concerns over the lack of consistency of both the improvements required and also of the services offered during the year.

Qualified Conclusion - Adverse

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are not satisfied that, in all significant respects, Reading Borough Council and Group put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

- 3.5. The VFM work for 2020/21 was not completed at the time when the Draft Audit Results Report for 2020/21 was presented to Audit & Governance Committee in September 2023. It is anticipated that the Final audit Results Report for 2020/21 will be presented to Audit & Governance Committee in April 2024 on the same agenda as this report. At the time of writing, the updated draft notes that Ofsted formally lifted their intervention in February 2021 and the positive direction of travel in respect of improving economy, efficiency and effectiveness but reports that weakness in arrangements still remain in both areas during 2020/21. The adverse opinion is therefore currently anticipated to remain for 2020/21.
- 3.6. Ofsted carried out a focussed visit on Children's Services in September 2023, in line with the Inspection of Local Authority's Children's Services (ILACS) framework. The headline findings were that:
- "Senior leaders have made improvements to services for children in care and plans are clear about what is needed to make further progress. They acknowledge the need to further embed the recent changes to their participation offer and corporate parenting panel. They recognise that they need to move swiftly to fully implement these changes to ensure that children benefit in a timely way."
- 3.7. As set out in more detail within Standard C, the Internal Audit Annual Assurance Report of the Chief Auditor, gives the Chief Auditor's opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment. The 2022/23 report, presented to Audit & Governance Committee on 20th July 2023, reported a reasonable assurance level, which maintained the improvement position reported for 2021/22 from the previous limited assurance level awarded in both the 2020/21 and 2019/20 reports.
- 3.8. The latest residents survey reported that the percentage who agreed that Reading Borough Council provides value for money has decreased from 47% in 2022 to 42% in 2023. It is likely that the responses to this survey have at least in part been influenced by the national cost of living crisis.
- 3.9. As this self-assessment relates to 2023/24, and the latest opinion received from the Council's external auditors relates to 2019/20, it has been determined that more reliance should be placed on more relevant and timely evidence. Given that the Ofsted intervention was lifted in February 2021, the September 2023 focussed visit recognised improvements made and that the 2021/22 and 2022/23 Internal Audit Assurance Reports have given an opinion of reasonable assurance, on balance it is considered that the self-assessment rating for 2023/24 should change to Green.

Standard B. The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.

Self-Assessment RAG Rating: GREEN (No Change)

- 3.10. The CIPFA Statement on the Role of the Chief Financial Officer in Local Government states that the Chief Financial Officer:
- is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest (Principle 1);
 - must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy (Principle 2);

- must lead the promotion and delivery by the whole authority of good financial management so that public money is always safeguarded and used appropriately, economically, efficiently and effectively (Principle 3);
 - must lead and direct a finance function that is resourced to be fit for purpose (Principle 4);
 - must be professionally qualified and suitably experienced (Principle 5).
- 3.11. The Council complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government in respect of all of the above criteria, except for one minor element within Principle 1 as the Chief Finance Officer does not report directly to the Chief Executive. Therefore, a Green RAG Rating has been determined.

Section 2: Governance and Financial Management Style

Standard C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

Self-Assessment RAG Rating: GREEN (No Change)

- 3.12. The Internal Audit Annual Assurance Report of the Chief Auditor, as required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards, gives the Chief Auditor's opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement. It also sets out key themes arising from the work of the Audit Team during the financial year, and compared the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.
- 3.13. The 2022/23 report, presented to Audit & Governance Committee on 20th July 2023, reported a reasonable assurance level, which maintained the improvement position reported for 2021/22 from the previous limited assurance level awarded in both the 2020/21 and 2019/20 reports. Key highlights from the report include:
- A reduction in the number of internal audit reports that received limited or no assurance in 2022/23 (26%), compared to 2021/22 (38%) and 2020/21 (45%);
 - Journal control remains robust, with well-defined segregation of duties and appropriate approval/authorisation of journals. There are clear descriptions and supporting documentation to journals, together with timely processing of journals during 2022/2023;
 - The governance arrangements underpinning budgetary control have improved. Equally, the Medium-Term Financial Strategy (MTFS), which was approved by Council in February 2023, delivered a balanced budget in 2023/24 without the need to draw on reserves and set out a provisionally balanced budget for 2024/25;
 - A review of governance arrangements in place for monitoring the Council's Housing Revenue Account (HRA), undertaken in 2021/2022, flagged several areas for improvement. A subsequent follow-up review recognised that substantial progress has been made since the last audit, that previous gaps in control are being more effectively managed, which means that relevant risks for the Council are now being mitigated more robustly;
 - The first stage of the Financial Transformation Programme has concluded, addressing several key audit concerns, such as separation of duties between the setting up of providers and the paying of invoices, bank reconciliation, budget and performance monitoring.

- 3.14. A Green RAG Rating has been determined for 2023/24 based on the aforementioned assurance level, however it is recognised that these improvements need to continue in order to maintain a Green RAG Rating in future.

Standard D. The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).

Self-Assessment RAG Rating: GREEN (previous rating AMBER)

- 3.15. The Council's published draft Statement of Accounts for 2020/21, 2021/22 and 2022/23 all contain an Annual Governance Statement that sets out the Council's governance arrangements in conjunction with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. However, the most recently audited set of accounts (2019/20) were issued in May 2023 with an adverse opinion in respect of putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2020. At the time of writing this report, the 2020/21, 2021/22 and 2022/23 Statement of Accounts have not yet had their external audit opinions given, and therefore external assurance that the framework has been complied with is currently outstanding. The audit of the 2020/21 accounts is anticipated to conclude on 8th April 2024 but it is likely that the adverse opinion will be retained.
- 3.16. . This rating is currently anticipated to turn to Green for 2021/22 in light of the direction of travel noted by the external auditors and the fact that the 2021/22 Internal Audit Assurance Report, presented to Audit & Governance Committee on 19th July 2022, reported a reasonable assurance level (which has been maintained for 2022/23 as set out in Standard C above), which was an improvement from the limited assurance level awarded in both the 2020/21 and 2019/20 reports.
- 3.17. In line with the approach taken in assessing Standard A, for 2023/24 it is more appropriate to place more reliance on relevant and timely evidence. Therefore, taking into consideration the noted direction of travel by the external auditors, that the Ofsted intervention was lifted in February 2021, the September 2023 focussed visit recognised improvements made and that the 2021/22 and 2022/23 Internal Audit Assurance Reports have given an opinion of reasonable assurance, on balance it is considered that the self-assessment rating for 2023/24 should change to Green.

Standard E. The financial management style of the authority supports financial sustainability.

Self-Assessment RAG Rating: GREEN (No Change)

- 3.18. CIPFA have recently published its latest Financial Resilience Index which uses a basket of indicators to measure each individual authority's financial resilience in comparison with local authority comparator groups.
- 3.19. Based on the latest data available (2022/23), in terms of the indices relating to levels of financial reserves, the Council is placed as the 14th highest among 51 Unitary authorities, up from 23rd the previous year, as councils increasingly draw down from reserves to balance budgets. As outlined in Appendix 1 of the Chief Finance Officer's Report on the Robustness of the 2024/25 Budget, the Council's reserves are forecast to reduce over the 2024/25-2026/27 Medium Term Financial Strategy period.
- 3.20. A detailed savings tracker is reported to the Corporate Management Team (CMT) monthly and all savings proposals that are presented as part of the Medium Term Financial Strategy (MTFS) process are risk assessed for deliverability and an appropriate level of contingency provided within the budget to mitigate that risk.

- 3.21. The 2024/25 Budget was approved in February 2024 and includes a total forecast drawdown of £3.084m from earmarked reserves. However, a budget gap of £6.026m for 2025/26, reducing to £3.691m for 2026/27 is forecast which will need to be closed.
- 3.22. The Code guidance recommends that the assessment of an authority's financial management style is best undertaken by means of peer review. A Corporate Peer Challenge exercise, organised by the Local Government Association (LGA), took place in 2022. The findings of the Peer Challenge included the following:
- It is clear that the Council's financial position and financial management arrangements have recovered and strengthened significantly since 2016/17;
 - New arrangements have created a more strategic and transformational approach to the annual budget process. Strategic financial planning is now more mature and supported by an appropriate level of analysis, with robust budget setting and monitoring procedures;
 - The Council has a good recent record of delivering transformation and savings, with a multi-year approach and associated costs and investment met through the dedicated Delivery Fund and the flexible use of capital receipts;
 - Contingency provision is prudently built into each year of the MTFs to mitigate against possible slippage or non-achievement of higher risk savings plans;
 - The recent creation of the Transformation and Efficiency Board provides the mechanism through which to develop a singular and corporate overview of change and transformation across the organisation and the delivery of planned related savings;
 - The Capital Strategy is agreed annually at Full Council and both this and the capital programme link clearly to the corporate plan's three themes and thus the political priorities;
 - The Treasury Management Strategy is comprehensive and reflects the borrowing decisions associated with the capital strategy and programme.
- 3.23. In light of the findings of the 2022 Peer Challenge and the updated CIPFA Financial Resilience Index, the rating for this standard has been retained as Green. It is however important to note that the current financial climate remains challenging, reserves are forecast to reduce over the current MTFs period and there is a forecast budget deficit on the horizon for 2025/26 that will need to be addressed.

Section 3: Long to Medium-Term Financial Management

Standard F. The authority has carried out a credible and transparent financial resilience assessment.

Self-Assessment RAG Rating: GREEN (No Change)

- 3.24. A separate report, the "Chief Finance Officer's Report on the Robustness of the Council's 2023/24 Budget" was presented to Council on 27th February 2024, alongside the "2024/25 Budget and Medium-Term Financial Strategy 2024/25-2026/27" report, which contains statements on:
- The robustness of the estimates made for the purposes of the calculations of the budget; and
 - The adequacy of the proposed level of financial reserves.

- 3.25. The report also took into consideration the published CIPFA Financial Resilience Indicators and scrutiny of those indicators which highlighted areas where the Council is potentially exposed to increased risk.
- 3.26. The Council has carried out a credible and transparent financial resilience assessment therefore a Green RAG Rating has been determined.

Standard G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.

Self-Assessment RAG Rating: AMBER (No Change)

- 3.27. The Council has prepared and consulted on a subsequently approved 3-year Medium Term Financial Strategy. CIPFA advocate a minimum coverage of 3 years for the Medium-Term Financial Strategy and therefore, the Council's Strategy is compliant. However, it should be noted that years 2 and 3 of the Medium Term Financial Strategy do not currently balance.
- 3.28. The Council's Capital Strategy 2024/25, approved by Council in February 2024, has been extended from 3 years to 5 years giving a longer term view. Consideration needs to be given as to extending this further for example to 10 years to give the long term view that the Capital Strategy guidance is really looking for.
- 3.29. This standard has been assessed alongside Standards I and L. Although Standard L is now rated Green, Standard I is rated as Amber. Additionally, due to the current forecast budget gaps in 2025/26 and 2026/27, it is considered that the Amber RAG Rating is retained.

Standard H. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.

Self-Assessment RAG Rating: GREEN (No Change)

- 3.30. The CIPFA Prudential Code for Capital Finance in Local Authorities sets out a framework for self-regulation for local authorities. The Code requires local authorities to determine that capital expenditure and investment decisions are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of wider capital planning.
- 3.31. The 2017 version of the code introduced the requirement for local authorities to produce a capital strategy. The purpose of the capital strategy is to firmly place decisions around borrowing in the context of the overall longer-term financial position of the authority and to provide improved links between the revenue and capital budgets.
- 3.32. The legislative requirements of the code require that the Council set an annual Minimum Revenue Provision (MRP) Policy to ensure prudent provision in relation to the repayment of debt.
- 3.33. The Council is also required to set annual Prudential Indicators to ensure that external debt is kept within sustainable prudent limits.
- 3.34. The Council has produced a Capital Strategy and sets an annual MRP Policy and a set of annual Prudential Indicators as part of the Treasury Management Strategy. Therefore, a Green RAG Rating is appropriate.

Standard I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

Self-Assessment RAG Rating: AMBER (No Change)

- 3.35. The Council's 3-year Medium Term Financial Strategy is at the minimum 3-year level advocated by CIPFA. Whilst it is demonstrable that the Medium-Term Financial Strategy has been developed in line with the Council's Corporate Plan priorities, it is not clearly evidenced that it is linked to the more detailed service plan level in all cases. An Amber RAG Rating is therefore currently assigned.

Section 4: The Annual Budget

Standard J. The authority complies with its statutory obligations in respect of the budget setting process.

Self-Assessment RAG Rating: GREEN (No Change)

- 3.36. The Council complies with its statutory obligations in respect of the budget setting process as set out in the Local Government Finance Act (1992). A legal and balanced budget and corresponding Council Tax levels have been set by Council by the statutory deadline of 11th March and assurance has been provided by the Chief Finance Officer regarding the robustness of estimates and adequacy of reserve levels. A Green RAG Rating is therefore appropriate.

Standard K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

Self-Assessment RAG Rating: GREEN (No Change)

- 3.37. A separate report, the "Chief Finance Officer's Report on the Robustness of the Council's 2024/25 Budget" was presented to Council on 27th February 2024, alongside the "2024/25 Budget and Medium Term Financial Strategy 2024/25-2026/27" report, which contains statements on:
- a. The robustness of the estimates made for the purposes of the calculations of the budget; and
 - b. The adequacy of the proposed level of financial reserves.

- 3.38. A Green RAG Rating is therefore appropriate.

Section 5: Stakeholder Engagement and Business Plans

Standard L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

Self-Assessment RAG Rating: GREEN (previous rating AMBER)

- 3.39. The public was consulted as part of the 'Budget Engagement', which ran from 15th December 2023 until 19th January 2024. The budget engagement exercise received 661 responses, which is a substantial increase from the 378 responses received last year. A summary of the responses was included within the "2024/25 Budget and Medium-Term Financial Strategy 2024/25-2026/27" report to Council on 27th February 2024.
- 3.40. Additionally, the budget was informed by a resident's survey which identified highways and affordable housing as key priorities and further investment into these areas was built into the Capital Programme as a result.

- 3.41. The engagement analysis highlighted that the top service areas for suggested spend were Roads Maintenance, Children's Social Care and Adult Social Care. The proposed Revenue Budget and Capital Programme responds to this feedback by investing in these services. For 2024/25, the Highways Infrastructure Programme scheme has a capital allocation of £6.509m. Adult Social care will receive an additional £5.464m in revenue funding and has a capital allocation of £4.270m. Children's Services will receive an additional £7.414m in revenue funding and has a £9.470m capital allocation.
- 3.42. The Council consulted with local business rates payers on 5th February 2024 as part of its statutory requirements.
- 3.43. Whilst consultation with stakeholders is clearly demonstrated, some councils utilise more interactive consultation tools that encourage a higher level of engagement.
- 3.44. The standard refers specifically to medium and longer-term financial planning. The budget consultation, as well as the Council's approved Medium Term Financial Strategy and Capital Strategy all cover a period of 3 years. CIPFA advocate a minimum coverage of 3 years for the Medium-Term Financial Strategy and whilst a minimum duration in respect of the Capital Strategy is not proposed, it is expected to be of a long-term nature. The Council's published Capital Strategy for 2024/25 has been extended to 5 years to move towards a longer term view.
- 3.45. On balance, it is considered that a Green RAG Rating is now justifiable however there remains room for improvement in terms of exploring the future use of more interactive consultation tools that encourage a higher level of engagement and the further extension of the Capital Strategy.

Standard M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

Self-Assessment RAG Rating: AMBER (No change)

- 3.46. The Council has a defined matrix for the evaluation of capital investment decisions, which although was completed for new business cases, was not utilised consistently in the evaluation of bids for capital investment in the 2024/25 budget planning process.
- 3.47. There are examples of strong revenue business cases but there are also examples where the quality and level of detail needs to be improved.
- 3.48. The Capital Programme Board will develop a new prioritisation matrix during 2024/25 as well as reviewing all existing models and a preferred best practice methodology will be agreed, documented and communicated to all relevant stakeholders to ensure a consistent and common approach for capital investment decisions.
- 3.49. The revenue and capital business case templates were fully reviewed and implemented in 2023/24 for 2024/25 Budget Setting processes and are now considered to be fit for purpose and more user friendly to enable improved completion and subsequent decision making.
- 3.50. Overall, as improvements are still required in respect of the capital investment process, the rating has remained as Amber.

Section 6: Monitoring Financial Performance

Standard N. The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

Self-Assessment RAG Rating: GREEN (No Change)

- 3.51. The Council's Corporate Management Team receives monthly financial reports that provide appropriate information regarding projected outturn positions in respect of approved budgets for both revenue and capital. In addition, quarterly performance reports are received by Members at Policy Committee and Lead Members are briefed on a monthly basis. These reports also contain progress reports in relation to the delivery of savings targets.
- 3.52. Additionally, all reports to the leadership team contain a section that sets out the associated financial implications appropriate to the content and proposals of the report. A Green RAG Rating has therefore been applied.

Standard O. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.

Self-Assessment RAG Rating: AMBER (No Change)

- 3.53. Financial reports, which include a section on debt performance, are reported to the Corporate Management Team and Lead Members monthly and quarterly to Policy Committee.
- 3.54. Quarterly reports on the Council's borrowing and investment positions, including the Treasury Management Prudential Indicators are produced for the leadership team. Treasury management training is provided on a periodic basis to ensure that those responsible for decision making within the Council to facilitate understanding and scrutiny of the contents of these, often very technical, reports.
- 3.55. During 2023/24, a number of improvements to the financial information reported through to the Corporate Management Team and Policy Committee were made including the inclusion of visual aids such as graphs. These reports included:
- Monthly revenue and capital budget monitoring forecasts;
 - Outstanding debt levels of sundry debt (this will be further developed in 2024/25);
 - Collection Fund (Council Tax and Business Rates) collection performance.
- 3.56. Further reporting relating but not limited to the following will be developed during 2024/25:
- The CIPFA Financial Resilience Index (this is currently used as part of the budget setting reports but its use could be expanded);
 - Reserve assessments (currently reported as part of budget setting reports and at Outturn but could be included within the quarterly Performance and Monitoring Reports);
 - Commercial Investment Performance and Risk;
 - Loans to the Council's wholly owned companies
- 3.57. The enhanced and focussed reporting of financial information will enable the leadership team to better monitor and understand the Council's balance sheet and financial sustainability. As there still a number of areas that still require development, it is

considered that an Amber RAG Rating is still appropriate at this stage but that this will facilitate the rating to move to Green for 2024/25.

Section 7: External Financial Reporting

Standard P. The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.

Self-Assessment RAG Rating: GREEN (Previous Rating AMBER)

- 3.58. The Chief Financial Officer's responsibilities are set out in the "Statement of Responsibilities" within the annual Statement of Accounts. This statement clearly sets out that the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.
- 3.59. The Independent Auditor's Report to the Members of Reading Borough Council for the year ended 31st March 2020 (included within the Statement of Accounts 2019/20) gave an unqualified audit opinion that the financial statements "have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20".
- 3.60. It should be noted that the 2020/21, 2021/22 and 2022/23 audit opinions on the respective Statement of Accounts are currently outstanding. However, the direction of travel in terms of the reduced areas of qualification in 2018/19, the unqualified opinion in 2019/20 and the findings set out in the Draft Audit Results Report for 2020/21 indicating that an unqualified opinion will be given for 2020/21 is positive.
- 3.61. It is therefore considered that a Green RAG rating is now appropriate.

Standard Q. The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

Self-Assessment RAG Rating: AMBER (No Change)

- 3.62. The presentation of the final outturn figures and variations from budget are clear and transparent. However, whilst the 2020/21, 2021/22 and 2022/23 Statement of Accounts audit processes are still to be finalised, there is a risk that reserve balances may be subject to change. It is therefore considered that an Amber RAG Rating is appropriate.

Next Steps

- 3.63. This self-assessment has shown that the Council is able to demonstrate reasonable compliance with most areas of the Financial Management Code, however there are still a small number of standards that require further improvements in order to change from an Amber to a Green rating.
- 3.64. The Council now has in place a permanent Director of Finance, Deputy s151 Officer, Chief Accountant and Strategic Finance Business Partners who have now all been in post for at least 24 months and is in a much stronger position to continue to deliver improvements in financial management in the coming year.
- 3.65. This self-assessment exercise will need to continue to be carried out annually in future in order to demonstrate compliance with the FM Code. The next review period will be an assessment of 2024/25, to be reported to Audit & Governance Committee in April 2025.

- 3.66. The high level action plan, attached as Appendix 1, identifies those standards, including setting out the necessary improvements required to those standards that are not currently rated as green.

4. Contribution to Strategic Aims

- 4.1. The delivery of strong financial management is fundamental to the delivery of the Council's strategic aims.

5. Environmental and Climate Implications

- 5.1. No environmental or climate implications have been identified as arising directly from this report.

6. Community Engagement

- 6.1. Community engagement is assessed through the residents' survey.

7. Equality Implications

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

8. Other Relevant Considerations

- 8.1. There are none.

9. Legal Implications

- 9.1. The FM Code itself does not currently have legislative backing, although CIPFA have set out their intention to pursue this. CIPFA's judgement is that compliance with the FM Code will assist local authorities to demonstrate that they are meeting existing important legislative requirements.

- 9.2. There are no legal implications arising directly from this report.

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.

Appendices

1. Financial Management Code Action Plan

Appendix 1 - Financial Management Code Action Plan

Standard	Description	Current RAG Rating	Action(s) Required	Responsible Officer(s)	Target Date
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	GREEN	<ol style="list-style-type: none"> 1. The Ofsted rating requires improving to "Good" or Outstanding" from "the current "Requires Improvement to be Good". 2. Achieving and maintaining an unqualified Value for Money judgement from the Council's External Auditors. 	<p>Executive Director Children's Services</p> <p>Director of Finance</p>	<p>31st March 2025</p> <p>31st March 2025</p>
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	GREEN			
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	GREEN			
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	GREEN	<ol style="list-style-type: none"> 1. Achieving and maintaining an unqualified opinion in respect of putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources from the Council's External Auditors. 	Director of Finance	31 st March 2025
E	The financial management style of the authority supports financial sustainability.	GREEN			
F	The authority has carried out a credible and transparent financial resilience assessment.	GREEN			

G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	AMBER	<ol style="list-style-type: none"> 1. Develop a robust savings delivery plan to close the current forecast budget gap in future years that arises primarily from the forecast impact of the Business Rates Retention Scheme Reset (currently forecast to affect 2025/26 onwards). 2. Consider the further expansion of the period covered by the Capital Strategy & Capital Programme to ensure a longer term view of the Council's financial sustainability is understood. 	Director of Finance Director of Finance	28 th February 2025 28 th February 2025
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	GREEN			
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	AMBER	<ol style="list-style-type: none"> 1. Improve the linkages between Service Plans, the Corporate Plan and the MTFS. 	Corporate Management Team	28 th February 2025
J	The authority complies with its statutory obligations in respect of the budget setting process.	GREEN			
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	GREEN			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	GREEN	<ol style="list-style-type: none"> 1. Consider utilisation of more interactive consultation tools that encourage a higher level of engagement. 	Director of Finance	28 th February 2025

			2. Consider the further expansion of the period covered by the Capital Strategy & Capital Programme to ensure a longer term view of the Council's financial sustainability is understood.	Director of Finance	28 th February 2025
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	AMBER	<ol style="list-style-type: none"> 1. Review the matrix used to assess individual capital business cases and improve how the matrix scores are used in the decision making process. 2. Improve the quality of revenue and capital business cases. 3. Determine a preferred best practice methodology for assessing investment option appraisals, and document and communicate to all relevant stakeholders to ensure a consistent and common approach for both revenue and capital investment decisions. 	<p>Capital Programme Board</p> <p>Corporate Management Team</p> <p>Capital Programme Board</p>	<p>28th February 2025</p> <p>28th February 2025</p> <p>28th February 2025</p>
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	GREEN			
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	AMBER	<ol style="list-style-type: none"> 1. Develop and implement improved reporting arrangements to the Council's leadership team to include but not limited to: <ul style="list-style-type: none"> • The CIPFA Resilience Index • Reserve assessments • Commercial Investments 	Director of Finance of	30 th September 2024

			<ul style="list-style-type: none"> Loans to the Council's wholly owned companies 		
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	GREEN	<ol style="list-style-type: none"> Maintain an unqualified opinion on the Council's annual Statement of Accounts from the external auditors. Produce 2023/24 draft accounts by the statutory deadlines in line with proper accounting practice. 	Director of Finance Director of Finance	Ongoing 31 st May 2024
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	AMBER	<ol style="list-style-type: none"> Catch up on the Statement of Accounts audit process so that the annual Outturn Report and Statement of Accounts are aligned and prepared and presented in a timely manner to enable timely strategic financial decisions to be made. 	Director of Finance	Ongoing

Audit and Governance Committee

10 April 2024



Reading
Borough Council
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Title	Treasury Management Review Quarter 3 2023/24
Purpose of the report	To note the report for information
Report status	Public report
Report author	Stuart Donnelly, Financial Planning & Strategy Manager
Lead Councillor	Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	1. That the Committee notes the content of the Treasury Management Review Quarter 3 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 28th February 2023.
- 1.2. The purpose of this report is to update Members on the activity of the Treasury Management function during the third quarter of the year for the period 1st October 2023 to 31st December 2023.
- 1.3. The Council has complied with all elements of its Treasury Management Strategy Statement (TMSS) as agreed by Full Council on 28th 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 third 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 3rd 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 Public Works Loan Board (PWL) rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

- 3.3. The latest forecast on 5th February 2024 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	05.02.24												
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

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 28th 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 £1.407m for the General Fund.

Table 2. General Fund Capital Programme

	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 31 st December 2023)	Variance
	£m	£m	£m	£m
Community & Social Care Services	9.203	1.964	1.964	0.000
Economic Growth & Neighbourhood Services	69.335	32.170	32.170	0.000
Economic Growth & Neighbourhood Services – Education Schemes	18.297	4.721	4.721	0.000
Resources	2.879	5.889	5.889	0.000
Corporate	6.948	5.385	3.978	(1.407)
Total General Fund	106.662	50.129	48.722	(1.407)

- 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

	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 31 st December 2023)	Variance
	£m	£m	£m	£m
Housing Revenue Account	56.856	33.564	33.564	0.000
Total Housing Revenue Account	56.856	33.564	33.564	0.000

- 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

	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 31 st December 2023)
	£m	£m	£m
Total Capital Expenditure	106.662	50.129	48.722
Financed by:			
Capital Receipts	1.798	4.790	3.383
Capital Grants and other Contributions	58.874	20.322	20.322
Direct Revenue Financing	3.094	10.091	10.091
Total Financing (excluding Borrowing)	63.766	35.203	33.796
Net Borrowing Requirement	42.896	14.926	14.926

Table 5. Financing of the HRA Capital Programme

	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 31 st December 2023)
	£m	£m	£m
Total Capital Expenditure	56.856	33.564	33.564
Financed by:			
Capital Receipts	3.277	0.315	0.315
Capital Grants and other Contributions	7.742	5.537	5.537
Capital Reserves	21.697	12.918	12.918
Direct Revenue Financing	0.553	0.504	0.504
Total Financing (excluding Borrowing)	33.269	19.274	19.274
Net Borrowing Requirement	23.587	14.290	14.290

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

28th February 2023, which was £699.283m. The revised Operational Boundary is £653.372m 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 31st December 2023)
	£m	£m
Prudential Indicator – Capital Financing Requirement		
CFR – General Fund	456.690	420.192
CFR - HRA	222.593	213.180
Total CFR	679.283	633.372
Prudential Indicator – Operational Boundary for External Debt		
Capital Financing requirement	679.283	633.372
Headroom	20.000	20.000
Operational Boundary	699.283	653.372

- 5.8. The Council's current level of external debt (as at 31st December 2023) is £402.670m, 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 31st December 2023)	2023/24 Full Year Forecast (as at 31st December 2023)
	£m	£m	£m
Borrowing	478.888	402.670	411.500
Other Long-Term Liabilities	21.843	21.843	21.843
Total Debt	500.731	424.513	433.343
CFR (year end position)	679.283	633.372	633.372
Over/(under) Borrowing		(208.859)	(200.029)

- 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 £402.670m (as at 31st December 2023) is significantly within the Authorised Limit.

Table 8. Authorised Limit

	2023/24 Original Indicator	2023/24 Forecast (31st December 2023)
	£m	£m
Operational Boundary	699.283	653.372
Headroom	40.000	40.000
Total Authorised Limit	739.283	693.372

6. Borrowing

- 6.1. The Council's estimated Capital Financing Requirement (CFR) for 2023/24 as at 31st December 2023 is £633.372m. 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 £402.670m and has utilised £208.859m 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%. These loans were repaid in Quarter 3 but replaced with new loans; further loans were also taken in the quarter, as cash balances reduced. A total of £39.000m was borrowed from the local authority market throughout this period at an average rate of 5.53%.
- 6.4. It is possible that the Council may need to borrow further during Quarter 4 of 2023/24 as cash balances are forecast to reduce further. 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. If any required borrowing cannot be sourced from the local authority market during the period then the Council could borrow from the PWLB (minimum of 12 months).

7. Debt Rescheduling

- 7.1. No debt rescheduling took place during Quarter 3 of 2023/24.

8. Compliance with Treasury and Prudential Limits

- 8.1. During the quarter ended 31st December 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 28th 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 23rd 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 three 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 31st December 2023 was £38.798m. 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 4.93%. The comparable performance indicator is the 7 days backward looking Sterling Overnight Index Average (SONIA) un compounded rate, which was also 4.90%.
- 9.6. The current level of treasury investments as at 31st December 2023 total £52.918m 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 £0.604m over the nine-month period to 31st December 2023. The total income return on the fund is 5.34%.
- 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 December 2023 was £0.848 million, a £0.675 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 31st December 2023 are £7.252 million against a budget of £9.225 million; a £1.973 million positive variance against the General Fund budget. The net General Fund position on interest receivable/payable is therefore a net positive variance of £2.648 million.
- 9.10. The Council's investment position as at 31st December 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 31st December 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 31st December 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 31st December 2023**
- 3. Investment Portfolio as of 31st December 2023**
- 4. Approved Countries for Investments as of 31st December 2023**

Appendix 1 – Link Group Economics Update

1. The third quarter of 2023/24 saw:
 - A 0.3% month on month (m/m) decline in real Gross Domestic Product (GDP) in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
 - A sharp fall in wage growth, with the headline 3 month year on year rate declining from 8.0% in September to 7.2% in October, although the Office of National Statistics (ONS) “experimental” rate of unemployment has remained low at 4.2%;
 - Consumer Price Index (CPI) inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
 - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;
 - The Bank of England holding rates at 5.25% in November and December;
 - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
2. The revision of GDP data in Q2 to a 0.1% quarter on quarter (q/q) fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
3. However, the rise in the flash composite activity Purchasing Managers Index (PMI), from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance). The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.
4. The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
5. Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with only marginal falls showing year on year on the Halifax (-1%) and Nationwide (-1.8%) indices. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.
6. Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.

7. The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
8. The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
9. CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.

Appendix 2 – Debt Portfolio as of 31st December

Class	Type	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
Loan	Temporary Borrowing - Fixed	24/11/23	24/05/24	Tendring District Council	Maturity	5.4500%	4,000,000.00
Loan	Temporary Borrowing - Fixed	04/10/23	04/04/24	London Borough of Sutton	Maturity	5.5000%	5,000,000.00
Loan	Temporary Borrowing - Fixed	02/11/23	02/05/24	Blackburn with Darwen Borough Council	Maturity	5.5500%	5,000,000.00
Loan	Temporary Borrowing - Fixed	13/10/23	11/10/24	North Somerset Council	Maturity	5.5500%	10,000,000.00
Loan	Temporary Borrowing - Fixed	28/11/23	02/01/24	Middlesbrough Council	Maturity	5.5000%	5,000,000.00
Loan	Temporary Borrowing - Fixed	20/12/23	22/04/24	Liverpool City Region Combined Authority	Maturity	5.5500%	10,000,000.00
Temporary Borrowing - Fixed Total						5.5269%	39,000,000.00
Loan	Fixed	26/03/18	25/03/68	PWLB	Maturity	2.2800%	15,000,000.00
Loan	Fixed	27/09/18	27/09/43	PWLB	Maturity	2.8200%	15,000,000.00
Loan	Fixed	27/09/18	27/09/49	PWLB	Maturity	2.7900%	15,000,000.00
Loan	Fixed	11/03/19	11/03/66	PWLB	Maturity	2.3800%	15,000,000.00
Loan	Fixed	13/03/19	13/03/37	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	13/03/19	13/03/57	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	01/04/19	01/04/64	PWLB	Maturity	2.2000%	10,000,000.00
Loan	Fixed	01/10/19	02/10/62	PWLB	Maturity	1.6400%	5,000,000.00
Loan	Fixed	01/10/19	01/10/63	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	07/10/19	07/10/66	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	07/10/19	08/10/68	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	11/03/20	25/09/69	PWLB	Maturity	2.0700%	15,000,000.00
Loan	Fixed	13/05/05	25/09/51	PWLB	Maturity	4.1500%	2,000,000.00
Loan	Fixed	11/01/06	25/09/55	PWLB	Maturity	3.9000%	5,000,000.00
Loan	Fixed	23/01/06	25/09/55	PWLB	Maturity	3.7000%	5,000,000.00
Loan	Fixed	23/05/06	25/09/47	PWLB	Maturity	4.2000%	2,000,000.00
Loan	Fixed	19/07/06	25/03/52	PWLB	Maturity	4.2500%	20,000,000.00
Loan	Fixed	20/09/06	25/09/51	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	28/09/06	25/09/52	PWLB	Maturity	4.0500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/53	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/54	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	05/08/08	25/03/58	PWLB	Maturity	4.4800%	2,000,000.00
Loan	Fixed	15/08/08	25/09/57	PWLB	Maturity	4.3900%	6,000,000.00
Loan	Fixed	02/12/08	25/09/58	PWLB	Maturity	4.1200%	10,000,000.00
Loan	Fixed	20/08/09	25/03/59	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	19/08/10	25/03/24	PWLB	EIP	2.7000%	170,000.00
Loan	Fixed	31/08/10	25/03/60	PWLB	Maturity	3.9200%	10,000,000.00
Loan	Fixed	14/07/11	25/03/26	PWLB	EIP	3.5900%	1,250,000.00
Loan	Fixed	15/09/11	25/03/31	PWLB	EIP	3.3500%	3,750,000.00
Loan	Fixed	28/03/12	25/03/51	PWLB	Maturity	3.5300%	12,000,000.00
Loan	Fixed	28/03/12	25/09/26	PWLB	Maturity	2.9700%	12,000,000.00
Loan	Fixed	28/03/12	25/03/50	PWLB	Maturity	3.5300%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/03/61	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/32	PWLB	Maturity	3.3000%	12,000,000.00
Loan	Fixed	28/03/12	25/09/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/09/51	PWLB	Maturity	3.5200%	3,000,000.00
Loan	Fixed	28/03/12	25/03/62	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	EIP	2.9900%	17,500,000.00
Loan	Fixed	06/12/05	06/12/55	Barclays Bank plc	Maturity	3.9900%	5,000,000.00
Fixed Total						3.2428%	358,670,000.00
Loan	LOBO	30/01/08	31/01/78	Dexia	Maturity	4.1900%	5,000,000.00
LOBO Total						4.0900%	5,000,000.00
Loan Total						3.4851%	402,670,000.00

Appendix 3 - Investment Portfolio as of 31st December 2023

Class	Type	Start / Purchase Date	Maturity Date	Counterparty	Rate	Principal O/S (£)
Treasury Investments						
Deposit	MMF	N/A	N/A	Aberdeen Standard Liquidity Fund	5.30%	17,750,000.00
Deposit	MMF	N/A	N/A	Federated Short Term Sterling Prime Fund	5.38%	20,000,000.00
Deposit	Current Account	N/A	N/A	Lloyds Bank	5.15%	168,088.00
Deposit	Property Fund	30/03/2015	N/A	CCLA Local Authorities Property Fund	5.33%	15,000,000.00
Treasury Investments Total					5.29%	52,918,088.00
Non-Treasury Investments						
Deposit	Fixed	25/03/2021	24/03/2026	Brighter Futures for Children Ltd	1.81%	5,000,000.00
Deposit	Fixed	29/09/2017	26/09/2022	Homes for Reading Ltd	3.25%	1,100,000.00
Deposit	Fixed	23/01/2018	26/09/2022	Homes for Reading Ltd	3.38%	400,000.00
Deposit	Fixed	28/02/2018	26/09/2022	Homes for Reading Ltd	3.59%	800,000.00
Deposit	Fixed	20/03/2018	26/09/2022	Homes for Reading Ltd	3.58%	700,000.00
Deposit	Fixed	25/04/2018	24/03/2023	Homes for Reading Ltd	3.62%	800,000.00
Deposit	Fixed	11/05/2018	24/03/2023	Homes for Reading Ltd	3.57%	800,000.00
Deposit	Fixed	29/08/2018	24/03/2023	Homes for Reading Ltd	3.48%	2,000,000.00
Deposit	Fixed	24/09/2018	24/03/2023	Homes for Reading Ltd	3.41%	3,000,000.00
Deposit	Fixed	11/12/2018	24/03/2023	Homes for Reading Ltd	3.19%	4,000,000.00
Deposit	Fixed	07/02/2019	24/03/2023	Homes for Reading Ltd	3.38%	2,000,000.00
Deposit	Fixed	29/06/2018	24/03/2023	Homes for Reading Ltd	3.51%	1,300,000.00
Deposit	Fixed	16/04/2019	24/03/2029	Homes for Reading Ltd	3.75%	7,000,000.00
Deposit	Fixed	30/04/2019	30/04/2029	Reading Transport Ltd	5.00%	4,609,000.00
Deposit	Fixed	15/08/2019	30/07/2029	Reading Transport Ltd	5.00%	500,000.00
Deposit	Fixed	08/04/2018	01/07/2023	Reading Transport Ltd	5.00%	490,000.00
Deposit	Fixed	03/06/2018	01/07/2023	Reading Transport Ltd	5.00%	207,000.00
Deposit	Fixed	29/07/2018	01/07/2023	Reading Transport Ltd	5.00%	164,000.00
Deposit	Fixed	20/01/2020	01/01/2024	Reading Transport Ltd	5.00%	151,000.00
Deposit	Fixed	21/08/2020	01/10/2024	Reading Transport Ltd	5.00%	700,000.00
Non-Treasury Investments Total					3.93%	35,721,000.00
Total Investments *						88,639,088.00

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

Appendix 4 - Approved Countries for Investments as of 31st December 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.

Audit and Governance Committee

10 April 2024



Reading
Borough Council
Working better with you

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

1. Executive summary

- 1.1. This report provides an update on the actions in progress to improve the Council's policies, systems and processes around Information Governance.
- 1.2. In the last 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 12 cases outstanding, 12 of these have been completed since the last report in January 24, leaving zero cases outstanding. For 23/24, 77 cases have been received so far, and is around 40% more than the previous year. We have seen a rise in requests for Housing, Council Tax and HR related data. Of the 77 cases, 52 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, a further 34 cases have been received in Q4 making a total of 76 cases for the year so far. This is around 22% more than the previous year. The service has completed 48 of these cases, 3 cases were closed as an Invalid Request and 25 cases remain outstanding.
- 3.3. The implementation of the redaction software is progressing, the Supplier has provided information to the Council's IT service, and we are in the process of providing technical input. We have provided further feedback on our processes and will soon be in a position to finalise the first draft of the process blueprints. The Information Rights Services Manager is specifying a workflow to track, monitor and report on the progress of work in the new system.

SAR Backlog Data as at 22 March 2024

	20/21		21/22		22/23		23/24	
	RBC	BfC	RBC	BfC	RBC	BfC	RBC	BfC
No Received	35	64	44	38	46	59	77	76
No Completed	32	61	37	38	45	52	52	48
No Outstanding	0	0	0	0	0	4	21	25
No Closed (Invalid requests*)	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 January 2024 meeting for quarter 2 of financial year, 2023/24 the data for quarter 3 is below.

Total number received in Q3 allocated to Directorates and FOI Team

Directorate	Total No. Received	%	Q2	Q1
BfC	33	11.2	54	45
DACHS	45	15.3	24	12
DEGNS	113	38.4	145	160
DoR	60	20.4	75	92
FOI Team	43	14.6	47	39
Total	294	100	345	348

- 3.7. There has been a reduction by 51 cases of the number of FOI's received during the quarter 3 compared to quarter 2, we have not seen any clear themes around the subject matter of the request received in this quarter.

4. FOI's Responded to in Timescale by Directorate and FOI Team in Q3

Directorate	Total No. sent out in Timescale	%
BFfC	14	42.4
DACHS	30	66.6
DEGNS	85	75.2
DoR	40	66.6
FOI Team	43	100
Total	212	72

4.1. Breakdown by month for Q3

Directorate	FOI's received in October	% sent out in time in October	FOI's received in November	% sent out in time in November	FOI's received in December	% sent out in time in December
BFfC	11	63.6	15	66.6	7	42.9
DACHS	11	72.7	16	50	18	77.8
DEGNS	50	70	43	81.4	20	75
DoR	24	70.8	18	55.5	18	72.2
FOI Team	18	100	16	100	9	100
Overall	114	75.9	108	70.9	72	77.1

- 4.2. In Q3 the Council and BFfC responded to 72% of FOI's in timescale, this is slightly down from the 75.6% responded to in time in the previous quarter, despite the lower number received. The data is on the above tables, 212 (72%) of the 294 requests received were sent out in timescales. The response rates are shared with the Corporate Management Team monthly and overdue cases are highlighted weekly. Further communications and guidance to FOI responders have been sent out in the RBC weekly newsletter, reminding them of the importance of responding on time.
- 4.3. Of the 212 FOI's responded to, 8 came back to the Information Governance Team for Internal Reviews (IR). Of these, 3 were responded to with additional information and 5 were issued upholding the original decision on what information could be provided.
- 4.4. 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 tested the system forms and provided feedback to the Project Team, further testing of the system with amendments incorporated is scheduled for later in April. We will explore how the new system can assist us to improve our process, simplify the FOI management workflow and reporting capability.
- 4.5. 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

- 4.6. The Data Transparency pages were reviewed in March 2024 and the Contract and Procurement data remain out of date. However the Assistant Director Procurement and Contracts has confirmed they have planned for this work to gather the information will begin in April 2024. Other data requires updating and the Assistant Directors responsible for this data have been advised to update the data by the end of April 2024. These are the expenditure over £500 for December 2023 to date, grant payments to voluntary, community and social enterprise organisations, parking data and local authority land data.

Information Governance Board

- 4.7. The Information Governance Board meet monthly and review Cyber Security Incidents and possible breaches of the Data Protection Act which may need to be reported to the Information Commissioners Office (ICO). Where any subsequent actions are identified then these are monitored.
- 4.8. There have been no cyber incidents since the last report to this committee. However, on 22nd and 23rd February 2024 IG Team were alerted by a number of staff that they had received an email from "Yammer" (now Viva Engage) containing personal information that had no relation to their role and therefore were not entitled to receive. IG Team notified ICT who were able to remove the personal details immediately. The information remained within the corporate network and an all-staff bulletin was issued on 29th February 2024.
- 4.9. The current theme around data breaches is still around mis-addressed emails either through the mistyping of email addresses, email addresses being auto-populated and not checked before sending or inappropriate use of the cc. function which displays personal emails to all recipients on the email. Following a breach that was reported to the ICO (whose decision was that no further action was necessary), IG Team carried out a bespoke awareness session around secure use of email with the team responsible for the breach, within a week of the breach.

Information Management Strategy

- 4.10. 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.
- 4.11. We are working with the Data Stewards in BFfC and DACHS on the Action Plan work. We have raised awareness of the of Data Protection Act and empowered Data Stewards and staff to be confident about the lawful basis for sharing information across the organisation and with relevant partner agencies. Next month (April) we will be starting to work on updating the retention schedules used by BFfC and DACHS staff. We have changed the schedule of meetings to give Data Stewards enough time to work through tasks, we are mindful they are operational staff with other responsibilities across the organisation. The meetings will be held every other month from April 2024. We are now replicating this work with the Data Stewards from DoR and DEGNS. The first meeting is scheduled for the end of March followed by a meeting in May 2024 and so on.
- 4.12. The IG Team have created 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.

Training

- 4.13. Cyber Security and Information Governance training is a mandatory requirement for RBC and BFfC staff. This is available to all staff and members through Learning Pool, the Council's e-learning package. 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.

- 4.14. A new training suite of Cyber Security and Information Governance training is now available to all staff via the Learning Pool. Communications and access to the training has been provided since mid-March. All staff have been instructed to complete the full training or refresher training (where appropriate) by the end June 2024. Data on the uptake of the training will be reported to this Committee in July 2024.
- 4.15. Managers who have staff that are non-IT users, have been asked to contact the IG Team to arrange bespoke face to face training.
- 4.16. A Mandatory Training Task & Finish Group has been set up with representatives from multiple departments to ensure the mandatory training requirements agreed by CMT are properly communicated, that there is appropriate monitoring and follow up to ensure that training is delivered as envisaged by CMT. Systems will also be reviewed for staff who do not have access to IT but use a phone for their work and still handle personal data.

Next Steps

- 4.17. The focus is on continuing the work with all of Data Stewards. The action plan work from the Breach Management process review, implementation of the redaction software, further testing of the governance forms on the new CRM system and design, testing and working with the Mandatory Training Task & Finish Group.

5. Contribution to strategic aims

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

6. Environmental and climate implications

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

7. Community engagement

- 7.1. 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.

8. Equality impact assessment

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

9. Other relevant considerations

- 9.1. Nothing relevant.

10. Legal implications

10.1. 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.

11. Financial implications

11.1. There are no direct financial implications arising from this report.

12. Timetable for implementation

12.1. Not applicable.

13. Background papers

13.1. There are none.

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