

Finance and Audit Scrutiny Committee

Tuesday 13 January 2015

A meeting of the above Committee will be held at the Town Hall, Royal Leamington Spa on Tuesday 13 January 2015 at 6.00pm.

Membership:

	Councillor Barrott (Chairman)
Councillor Mrs Bunker	Councillor Pittarello
Councillor Dhillon	Councillor Pratt
Councillor Mrs Knight	Councillor Rhead
Councillor MacKay	Councillor Mrs Syson
Councillor Mrs Mellor	Councillor Williams

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

Agenda

Part A – General Items

*1. Substitutes

To receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

*2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

***3. Minutes**

To confirm the minutes of the meeting held on 2 December 2014.

(To follow)

Part B – Audit Items

None.

Part C – Scrutiny Items

***4. Risk Register Review – Chief Executives Office**

To consider a report from Finance

(Item 4/Page 1)

***5. Procurement Progress Update**

To consider a report from Finance

(Item 5/Page 1)

***6. Business Plan Performance Management Report**

To consider a report from Housing & Property Services

(Item 6/Page 1)

***7. Comments from the Executive**

To receive a report from Civic & Committee Services

(Item 7/Page 1)

***8. Review of the Work Programme & Forward Plan**

To consider a report from Civic & Committee Services

(Item 8/Page 1)

***9. Executive Agenda (Non Confidential Items and Reports) – Wednesday 14 January 2015**

To consider non-confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting. You are requested to bring your copy of that agenda to this meeting.

***10. Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within paragraphs 1 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

***11. Executive Agenda (Confidential Items and Reports) – Wednesday 14 January 2015**

To consider the confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting. You are requested to bring your copy of that agenda to this meeting (circulated separately).

(*Denotes those items upon which decisions will be made under delegated powers, as previously granted by Council)

General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill,
Royal Leamington Spa, Warwickshire, CV32 5HZ.

Telephone: 01926 353362

Facsimile: 01926 456121

E-Mail: committee@warwickdc.gov.uk

Enquiries about specific reports: Please contact the officers named in the reports.

You can e-mail the members of the this Committee at

F&Ascrutinycommittee@warwickdc.gov.uk

Details of all the Council's committees, councillors and agenda papers are available via our
website www.warwickdc.gov.uk/committees

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 353362 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 353362.

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday, 2 December 2014 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Barrott (Chair): Councillors Mrs Bunker, Dhillon, Gifford, MacKay, Mrs Mellor, Rhead, Mrs Syson, Weed and Williams.

Also Present: Councillors Cross and Vincett (Portfolio Holders).

Apologies for absence were received from Councillor Pratt.

80. Substitutes

Councillor Gifford substituted for Councillor Pittarello and Councillor Weed substituted for Councillor Mrs Knight.

81. Declarations of Interest

Finance & Audit agenda – Item 4 – Annual Audit Letter

Councillors Dhillon and Mrs Mellor declared interests because they were Trustees of Racing Club Warwick, who were mentioned in the report.

Councillor Gifford declared an interest as a Warwickshire County Councillor and the report dealt with the Council's shared legal service.

Executive agenda - Item 12A – Rural/Urban Capital Improvement Scheme

Councillor Barrott declared a pecuniary interest as the Chairman of a community charity who had also provided funding towards the Barford, Sherbourne & Wasperton Joint Parish Council application, and left the room whilst the item was discussed.

Councillor Rhead declared a pecuniary interest because he was a trustee of the community charity who had also provided funding towards the Barford, Sherbourne & Wasperton Joint Parish Council application, was a Member of Barford Parish Council and left the room whilst the item was discussed.

82. Minutes

The minutes of the meeting held on 4 November 2014 were taken as read, with the amendment to Councillor Heath's name in Minute 72, and signed by the Chair as a correct record.

Under matters arising from the minutes, Councillor Rhead asked why the request for notes from the SMT away day had not been forthcoming.

Following robust discussions, the Deputy Chief Executive and Monitoring Officer advised that notes would be provided from the Senior Officers' meeting but these would be based on the themes discussed at the meeting. He did not feel it was appropriate for Senior Officers to have to itemise individual issues and these would be dealt with through the action plan provided.

83. Executive Agenda (Non Confidential Items & Reports) – Wednesday 3 December 2014

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 3 December 2014.

Agenda Item 6 – Code of Procurement Practice

The Committee supported the recommendations in the report and were pleased that the approach would no longer be a devolved process but enforced the need for managers work together with the Procurement team.

Agenda Item 9 – Tachbrook Country Park

The Committee supported the recommendations in the report.

Members sought clarity on the S106 contributions lasting for 13 years and noted that this period would begin when the transfer of land was completed, which was upon occupation of the 400th dwelling. Therefore, Members raised concerns about the cost of maintaining the land after the 13 years, and the risk of this falling on the public purse. In addition, Members queried who would be responsible for maintaining the land prior to the Council taking ownership.

Some Members were uncertain that the Section 106 monies would be enough to last 13 years but noted that officers were comfortable that Red Kite had produced accurate valuations.

84. Annual Audit Letter

The Committee received a report from Finance which commented on the Council's Annual Audit Letter that was attached as an appendix to the report.

The Annual Audit Letter was a letter to all members of the Council which needed to be given due consideration by appropriate committees.

The report brought together details that had been included in the Audit Findings report, presented to Members in September alongside the Statement of Accounts, with further information on progress on the audit of the grant claims and returns. Four objections to the accounts were received and the auditors were still undertaking their investigations. The audit could not be formally concluded until this work had been undertaken. The Auditors would report the findings of this work to members in due course.

The report explained that no significant weaknesses in the Council's internal control arrangements had been identified and actions were being taken by officers to address the key issues and recommendations.

The Annual Audit Letter also included details of the 2013/14 Value For Money conclusion and it had been concluded that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The audit of all the grant and subsidy claims for 2013/14 was nearly complete and a Grant Claims report would be issued by Grant Thornton later in the year.

Mr Gregory from Grant Thornton, introduced the report and explained the circumstances surrounding the objections on the accounts. He advised that officers were still dealing with the objections and following questions from Members explained that there was a cost for investigating these. He suggested that the public should be reminded that submitting objections was not without cost.

He was asked if there was a best estimate of when the investigations would be finished and informed members that it was hoped to be completed by the end of March 2015.

Mr Gregory was also asked what powers he had to delve into the issue of 'missing' documents and he advised that there was a technical process to be followed including the serving of a notice, resulting in fine or prosecution.

The Committee were reminded that a grants report would be coming forward in January or February 2015 and

Resolved that the Annual Audit letter be noted.

85. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 3 December 2014**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 3 December 2014.

Agenda Item 4 – Housing Revenue Accounts (HRA) Budgets latest 2014/15 and base budgets 2015-2016

The Committee supported the recommendations in the report. Members did raise concerns regarding the issue of 'Right to Buy' not appearing in the Risks section of the report. It was felt that the potential loss of Council owned properties was still a risk, however small.

Agenda Item 3 – General Fund Base Budgets Latest 2014/15 and original 2015-2016

The Committee supported the recommendations in the report but expressed concern about recommendation 2.6. Members were disappointed that the NI contributions had not been fully quantified when the figures were originally agreed.

Members also raised concerns about recommendation 2.8 relating to the replacement public address system at the Pump Rooms. The Committee noted the reasons why this was such a last minute request but felt that more information could be provided on what the system is used for and how frequently. The query was raised as to whether an entire new system was necessary or had options for hiring the equipment been explored?

86. Treasury Management

The Committee received a report from Finance which detailed the Council's Treasury management performance for the period 1 April 2014 to 30 September 2014.

The Council's 2014/15 Treasury Management Strategy and Treasury Management Practices (TMP's) required the performance of the Treasury Management Function to be reported to Members on a half yearly basis.

Treasury Management had a potentially significant impact on the Council's budget through its ability to maximise its investment interest income and minimize borrowing interest payable whilst ensuring the security of the capital. The Council was reliant upon interest received to help fund the services it provided. The current estimate for investment interest in 2014/15 was summarized in a table in paragraph 5.1 of the report.

The risks involved in investing the Council's funds were effectively managed by the Treasury Management function and further details on this were contained in section 6 of the report.

The report also explained the interest rate environment, money market investments and funds and call accounts. All of these sections were detailed with the relevant performance data for the period specified along with an overall picture of the investment return.

Various Counterparty Credit Ratings were also explained in section 11 of the report followed by benchmarking information, long term borrowing activity and the relevant Prudential Indicators within which the Council must operate.

Officers from Finance attended the meeting and delivered the report, highlighting the relevant changes for Members. The Committee thanked Mr Wyton for his detailed report and were pleased with the current status of Treasury Management.

Resolved that the contents of the report be noted.

87. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following two items, by reason of the likely disclosure of exempt information within paragraphs 1, 3 and 7 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

88. **Executive Agenda (Confidential Items & Reports) – Wednesday 3 September 2014**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 3 December 2014.

Item 15 – Options for HR & Payroll Functions

The Committee fully supported recommendations 2.2 and 2.3 in the report and the amended recommendation 2.1 in the addendum.

89. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 3 December 2014**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 3 December 2014.

Agenda Item 5 – Review of Affordable Rent Policy

The Committee supported the recommendations in the report.

90. **Internal Audit**

The Committee received a report from Finance which advised on progress in achieving the Internal Audit Plan 2014/15, summarised the audit work completed in the second quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

As an Audit Committee, Members had to provide independent assurance of the associated control environment and provide independent scrutiny of the Authority's financial and non-financial performance. To help fulfil these responsibilities, audit committees should review summary internal audit reports and the main issues arising, and seek assurance that action had been taken where necessary.

At the start of each year Members approved the Audit Plan setting out the audit assignments to be undertaken. An analysis of the progress made so far in completing the Audit Plan for 2014/15 was set out as Appendix 2.

On behalf of the Authority, Internal Audit review, appraise and report on the efficiency, effectiveness and economy of financial and other

management controls and six audits were completed in the second quarter of 2014/15. Hyperlinks to the reports issued were included in the covering report.

The action plans accompanying all Internal Audit reports issued in the quarter were set out as Appendix 3 to the report. These detailed the recommendations arising from the audits, together with the management responses, including target implementation dates.

Two of the audits completed during the quarter were awarded a lower than substantial assurance opinion. These audits were Shared Legal Services and Corporate Properties Repair & Maintenance. The reports relating to those audits were set out as Appendix 4 and the state of implementation of low and medium risk recommendations made in the second quarter of 2013/14 was set out as Appendix 5 to this report. There were no high risk recommendations issued in the fourth quarter of 2013/14.

The Audit and Risk Manager delivered the report and answered a number of questions from Members. He explained that one of the issues highlighted during the audit of the Shared Legal Services, was that Council officers were unaware of the protocols to follow in securing Legal advice which had resulted in an overspend of the budgets.

Members discussed the report and the responses to the recommendations from the Audit team.

Resolved that the report be noted and its contents be accepted.

91. **Executive Agenda (Non Confidential Items & Reports) – Wednesday 3 December 2014**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 3 December 2014.

Agenda Item 12A – Rural/Urban Capital Improvement Scheme Application

The Committee supported the recommendations in the report and noted the additional information contained in the addendum.

92. **Comments from the Executive**

A report from Civic and Committee Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 5 November 2014.

Resolved that the contents of the report be noted.


93. **Review of the Work Programme & Forward Plan**

The Committee considered its work programme for 2014/15 and the latest published version of the Forward Plan.

Resolved that

- (1) the work programme for 2014/2015 be noted;
and
- (2) at present, there were no forthcoming
Executive decisions which Members wished to
have an input into before the Executive make
their decision.

(The meeting ended at 8.45 pm)

 Finance & Audit Scrutiny Committee 13 January 2015		Agenda Item No. 4
Title	Review of Chief Executive's Office Service Risk Register	
For further information about this report please contact	Andrew Jones Deputy Chief Executive andrew.jones@warwickdc.gov.uk 01926 456830 or Richard Barr Audit & Risk Manager 01926 456815 richard.barr@warwickdc.gov.uk	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Not Applicable	
Background Papers	WDC Risk Management Policy	
Contrary to the policy framework:	No	
Contrary to the budgetary framework:	No	
Key Decision?	No	
Included within the Forward Plan? (If yes include reference number)	No	
Equality & Sustainability Impact Assessment Undertaken	N/A: no direct service implications	

Officer/Councillor Approval		
With regard to report approval all reports <i>must</i> be approved as follows		
Title	Date	Name
Chief Executive/Deputy Chief Executive	23 Dec 2014	Chris Elliott
CMT	23 Dec 2014	Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer	23 Dec 2014	Mike Snow
Monitoring Officer	23 Dec 2014	Author
Portfolio Holder(s)	23 Dec 2014	Councillor Mobbs
Consultation & Community Engagement		
None.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1 **SUMMARY**

- 1.1 This report sets out the process for the review by Finance & Audit Scrutiny Committee of the Chief Executive's Office Service Risk Register.

2 **RECOMMENDATIONS**

- 2.1 That Finance & Audit Scrutiny Committee should review the Chief Executive's Office Service Risk Register attached at Appendix 1 making any comments as appropriate.

3 **REASON FOR THE RECOMMENDATIONS**

- 3.1 To enable Members to fulfil their role in overseeing the organisation's management of its risks (see section 8, below).

4 **POLICY FRAMEWORK**

- 4.1 The Chief Executive's Office Service Risk Register is part of the Council's corporate risk management framework. The Register reflects the Council's corporate priorities and key strategic projects that are contained in Fit for the Future as they relate to the functions delivered by the Services in the Chief Executive's Office.

5 **BUDGETARY FRAMEWORK**

- 5.1 Although there are no direct budgetary implications arising from this report, risk management performs a key role in corporate governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.
- 5.2 The risk register sets out when the realisation of risks might have financial consequences. One of the criteria for severity is based on the financial impact.

6 **RISKS**

- 6.1 The risks are contained in the Service's Risk Register set out as Appendix 1.

7 **ALTERNATIVE OPTION(S) CONSIDERED**

- 7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

8 **RESPONSIBILITY FOR RISK MANAGEMENT**

- 8.1 In its management paper "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of Members and officers:

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;
- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

9 **BACKGROUND**

9.1 Executive agreed on 11th January 2012 that:

- (a) Portfolio Holders should review their respective Service Risk Registers quarterly with their service area managers.
- (b) Portfolio Holder Statements should include each service's top three risks.
- (c) Executive should note the process for the review by Finance & Audit Scrutiny Committee of service risk registers.
- (d) The relevant Portfolio Holders should attend the Finance & Audit Scrutiny Committee meetings at which their respective service risk registers are reviewed.

9.2 The full framework endorsed by Executive at that meeting is set out as Appendix 3.

9.3 Risk registers are in place for all significant risks facing service areas in the provision of their services. In addition to service risk registers for all service

areas there is the Significant Business Risk Register that contains the organisation's corporate and strategic risks (the latest version of this being presented to the January Executive meeting). Also, across the organisation, there are risk registers for specific projects such as the Clarendon Arcade.

10 CHIEF EXECUTIVE'S OFFICE SERVICE RISK REGISTER

10.1 Introduction

- 10.1.1 The latest version of the Chief Executive's Office Service Risk Register is set out as Appendix 1 to this report.
- 10.1.2 The scoring criteria for the risk register are subjective and are based on an assessment of the likelihood of something occurring, and the impact that might have. Appendix 2 sets out the guidelines that are applied.
- 10.1.3 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour, the former-described set of risks are within the area shaded red, whilst the latter-described set of risks are within the area shaded green; the mid-range are in the area seen as yellow.

10.2 Overview of Chief Executive's Office Risk Management

- 10.2.1 The Chief Executive's Office Service Risk Register is owned and managed by the Chief Executive. The functions under the Chief Executive's Office have only recently come together but going forward the Register will be reviewed at one-to-one meetings between the Chief Executive and Council Leader.
- 10.2.2 Members of staff within the service are made aware of the register and have input through team meetings and one-to-one meetings where risks are regularly discussed.
- 10.2.3 The risk register is reviewed and updated to reflect changes within the Council and the Service, for example the inclusion of the 2015 election and Individual Electoral Registration, both of which are required to have their own risk registers in specified formats and reported to the Electoral Commission. In addition the IER risk register is reported to the Cabinet Office and regional meetings.

10.3 Chief Executive's Office Service Risks

- 10.3.1 In common with other Service Risk Registers, risks have been grouped into generic and Service-Specific.
- 10.3.2 The three main risks at the time of writing are considered to be:

- Election 2015 (ES1 refers);
- Loss of key staff (GR8; IT2; SS4 refers)
- Loss or publication of confidential data (CCS3 refers).

These risks will be described at the Committee Meeting by the Deputy Chief Executive.

10.4 **Review of Risk Register by Members**

- 10.4.1 It is proposed that Members should review the risk register set out as Appendix 1, confirming that risks have been appropriately identified and assessed and that appropriate measures are in place to manage the risks effectively. Members may wish to challenge the Portfolio Holder and the Chief Executive's Office Service Management Team on these aspects and assure themselves that their risk register is a robust document for managing risks facing the service.

Methodology for assessing risk: Criteria for scoring residual risk rating

Probability of Occurrence

Estimation	Description	Indicators
5: High (Probable)	Likely to occur each year (defined as more than 25% chance of occurrence in any one of the years covered by the assessment).	<ul style="list-style-type: none"> Potential of it occurring several times within the specified period (for example - ten years). Has occurred recently.
4: Medium to High	Apply judgement	Apply judgement
3: Medium (Possible)	Likely to occur during a 10 year period (defined as between 2% and 25% chance of occurrence in any one of the years covered by the assessment).	<ul style="list-style-type: none"> Could occur more than once within the specified period (for example - ten years). Could be difficult to control due to some external influences. Is there a history of occurrence?
2: Low to Medium	Apply judgement	Apply judgement
1: Low (Remote)	Not likely to occur in a 10 year period (defined as less than 2% chance of occurrence in any one of the years covered by the assessment).	<ul style="list-style-type: none"> Has not occurred. Unlikely to occur.

Consequences

Estimation	Description
5: High	<ul style="list-style-type: none"> Financial impact on the organisation is likely to exceed £500K Significant impact on the organisation's strategy or operational activities Significant stakeholder concern
4: Medium to High	Apply judgement
3: Medium	<ul style="list-style-type: none"> Financial impact on the organisation likely to be between £100K and £250K Moderate impact on the organisation's strategy or operational activities Moderate stakeholder concern
2: Low to Medium	Apply judgement
1: Low	<ul style="list-style-type: none"> Financial impact on the organisation likely to be less than £10K Low impact on the organisation's strategy or operational activities Low stakeholder concern

Risk Management Framework: Engagement of Members
Endorsed by Executive 11th January 2012

Executive

- § The SBRR to continue to be reviewed on a quarterly basis by Executive (and so by extension Finance & Audit Scrutiny Committee).

Finance & Audit Scrutiny Committee

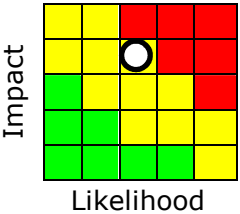
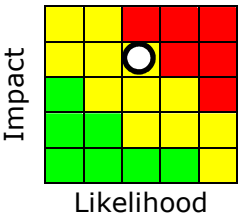
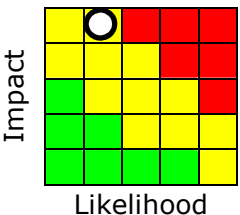
- § In conjunction with this, Finance & Audit Scrutiny Committee will also review each quarter a specific Service Area's Risk Register, focusing on the high risks.

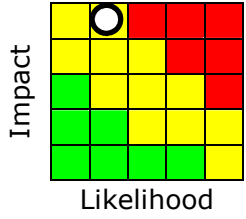
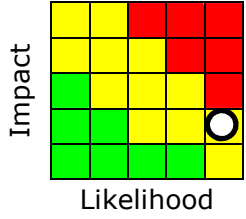
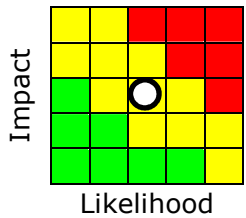
This will necessitate the attendance of the relevant Service Area Manager to present their risk register and answer questions from members of Finance & Audit Scrutiny Committee on it. This approach will mean that over a two year period, the Committee will review all Service Risk Registers (SRR).

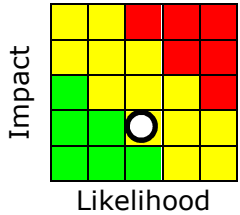
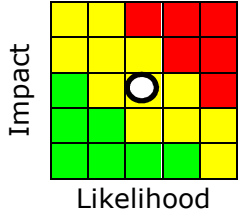
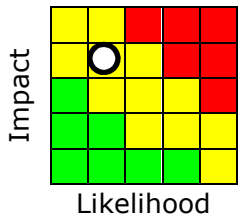
Portfolio Holders

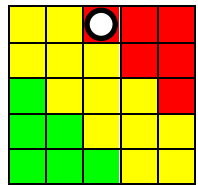
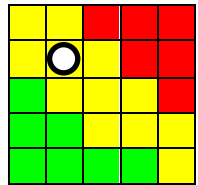
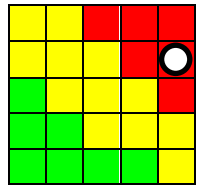
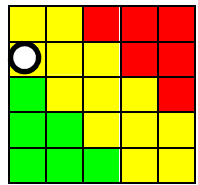
- § Portfolio Holders to review their respective SRR quarterly with their service area managers.
- § Although not mandatory, Shadow Portfolio Holders are encouraged to review the SRR of their respective Portfolios with service area managers on a quarterly basis also.
- § Portfolio Holder Statements (PHS) are to include the top three risks facing their services.

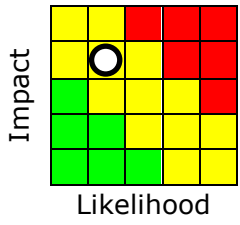
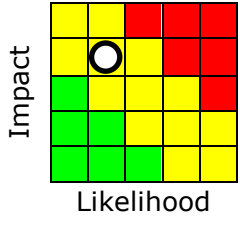
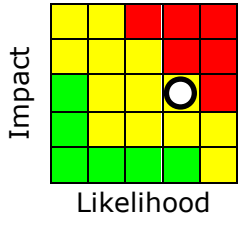
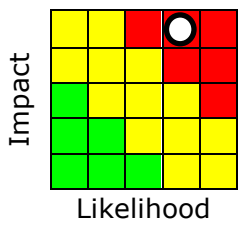
Chief Executive's Office Risk Register - December 2014

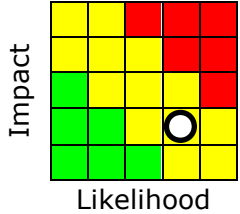
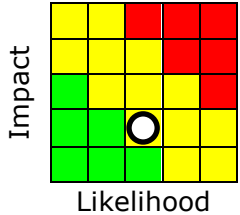
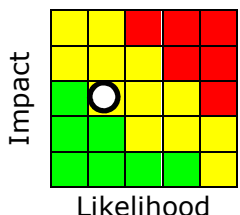
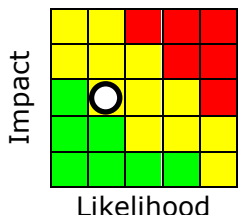
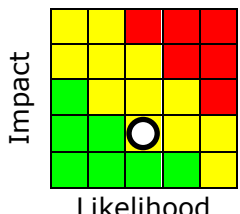
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
Democratic Services Risk Register Generic Risks						
GR1 Loss of IT	<ul style="list-style-type: none"> Computer breakdown. Technology problems. System problems, including hacking. Reliance on key staff. Acts of God e.g. fire, hurricane, flood. Power failure. Failure of WCC system or support. Pressures on WCC and their resources. Malicious acts by employee. Reliance on key staff. 	<ul style="list-style-type: none"> Staff not paid Reduction in service delivery, failure to meet statutory requirements Cost implications. Poor data. Dissatisfied customers (and staff). Loss of access to data, provision of data unavailable Unable to deliver on line services Staff morale. 	<ul style="list-style-type: none"> IT support. System provider helpdesk. Contract with software supplier to maintain FMS training needs. Well trained staff. Adequate cover. Business Continuity Plan. Back-ups. Manual records. System controls. Duplicate records. Procedure notes. Audit testing. Good plans, WCC has elaborate contingency plans. Effective liaison with County UPS devices. 		All Managers/ Team Leaders System owners	
GR2 Loss of key records.	<ul style="list-style-type: none"> System failure. Accidental disposal. Theft – particularly of IT equipment. Inadequately trained staff. 	<ul style="list-style-type: none"> Unable to provide service. Possible litigation. Financial loss. Bad publicity. Reputation damage. Loss of confidence. Resource implications for replication. Staff morale. Stress. Staff absence. Litigation. 	<ul style="list-style-type: none"> IT able to restore systems. Staff training. Secure storage of sensitive paper documents. GCSX. Document retention policy. 		All Managers	
GR3 Loss of office accommodation.	<ul style="list-style-type: none"> Fire. Denial of access. 	<ul style="list-style-type: none"> Unable to provide services. Staff morale. Financial loss. Reputation 	<ul style="list-style-type: none"> Work at home. IT disaster recovery plan. Business continuity plan critical services identified. HSBC authorisation able to be done from home. 		Head of Finance.	

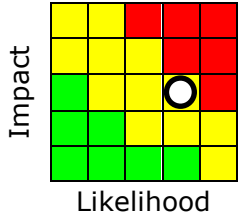
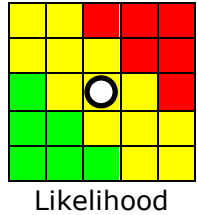
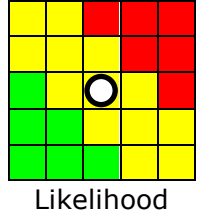
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
GR4 Physical Health and Safety Risks to staff in office	<ul style="list-style-type: none"> Lack of health and safety good practice Customer dissatisfaction. Accident. Intruders in offices. Staff in building very early and/or very late. Violence/threatening customers. 	<ul style="list-style-type: none"> Verbal abuse. Actual physical injury. Health and safety investigation. Traumatised staff. Stress. Increase in sickness absence. Death. Staff morale. 	<ul style="list-style-type: none"> Health and Safety Policy Robust Risk Assessments, DSE Assessments Accident/incident reporting and investigation Staff alert list. Tunstall procedure. Joint consultative safety Panel. Training/induction Policies. Reporting/monitoring procedures. 		All Managers/ Team Leaders /Health & Safety Officer	
GR5 Strike Action	<ul style="list-style-type: none"> National ballot Union Actions Unhappy staff 	<ul style="list-style-type: none"> Breakdown of employment relationship Loss of reputation through disruption to service delivery Staff morale. 	<ul style="list-style-type: none"> Strong formal and informal communication forums and mechanisms at a local level 		CMT/SMT	
GR6 Failure to communicate effectively/giving incorrect information and advice	<ul style="list-style-type: none"> Untrained staff Reorganisation Inaccurate data on systems or website Poor communication/information High workload. Reliance on key staff. Staff absence. Human error. Inappropriate form of communication. 	<ul style="list-style-type: none"> Incorrect information used to carry out work. Negligence and liability claims Adverse publicity Loss of reputation Waste of resource Poor service to customers Additional workload. Staff morale. Stress. 	<ul style="list-style-type: none"> Monthly team meetings. One-to-ones. E-mail. Core brief. Intranet. Circulation of minutes from meetings. Corporate communication strategy. Staff training. Qualified/experienced staff Quality standards Good IT/Information Systems Web improvement plan 		All staff.	

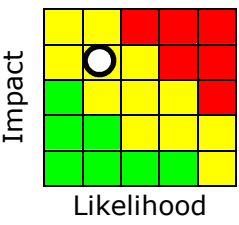
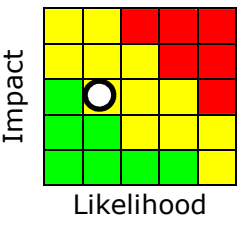
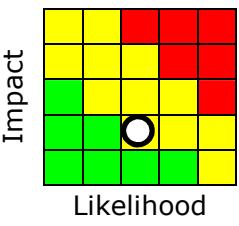
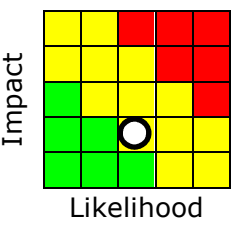
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
GR7 High or increasing levels of sickness	<ul style="list-style-type: none"> Individual workloads resulting in higher stress levels Poor working environment Poor management Dependency on key staff. Long term sickness. Pandemic 	<ul style="list-style-type: none"> Unable to supply service Reputational risk Additional cost to cover key staff Low resilience Health and Safety Employment related claims Increased pressure on staff resulting in absence and health issues Staff morale 	<ul style="list-style-type: none"> Operational / procedures and controls. Monitoring and Management Information to SMT Work with HRMS to refine data accuracy Proactive interventions including Occ health Appropriate cover by other team members. Procedure Manuals (need to be kept up-to-date). Use of agency staff. Prioritisation of work plan. Business continuity plan. Management of staff leave & absence. Professional staff management including one to ones/appraisals/staff development and stress management 		All Managers	
GR8 Problems recruiting and retaining staff	<ul style="list-style-type: none"> Uncertainty of employment prospects with WDC and Local Government Staff turnover due to low pay, low morale, lack of development opportunities, redundancy Failure to identify gaps in skills and capacity that could lead to poor service delivery Age profile of staff Poor recruitment processes Uncompetitive terms and conditions 	<ul style="list-style-type: none"> Reduced resilience Loss of key staff/skills Inability to recruit suitable candidates Additional cost for specialist advice Poor service delivery Insufficient resource/creased workload for remaining staff Staff morale 	<ul style="list-style-type: none"> Shared services Succession Planning Training on roles to build resilience Generic roles where possible Well trained/professional recruitment process Professional staff management including one to ones/appraisals/staff development and stress management Redeployment Policy Work prioritisation Training and development opportunities Development paths linked to PDP's Publicise the benefits of working for the Council IIP 		CMT SMT All managers	
GR9 Breaches of Health and Safety legislation.	<ul style="list-style-type: none"> Home working. Driving for work. D.S.E. / V.D.U. usage. Manual handling. Person falling from height. Items falling from height. 	<ul style="list-style-type: none"> Sickness absence. Stress. Injury. Death. Legal action. Penalties/Fines. 	<ul style="list-style-type: none"> Corporate health and safety policy including Home working and Driving at work. Eye tests. Regular DSE assessments. Health and safety risk assessments (AssessNET). Training available. Insurance cover. Health & safety on team meeting agendas. Home working policy. 		All staff.	

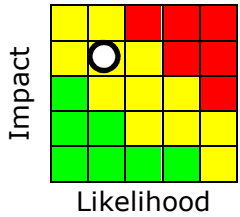
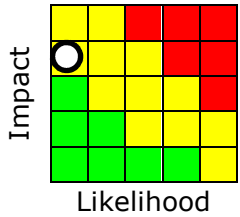
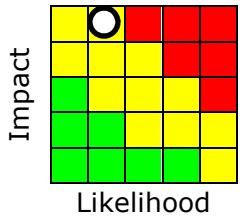
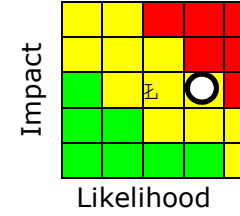
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Democratic Services Risk Register Service Specific Risks - Civic and Community						
CCS1 Decision/unauthorised decision.	Misinterpret regulations or the Constitution	Decision declared illegal	Training and supervision and being members of the Association of Democratic Services Officers. Staff knowledge of constitution through discussions around potential issues at team meetings. Staff drafting; communication systems. Attendance of Legal Services at Planning, Licensing and Regulatory Committee	Continual training. Improved training for members on key committees. New Council induction plan nearly completed subject to final detail being completed	DMO	 Likelihood
CCS2 Improper behaviour/ conduct by public speakers at meetings.	Strong opinions; poor progress poor lobbying.	Violence to staff/ councillors/other public.	See actions under 'Control'. Regular review of procedures under for public meetings, through H&S assessment including offering training to team members on difficult and aggressive members of the public and liaison with the Town Hall.		DMO	 Likelihood
CCS3 Loss or Publication of Confidential Data.	Officer error or leak by Councillor/Senior Officer.	Loss of public officer confidence. Lost opportunity for Council breach of legislation followed by prosecution.	Agreed procedures in place for distribution of paper copies of agendas and secure system for publication of agendas electronically. Agreed procedures in place for distribution of paper copies of agendas and secure system for publication of agendas electronically.	Two known occurrences in last 12 months. Committee System supplier investigating further security controls with view to moving to solely electronic access to confidential reports.	DMO	 Likelihood
CCS4 Missing statutory deadlines for publishing agendas.	Sickness; other officers not supplying reports on time; print unit failure.	Bad publicity Meeting postponed	Ensure adequate staff are available and that the publication is followed. Reminders provided to officers about approaching deadlines.	Likelihood reduced as not occurred.	DMO	 Likelihood

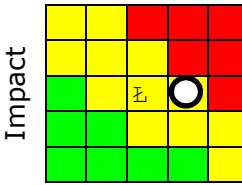
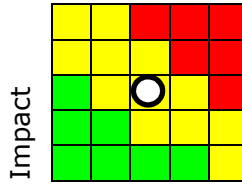
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
CCS5 Inaccurate minutes/decisions.	Lack of concentration; poor chairing; human error.	Bad publicity; action being taken not agreed; financial loss.	Training and supervision. Checks and procedures within team; effective Chair to ensure clarity on decision being taken.	Training plan for new Council nearly complete which includes specific training for Committee Chairman	DMO	
CCS6 Loss of Historical data of the Council.	Loss of Riverside House due to natural event or fire.	Risk challenging of decisions due to in ability to provide the original signed and bound copies of minutes	Books stored within secure room, above floor level with fire protection system in place.	This will need to be built into the design for new HQ.	DMO	
CCS8 Failure to review Constitution.	Lack of available resources due to demands of other projects and work on the team.	Risk of unclear and out of constitution leading to inaccurate advice or unlawful decisions. Also a lack of transparency for the public.	Balance of workload for this review by undertaking a review of a section at a time as work permits.	Council procedure rules, and HARP reports to January Executive. Code of Conduct Report to Standards Committee in January. Employee Code of Conduct now completed and Member officer protocol, under review for introduction in May 2015.	DMO	
CCS9 Review of DP/FOI/EIR policy and process.	Inability to locate/access required information within time; failure to monitor deadline.	Loss of public confidence. Referrals of the Council to the Information Commissioner by dissatisfied members of the public.	Constant checking for changes in legislation/Government advice. Monitoring of FOI systems put in place Council wide to ensure they are working. The processes for recognising and dealing with FOI requests will need regular monitoring and adjustment.	Increased resources within team for Monitoring requests. Improved process for handling requests introduced and increased support from WCC knowledge base being investigated	DMO	

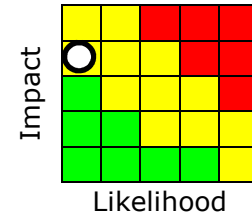
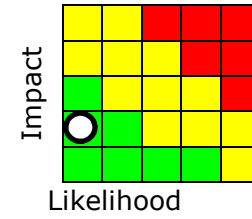
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
CCS10 Review of complaints process.	Lack of available resources due to demands of other projects and work on the team.	Risk of unclear and out of constitution leading to inaccurate advice or unlawful decisions. Also a lack of transparency for the public.	Project currently on hold due to resourcing limits on taking the work forward. This in itself creates the risk of need to revise policy further to enable clarity on introduction of the Housing Ombudsman.		DMO	
CCS11 Failure to develop Committee system.	Lack of officer time or skills to bring forward potential of system.	Loss of potential increased efficiencies to enable officer time on other projects. Increased reliance on manual systems and paper copies moving forwards towards new HQ.	Project is focussing on delivering benefits to the Committee Team first to enable consideration of wider benefits to the organisation. These were delayed to enable upgrade to system to take place.	Development placed on hold until after 2015 election to enable review of best options to progress next and embed improved project management of development	DMO	
CCS12 Failure to deliver IPAD trial for Councillors (determine IT requirements for Councillors post 2015 election).	Lack of officer time or skills to bring forward potential of system. Potential for lack of Councillor buy in to whole project.	Inability to determine the best and most efficient long term solution for Councillors IT provision with increased cost to the Council.	Project being developed in stages with a view to 17 IPad to be in circulation by July 2014. First three due to be issued imminently.	Trial is underway and officers considering feedback from trial. Options to be discussed with members in January 2015	DMO	
CCS13 No training arrangements in place for new Council post 2015 election.	Lack of officer resource or inability to agree programme with members.	Poorly trained members therefore leading to poor decisions and behaviour.	Drafting of programme to commence in June 2014 through member development Group. In addition key service areas are already considering training plans for specific Committees to build into this.	The draft plan has been approved by SMT and will be considered by the Member Development Group in January. Officers will then implement the agreed approach.	DMO	
CCS14 Incorrect payment of members' expenses.	Inaccurate claims submitted by members and poor checking by officers.	Poor publicity, potential unlawful activity leading to public embarrassment to the Council.	Improved checking and authorisation process. However still a risk of team unable to verify attendance of members at one to one meetings with officers.	Consider balance of officer resource in checking claims by contacting officers to verify councillor attendance against potential lost money.	DMO	

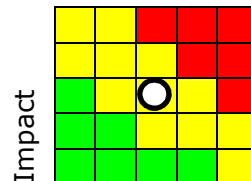
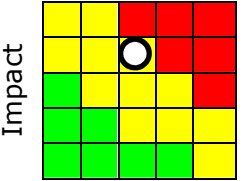
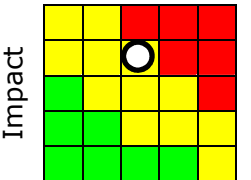
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E51 Election 2015.	(Project to start summer 2015).	Violence to staff/ councillors/other public.	Assessment made on the requirement for SIA registered door staff to attend. Training provided for key members of staff and close liaison between relevant departments for meetings. Correct signposting Continue with security measures introduced.	Monthly project meetings now taking place. Proposed contract for venue received and approval for procurement exemption coming to Executive in January 2015. Recruitment underway for staffing of polling stations and count. Biggest risk to continue to work on is the impact of the Community Governance Review.	DMO, CEX	
ES2 Individual Electoral Registration 2015 (various detailed in separate risk register).	Introduction of the overall scheme.	Failure to meet legislative requirements.	Separate risk register for this project and project plan based upon local and national partnership working.	Progressing as planned in line with national experiences.	Gillian Friar	
ES3 Community Governance Review (Various risks detailed with separate project risk register).	Completion of review and introduction of any revised boundaries, plus issuing notice to Boundary Commission of any consequential proposals for WDC, WCC and Parliament boundaries.	Unclear and non co terminus boundaries for 2015 election leading to confusion for the public and Councillors.	Separate risk registers for this project and project plan.	Submission made for first stage to LGBCE made. Now awaiting approval. Followed by order completion and final LGBCE approval by end of January 2015.	Gillian Friar	

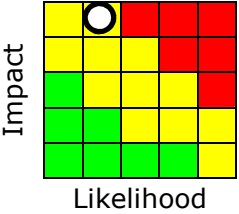
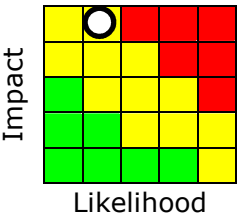
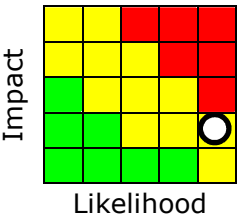
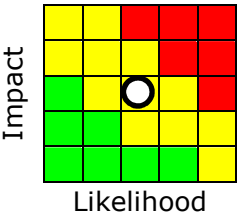
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ICT Services Risk Register Generic Risks						
GR1 Loss of office accommodation.	<ul style="list-style-type: none"> Fire / Flood Denial of access. 	<ul style="list-style-type: none"> Unable to provide services. Staff morale. Financial loss. Reputation 	<ul style="list-style-type: none"> ICT Emergency home working document Corporate business continuity plan ICT Service Area Crisis plan 		CMT / DMT	
GR2 Physical Health and Safety Risks to staff in office	<ul style="list-style-type: none"> Poor training Absence of relevant procedures Accident. Intruders in offices. Staff in building very early and/or very late. Violence/threatening customers. 	<ul style="list-style-type: none"> Actual physical injury. Health and safety investigation. Traumatised staff. Stress. Increase in sickness absence. Death. Staff morale. 	<ul style="list-style-type: none"> Health and Safety Policy Robust Risk Assessments, DSE Assessments Accident/incident reporting and investigation Staff alert list. Tunstall procedure. Joint consultative safety Panel. Training/induction Policies. Reporting / monitoring procedures. 		DMT /Health & Safety Officer	
GR3 Strike Action	<ul style="list-style-type: none"> National ballot Union Actions Unhappy staff 	<ul style="list-style-type: none"> Breakdown of employment relationship Loss of reputation through disruption to service delivery Staff morale. 	<ul style="list-style-type: none"> Strong formal and informal communication forums and mechanisms at a local level ICT Services Staff Absence Strategy Low union membership within ICT 		CMT/SMT	
GR4 High or increasing levels of sickness	<ul style="list-style-type: none"> Individual workloads resulting in higher stress levels Poor working environment Poor management Dependency on key staff. Long term sickness. Pandemic 	<ul style="list-style-type: none"> Unable to supply service Reputational risk Additional cost to cover key staff Low resilience Health and Safety Employment related claims Increased pressure on staff resulting in absence and health issues Staff morale 	<ul style="list-style-type: none"> Operational / procedures and controls. Monitoring and Management Proactive interventions including Occ health Appropriate cover by other team members. Use of agency staff. Prioritisation of work plan. ICT Services Staff Absence Strategy Management of staff leave & absence. Professional staff management including one to ones/appraisals/staff development and stress management 		DMT	

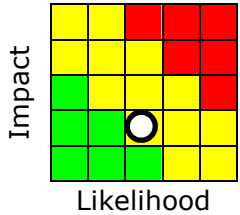
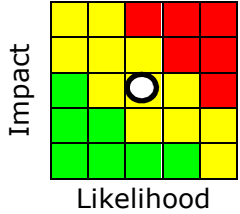
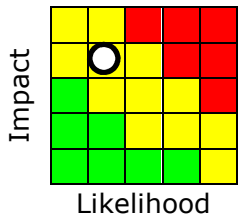
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GR5 Breaches of Health and Safety legislation.	<ul style="list-style-type: none"> Home working. Driving for work. D.S.E. / V.D.U. usage. Manual handling. Person falling from height. Items falling from height. 	<ul style="list-style-type: none"> Sickness absence. Stress. Injury. Death. Legal action. Penalties/Fines. 	<ul style="list-style-type: none"> Corporate health and safety policy including Home working and Driving at work. Eye tests. Regular DSE assessments. Health and safety risk assessments (AssessNET). Training available. Insurance cover. Health & safety on team meeting agendas. Home working policy. 		All ICT staff.	
GR6 Breaches of financial controls as they relate to the ICT Service	<ul style="list-style-type: none"> Lack of awareness Lack of training Malicious intent 	<ul style="list-style-type: none"> Fraud Poor value for money Contractual issues, inc performance 	<ul style="list-style-type: none"> Code of financial practice Code of procurement Whistleblowing policy Anti-Fraud & Corruption policy ICT Audits Staff training ICT contracts register Annual budget acceptance / signature by ICTSM Monthly budget monitoring 		DMT/ all ICT staff	
GR7 Insufficient budget to deliver the ICT service	<ul style="list-style-type: none"> Council budget constraints. Poor budget management 	<ul style="list-style-type: none"> Inability to deliver the service. Inability to deliver the ICT Strategy Opportunity costs. Increased service failures through lack of investment 	<ul style="list-style-type: none"> Annual budget setting process Creation of an ICT Services Equipment Reserve 		CMT / ICTSM	
ICT Services Risk Register Service Specific Risks						
IT1 Unauthorised Disclosure.	<ul style="list-style-type: none"> i. Hacking ii. Spyware iii. Emailing the wrong recipient iv. Stolen equipment; laptops, USB devices v. Lost devices vi. Poor hardware disposal practices vii. Poor password management viii. Allowing unauthorised third parties, including family & friends, to utilise Council equipment. 	<ul style="list-style-type: none"> i. Potential fines; ICO, DP. ii. Reputational damage. 	<ul style="list-style-type: none"> i. Information Security Policy. ii. Penetration testing iii. Perimeter protection; Firewall, 2 Factor Authentication iv. Disk encryption v. USB device restriction and encryption. vi. Virtual Desktops vii. Formation of the ICT Steering Group's Governance sub-group. viii. Third Party Network Access Agreement ix. Non-Disclosure Agreements x. Destruction certificates for equipment disposal. 		CMT SMT SIRO DPO ICTSM	 <p>The constraints imposed by PSN a driving users to circumvent the Council's security policy by forwarding emails to private accounts and creating content outside of Council systems</p>

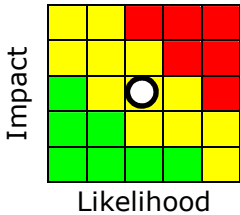
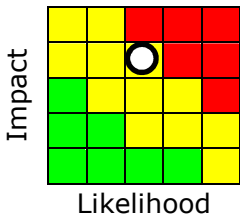
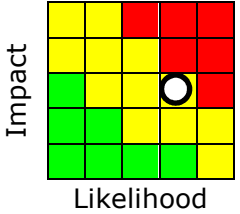
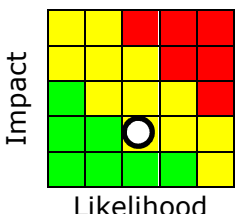
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
IT2 Non-Availability of Key Technical & Support Staff.	i. Failure to maintain a workforce that can provide good service delivery due to: <ul style="list-style-type: none"> a. Salary b. Training c. T&C d. Working Environment e. Career Progression ii. Failure to identify gaps in staff skills & capacity that could lead to poor service delivery. iii. Poor planning to cover holidays, sickness, etc. iv. Poor project management. v. Epidemic.	i. Additional costs for specialist advice. ii. Increased service outages. iii. Increased duration of service outages. iv. Inability to deliver Council objectives. v. Increased stress on residual staff.	i. Shared Services. ii. Succession planning. iii. Generic Roles where ever possible. iv. Third party Support & Maintenance Contracts. v. Business Continuity – Staff Absence Strategy. vi. Documentation. vii. Training budget.		ICTSM DMT	 <p>Recent recruitment exercises in ICT have proven that Local Government is no longer an attractive place to work largely due to salaries. This has meant that staff are being recruited with lower levels of technical expertise.</p>
IT3 Loss of Data or Data Integrity.	i. Hacking. ii. Human error. iii. Poor change management. iv. Little or no testing of new software releases. v. Viruses. vi. Poor password management. vii. Insecure web applications. viii. Software bugs. ix. Inappropriate access rights. x. Hardware corruption. xi. Poor training. xii. Malicious intent.	i. Loss of service to the customer. ii. Processing backlogs. iii. Potential loss of income. iv. Reputational damage. v. Fraud.	i. Perimeter protection; Firewall, 2 Factor Authentication, Spam filter, Antivirus, etc. ii. Test plans. iii. Penetration testing (Ethical Hacking). iv. Antivirus strategy. v. Audits (Internal, 3rd Party ICT Auditors, Communications-Electronics Security Group (CESG), PCI DSS) vi. Activity logs. vii. Staff Training. viii. Code of Connection. ix. Information Security Policy. x. Formation of Info. Governance Sub-Group .(ICT Steering Group) xi. Recruitment using the Baseline Personnel Security Standard. xii. Supplier support contracts. xiii. GovCertUk notifications of threats and vulnerabilities. xiv. Nominated system owners.		SMT ICT DMT SO	 <p>Current position has been reviewed.</p>

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
IT4 Loss of Council computer facilities (<i>Servers, Storage, Network, Voice</i>).	i. Human error. ii. Hardware/software failure (OS). iii. Poor change management iv. Fire/Flood v. Loss of power vi. Theft vii. Malicious damage viii. Environmental (Too hot, too cold) ix. Telecoms failure. x. Firmware bug. xi. Lack of funding.	i. Loss of service to the customer. ii. Processing backlogs iii. Potential loss of income. iv. Reputational damage v. Loss of data.	i. Staff training. ii. Technical documentation. iii. Hardware resilience. iv. Backup generator/Uninterruptible Power Supply (UPS). v. Offsite backup tapes. vi. Business continuity contract. vii. Change Management Policy / Back-out Plans. viii. Audits. ix. Fire/Flood detection. x. Fire suppression xi. Air conditioning xii. Proactive monitoring (System Centre Operations Manager) xiii. Redundant Array of Independent Disks – RAID 5. xiv. VMware High Availability. xv. Third party support & Maintenance contracts. xvi. Environmental security policy. xvii. Insurance. xviii. Code of Connection. xix. Investment planning via the Equipment Renewal Reserve.	<ul style="list-style-type: none"> Review new BC services available via new contract (ICTSM – Apr 15) 	ICTSM SO FM	 <p>No change, although as a result of retendering the BC contract, new opportunities for reducing the impact need to be assessed.</p>
IT5 Failure of Service Providers.	i. Bankruptcy. ii. Natural disaster. iii. Takeover. iv. Legal (Intellectual property infringement). v. Change of strategy (no longer wish to supply the product).	i. Non-supported system. ii. System replacement costs. iii. Potential loss of service to the customer. iv. Potential loss of income. v. Potential inability to deliver Council objectives.	i. Change freeze. ii. Shared service. iii. Emergency procurement. iv. Business Continuity - Business Application Supplier Strategy. v. Financial vetting of suppliers as part of the procurement process.			 <p>No change – residual risk rating does not warrant further action</p>

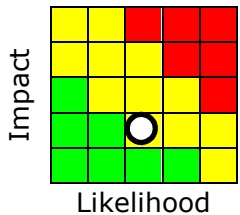
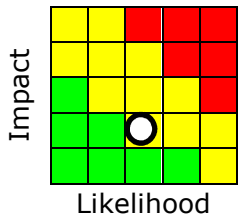
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
IT6 Failure to achieve or maintain PSN compliance	<ul style="list-style-type: none"> i. Time constraints ii. Cost iii. Inconsistent assessment process. iv. Changes to the compliance regime with little or no notice. 	<ul style="list-style-type: none"> i. Inability to deliver the following services: <ul style="list-style-type: none"> • Government Connect Mail i.e. (gcsx.gov.uk) • DWP Customer Information System (Revs & Bens) • Data Transfer Appliance (Revs and Bens) • Tell Us Once Appliance (Revs and Bens) • National Resilience Extranet (Civil Contingencies) • Individual Electoral Registration • LoCTA Service (Revs & Bens) 	<ul style="list-style-type: none"> i. Undertake regular awareness training to understand the requirements. ii. Communicate the implications to the business to ensure compliance. iii. Where possible anticipate budget implications and make provision. iv. Engage a security specialist to advise on compliance. 		SMT SIRO ICTSM	 <p>Due to 'pushback' by the LA community, CESG has allowed a degree of additional flexibility when seeking compliance.</p>
Human Resources Risk Register Generic Risks						
GR1 Loss of IT	<ul style="list-style-type: none"> • Computer breakdown. • Technology problems. • System problems, including hacking. • Reliance on key staff. • Acts of God e.g. fire, hurricane, flood. • Power failure. • Failure of WCC system or support. • Pressures on WCC and their resources. • Malicious acts by employee. • Reliance on key staff. 	<ul style="list-style-type: none"> • Staff not paid • Reduction in service delivery, failure to meet statutory requirements • Cost implications. • Poor data. • Dissatisfied customers (and staff). • Loss of access to data, provision of data unavailable • Unable to deliver on line services • Staff morale. 	<ul style="list-style-type: none"> • IT support. • System provider helpdesk. • Contract with software supplier to maintain FMS training needs. • Well trained staff. • Adequate cover. • Business Continuity Plan. • Back-ups. • Manual records. • System controls. • Duplicate records. • Procedure notes. • Audit testing. • Good plans, WCC has elaborate contingency plans. • Effective liaison with County UPS devices. 		All Managers/ Team Leaders System owners	
GR2 Loss of key records.	<ul style="list-style-type: none"> • System failure. • Accidental disposal. • Theft – particularly of IT equipment. • Inadequately trained staff. 	<ul style="list-style-type: none"> • Unable to provide service. • Possible litigation. • Financial loss. • Bad publicity. • Reputation damage. • Loss of confidence. • Resource implications for replication. • Staff morale. • Stress. • Staff absence. • Litigation. 	<ul style="list-style-type: none"> • IT able to restore systems. • Staff training. • Secure storage of sensitive paper documents. • GCSX. • Document retention policy. 		All Managers	

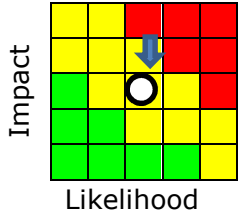
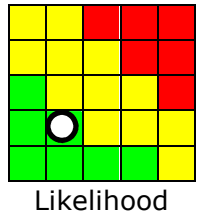
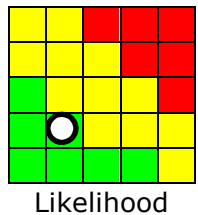
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
GR3 Loss of office accommodation.	<ul style="list-style-type: none"> Fire. Denial of access. 	<ul style="list-style-type: none"> Unable to provide services. Staff morale. Financial loss. Reputation 	<ul style="list-style-type: none"> Work at home. IT disaster recovery plan. Business continuity plan critical services identified. HSBC authorisation able to be done from home. 		Head of Finance.	
GR4 Physical Health and Safety Risks to staff in office	<ul style="list-style-type: none"> Lack of health and safety good practice Customer dissatisfaction. Accident. Intruders in offices. Staff in building very early and/or very late. Violence/threatening customers. 	<ul style="list-style-type: none"> Verbal abuse. Actual physical injury. Health and safety investigation. Traumatized staff. Stress. Increase in sickness absence. Death. Staff morale. 	<ul style="list-style-type: none"> Health and Safety Policy Robust Risk Assessments, DSE Assessments Accident/incident reporting and investigation Staff alert list. Tunstall procedure. Joint consultative safety Panel. Training/induction Policies. Reporting/monitoring procedures. 		All Managers/ Team Leaders /Health & Safety Officer	
GR5 Strike Action	<ul style="list-style-type: none"> National ballot Union Actions Unhappy staff 	<ul style="list-style-type: none"> Breakdown of employment relationship Loss of reputation through disruption to service delivery Staff morale. 	<ul style="list-style-type: none"> Strong formal and informal communication forums and mechanisms at a local level 		CMT/SMT	
GR6 Failure to communicate effectively/giving incorrect information and advice	<ul style="list-style-type: none"> Untrained staff Reorganisation Inaccurate data on systems or website Poor communication/information High workload. Reliance on key staff. Staff absence. Human error. Inappropriate form of communication. 	<ul style="list-style-type: none"> Incorrect information used to carry out work. Negligence and liability claims Adverse publicity Loss of reputation Waste of resource Poor service to customers Additional workload. Staff morale. Stress. 	<ul style="list-style-type: none"> Monthly team meetings. One-to-ones. E-mail. Core brief. Intranet. Circulation of minutes from meetings. Corporate communication strategy. Staff training. Qualified/experienced staff Quality standards Good IT/Information Systems Web improvement plan 		All staff.	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
GR7 High or increasing levels of sickness	<ul style="list-style-type: none"> Individual workloads resulting in higher stress levels Poor working environment Poor management Dependency on key staff. Long term sickness. Pandemic 	<ul style="list-style-type: none"> Unable to supply service Reputational risk Additional cost to cover key staff Low resilience Health and Safety Employment related claims Increased pressure on staff resulting in absence and health issues Staff morale 	<ul style="list-style-type: none"> Operational / procedures and controls. Monitoring and Management Information to SMT Work with HRMS to refine data accuracy Proactive interventions including Occ health Appropriate cover by other team members. Procedure Manuals (need to be kept up-to-date). Use of agency staff. Prioritisation of work plan. Business continuity plan. Management of staff leave & absence. Professional staff management including one to ones/appraisals/staff development and stress management 		All Managers	
GR8 Problems recruiting and retaining staff	<ul style="list-style-type: none"> Uncertainty of employment prospects with WDC and Local Government Staff turnover due to low pay, low morale, lack of development opportunities, redundancy Failure to identify gaps in skills and capacity that could lead to poor service delivery Age profile of staff Poor recruitment processes Uncompetitive terms and conditions 	<ul style="list-style-type: none"> Reduced resilience Loss of key staff/skills Inability to recruit suitable candidates Additional cost for specialist advice Poor service delivery Insufficient resource/creased workload for remaining staff Staff morale 	<ul style="list-style-type: none"> Shared services Succession Planning Training on roles to build resilience Generic roles where possible Well trained/professional recruitment process Professional staff management including one to ones/appraisals/staff development and stress management Redeployment Policy Work prioritisation Training and development opportunities Development paths linked to PDP's Publicise the benefits of working for the Council IIP 		CMT SMT All managers	
GR9 Breaches of Health and Safety legislation.	<ul style="list-style-type: none"> Home working. Driving for work. D.S.E. / V.D.U. usage. Manual handling. Person falling from height. Items falling from height. 	<ul style="list-style-type: none"> Sickness absence. Stress. Injury. Death. Legal action. Penalties/Fines. 	<ul style="list-style-type: none"> Corporate health and safety policy including Home working and Driving at work. Eye tests. Regular DSE assessments. Health and safety risk assessments (AssessNET). Training available. Insurance cover. Health & safety on team meeting agendas. Home working policy. 		All staff.	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
Human Resources Risk Register Service Specific Risks - HR						
SS1 Engagement initiatives not implemented	<ul style="list-style-type: none"> Work on People Strategy not achieved Change in focus Failure to communicate what required and why Failure of leaders to role model what required Failure to engage and gain buy in from staff and Members 	<ul style="list-style-type: none"> Reduction in staff motivation Reduction in performance Staff not aware of Council's vision and values 	<ul style="list-style-type: none"> Monitoring of People Strategy by Members, Unions and Senior Management CMT/SMT agree the vision of the organisation CMT/SMT lead on the Engagement Plan/People Strategy SMT to review, support and monitor delivery of plans 		CMT SMT	
SS2 Low staff morale: staff disengaged	<ul style="list-style-type: none"> High levels of change with the council HQ Relocation Changes to Terms and Conditions Risk of redundancy, job changes Increased workload Poor management Increased sickness absence Lack of motivation 	<ul style="list-style-type: none"> Higher number of leavers Higher number of disciplinarys and grievances Increase in staff and managers coming to talk to HR about issues More HR casework Increase disputes with Unions Concerns raised at exit interviews Increased risk of ET claim High level of stress indicated by Risk assessments 	<ul style="list-style-type: none"> Good levels of communications at all levels of the organisation Use of ESOs, union and HR for advice and support as well as managers Consultation to keep staff informed Managers supported by their managers and HR HR/Management Training workshops 	Continue to implement Staff Engagement Action Plan and People Strategy	CMT SMT All Managers	
SS3 Employment Tribunal Claims	<ul style="list-style-type: none"> Poor staff management. Procedures not followed Incorrect advice Disgruntled Employees Union Actions 	<ul style="list-style-type: none"> Poor HR Practices identified Breakdown of employee relationships Bad press/poor reputation Financial cost 	<ul style="list-style-type: none"> Clear policies and procedures Good HR Practice HR CPD Trained management via course, mentoring and coaching Open and honest communication Constructive relationships with unions 		Managers and HR	
Failure to: a. Respond to new legislation b. Comply with new/existing legislation c. Take into account legal implications of decisions	<ul style="list-style-type: none"> Lack of knowledge Change in Government Policy Poor decision making Lack of resource Inexperienced staff 	<ul style="list-style-type: none"> WDC unprepared for changes resulting in additional costs/workloads for staff Damage to reputation Employment Tribunal Claims Financial impact 	<ul style="list-style-type: none"> Legal advice available to staff Communication with professional bodies and organisations to seek assistance and advice Staff suitable trained and qualified to give advice and guidance 		Managers and HR	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
SS4 Recruitment and retention	<ul style="list-style-type: none"> Uncertainty of employment prospects with WDC and Local Government Staff turnover due to low pay, low morale, lack of development opportunities, redundancy Failure to identify gaps in skills and capacity that could lead to poor service delivery Age profile of staff Poor recruitment processes Uncompetitive terms and conditions Lack of succession planning Uncertain prospects for Local Govt employees 	<ul style="list-style-type: none"> Reduced resilience Loss of key staff/skills Inability to recruit suitable candidates Additional cost for specialist advice Poor service delivery Insufficient resource/increased workload for remaining staff Staff morale 	<ul style="list-style-type: none"> Review of roles Shared services Succession Planning Training on roles to build resilience Generic roles where possible Well trained/professional recruitment process Professional staff management including one to ones/appraisals/staff development and stress management Redeployment Policy Work prioritisation Training and development opportunities Development paths linked to PDP's Publicise the benefits of working for the Council IIP 		CMT/SMT/HR	
SS5 The council's workforce profile does not represent the community profile	<ul style="list-style-type: none"> Low visibility of female, disabled, ethnic staff amongst management levels Council not perceived as equality of opportunity employer Service delivery is challenged as discriminatory Consultation is not undertaken with service changes or delivery 	<ul style="list-style-type: none"> Lack of applicants from minority groups Potential of discrimination claims Lack of understanding of Equalities and Diversity 	<ul style="list-style-type: none"> Understanding of Equalities is embedded across the Council HR lead on Equality work to support managers Training and education regarding diversity Professional recruitment and selection processes free of diversity bias 		HR/All managers	
SS6 Failure of electronic banking	<ul style="list-style-type: none"> Failure of BACS system Failure of CHAPS WDC website unavailable Failure of bank systems Telecommunication failure 	<ul style="list-style-type: none"> Staff not paid causing hardship Complaints Bad publicity Litigation Cash flow Financial loss. Unable to reconcile bank balances. 	<ul style="list-style-type: none"> Use available alternative payment methods e.g. typing up cheque, going down to bank, obtaining cash. 		Payroll/Finance	
SS7 Loss or corruption of personal data	<ul style="list-style-type: none"> Human error Systems failure Loss of information during transactions Hardware/software corruption Poor training Malicious intent 	<ul style="list-style-type: none"> Reputation of Council Possible financial cost Loss of customer service Processing backlogs Litigation 	<ul style="list-style-type: none"> Clear policies for holding personal data e.g retention Training for staff Audit logs Quality of checking data Carry out regular data cleansing exercises with employees through self-service functionality 		HR Interim Manager	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
SS8 Training – not evaluated as adding value	<ul style="list-style-type: none"> No training needs analysis, so needs not met No training plans Appraisals not carried out on time Attendees do not attend or cancel last minute when booked on a course Spend not analysed Impact of training on performance not analysed Pre/Post Course objective forms not completed 	<ul style="list-style-type: none"> Service delivery impeded Recruitment and retention affected Corporate objectives not achieved Motivation is low from staff without the right skills to do the job Equality may be impacted as it may have an adverse effect Cost is low but effectiveness not measures Members not given the right skills/support Reputation damage 	<ul style="list-style-type: none"> IIP accreditation process and action plan Performance Management Framework Course evaluation Tendering/selection of providers Review of budget Managers review the effect of training on staff performance Ata from Pre/Post Course objective Forms ICT Steering Group reviewing ICT training needs 		HR/L&D/All Managers	
SS9 Failure to achieve the statutory Equality Framework	<ul style="list-style-type: none"> Lack of commitment at all levels Lack of dedicated resource Lack of understanding of how to achieve it and what it means to services Inability to deliver the work required (lack of understanding/capacity) 	<ul style="list-style-type: none"> Poor audits Discrimination tribunal cases Cost of tribunal cases Reputational costs Service delivery could be causing discrimination thus impacting on customers Not able to retain Investor in People Affects ability to recruit and retain staff 	<ul style="list-style-type: none"> Educate and support services through training and coaching Focus resource on best practice and examples of success Involve customers in decisions via engagement groups Embedded in service planning cycle/service are plans Equality impact assessment training delivered EIA required for all policy/service changes 		SMT/CMT/HR	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
SS10 Payroll payments and documentation and pension payments not made at all, are late or incorrect.	<ul style="list-style-type: none"> System failure. Staff shortage. Human error. Pressures on WCC and their resources. Failure of WCC system or support. Heavy reliance on WCC personnel Data received late. Incorrect data received. Electronic banking failure. Structural changes (loss of key staff). RTI Living Wage inception Auto enrolment LGPS Changes Inaccurate overtime data supplied Inability to update HRMS system 	<ul style="list-style-type: none"> Staff not paid. Staff not paid correctly. End of year documentation incorrect Staff discontentment. Complaints. Additional work. Financial loss. Staff morale. Pension information incorrect Information held on HRMS incorrect 	<ul style="list-style-type: none"> System and processing controls / staff cover and management of the section. Good plans, County Council has elaborate contingency plans. Effective liaison with County. Possibility of shared service to provide better cover. Adequate training for all HR staff. Closer liaison with payroll officers within HR function. Succession planning Additional training for Payroll staff Assess levels of access to change system to update new posts Improved resilience through SLA with service provider Reduction in both impact and likelihood because RTI, Living Wage, LGPS changes, election payroll and new BACS system have all been implemented successfully 	Recruiting to new HR/Payroll Project Officer	Interim Payroll/HR Project Manager	
SS11 The Council does not retain Investors in People Status	<ul style="list-style-type: none"> Failure to adhere to principles of Investment in People Failure to deliver IIP Action Plan Staff morale low at time of assessment 	<ul style="list-style-type: none"> Failure of assessment Staff engagement decreases as staff feel under valued Council reputation could be decreased as seen as slipping in standards 	<ul style="list-style-type: none"> Commitment at all levels to IIP attainment Communication across the council about IIP principles of IIP and the need value them Actions incorporated in People Strategy action Plan SMT quarterly review of action plan and People Strategy 		HR/All Mangers/SMT/CMT	
SS12 Job Evaluations appear to staff to be poorly carried out and/or inconsistent grading	<ul style="list-style-type: none"> Poorly written job description Managers and staff resubmit evaluations if they don't get the 'right' score Staff unhappy with changes to job descriptions HAY Panel loss of integrity/reputation 	<ul style="list-style-type: none"> Unhappy staff who appeal their scores Managers, unions and staff do not trust the decisions High number of appeals by staff 	<ul style="list-style-type: none"> Well trained HAY panel who are competent and experiences Managers, unions and staff work together to build in trust in the HAY panel decisions Fair process and appeal process in place 		HR/L&D/All Mangers	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
SS13 HMRC payroll returns wrong or late.	<ul style="list-style-type: none"> Staff shortage. Poor training. System failure. Real-time information/ Universal Credit. 	<ul style="list-style-type: none"> Financial penalties. Staff morale. 	<ul style="list-style-type: none"> Timetables/deadlines, system processing and management of the section. Monitoring of key returns. Specialist external advice available. Training of staff. Support from our Payroll providers as part of SLA 		HR/Payroll/ All Managers	<p>Impact</p> <p>Likelihood</p>
SS14 Data protection and Freedom of Information compliance breach.	<ul style="list-style-type: none"> Poor/inadequate training of staff. Give out personal information. Hold inappropriate information. Information not stored securely. 	<ul style="list-style-type: none"> Breach Data Protection legislation. Investigation. Litigation. Financial loss – fines, compensation. 	<ul style="list-style-type: none"> Adequate training for staff. Document retention policy. Encryption of data. GCSX. Information security policy. 		CMT/SMT/ Democratic Services	<p>Impact</p> <p>Likelihood</p>
Human Resources Risk Register Service Specific Risks - WEB						
1 Staff/customers unable to access Website or particular contents.	i. Current Content Management System (CMS) is old. ii. Technology failure – computers down.	i. Reduced service and / or service standard. ii. Increase in more expensive customer contacts via face to face visits and telephone. iii. Possible financial implications if customers unable to make payments online.	i. Replace CMS with new fit for purpose solution – procurement process completed – new CMS Spring 2014. ii. Service Level Agreement with 3 rd party supplier. iii. Contractual Agreement. iv. Agree with ICT acceptable level of downtime. v. Ability to set up 'dummy' website quickly for customer payments.		Website Manager	<p>Impact</p> <p>Likelihood</p>
2 Content insufficient or fails to meet accessibility standards.	i. Service areas not entering information. ii. Service areas entering incorrect information. iii. Service areas not developing web solutions.	i. Increase in more expensive customer contacts via face to face visits and telephone. ii. Poor service to customers. iii. Possible financial penalties.	i. Web Implementation plan. ii. Service area plans. iii. Web Manager quality checks. iv. Expiry dates on pages for review v. External checking undertaken annually. vi. Annual accessibility audit.		Website Manager	<p>Impact</p> <p>Likelihood</p>

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
Human Resources Risk Register Service Specific Risks - Media Room						
3 Inaccurate/ Inappropriate Communication.	i. Comms not co-ordinated. ii. Staff not using internal media team including ad agency. iii. Equality & Diversity Guidelines are not followed. iv. Untrained staff.	i. Financial implications. ii. Incorrect or defamatory information given to media. iii. Customers irritated by receiving mass comms from council. iv. Wrong messages given to stakeholders.	i. Training given by media team through network group. ii. Robust signing off process. iii. Ensure all work passes through the media team for screening.		Service Area Managers Media Manager	
4 Breaching the Code of Recommended Practice on Local Authority Publicity.	i. Staff are not aware of the publicity code.	i. Breaking legislation and possible investigation ii. Council reputation impacted.	i. Make all staff aware through media network group, list the simplified guide along with the full version on the media pages of the intranet, run training through network group and media drop in sessions.		Media Manager	
5 Failure to meet production deadlines for print.	i. Lack of planning. ii. Machine breakdown. iii. Untrained staff.	i. Services disrupted. ii. Delayed committee meetings and decisions. iii. Customers not receiving information on time. iv. Council reputation impacted.	i. Machine Maintenance scheduled with contractor. ii. Training of staff. iii. Service areas to plan work to add contingency to deadlines.		Media Manager	
6 Communications not in plain English or meeting accessibility guidelines.	i. Untrained staff. ii. Use of external design agencies or partners.	i. Contravening E&D policy. ii. Customers not informed. iii. Possible financial penalty. iv. Council reputation impacted.	i. Trained staff. ii. Service areas to send work to Media room for checking.		Media Manager	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation/Control	Required Action(s)	Responsible Officer	Residual Risk Rating
7 EU Print Procurement Framework not being used	iii. Staff unaware of protocols and existence of framework iv. Staff unaware of legal implications of going outside the framework	v. Legally challenged by companies on the framework vi. Penalties & cost implications vii. Reputational damage	iii. Remind staff regularly of framework and consequences of not using it		Media Manager	
Human Resources Service Risk Register Service Specific Risks - Document Management Centre						
8 WDC is not able to process payments.	i. Allpay system fails. ii. Capita system fails. iii. Failure to comply with PCI DSS. iv. Security breach. v. Technology failure.	i. Loss or reduction of service . ii. Loss of income. iii. Reputation damaged. iv. Possible fines imposed. v. Customers required to pay cash and additional costs this incurs.	i. Regular account management meetings with Allpay, Capita ii. Project to ensure compliance with PCI DSS. iii. Ability to set up 'dummy' website quickly for customer payments. iv. Service areas encouraging Direct Debit take up.		Head of Service	
9 Not able to handle and processing incoming and outgoing documents, including post.	i. DSA fails to collect / deliver mail. ii. Trained staff not available.	i. Loss or reduction of service. ii. Increased cost re use of Royal Mail. iii. Reputation damaged.	i. Regular account management meetings with provider. ii. Business continuity process from provider. iii. Staff training iv. Processes documented. v. Use of temporary staff.		DMC Team Leader	
10 Insufficient stock of travel tokens.	i. Poor planning ii. Delivery failure. iii. Unanticipated demand.	i. Increased customer complaints. ii. Adverse publicity.	i. Regular account management meetings. ii. Stock management. iii. Monitoring of customer demand.		DMC Team Leader	

Key:

New narrative

Narrative being transferred

Deleted narrative

⊕ = Current risk score

⊖ = Previous risk score (and direction)

Democratic Services Personnel Key:


CMT – Corporate Management Team

SMT – Senior Management Team

CEX – Chief Executive – Chris Elliott
DCE(AJ) – Deputy Chief Executive – Andrew Jones
ESM – Electoral Services Manager – Gillian Friar
DMO – Deputy Monitoring Officer and Democratic Services Manager – Graham Leach

ICT Personnel Key:

CMT – Corporate Management Team
SMT – Senior Management Team
DMT – Departmental Management Team
ICTSM – ICT Services Manager
SIRO – Senior Information Risk Owner
DPO – Data Protection Officer
SO – System Owners
FM – Facilities Manager

 Finance And Audit Scrutiny Committee, 13th January 2015		Agenda Item No. 5
Title	Procurement Progress update	
For further information about this report please contact	Susan Simmonds – Procurement Manager	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes/No
Equality & Sustainability Impact Assessment Undertaken	No (If No state why below)
No assessment as this is a progress report.	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	5 th January 2014	Andy Jones
Head of Service	5 th January 2014	Mike Snow
CMT	5 th January 2014	
Section 151 Officer	5 th January 2014	Mike Snow
Monitoring Officer	5 th January 2014	Andy Jones
Finance	5 th January 2014	Mike Snow
Portfolio Holder(s)	5 th January 2014	Stephen Cross
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		

Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1. SUMMARY

- 1.1. This report serves to update progress on procurement during the financial year 2014/15.

2. RECOMMENDATION

- 2.1. It is recommended that the advances in procurement are noted.

3. REASONS FOR THE RECOMMENDATION

- 3.1. It was agreed at the July 2010 Executive as part of the Procurement Strategy that Members would receive an annual update on the progress of procurement and the procurement strategy.
- 3.2. Councillors Rhead, Syson and Knight are currently the "Procurement Champions". This has involved having meetings with officers to discuss the progress on the procurement action plan and to "champion" the procurement work that is on-going. More recently they have supported the Procurement team in ensuring that service areas that have a responsibility for contract management, manage the contract life cycle including costs and ensure that they programme the renewal of a contract in a timely manner. Contracts registers have been issued to all Heads of Departments to ensure all contract information held on the register is up to date and accurate. A further spreadsheet has been sent to Heads of Departments showing a total spend analysis of orders placed by their teams. Procurement and Procurement Champions are keen to ensure that spend activity via the Total system is accounted for either by a contract / agreement in place or with a valid reason for the spend.

4. POLICY FRAMEWORK

- 4.1. **Policy Framework** – Procurement activity complies with the Codes of Procurement and Financial Practice. In all cases the corporate strategy is supported with particular emphasis on 'our values'.
- 4.2. **Fit for the Future** – Procurement activity is central to the delivery of the 'Fit for the Future' programme through the planning stages of the process. It also contributes to savings element of the 'Fit for the Future' programme as an outcome of the process.

5. BUDGETARY FRAMEWORK

- 5.1. The actions to date from the Procurement Action Plan have all been within budget and had a positive contribution to savings and efficiencies.

6. ALTERNATIVE OPTION(S) CONSIDERED

- 6.1. No alternatives options are for consideration as this is a progress report.

7. BACKGROUND

- 7.1. The 2013 revision of the Code of Procurement Practice is continuing to be utilised for procurement activity across the Council. The updated Code was presented to Executive in Dec 2014 and will be confirmed by Council on January 28th 2015. This update reflects changes in the EU Directives that come into force 17th April 2014, Local Transparency Agenda 2014, Social Value Act 2012. Further legislation changes to Public Contracts Regulations 2006 and EU Legislation are due to be released in 2015, following the outcome of the consultation period
- 7.2 The table illustrates the position for the current year to date relative to previous years, of contracts awarded:

	2012/13	2013/14	2014/2015 as at Jan 2015
Collaborative exercises			1
Full OJEU tender	8	2	1
Direct award*	2	3	
Low value tender	15	11	6
3 Quotes	19	23	15
** Mini-competition using compliant framework	7	4	1
*** Exemptions		4	2
**** Non Award		2	2

* Direct award in accordance with the Public Contracts Regulations 2006, Regulation 14 exemption due to technical compatibility requirements.

** These are an addition to contracts let compliantly using frameworks let by other contracting authorities where there was no requirement for further competition but the Council still benefited from the aggregated value of the collaborative arrangement.

*** Reports submitted for approval to extend a current arrangement for a period of time to enable a procurement exercise to be streamlined when working as part of collaboration or due to a delay in renewal process.

**** Tendering exercises that was carried out but due to a particular circumstance did not proceed to award and exercise cancelled.

- 7.3 All opportunities over £20k are carried out using the CSW-JETS e-tendering portal to ensure fairness and transparency. There are some circumstances where it is agreed the quotations with a value of less than £20k have also been procured via the CSW-JETS system.

7.4 Procurement activity From April 2014 to Jan 2015:

Awarded Contracts in Financial Year 2014/15

Reference	Description	Service Areas	From	To	Value (£)	Supplier
CT01TQ0614	VAT Options Appraisal Kenilworth PC	Corporate & Community Service	One Off Project		£7500	Grant Thornton
CC05TQ0614	Website Usability testing and expert review	Corporate & Community Service	One Off Project for 3 months		£10,335	Nomensa
CC06TQ0614	Sophos Complete Security Suite Support Renewal	Corporate & Community Service	29/08/2014	28/08/17	£29,757 for three years	Foursys
CS36TQ0614	Insurance Valuations of Collection Leamington Museum	Cultural Services	1/04/14	30/06/14	£2450	Tim Riche & Associates
CS37TQ0614	National Bowls Championship – Review Survey	Cultural Services	01/06/14	30/09/14	£5550	The Research Solution
CS38TQ0614	Car Park Management – Bowls National 2014	Cultural Services	01/08/14	01/09/14	£22,540.60	CJs Events
HP80TQ0614	Kenilworth PC Right to Light	Housing & Property	One Off Project		£2750	TFT Consultants
NS19TQ0614	Supply of Ditch Matting for Bowling Green	Neighbourhood Services	One Off Project		£9082	Dale Sports
CE08TQ0614	Town Hall PA System	Corporate & Community / Cultural Services	One Off Project		£37000	Mustard Presentations
CE09TQ0914	Whitnash Community Hub Feasibility Study	Chief Executive Office	One Off Project		£17,371	Tuffin Ferraby Taylor
DS03TQ0914	Data & Phone Communication for 26 Hamilton Terrace	Development Service	17/09/14	16/09/17	£28,408	Konnex

HC03TQ1114	Air Quality Action Plan	Health & Community Protection	01/12/14	31/03/15	£5,493	AQ Consultants
HP84TQ1711	Housing Advice Training	Housing & Property Services	One off Project		£6,340	Shelter
NS20TQ0914	Bench Renovation at St Nicholas Park	Neighbourhood Services	1/09/14	31/03/15	£12,565	Alive Oak
NS23TQ1214	CDM Co-ordinator for Victoria Park Works	Neighbourhood Services	01/12/14	27/02/15	£960	TWE Safety Services
FI12LV0414	Insurance Broker Service	Finance	01/04/14	31/03/20	£2800 pa	Gallagher Health
HP77LV0314	Design, Supply and Install Biomass Boiler at Tannery Court	Housing & Property	01/03/14	28/02/15	£148,012	Treco Limited
DS04LV0914	Christmas Illuminations for Kenilworth	Development Services	01/11/14	31/10/19	£88,122	Hi Lite
PS84LV0514	Cost Manager Consultant	Housing & Property Services	13/05/14	02/05/15	£100,000	Impartlinks
NS21LV1114	Lead Consultant for Pump Room Gardens HLF Project	Neighbourhood Services	01/10/14	31/12/15	£52,684	Ashmead Price
NS22LV1114	Project Manager for Pump Room Gardens HLF Project	Neighbourhood Services	01/10/14	31/12/15	£10,185	Red Kite Networks Ltd
FI13CO0814	Revenue & Benefits Transaction Processing Service	Finance	Call off as required		£13,000	Civica UK Ltd
CS39MC0714	Vending Services	Cultural Services	01/08/14	31/07/19	£13,500pa	LTT
FI16OJ1214	Banking Service	Finance	01/02/2015	29/02/2020	£114,885	HSBC
NS24LV1214	Victoria Bowls Irrigation Project	Neighbourhood Services	01/12/2014	30/06/2015	£156,000	Avonmore Associates

Live Tendering Opportunities

Description	Budgeted Total Contract Value	Procurement Process	Projected date for award	Service Area
WDC - Asbestos Services	£4.5m	OJEU	TBC	Housing & Property
WDC – Telephone Advice & Guidance	£25k	Tender	Sept / Oct 2014	Chief Executive
WDC – ICT Business Continuity	£13,452 pa	Mini Competition	Dec 2014	Chief Executive
WDC – ICT Business Enterprise Licence	£216,775.39	Mini Competition	Jan 2015	Chief Executive
WDC - Voluntary Services	£990,000	Tender	April 2014	Corporate & Community
WDC - General Markets contract	£30,000 (income generator PA)	Light Touch Tender process	Feb 2014	Development Services
WDC - Provision of Treasury management Consultancy Services/ Investment Benchmarking Club/ Provision of HRA Self-financing Debt advice	£50,000	Tender	Jan 2015	Finance
WDC – ICT Infrastructure	£500,000	OJEU	March 2015	Chief Executive
WDC - Service & Maintenance (telecare associated) of Fire Alarm, Warden Call and Door Entry		Consortium Tender exercise via Fusion 21	April 2015	Housing & Property

Planned Tender Exercises

Description	Budgeted Total Contract Value	Procurement Process	Projected date for award	Service Area
Pumping Station Maintenance		Tender	April 2015	Housing & Property
Commercial Property Valuations		Tender	April 2015	Development Services
Commercial property advice		Tender	April 2015	Development Services
Mop licence renewal		Light Touch Tender process	April 2015	Development Service / Corporate & Community
Incinerator Maintenance		EU Tender	April 2014	Housing & Property


Not Awarded

Description	Procurement Process	Service Area	Reason
WDC – Partnering Advisor Consultancy Service	Tender	Housing & Property	After careful consideration it was agreed that there was no longer a need for this service from an external resource.
WDC – Telephone Advice & Guidance	Tender	Corporate & Community	3 submissions received but unable to evaluate and over budget. Going back to market with a revised specification and pricing schedule

- 7.5 As part of the review of the Works contract WDC are using the clause that allows us to obtain quotations for project works with a budgeted value of over £20k. This will be carried out as a mini-competition to all the Framework Suppliers. Implementing this clause should enable the Council to make savings against the framework prices already provided
- 7.6 The Procurement Strategy for 2015 is currently under review with the final copy to Executive in March.
- 7.7 The Code of Procurement Practice has been revised and taken to Finance and Audit Scrutiny Committee and Executive on 2nd / 3rd December 2014 for recommendation. The report will go to Committee January 2015 for final approval. All other procurement working documents to be reviewed as part of the ongoing project.
- 7.8 Working with the WCC Legal team we are in the process delivering Procurement training across the Council. Emails have been sent out Senior Managers to nominate staff to be put forward for training.
- 7.9 The implementation of the Procurement Card is now complete and fully operational across the Council. The claims for petty cash have now reduced. The transactional administration and overall management of the cards moved in September to the Fsteam. All Procurement Card transactions will be published on a monthly basis in line with the guidelines set out in the Local Transparency agenda 2014.
- 7.10 The Procurement Manager remains heavily involved in a number of ICT tender projects that are due to be finalised January 2015.
- 7.11 The Procurement Officer is involved in the renewal process for Asbestos Services. Used an external resource to help with the evaluation of pre qualifications questionnaires. Also working on updating and managing the contract register, arranging and attending meeting to ensure contract information is correct – on-going piece of work.
- 7.12 As contracts come up for renewal we look to collaboration opportunities and framework arrangement accessible for WDC to utilise ie Crown Commercial Services, ESPO, Pro5
- 7.13 Procurement are still monitoring and approving new creditor requests. This has resulted in less new suppliers being added to the finance system and more sign posting to current contracts.
- 7.14 As part of an upgrade to the e tendering portal (CSW-JETS) any suppliers that register need to identify their supplier category ie SME. This will help with future reporting tools on supplier types registered.
- 7.15 The Contracts Register has been reviewed with all section heads and budget holders to ensure all information held on the register is correct. Contract details now entered onto the register include live contracts, the contract values, the contract period dates are in line with the signed contract. Where a contract is due to expire an explanation is entered and renewal programme agreed. The register will continue to be monitored and entries challenged where applicable. The register will form the basis for providing Procurement work plans in the future and budget management. It is the intention to migrate the contract register and on-going contract management onto the CSW-JETS

system. This will encourage supplier engagement in the contract management process.

- 7.16 Following on from the above exercise a spend analysis was carried out identifying all spend activity through TOTAL against suppliers over the period April to October 2014. This was an opportunity to ensure that all spend is via a contracted supplier where applicable.
- 7.17 The Contracts Register will continue to be published on the internet quarterly.
- 7.18 The current agreed Procurement Strategy and Action Plan runs from 2011/12 to 2014/15. The Procurement Strategy is currently under revision due to go to Finance and Audit Scrutiny Committee March 2015.

 Finance & Audit Scrutiny Committee January 13th 2015		Agenda Item No. 6
Title:	Business Plan Performance Management Report	
For further information about this report please contact	Abigail Hay, Housing Strategy & Development Manager Email: abigail.hay@warwickdc.gov.uk Telephone: 01926 456044	
Service Area	Housing and Property Services	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	<ul style="list-style-type: none"> • 05.03.12 Finance and Audit Scrutiny Committee minute number 125 • 06.03.12 Executive minute number 134 • 19.06.12 Finance and Audit Scrutiny Committee minute number 25. • 11.12.12 Finance and Audit Scrutiny Committee minute number 100 • 18.06.13 Finance and Audit Scrutiny Committee minute number 15 • 10.06.2014 Finance and Audit Scrutiny Committee minute number 11 • 03.09.2014 Executive minute number 36 	
Background Papers	<ul style="list-style-type: none"> • Housing Business Plan • Warwick District Council House Building Executive Report 3rd September 2014 	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Head of Housing & Property Services	30.12.14	Andy Thompson

Head of Finance		Mike Snow
Portfolio Holder for Housing and Property Services	30.12.14	Councillor Norman Vincett
Consultation Undertaken		
None		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1 SUMMARY

- 1.1 The purpose of this report is to present to Finance and Audit Scrutiny Committee an update on the Housing Business Plan Performance.

2 RECOMMENDATION

That Finance and Audit Scrutiny Committee notes:

- 2.1 The performance outturn of the Housing Business Plan for quarters 1 and 2 of 2014/15.
- 2.2 The progress to date of the housing advisory project to accelerate and maximise the provision of new homes as part of the Housing Business Plan and to improve the value for money of the existing service.

3 REASONS FOR THE RECOMMENDATION – CURRENT PERFORMANCE

- 3.1 Since the original Housing Business Plan was approved by Members in March 2012, performance reports have been presented to Finance and Audit Scrutiny Committee in December 2012 and June 2013 and June 2014.
- 3.2 On 11th December 2013, a new Housing Business Plan was presented to Executive which had been updated to reflect the most recent changes in performance and business assumptions.
- 3.3 A further review of the business plan will take place in 2015 which will update the plan with all changes that have taken place since the last update as well as revising assumptions for the forthcoming period based on the current information and knowledge. The revised plan will be presented to Executive for approval.
- 3.4 The Business Plan Financial Framework for 2014/15 quarters 1 and 2 is attached at Appendix 1 which sets out the performance of the Business Plan for the first half of 2014/15.

- 3.5 Compared to the Housing Business Plan projections approved in December 2013, there is a projected favourable variance of £14,456,000 for this financial year and an adverse variance of £197,827,000 over the life of the 50 year life of the Business Plan.
- 3.6 The Business Plan Financial Framework Exception Report attached at Appendix 2 details reasons and mitigations for the significant variations.
- 3.7 The adverse variance over the 50 year period is largely due to two factors.
- 3.8 The first factor is the average management cost per home which has an adverse variance of £79,833,000 over 50 years. This is as a result of the assumed savings from the service redesign which were built into the December 2013 business plan not being met, compounded by an actual increase in costs to the service.
- 3.9 The second factor has been contributed to by adverse variances of £25,215,000 in the Average Revenue Repairs & Maintenance Costs per Home and of £67,839,000 in the Capital Maintenance Cost per Home. Due to the complexity of the Open Book approach to managing repairs and maintenance adopted for 2013-2014 onwards, final accounts have not yet been completed for the first year of the new arrangements (2013-2014). This means that it is not yet possible to provide a definitive figure on comparative costs between 2012-2013 and 2013-2014. However, work to date suggests that savings assumptions were optimistic. This has informed a decision to reverse the assumed savings in maintaining the condition of the Council's housing stock arising from a need to reverse assumptions made on the savings predicted to arise from the Open Book system.
- 3.10 In 2015-2016, Housing & Property Services will be undertaking a thorough review of how the Council's housing is maintained to both increase the quality of customer service and take greater control over costs. As part of this work, Committee is asked to note that all Project Partnering Contracts (PPC) and Term Partnering Contract (TPC) documentation has now been issued in those cases where such documentation did not previously exist.
- 3.11 Favorable variances have however been secured from revising Bad Debts as a Percentage of Gross Rents and Void Rent Loss as a Percentage of Gross Rents to take account of the changes being introduced to the social security system such as the phasing in of Universal Credit. A cautious approach has been taken to both Bad Debt and Void Rent Loss as there still remain uncertainties as to the full impact of changes being experienced by our clients as a result of changes to social security and the wider employment market.
- 3.12 The return of the Council to being a developer and provider of new homes has already begun to make a positive contribution to the Housing Business Plan so far calculated as being worth £4,744,000 over 50 years.

4 REASONS FOR THE RECOMMENDATION – PROVISION OF NEW HOMES

- 4.1 Increasing the availability of affordable housing remains a major challenge. The number of properties that are becoming available from our own stock is slowing down from an average of c400 per year to an average of c300 per year as the options for people to move on are limited. This is set against a backdrop of 1,718 (as at 12th December 2014) households being registered as having a housing need and are in Bands 1 to 3 on 'Home Choice', with a further 1,759 in band 4. With a backdrop of rents and property prices increasing at a rate faster than incomes – the average property price to income ratio for Warwick is 9:1, above the average for the West Midlands as a whole and the highest in the County¹ - and continued tenure insecurity in the private rented sector², it is unlikely that this demand will abate.
- 4.2 The delivery of new affordable housing in the district, although improved of late still remains small with only 10 new homes delivered in 2012/13 and 47 new affordable homes built in the district so far this year by housing associations.
- 4.3 The Council however is now in a position to once again become a direct provider of new homes starting with the redevelopment of Fetherston Court. This scheme – to provide 81 homes - will replace ageing flats with modern, purpose built active elderly flats and family bungalows, as well as increasing the overall numbers of properties provided for on the site. The Council has through planning powers (Section 106 of the Town and Country Planning Act 1990) secured 21 properties in South West Warwick, six for social rent and 15 for low cost home ownership.
- 4.4 However, the Council will only be able to continue developing new homes as long as it is able to maintain a viable and sustainable Housing Business Plan and a prudent and pragmatic approach to any alternatives that may be available to develop outside in addition to investment within the Housing Business Plan.
- 4.5 On the 6th and 7th March 2012 Executive and Council approved the Housing Business Plan. Alongside this Council also agreed up to £100,000 of expenditure from Housing Revenue Account (HRA) balances to prepare a Business Case to maximise the provision of new homes.
- 4.6 Finance and Audit Scrutiny Committee suggested a need to closely scrutinise this £100,000 of expenditure and the monitoring arrangements to be explained to members as soon as possible.
- 4.7 The Finance & Audit Scrutiny Committee has been provided regular updates on the progress of this work which included commissioning external advisors,

¹ Source: Home Truths 2014-2015 (National Housing Federation, December 2014)

² Sources: Evictions increase number of homeless (The Independent, December 2014), Renters turn to Shelter as revenge evictions soar (Shelter, June 2014); Thousands of tenants without rent arrears face eviction (Inside Housing, July 2014)

PriceWaterHouseCoopers (PWC). Their report considered a range of options as to how the Council could maximise the number of new homes that the council could build and also ensure that its own business was ran in the most efficient manner.

- 4.8 Following this report, the Chartered Institute of Housing (CIH) were commissioned to facilitate a session with Corporate Management Team, Housing and Property Services Portfolio Holder and Housing and Property Services staff to set the strategic direction for the service in relation to its approach to delivering affordable housing in Warwick District. The facilitation cost £1,116; brought the total cost of the project to £68,116 which remains well within the agreed £100,000 budget.
- 4.9 The Corporate Management Team worked with the Housing & Property Services Portfolio Holder and Executive to agree the approach for the Council around building of homes and a report was approved by Executive in September 2014 which recommended that further work was carried out to consider opportunities for delivering new council homes, included the possible setting up of a Council Housing Company. A project team has been set up comprising officers from Housing & Property Services, Finance, Procurement and Legal to assess opportunities and risks of establishing a Council Housing Company. This work includes a thorough assessment of any legal constraints that may impact on the structure, governance and capability of a Council Housing Company and an assessment of available council and third party owned sites to support the development of new Council-owned homes. A further report will be presented to Executive in February 2015.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The Committee may wish to suggest more frequent updates than the proposed six monthly cycle. However, in November 2014 Council approved the establishment of a Housing Advisory Group (HAG) which, whilst its terms of reference are yet to be approved, will have a remit to consider and advise on policy and practice relating to the way the Council discharges its housing duties and responsibilities.
- 5.2 It is proposed that the HAG will replace the Interim Housing & Property Board and take on responsibility for monitoring the Housing Business Plan and related activity. A report will be presented to Executive in February 2015 for approval of the exact terms of reference. However it is envisaged that the HAG will provide sufficiently robust monitoring to make unnecessary more frequent updates to the Finance and Audit Committee.

6 BUDGETARY FRAMEWORK

- 6.1 The effective monitoring and control of expenditure and income is a fundamental part of the proper financial management for the Council, enshrined within the Code of Financial Practice and monthly Budget Review process

- 6.2 The move to a 'Self Financing' Housing Revenue Account (HRA) on 1st April 2012 involved taking on £136.2m of debt, which is to be repaid in stages after 41 to 50 years (2053 to 2062). The fixed annual interest charge payable is significantly lower than the amount that was previously paid to central government under the former 'subsidy' system, so there are additional resources available each year, allowing the Housing Business Plan to include a significant provision to fulfil the Council's ambitions to build new homes.
- 6.3 The Housing Business Plan projects considerable capital expenditure on providing new homes, and allows for the eventual repayment of debt. Therefore it is essential to project Business Plan expenditure over the full 50 year term of the Plan rather than just the short to medium term (up to 5 year) horizon more commonly considered. Small variations in the early years may, if not identified and addressed, have a significant impact on the ability to meet the ambition for the provision of new affordable homes in the district - and potentially the ability to repay the debt within 50 years.
- 6.4 Therefore the ongoing Budget Review and Performance Management processes continue - but with the addition of a longer term 'Business Plan Financial Framework' report identifying potential longer term variations, and projecting the likely financial effect over 50 years. The financial summary is accompanied by exception reports explaining the causes of and mitigations for any significant variances.
- 6.5 The Business Plan Financial Framework is presented to:
- the Interim Housing and Property Board on a quarterly basis
 - the Finance and Audit Committee six monthly
 - the Executive annually

7 POLICY FRAMEWORK

- 7.1 The recommendations of this report are in keeping with the approved Housing Business Plan.
- 7.2 Effective monitoring and control of expenditure and income is essential for the proper financial management for the Council.

Appendix 1 – Business Plan Financial Framework (BPFF)

Performance Measure		Dec '13 Business Plan Base Assumption 2014/15	Apr '14 BPFF Year End Assumption 2014/15	Latest Assumption 2014/15	2014/15 Variances Fav. / (Adv.) £'000	Projected Variances over 5 Years Fav. / (Adv.) £'000	Projected Variances as at Year 50 Fav. / (Adv.) £'000
Total of variances brought forward from 2013/14 Year End BPFF					2,198	(6,704)	(34,439)
Average Net Management Cost per Home		£1,013	£1,049	£1,118	(342)	(1,984)	(79,833)
Average Revenue Repairs & Maintenance Costs per Home		£896	£891	£887	20	103	(25,215)
Average Capital Maintenance Cost per Home	<i>excluding slippage</i>	£956	£956	£834	668	267	(67,839)
	<i>slippage from 2013/14</i>	£0	£83	£83	0	0	0
	<i>slippage to 2015/16</i>	£0	£0	-£8	44	0	0
	TOTAL	£956	£1,039	£909	712	267	(67,839)
Bad Debts as a % of Gross Rents		1.27%	1.27%	1.27%	0	172	592
Void Rent Loss as a % of Gross Rents		0.70%	0.70%	0.60%	25	27	92
Rents set in line with Central Government formulas		£90.24	£88.29	£88.29	0	0	0
Void Homes moved to Formula Rent during 2014/15		400	200	170	(5)	(43)	(627)
No. of Garages Demolished for redevelopment		21	90	130	(3)	(34)	(134)
No. of Right-To-Buy Sales		22	22	22	0	0	0
Construction / Acquisition of New Homes (Specific schemes)							
Redevelopment of Fetherston Court area		76	76	81	7,668	(3,181)	(4,073)
Repurchase of Ex-Council Homes		0	0	1	(170)	(162)	45
Acquisitions SW Warwick		0	0	21	(1,580)	(2,099)	8,772
TOTAL		76	76	103	5,918	(5,442)	4,744
Interest Rate on HRA Balances		0.63%	0.63%	0.70%	15	0	88
Interest Rate on HRA Debt		3.50%	3.50%	3.50%	0	0	0
OVERALL EFFECT OF ALL CHANGES ABOVE					14,456	(19,080)	(197,827)

Appendix 2 - Business Plan Financial Framework Exception Report 2014/15 – Quarters 1 and 2

Performance Measure	Average Management Costs per Home
Variance	Annual: -£342,000 Adverse Variance 50 Years: -£79,833,000 Adverse Variance
Cause	<p>In December 2013, a revised housing business plan was approved by Executive which had been updated to reflect the most recent changes in performance and business assumptions. At this stage Tier I of the service redesign had been completed which had delivered a 24% reduction in management cost and a net recurring saving of approximately £66,000 per annum. It was anticipated that the Tier II redesign would also be able to deliver savings and an assumed reduction of 10% across the rest of the services staffing costs were built into the revised business plan.</p> <p>The Tier II redesign which was approved by Employment Committee on 18th June 2014 has now been completed, however the anticipated savings were not been achieved which has led to a significant variance over the business plan period. For the sections of the service that have been redesigned to date, (Sustaining Tenancies and Strategy and Development), the overall cost of the service increased by £20,900 per annum. Although the overall cost of the service increased following the redesign, it was considered necessary in order to ensure that the redesigned service was able to meet all three of its objectives in line with the Councils Fit for the Future strategy:</p> <ol style="list-style-type: none"> 1. improving customer services, 2. delivering efficiencies, and 3. enabling a positive culture change <p>The final section of the service, the Asset Management Team will form Tier III of the redesign which will be presented for approval to Employment Committee in January 2015, and any changes to the cost of this section will be built into the review of the business plan which will take place in 2015.</p>
Mitigation	<p>Although this presents a significant adverse variance to the December 2013 base business plan, the business plan remains viable.</p> <p>The business plan will be undergoing a major review in 2015, by which time the entire service will have been redesigned and we will have certainty around the long term management costs of the service.</p>

Performance Measure	Average Revenue Repairs & Maintenance Costs per Home
Variance	Annual: £20,000 favourable 50 Years: -£25,215,000 adverse
Cause	<p>The favourable variance in 2014/15, which is also shown in the average unit costs for 2014-2015 being below those assumed for the Business Plan has been caused as a result of a one-off reduction of planned maintenance programmes being carried out in 2014-2015 compared to the forecasted requirements. This is because the capacity of the department has been insufficient to complete the work, a matter that is being addressed by the Tier III Redesign.</p> <p>When the housing repairs and maintenance contracts were renewed it was anticipated that there would be savings generated as a result which were built into the Business Plan. The new contracts have been in place since April 2013 and the first year accounts are still being reconciled. However it appears that the assumed savings are unlikely to be met. Therefore all savings have been removed from the plan at this stage and when the Business Plan is reviewed, revised assumptions will be included.</p>
Mitigation	<p>The housing stock condition information is now out of date and is not reliable to forecast the required investment programmes to sustain our stock. The department is investing in the ICT infrastructure required to enable its officers to carry out comprehensive stock condition surveys, to be completed during 2015, which will reliably inform the investment required in our stock.</p> <p>The current contract arrangements are being reviewed in 2015/16 to ensure that they deliver value for money.</p> <p>The Housing Business Plan will be reviewed in early 2015 and continuously thereafter to ensure that the data underpinning the plan is robust.</p>

Performance Measure	Average Capital Maintenance Cost per Home
Variance	Annual – £712,000 favourable 0 Years – -£67,839,000 adverse
Cause	<p>The favourable variance in 2014/15 has been caused as a result in the reduction of planned maintenance programmes being carried out this year compared to the forecasted requirements.</p> <p>When the housing repairs and maintenance contracts were renewed it was anticipated that there would be savings generated as a result which were built into the Business Plan. The new contracts have been in place since April 2013 and the first year accounts are still being reconciled, however it appears that the assumed savings are unlikely to be met. Therefore all savings have been removed from the plan at this stage and when the Business Plan is reviewed, revised assumptions will be included.</p>


Mitigation	<p>The housing stock condition information is now out of date and is not reliable to forecast the required investment programmes to sustain our stock. The department is investing in the ICT infrastructure required to enable its officers to carry out comprehensive stock condition surveys which will be completed during 2015 and which will reliably inform the investment required in our stock.</p> <p>The current contract arrangements are being reviewed in 2015/16 to ensure that they deliver value for money.</p> <p>The Housing Business Plan will be reviewed in early 2015 and continuously thereafter to ensure that the data underpinning the plan is robust.</p>
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Performance Measure	Void Homes Moved to Formula Rent
Variance	<p>Annual: -£5,000 adverse variance</p> <p>50 Years: -£627,000 adverse variance</p>
Cause	<p>In January 2014, the Government issued new rent guidance for social housing, which brought about the end of rent restructuring through annual rent increases. The new policy recognised that in many cases rent convergence had not been achieved and therefore proposed that in order for this to be achieved that providers should increase the rent to formula rent as properties become void.</p> <p>In February 2014, as part of the rent setting report that was presented to Executive, a recommendation was made that with effect from April 2014, all void properties were transferred to formula rent. At Council on 26th February 2014, this recommendation was withdrawn due to concerns raised about the potential impact of increased rent charges for existing tenants who wish to transfer to alternative accommodation, in particular those affected by the under occupation charge.</p> <p>In June 2014, a further report was put before Executive who approved the adoption of the policy which will see all void properties moved to capped formula ('target') social rent when re-let, to be implemented as soon as practicably possible. It was assumed in the business plan that all void homes would be moved for formula rent with effect from August 2014 and an assumption was made about the number of properties that would become void.</p> <p>Due to alterations required to the housing management IT systems to enable the changes to rent charges to be applied in this way, we were unable to implement this policy until November 2014 which means those properties which were void between August and October were not transferred to formula rent and as a result the rental income for the life of those tenancies will be reduced compared to business plan projections.</p>
Mitigation	<p>This is a small adverse variance and the business plan remains viable. All void properties will now transfer to formula rent.</p>

Performance Measure	Construction / Acquisition of New Homes (Specific schemes)
Variance	Annual – £5,918,000 favourable variance 50 Years – £4,744,000 favourable variance
Cause	The annual favourable variance has been caused as a result of a delay in starting the Fetherston Court redevelopment which means that expenditure will be incurred later than anticipated. A The acquiring of South West Warwick units has resulted in additional rental income which will deliver a positive variance.
Mitigation	N/A – this is a favourable variance. However acquiring new council homes provides the potential to increase income to the business plan.

Appendix 1 - Business Plan Financial Framework (BPFF)

Performance Measure	Dec '13 Business Plan Base Assumption 2014/15	Apr '14 BPFF Year End Assumption 2014/15	Latest Assumption 2014/15	Projected Variances 2014/15 Fav. / (Adv.) £'000	Projected Variances over 5 Years 2018/19 Fav. / (Adv.) £'000	Projected Variances as at Year 50 2062/63 Fav. / (Adv.) £'000
Total of variances brought forward from 2013/14 Year End BPFF				2,198	(6,704)	(34,439)
Average Net Management Cost per Home	£1,013	£1,049	£1,118	(342)	(1,984)	(79,833)
Average Revenue Repairs & Maintenance Costs per Home	£896	£891	£887	20	103	(25,215)
Average Capital Maintenance Cost per Home	£956	£956	£834	668	267	(67,839)
<i>excluding slippage</i>	£0	£83	£83	0	0	0
<i>slippage from 2013/14</i>	£0	£0	-£8	44	0	0
<i>slippage to 2015/16</i>						
TOTAL	£956	£1,039	£909	712	267	(67,839)
Bad Debts as a % of Gross Rents	1.27%	1.27%	1.27%	0	172	592
Void Rent Loss as a % of Gross Rents	0.70%	0.70%	0.60%	25	27	92
Rents set in line with Central Government formulas	£90.24	£88.29	£88.29	0	0	0
Void Homes moved to Formula Rent during 2014/15	400	200	170	(5)	(43)	(627)
No. of Garages Demolished for redevelopment	21	90	130	(3)	(34)	(134)
No. of Right-To-Buy Sales	22	22	22	0	0	0
Construction / Acquisition of New Homes (Specific schemes)						
Redevelopment of Fetherston Court area	76	76	81	7,668	(3,181)	(4,073)
Repurchase of Ex-Council Homes	0	0	1	(170)	(162)	45
Acquisitions SW Warwick	0	0	21	(1,580)	(2,099)	8,772
TOTAL	76	76	103	5,918	(5,442)	4,744
Interest Rate on HRA Balances	0.63%	0.63%	0.70%	15	0	88
Interest Rate on HRA Debt	3.50%	3.50%	3.50%	0	0	0
OVERALL EFFECT OF ALL CHANGES ABOVE				8,538	(13,638)	(202,571)

 Finance & Audit Scrutiny Committee - 12 January 2015		Agenda Item No. 7
Title	Comments from the Executive	
For further information about this report please contact	Amy Carnall Committee Services Officer 01926 456114 committee@warwickdc.gov.uk	
Service Area	Civic & Committee Services	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Deputy Chief Executive		
Chief Executive		
CMT		
Section 151 Officer		
Legal		
Finance		
Portfolio Holders		

Consultation Undertaken	
N/A	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1. Summary

- 1.1 This report summarises the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 2 December 2014.

2. Recommendation

- 2.1 That the responses made by the Executive be noted.

3. Reasons for the Recommendation

- 3.1 This report is produced to create a dialogue between the Executive and the Finance & Audit Scrutiny Committee, ensuring that the Scrutiny Committee is formally made aware of the Executive's responses.

4. Alternative Options Considered

- 4.1 The Committee receives and notes the minutes of the Executive instead.

5. Budgetary Framework

- 5.1 There is no impact on the budgetary framework. This is for the Committee's information only.

6. Policy Framework

- 6.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

7. Background

- 7.1 As part of the scrutiny process, the Committee no longer considers the whole of the Executive agenda.
- 7.2 Councillors are emailed at the time of the publication of the Executive and Scrutiny Committee agendas, asking them to contact Committee Services by 9.00 am on the day of the Scrutiny Committee, to advise which Executive items they wish the Scrutiny Committee to pass comment on and the reasons why.
- 7.3 As a result, at its meeting on 2 December 2014, the Finance & Audit Scrutiny Committee considered the items detailed in the appendices. The responses which the Executive gave are also shown.

Appendix 1

Responses from the meeting of the Executive held on 1 October 2014 to the Finance and Audit Scrutiny Committee's comments

Item no	3	Title	General Fund Base Budgets latest 2014/15 and original 2015-2016
Scrutiny Comment		<p>The Finance and Audit Committee supported the recommendations in the report but expressed concern about recommendation 2.6. Members were disappointed that the NI contributions had not been fully quantified when the figures were originally agreed.</p> <p>Members also raised concerns about recommendation 2.8 relating to the replacement public address system at the Pump Rooms. The Committee noted the reasons why this was such a last minute request but felt that more information could be provided on what the system is used for and how frequently. The query was raised as to whether an entire new system was necessary or had options for hiring the equipment been explored?</p>	
Executive Response		<p>The Finance & Audit Committee were thanked for their contributions and advised that as per the arrangements in place, the Council were responsible for the replacement of the public address system at the Pump Rooms. An email advising of the replacement of the system was only received on 13 November.</p>	

Item no	4	Title	Housing Revenue Accounts (HRA) Budgets latest 2014/15 and base 2015-2016
Scrutiny Comment		<p>The Finance and Audit Committee supported the recommendations in the report. Members did raise concerns regarding the issue of 'Right to Buy' not appearing in the Risks section of the report. It was felt that the potential loss of Council owned properties was still a risk, however small.</p>	
Executive Response		<p>The comments were acknowledged by the Portfolio Holder who advised that the risks relating to 'Right to Buy' had appeared on earlier reports. He stated that there was no reason why it couldn't be included in the future and reminded them that a report in the New Year would include all risks.</p>	

Item no	5	Title	Review of Affordable Rent Policy
Scrutiny Comment		<p>The Finance & Audit Scrutiny Committee supported the recommendations in the report.</p>	
Executive Response		<p>The Portfolio Holder thanked the scrutiny committees for their comments.</p>	


Item no	6	Title	Code of Procurement Practice
Scrutiny Comment		<p>The Finance and Audit Committee supported the recommendations in the report and were pleased that the approach would no longer be a devolved process but enforced the need for managers to work together</p>	

	with the Procurement team.
Executive Response	The Portfolio Holder thanked the scrutiny committees for their comments.

Item no	9	Title	Tachbrook Country Park
Scrutiny Comment	<p>The Finance and Audit Committee supported the recommendations in the report.</p> <p>Members sought clarity on the S106 contributions lasting for 13 years and noted that this period would begin when the transfer of land was completed, which was upon occupation of the 400th dwelling. Therefore, Members raised concerns about the cost of maintaining the land after the 13 years, and the risk of this falling on the public purse. In addition, Members queried who would be responsible for maintaining the land prior to the Council taking ownership.</p> <p>Some Members were uncertain that the Section 106 monies would be enough to last 13 years but noted that officers were comfortable that Red Kite had produced accurate valuations.</p>		
Executive Response	The Executive thanked the scrutiny committee for their support.		

Item no	12A	Title	Rural/Urban Capital Improvement Scheme Application
Scrutiny Comment	The Finance and Audit Scrutiny Committee supported the recommendations in the report and noted the additional information contained in the addendum.		
Executive Response	The Executive thanked the scrutiny committee for their support.		

Item no	15	Title	Options for HR & Payroll Functions
Scrutiny Comment	The Finance & Audit Scrutiny Committee fully supported recommendations 2.2 and 2.3 in the report and the amended recommendation 2.1 in the addendum.		
Executive Response	The Executive thanked the scrutiny committee for their support.		

 Finance & Audit Scrutiny Committee – 13 January 2015		Agenda Item No. 8
Title	Review of the Work Programme & Forward Plan	
For further information about this report please contact	Amy Carnall Committee Services Officer 01926 456114 or committee@warwickdc.gov.uk	
Wards of the District directly affected	n/a	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	n/a	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	n/a
Equality & Sustainability Impact Assessment Undertaken	n/a

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive		
Head of Service		
CMT		
Section 151 Officer		
Monitoring Officer		
Finance		
Portfolio Holder(s)		
Consultation & Community Engagement		
n/a		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report informs the Committee of its work programme for 2014/15 (Appendix 1) and the current Forward Plan (Appendix 2).

2. Recommendation

- 2.1 Members consider the work programme and agree any changes as appropriate.
- 2.2 The Committee to; identify any Executive items on the Forward Plan which it wishes to have an input before the Executive makes its decision; and to nominate a Member to investigate that future decision and report back to the Committee.

3. Reasons for the Recommendation

- 3.1 The work programme should be updated at each meeting to accurately reflect the workload of the Committee.
- 3.2 If the Committee has an interest in a future decision to be made by the Executive it is within the Committee's remit to feed into the process.
- 3.3 The Forward Plan is the Executive's future work programme. If any non-Executive Member or Members highlight items which are to be taken by the Executive which they would like to be involved in, those Members can then provide useful background to the Committee when the report is submitted to the Executive and when the Committee passes comment on it.

4. Policy Framework

- 4.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

5. Budgetary Framework

- 5.1 All work for the Committee has to be carried out within existing resources. Therefore, there is a limit to the time available that officers will have to assist Members, so the Committee may wish to prioritise areas of investigation.

6. Risks

- 6.1 This Committee contributes to the effective minimisation of risk by fulfilling its duties in a timely manner and scrutinising the work undertaken by the Executive.

7. Alternative Option(s) Considered

- 7.1 The only alternative option is not to undertake this aspect of the overview and scrutiny function.

8. Background

- 8.1 The five main roles of overview and scrutiny in local government are: holding to account; performance management; policy review; policy development; and external scrutiny.

- 8.2 The pre-decision scrutiny of Executive decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Executive decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 8.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve month period to give a clearer picture of how and when the Council will be making important decisions.
- 8.4 A key decision is a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.
- 8.5 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions.
- 8.6 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan. The Committee may wish to give greater consideration to the reports in Section 2 of Appendix 1, to maximise the time available for Members to input into the process.

Finance and Audit Scrutiny Committee Work Programme 2014/15

13 January 2015

Scrutiny Items

3	Chief Executives Office - Risk Register Review	Report	Richard Barr	Approved Executive 11.01.12 minute 115
4	Procurement Biannual Report	Report	Susan Simmonds	Biannual report
5	Bowls – Review (see Executive agenda)	Report	Rose Winship	F&A minutes 23 & 27 (1 July 2014)
6	Housing Business Plan Performance Management	Report	Abigail Hay	Biannual report

10 February 2015

Audit Items

1	2014/15 Audit Opinion Plan	Report	Mike Snow / EA	Annual report
2	External Audit Certification of Claims and Returns	Report	Mike Snow	External Audit Annual report

Scrutiny items

1	Contract Register – Cultural Services	Report	Mike Snow	
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10 March 2015

Audit Items

1	Internal Audit Strategic Plan 2015/16 – 2017/18 and Internal Audit Charter	Report	Richard Barr	Annual report
2	Internal Audit Quarterly Report Quarter 3 2014/15	Report	Richard Barr	Quarterly report
3	Auditing Standards	Report	Mike Snow	Annual report

No scheduled scrutiny items

8 April 2015

Audit Items

1	Housing & Property Services Risk Register Review	Report	Richard Barr	Approved Executive 11.01.12 minute 115
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Scrutiny Items

2	End of Term Report	Report	Peter Dixon / Chair	Annual report
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To be arranged

Contract register reviews to be considered alongside Service Risk Registers. Chairman and officers to discuss format – agreed 25 March 2014 (minute 174) / 7 May 2014 (minute 197)

Presentation on Disabled Adaptations – agreed 11 December 2012 (minute 97, Executive item 5)

Contracts Registers Reviews 2015/16 & 2016/17

June 2015 – Development Services

August 2015 - Neighbourhood Services

November 2015 - Finance

February 2016 - Chief Executives

June 2016 - Health & Community Protection

Service Risk Register Reviews 2015/16

July 2015 – Cultural Services

October 2015 – Development Services